

# 2020

## ANNUAL REPORT



### A Life of Sharing



Thiensurat Public Company Limited

**Alpine** drinkco safe 

 **1210**  
[www.tsrplc.com](http://www.tsrplc.com)



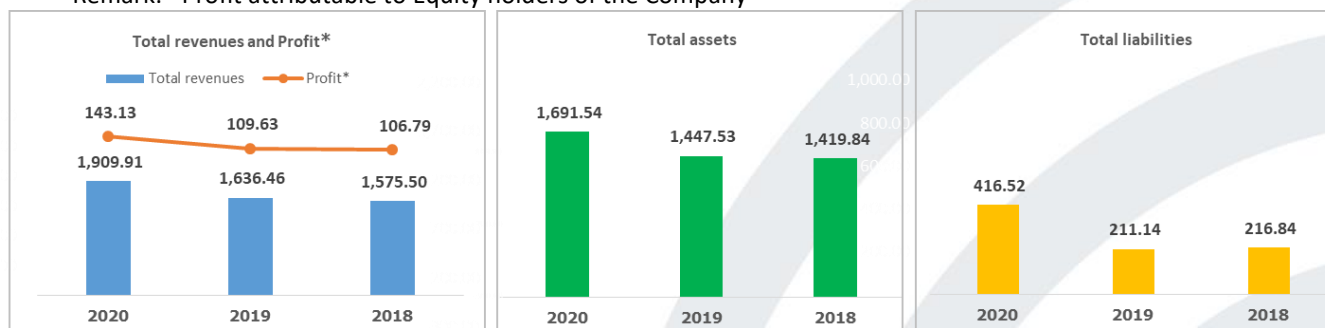
## Financial Highlights

### Thiensurat Public Company Limited and its subsidiaries

#### Financial Highlights

Consolidated financial statements (Unit: Million Baht)	2020	2019	2018
Sales	1,685.54	1,456.36	1,378.50
Total revenues	1,909.91	1,636.46	1,575.50
Gross profit	1,474.09	1,227.33	1,186.98
Cost of sales	(435.82)	(409.12)	(388.52)
Selling and distribution expenses	(675.86)	(593.67)	(537.19)
Administrative expenses	(434.31)	(401.86)	(387.30)
Profit*	143.13	109.63	106.79
Total assets	1,691.54	1,447.53	1,419.84
Total liabilities	416.52	211.14	216.84
Total shareholders' equity	1,275.02	1,236.39	1,203.00
<b>Financial ratio</b>			
Net profit margin (%)	7.56	6.69	6.66
Return on equity (%)	11.50	8.98	9.03
Return on assets (%)	9.20	7.65	7.24
Dividend payout (%)	72.65	76.14	91.35
Debt to equity (Time)	0.33	0.17	0.18
Earnings per share (Baht)	0.26	0.20	0.21
Dividend per share (Baht)	0.17	0.14	0.16
Book value per share (Baht)	2.34	2.24	2.18

Remark: \*Profit attributable to Equity holders of the Company



## Content

---

1	Financial Highlights
3	Message from Board of Directors
5	Board of Directors
6	Policy and business overview
11	Type of Business and Nature of Operation
44	Risk Factors
48	General Information and The other Information
50	Listing Securities and Shareholding Structure
52	Policy of Divided Payment
53	Management Structure
64	Corporate Governance
97	Report of the Audit Committee
99	Report of the Nomination and Remuneration Committee
100	Report of the Corporate Governance and Corporate Social Responsibility Committee
101	Report of the Risk Management Committee
102	Report of the Executive Committee
103	Corporate Social Responsibility: CSR
104	Internal Control and Risk Management
106	Related Party Transactions
114	Board of Directors' Responsibilities for the Financial Statements
115	Financial Highlight
124	Management Discussion and Analysis
134	Detail of the Directors, Management, Controlling Person and Company Secretary
147	Financial Statements Notes

## Message from the Board of Directors

In 2020, it was the time that global economy and society affected by the Corona Virus Disease (COVID-19) pandemic. The company has adjusted the operations strategies both reactive and proactive plans, collaborating with all department teams and enabled us to overcome the crisis. The company was fully aware of the safety and hygiene of the customers, employees and stakeholders, so the operating procedures were executed in accordance with the Government's Policy and Protocol to control the spread of disease. In order to build the customers' confidence, the company committed to deliver good health and safety to every household with good quality products and services. Non-infected Sales teams was created with strict control by sanitizing all equipment related to sales and services and regular trainings all front-end staff to perform the duties with high protection for minimizing the risk of infection. In addition, employees were allowed to work from home or conducted pre-screening program prior entering the working area according to the Public Health measures. The company also supported the staff's families that ran into difficulties, also the communities nearby the company head office and subsidiaries by donating daily necessities, for example, drinking water, meal boxes, etc.

As for business operations, the company strategically adjusted sales on O2O platform (online to offline) by cooperating among Digital Marketing Team, Sales Team and Services Team to fully support the needs of all customer groups nationwide, amid the behaviors and lifestyles changing in the "New Normal" way of life. Moreover, the company was able to launch two new products at the right speed for the needs of customers and markets which were SURE-Bright, the Fighting Model with mid-price range to enable the consumers who have limited budget to access clean water and RO system (Reverse Osmosis Membrane) called SAFE RO<sup>2</sup> model, to help solving the salty tap water problem due to brackish water conditions caused by drought and rising sea levels. With excellent feedbacks, the company also extended its strength and expertise in relevant products such as Watermate (Point of Entry Water Treatment) towards the area without tap water supply water treatment system for household and Hot-Cold water dispenser with a built-in water filtration system for corporate usage. Another company achievement in 2020 was the business expansion in the commercial market (B2B) through a joint venture with Alpine Water Co., Ltd. for distributing ice maker machines with technology from Europe under "Alpine" Brand, which has capacity to produce various models to fulfill the needs of small and large businesses including household use. It has enhanced the growth of company's core business (Cross Selling) focusing on the strength as drinking water expert and to meet requirements of any businesses in terms of cleanliness, safety, convenience and cost-saving in operation.

As for the performance in 2020, the company and its subsidiaries generated total revenue, including interest from hire purchase and income from loans of the subsidiary, 1,900.91 million baht, an increase of 16.71 percent from the previous year due to effective and efficient management of the sales team. The group's net profit was 143.3 million baht, an increase of 30.56 percent from the previous year. Although 2021 is another challenging year due to the slowdown economic continued from the previous year and the changes in consumer behavior, the company is carefully outlined business roadmap including precise risk assessment to sustain the growth and expansion while celebrates 45<sup>th</sup> Anniversary for the company since Khun Weerawat Changyoo, the founder and former CEO, has started water purifier business. In the last quarter of 2020, the company planned for new great change with revision of brand strategies for both corporate and product levels to create an explicit company image and brand identity to be modern, outstanding and different from the competitors. This reflects the new vision, not only be the leader in water purifier business, but "Be the best solution provider to empower life's quality for everyone". Using English alphabet "TSR", a new logo with curved line represents the concept of water rippling (Ripple Effect), keeping on spreading widely, as similar as the meaning that our business will continue growing and moving forward. Meanwhile, the actions we have done thus far will improve every household, business and everyone's quality of life from now



and ever. The company will start implementing this concept in 2021 with the alignments of sub-brands in the group to support each other's growths and strengths.

Lastly, thank the Management team and all employees for collaboration to overcome this crisis through the determination, efficient operations and high flexibility under unexpected circumstances in accordance with the honesty, sincerity, discipline and responsibility. Thank the customers, business partners, all stakeholders for trusting the company and providing TSR the opportunities to be a part of "A Life of Sharing" to build business growth towards sustainability and stability.



(Mr. Sahas Treetipbut)

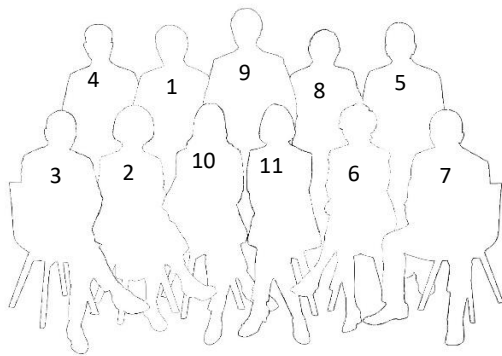
Chairman of the Board of Directors



(Mr. Ekarat Changyoo)

Chief Executive Officer

## Board of Directors



1. Mr. Sahas Treetipbut
  - Chairman of the Board
  - Chairman of the Executive Committee
2. Assoc.Prof. Boonserm Vimuktanandana
  - Independent Director
  - Chairman of the Audit Committee
3. Asst. Prof. Krit Umpote
  - Independent Director
  - Member of Audit Committee
4. Dr. Supree Wongdeeprom Ph.D.
  - Independent Director
  - Member of Audit Committee
5. Prof.Porntep Siriwanarangsun, MD., MPH., Ph.D.
  - Independent Director
  - Member of Audit Committee
6. Ms. Sumana Vonggapan
  - Independent Director
7. Surat Wongrattanapassorn Ph.D.
  - Independent Director
8. Mr. Viruch Wongnirund
  - Director
9. Mr. Ekarat Changyoo
  - Director
  - Chief Executive Officer
10. Ms. Theinvanee Changyoo
  - Director
11. Ms. Savita Changyoo
  - Director

## Policy and business overview

Thiensurat Public Company Limited or TSR (The Company), or iginally Thiensurat Company Limited, was founded in 1992, with a registered capital of one million baht. The Company started out as a direct-selling producer and distributor of double- filter countertop water purifiers. The Company continuously develops its products and now has a larger variety of water purifying systems with multi-stage filtration process to offer water that meets quality and safety standards and is useful for consumers. In 2013, the Company was listed as a public company and has been known as Thiensurat Public Company Limited. The Company was listed on the Stock Exchange of Thailand on 19 June 2014.

Since 1976, or for 45 years thus far, the Company has been operating a water purifier sale and distribution business through single-level direct-sales channel. The Company's customer network consists of customers in Bangkok and its vicinity as well as those in big cities in the provinces. To further expand its business, the Company is opening provincial branches across the country to better serve its customers. Moreover, its distribution new channel were Online Channel

The Company's subsidiaries and joint venture are Safe Trade International Co., Ltd. that sells water purifiers to Giffarine Skyline Unity Co., Ltd., a large-scale direct sale business operator. Thiensurat Leasing Co., Ltd. Distribution of electrical appliances through installment payment provides financial services, e.g., personal loan and auto title loan appliance. The joint venture company is TSR Laos Co., Ltd., a distributor of water purifiers and related products and electric appliances in the Lao People's Democratic Republic.

The Board of Directors' Meeting No. 3/2020 convened on 30 March 2020 approved the Share Repurchase Program (Treasury Stock) for financial management purpose to be repurchased not exceeding 10 million shares or equal to the amount of not exceeding 1.82% of the total paid-up capital of the Company and the maximum amount not exceeding Baht 10 million, through the Stock Exchange of Thailand during on 14 April 2020 to 14 October 2020 and the share repurchase project for financial management purposes has ended on 14 October 2020 in which the Company has repurchased a total number of 2,697,900 share, equivalent to 0.49% of the total paid-up capital of the Company, and the total payment made was 5,611,816 Baht.

In 2020, many areas in Thailand encountered brackish water conditions due to drought and sea levels which have increased salinity. To meet consumer needs in solving brackish water problems that arise, the Company has developed an additional Reverse Osmosis Membrane (RO) system product, namely RO<sup>2</sup> SAFE Water Purifier. In addition, with the coronavirus-19 (COVID-19) affecting the economy and the purchasing power of consumers, the Company has designed and developed Bright Sure Water Purifier at an affordable price. This gives consumers with limited purchasing power access to clean and quality drinking water.

In addition, The Company's had already registered joint venture company is Alpine Water Co., Ltd. the company that has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier.

### Vision and Mission statements

The company proposed the vision and mission to the Board of Directors' meeting No.6/2020, held on 13 August 2020 and The Board of Directors' meeting No.10/2020, held on 15 December 2020 approved the change trademark, vision, mission and core values and the published on company's website. The Company's organizing a meeting in order or the business to have a goal in the same direction.

## Vision

Be the best solution provider to empower life's quality for everyone

## Mission

- Create innovation and develop fine technology continuously
- Fulfill customer's satisfaction and engagement with caring services
- Select the best products and services for life quality of customers
- Develop expertise and professional of human resources
- Enhance stability and good quality life for all employees
- Provide sustainable values to shareholders
- Take responsibility towards society and environment

## TSR Core Value

I (Innovation)	Ready to create and modify for the better
S (Service Mind)	Service with heart and care
M (Moral)	Moral Honest Transparent
A (Achievement)	Strive for goals and achievement
R (Reliable)	Professional and reliable
T (Teamwork)	Work as the team

## Company Codes of Conduct

We will lead health services	Creating quality and satisfaction among customers
We will create stability and honesty	Creating valuable employee solving the problems
We will create great profit	For variously thorough contribution and allocation
Company Codes of Conduct are firmly established	Following five Codes achieves the ultimate goals

## Important milestones

- 2016**
- On 2 June, the Company increased the registered capital from Baht 401.33.million to Baht 467.18.million as a result of the partial dividend payment in terms of ordinary shares on 19 May and a result of exercise warrants (TSR-W1) on 31.May.
  - 11 July, the Company has registered a new subsidiary, Thiensurat Leasing Company Limited ("TSRL"), registered capital Baht 50 million and the Company holds 100%. In November, TSRL has been granted by the Ministry of Finance to operate the personal loan business under supervision.
  - On 16 December, the Company registered TSR Lao Company Limited ("TSR Lao") in Lao People's Democratic Republic which is a joint venture with JB Group to sell and distribute water purifier and related products and electric appliances. The Company holds share in the proportion of 49%, Laos Kip 3,920 million or approximately Baht 17.05 million.
  - The Company launched 2 new models of water purifiers which were and 1) ROMA Plus, a notable feature of filtering water with RO System (Reverse Osmosis) with intelligent control system, "SMART CONTROL", it can operate even low pressure and has LED status display, with a warning sign when malfunction. 2) UF Alkaline, a notable feature disinfection with PVDF radiation with high filtration efficiency (0.01 Micron) and

- 5 models of water purifiers, 1) SAFE Super Alkaline 2) SAFE Alkaline Mini 3) SAFE ROMA Alkaline Plus 4) SAFE UV Alkaline 5) SAFE UF Alkaline have been passed the AS/NZS 4020:2005 standard test of Eurofins AMS Laboratories Pty Ltd (AMS Australia)
- 2017**
- On 21 March, The opening ceremony of the TSR Lao Co., Ltd. was officially opened in Vientiane.
  - On 2 June, the company changed its paid-up capital from Baht 467.18 million to 516.73 million Baht, resulting from the 2<sup>nd</sup> exercise of securities of TSR-W1 on 31 May.
  - The company has a petty patent for Alkaline Mineral, which has been tested in accordance with AS/NZS 4020:2005 standard by the Eurofins AMS Laboratories Pty Ltd, a leading Australian Institution (AMS). In addition, the company is registered on the website of the NSF Product and Service Listings for the Spun Polypropylene Filter Cartridge under the NSF/ANSI42 standard.
  - The Company providing the full range of the service through continually expand new branches and services center across the nation. At the end of the year 2017, there were 22 branches and 2 customer service centers compared to 20 branches and 3 customer service centers in year 2016.
- 2018**
- On 5 June, the Company changed its paid-up capital from Baht 516.73 million to Baht 521.84 million from the third warrants exercise of ordinary shares (TSR-W1) on 31 May
  - On 20 September, the Company signed a cooperation agreement to produce products for Successmore or Successmore Being Company Limited, which is a Thai company. The company conducts its business of selling consumption and supplements products both domestically and internationally.
  - On 27 December, the Company changed its paid-up capital from Baht 521.84 million to Baht 549.68 million from the fourth (the last) warrants exercise of ordinary shares (TSR-W1) on 20 December.
  - The Company has developed a new model of water purifier products, namely, safe water purifier model lite using Fibredyne, which is a technology imported from America. With outstanding features, it can filter sediment and contaminants than regular carbon blocks. It has 0.5-micron filtration resolution, which can filter germ, cysts, and bacteria. It also can inhibit bacterial growth (bacteriostatic). The Fibredyne Standard filter is certified to NSF / ANSI42, including the Activated Carbon filter, which is certified to NSF / ANSI61 and the KDF-55 filter, which is certified to NSF / ANSI42,61.
- 2019**
- The company had expanded its business model in distributing products through online and TV shopping channels in order to be in line with the current consumer behavior. By launching the D-Lite model for a modern family target that is a smaller size with limited living space residence. This product can also be easily self-installed (DIY).
  - The company launched a new service titled "SAFE MAN" with Mr. Methanee Buranasiri (Nino) as a presenter to develop the sales team and service to be of high quality, suitable and modern. Various services were offered such as free delivery and installation, repair and filter replacement, alternative choices to credit card for payment methods and installments, as well as water consultation services and demonstration of the products at customers' homes.
  - The company has continuously expanded branches in order to reach more customers and provide services in all region of the country. As of 2019, there are 23 branches (end of 2018 there were 22 branches).



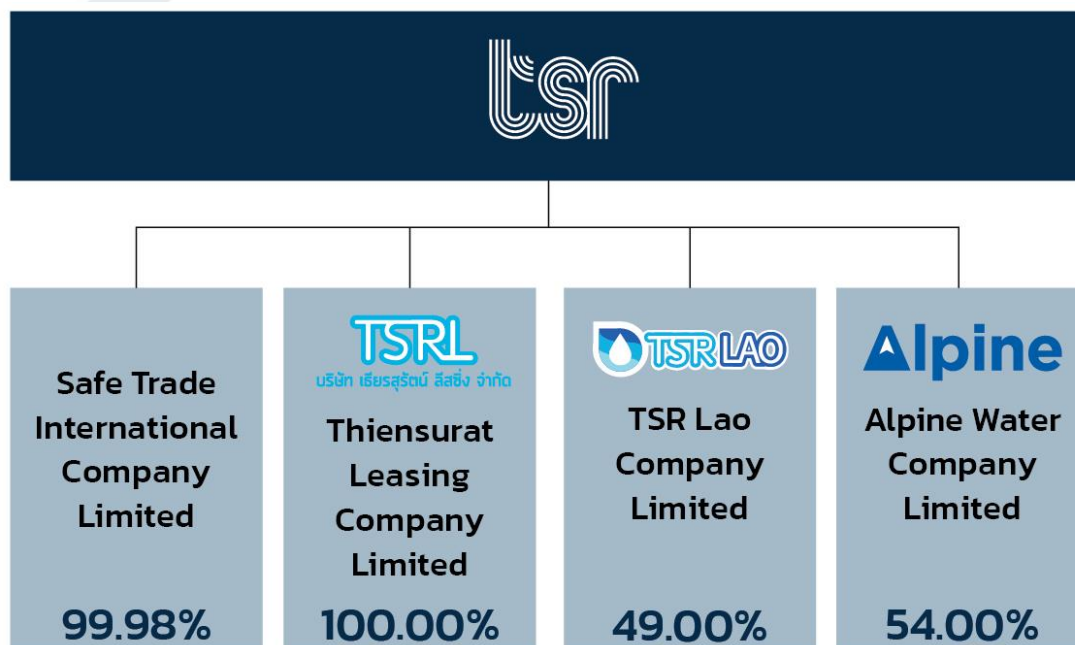
## 2020

- The Company's Annual General Meeting approved a reduction of the Company's registered share capital from Baht 662,198,922 (662,198,922 ordinary shares of Baht 1.00 each) to Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 each), by cancelling 112,516,789 unissued ordinary shares.
- On 22 July 2019, the Board of Directors approved the closing of Fadders Thai Company Limited, a subsidiary in which the company holds 59.99% shares. This was to reduce the company's expenses due to the said subsidiary company no longer produced the "Fedders" air conditioners brand. The dissolution of the company was registered on 30 September 2019.
- The Company has developed the RO<sup>2</sup> SAFE Water Purifier (Reverse Osmosis Membrane system product) to meet consumer needs in solving brackish water problems. Due to the COVID-19 which has affected the economy and the buying power of consumers, the Company has designed and developed Bright Sure Water Purifier at an affordable price. This gives consumers with limited purchasing power access to clean and quality drinking water.
- On 30 March 2020 approved the Share Repurchase Program (Treasury Stock) for financial management purpose to be repurchased not exceeding 10 million shares or equal to the amount of not exceeding 1.82% of the total paid-up capital of the Company and the maximum amount not exceeding Baht 10 million, through the Stock Exchange of Thailand during on 14 April 2020 to 14 October 2020
- On May 26 2020 registered joint venture company is Alpine Water Co., Ltd. the company that has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier. It has a registered capital of Baht 10 million, with the Company holding 54% of the shares in the amount of Baht 5.4 million. Alpine Water Co., Ltd. is a subsidiary of the Company.
- The Company develops water filtration systems focusing on creating products that can filter water at higher capacity for the restaurant business and chain stores to meet the increasing market demand such as water purifiers for UV Alpine water ice machines models RO150GPD, RO300GPD, RO600GPD etc.
- On 14 October 2020 in which the Company has repurchased a total number of 2,697,900 share, equivalent to 0.49% of the total paid-up capital of the Company, and the total payment made was 5,611,816 Baht.



## Shareholding structure

The shareholding structure of the Thiensurat Public Company Limited  
As of 31 December 2020



## Products

Company	Flagship products	Business area	% of Shareholding
Safe Trade International Company Limited	- Water purifier - Water filter jug	Selling water purifiers, water filter jug and mineralized drinking water through Giffarine Skyline Unity Co.,Ltd.	99.98%
TSR Leasing Company Limited	- Electric Appliances - Personal Loan under supervision - Auto Title Loan	Selling electric appliances with installment program, Personal Loan (Obtained the Supervised Personal Loan Business License from Ministry of Finance) and Auto Title Loan	100.00%
TSR Lao Company Limited	- Water Purifier and related products - Electric Appliances	Selling water purifiers, related products and electric appliances in Lao People's Democratic Republic	49.00%
Alpine Water Company Limited	- Ice maker machine	The company that has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier	54.00%

## Type of Business and Nature of Operation

### Revenue Structure

#### Thiensurat Public Company Limited and its subsidiaries

Sales revenues are categorized into 3 major types as follows:

- **Revenues from direct sales (Door to Door):** These are primary revenues from sales of water purifier and water filter under “SAFE” brand. Until late 2014, the Group started selling air-conditioner by using the Company’s customer database and then has expanded use of product to other electric appliances, e.g., water heater, television, washing machine, Air conditioning, etc., in order to satisfy customers’ demand. A substantial increase in electric appliance sale caused the Company to launch a new subsidiary company named Thiensurat Leasing Company (TSRL) to operate sales of electric appliances under hire purchase scheme in the third quarter of 2017.
- **Revenues from distribution through the other company:** The Group distributes products through Giffarine Skyline Unity Co., Ltd., (Giffarine brand) Addwell Beauty (Thailand) Co., Ltd., (Adwell brand) and Successmore Being Public Co., Ltd., (Alkamag brand) which are direct selling companies (MLM).
- **Revenue from distribution through Online Marketing:** From the growth of technology development, the company started to run sales of electric appliances through Online Marketing in the end of 2017 under the name of “PONSABUY” (Easy to pay) and got more experience to develop it to **Online to Offline (O2O)** for sales of water purifier in 2018
- **Revenue from sales of ice maker machine:** On May 12<sup>th</sup>, 2020, The Group has made an investment in the ratio of 54.00% by incorporating a new subsidiary company named Alpine Water Company Limited that has been registered on May 26<sup>th</sup>, 2020 with total one million shares with par value Baht 10.00 per share and the Shareholders had been paid up capital of 70% of share registered. Alpine Water Company Ltd. has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier to support and to build the revenue growth in the future

Revenues by cash & credit sales and hire purchase sales are tabulated below.

Sales	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and credit	276.30	16.39	216.15	14.84	214.80	15.58
Hire purchase	1,409.25	83.61	1,240.21	85.16	1,163.70	84.42
<b>Total sales</b>	<b>1,685.54</b>	<b>100.00</b>	<b>1,456.36</b>	<b>100.00</b>	<b>1,378.50</b>	<b>100.00</b>

Note: Sales through Modern Trade and Dealers are included in Cash and credit.

## 1. Product



### 1.1 Products of the Thiensurat Public Company Limited and its subsidiary

Products of the Company and its subsidiary	Distribution Channel
<p><b>1 Water purifier and Replacement filter:</b> - Water purifier “SAFE” Model: UV Alkaline</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: ROMA Plus</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: UF Alkaline</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>





Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Alkaline Plus</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: RO Mineral Plus</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: UV Plus</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: Super Alkali</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>


Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Power Health (P-Health)</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SAFE” Model: RO<sup>2</sup></p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier “SURE” Model: Bright</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website : <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook : “Safe Water Filter”</li> <li>- Social Media via Line Official : safealkaline</li> </ul>











Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: UV Ice</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier Activ by SAFE</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- Telesales</li> </ul>
<p>- Water purifier “SAFE” Model: RO</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> </ul>



Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier "SAFE" Model: Alkaline Mini</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website : <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier "SAFE" Model: i-Life</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website : <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier "SAFE" Model: lite</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a></li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water purifier "SAFE" Model: D-lite</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.safealkaline.com*">www.safealkaline.com*</a>, <a href="http://www.shopee.co.th">www.shopee.co.th</a></li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> <li>- TV Shopping</li> </ul>

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Mini Plus</p> 	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p>- Water filter jug, Safe Model: Ecomize</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website : <a href="http://www.safealkaline.com">www.safealkaline.com</a>*, <a href="http://www.shopee.co.th">www.shopee.co.th</a>, <a href="http://www.lazada.co.th">www.lazada.co.th</a></li> <li>- Social Media via Facebook: “Safe Water Filter”</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p><b>2 Water Dispenser</b></p> <p>- Hot&amp;Cold Water dispenser Temperature control by Thermostat and Water purifier by UF and UV membrane system</p> 	<ul style="list-style-type: none"> <li>- E-commerce via the website: <a href="http://www.officemate.co.th">www.officemate.co.th</a></li> <li>- Corporate Customer</li> <li>- Dealer</li> </ul>

Products of the Company and its subsidiary	Distribution Channel
<p>- Hot &amp; Cold Water dispenser Duo 1 (UF and RO) Temperature control by Thermostat and Water purifier by UF and RO membrane system</p> 	<ul style="list-style-type: none"> <li>- Corporate channel</li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> <li>- E-commerce via the website: <a href="http://www.safealkaline.com">www.safealkaline.com</a>*</li> </ul>
<p><b>3 Water filter Water mate</b></p> 	<ul style="list-style-type: none"> <li>- Corporate channel</li> <li>- Social Media via Facebook: "Safe Water Filter"</li> <li>- Social Media via Line Official: safealkaline</li> </ul>
<p><b>4 Electric Appliance</b> <b>4.1 Water Heater</b> House brand of water heater name "SAFE Electrics" in 2 models as follows: 1) SAFE Electrics Model: P-Series 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p><b>P-Series WH 3.8</b></p>  </div> <div style="text-align: center;"> <p><b>P-Series WH 4.5</b></p>  </div> </div>	<ul style="list-style-type: none"> <li>- Modern Trade (e.g. HomePro and <a href="http://www.homepro.co.th">www.homepro.co.th</a>)</li> <li>- Telesales</li> <li>- E-commerce via the website : <a href="http://www.safealkaline.com">www.safealkaline.com</a>*</li> <li>- Social Media via Facebook, Line Official : "PONSABUY" and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>



Products of the Company and its subsidiary	Distribution Channel
<p>2) SAFE Electrics Model: Q-Series: 3,800W and 4,500W</p> <p><b>Q-Series WH 3.8</b>      <b>Q-Series WH 4.5</b></p> 	<ul style="list-style-type: none"> <li>- Modern Trade (e.g. HomePro and <a href="http://www.homepro.co.th">www.homepro.co.th</a>)</li> <li>- E-commerce via the website : <a href="http://www.safealkaline.com">www.safealkaline.com</a>*</li> <li>- Social Media via Facebook, Line Official : “PONSABUY” and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>
<p><b>4.2 Air Conditioner</b> The Company is Daikin dealer, selling 2 models as follows: Daikin Model: FT SMASH II R32</p> 	<ul style="list-style-type: none"> <li>- Telesales</li> <li>- Social Media via Facebook, Line Official : “PONSABUY” and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>
<p>Daikin Model: INVERTER R32 Super Smile</p> 	<ul style="list-style-type: none"> <li>- Telesales</li> <li>- Social Media via Facebook, Line Official : “PONSABUY” and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>
<p>Shareholding in Fedders Thai Co., Ltd., selling air conditioner under brand “Fedders”</p> 	<ul style="list-style-type: none"> <li>- Telesales</li> <li>- Social Media via Facebook, Line Official : “PONSABUY” and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>

Products of the Company and its subsidiary	Distribution Channel
<p><b>5 Other Electric Appliance</b> The Company is Dealer of Other Electric Appliance well - know brand:</p>        	<ul style="list-style-type: none"> <li>- Telesales</li> <li>- Social Media via Facebook, Line Official : "PONSABUY" and <a href="http://www.ponsabuy.com">www.ponsabuy.com</a></li> </ul>

Products of the Company and its subsidiary	Distribution Channel
<div data-bbox="268 280 529 414"> <b>TOSHIBA</b>  Leading Innovation &gt;&gt;&gt; </div> <div data-bbox="276 445 569 645"></div> <div data-bbox="612 445 914 645"></div> <div data-bbox="338 714 505 1097"></div> <div data-bbox="625 739 861 1077"></div> <div data-bbox="290 1149 641 1216"> <b>Panasonic</b> </div> <div data-bbox="336 1279 486 1570"></div> <div data-bbox="632 1245 855 1630"></div> <div data-bbox="338 1684 523 1995"></div> <div data-bbox="625 1697 896 1971"></div>	



Products of the Company and its subsidiary	Distribution Channel
<div data-bbox="295 275 627 385">  </div> <div data-bbox="290 421 497 766">  </div> <div data-bbox="668 403 852 878">  </div> <div data-bbox="379 884 805 969">  </div> <div data-bbox="309 1059 513 1272">  </div> <div data-bbox="564 1050 906 1272">  </div> <div data-bbox="477 1341 746 1496">  </div> <div data-bbox="335 1568 526 1845">  </div> <div data-bbox="652 1583 860 1834">  </div>	

Products of the Company and its subsidiary	Distribution Channel
<p><b>6 Alpine ice machine</b> Alpine Water Co.,Ltd., which is a subsidiary Has been a manufacturer and distributor of various models of ice machines With a production capacity ranging from 18 - 1,000 kg per day for household and commercial use.</p>  <p>The image shows the Alpine logo in blue and white. Below it, there are several models of ice machines. On the left, a tall white machine with a digital display showing '043' and '25'. In the center, a smaller black and white machine. On the right, another tall white machine with a digital display showing '043' and '25'.</p>	<ul style="list-style-type: none"> <li>- Direct sales</li> <li>- Telesales</li> <li>- Corporate channel</li> <li>- Social Media via Facebook , Line Official : Alpine water" and <a href="http://www.alpinewater.co.th">www.alpinewater.co.th</a></li> </ul>
<p><b>7 Other water filters</b> The company is a distributor of water purifiers for leading domestic and international brands under the brand DrinkCo, such as</p>  <p>The image shows the Wells logo in blue. Below it, there are two models of water purifiers. On the left, a tall black and silver machine with a digital display. On the right, a smaller white and silver machine.</p>	<ul style="list-style-type: none"> <li>- Social Media via Facebook "DrinkCo" and <a href="http://www.drinkco.net">www.drinkco.net</a></li> <li>- Direct sales</li> </ul>

Products of the Company and its subsidiary	Distribution Channel
<p data-bbox="272 248 735 327"><b>CUCKOO</b></p>  <p data-bbox="331 846 576 869">MITSUBISHI CHEMICAL CLEANSUI</p> <p data-bbox="331 898 576 954"><b>Cleansui</b></p>  <p data-bbox="272 1373 775 1451"><b>STIEBEL ELTRON</b></p>  <p data-bbox="368 1865 847 2000"> <b>BWT</b></p>	

Products of the Company and its subsidiary	Distribution Channel
  	

**Remark:** \* In 2021 website [www.safealkaline.com](http://www.safealkaline.com) change to [www.safe1210.com](http://www.safe1210.com)

## 1.2 Products of Safe Trade International Company Limited

The main products of Safe Trade International Co., Ltd. are water purifiers and water filter jugs. At present, there are water purifiers that only manufactured for the Giffarine Skyline Unity Co., Ltd., who is the main contractor and major client of the subsidiary company over the past years. And currently, there are 6 types of water purifiers and water filter jugs products.

## 2. Market and Competition

### 2.1 Industry Conditions

In 2020, the world faces its global crisis of the COVID-19 pandemic. With no exception, every industry including the beverage market in Thailand has been impacted. The Kasikorn Research Center projected the Thai beverage market in 2020 that it may be valued at 4.45 billion baht. The sale growth decreased by three percent mainly in the alcohol segment because of limited sales channels during lockdown measures and the purchasing power of consumers that is still weak in line with the economic conditions. However, for healthy drink products, it is expected to meet the needs of modern consumers. This includes drinking water mixed with vitamins which is a thirst quencher just like plain water but increased nutrients such as vitamins B and C. Positive market response has been observed in line with the current healthy trends. The Thai vitamin-infused beverage market has a valuation of not less than 5,500 million baht or approximately 1.2% market share of the total beverage value in Thailand. This is in line with the change in consumer behaviour who switched to functional drinks, mineral water and premium bottled water. Willing to pay more, purchasing decisions are based on a quality and awareness of health outcomes.

In terms of water purifier products, the total market value is over 12,000 million baht (Source: Manager Weekly Newspaper 2017). In order to create confidence for consumers and investors, the Company has set the total target of its growth rate at 10% in 2020 from 2019. To stimulate sales as mentioned above, the Company therefore focuses on the development and improvement of products to meet the needs of consumers in choosing a water purifier to filter quality drinking water for health benefits. There are factors for selecting water purifiers including confidence in efficient filtration systems and cost-effectiveness as well as the design of the machine to meet the needs of customers who has smaller residential units such as condominiums and townhouses, etc. The emphasis is on the product designs to be beautiful, modern, compact, easy to install, use and maintain. For provincial or regional customers who do not have space restrictions, the Company therefore focuses on products that are cost effective and have a wide range of functions including the selection of a filtration system that are suitable for water conditions in each specific area.

### 2.2 Overview of water purifier market for household use

The overall picture of the water purifier market still has the opportunity to expand continuously in Bangkok and its vicinities as well as in almost every province in the region where people are more health conscious. With digital media to play a role in reaching new customers by providing product knowledge, benefits and value. This leads to additional competition in selecting a suitable water purifier system, not only the preliminary requirements of raw water quality, but price and number of household members as well as technology, functionality, design and its benefits to health also come into consideration. An instalment payment system is correspondingly an important factor which leads to flexibility in decision making. On the other hand, customers who are already using water purifiers decide to change their products when they experience unsatisfactory after-sales service or when comparing the cost of replacing the filter with the purchase of a new water purifier that currently has several systems to choose from at different prices.

For cities outside the water supply area, there are hard water problems or water contaminants, or people are more aware of these issues and are willing to treat water for consumption. In the past, water treatment management may have focused mainly on industrial groups but raising domestic water quality is a new and expanding market in residential suburbs of Bangkok.

### 2.3 Analyze and compare competitive conditions

In 2020, the competition in the water purifier market was more intense. With the economic conditions and the pandemic, different strategies have been applied including price, arrangement of promotional activities, discount, exchange, give away, plus advertising and public relations that build up a good image and good relationship with consumers. The strategy of those who do not have a direct sales system will rely on increasing the sales area by distributing branches to department stores, leasing of sales space or promoting the product through modern trade channels to find target customers. The main obstacles for this type of strategy are the stagnation due to the economic crisis and the COVID-19 which may have to bear the costs incurred rather than making profits. Another strategy is sales through online marketplace channels such as Lazada, Shopee or Shop@24 and social media channels which have investors from abroad who originally worked in other industries such as electronics, smartphones, but also diversified to manufacture and distribute water filters through these platforms. The selling point of these companies who produce and sell other types of products as well is the attractive price strategy, cross sales, beautiful and modern design, IOT (Internet of Things) technology integrated into the product. Therefore, they are able to attract the target audience of the new generation and this channel received considerable benefit from the COVID-19 related lockdown and restrictions.

Currently, the water purifier market is expected to have more than 20 brands competing in the market. both big brands and famous brands under the MLM system, Thai brands and imported brands from abroad, mainly from Europe, America, Korea and China. Thiensurat Public Company Limited (TSR) is one of the market leaders that produce and distribute SAFE Water Filter for households in Thailand for over 44 years with products to choose from for all filtration systems. Through strong direct sales channels, there are more than 240 teams in nearly 40 provinces across the country along with 200 technicians and filter replacement service teams. The Company continuously develops other sales channels including online channel, telemarketing and sales through various project organizations, where the company develops and designs new products every year with a maximum 2-year warranty to meet the needs of consumers. Further unmatched strengths include after-sales service throughout the product life cycle (On Site Service), expertise in raw water quality in the area that has a research unit, water analysis to suggest correct systems and suitable products. There are also technicians that have been trained before installing in an area covering almost all over the country. In addition, instalment system offers customers flexibility when making payments.

#### Customer satisfaction survey results

The Company has surveyed customer satisfaction annually. The Customer Relations and Service Department is assigned to inquire information from customers and summarize the information. The evaluation of the Company's performance revealed that the annual customer satisfaction survey in 2020 averaged 93.65%. The Company is determined to continuously improve its service to better serve customers.

The overview of the water purifier industry during the past year, there has been a noticeable competition in brand building through various media both online and offline channels. This enables consumers to easily access information to make their buying decisions, which creates a competitive situation in developing content to gain advantage as well as generating understanding and confidence to influence purchasing decisions. This is a factor resulting from the current health care trend and another supporting factor is the expansion of both horizontal housing, single houses and various housing villages, and the high-rise condominiums and apartments, etc. The Company has continued to stimulate sales with hot water products by focusing on high standards products and providing product warranties to boost consumer confidence.



## 2.4 Marketing Strategy

From the change in consumer behaviour today together with the COVID-19 pandemic, consumers are aware of health issues, cleanliness, safety and try to avoid the risk of infection, customers can now access to products via modern trade, department stores, and various shops when under the COVID-19 restrictions imposed by the Government. Business were unable to open during the lockdown period. This has become a contributing factor in promoting the expansion of online sales channels. The Company has made continuous adjustments in the past 1-2 years, thus being better able to adapt to the economy in the New Normal era.

The Thiensurat Public Company Limited (TSR)'s strength is the sales and service team covering all regions across the country and working in connection with the expansion of online channels through the form of O2O (Online to Offline), which is a formal strategy to adapt to the market in order to create a sales model that approaches the right target audience. To illustrate, the Company accesses new target groups by creating awareness and product demand to the target audience. The salespeople in all regions then subsequently perform effective presentations and able to efficiently sell the product in customers' homes. In the past year, sales through online channels continued to increase and the company has long-term plans to expand its e-commerce agency, IT systems to support future sales growth through this channel. In addition to the product line under the SAFE brand, the next marketing strategy is to launch new products. Other water purifier brands from all over the world will be added to distribution channels and introduced to the market at the right time to gain a competitive edge. In 2020, due to drought and increased sea water levels, the Company has released an additional Reverse Osmosis Membrane system (RO) product called SAFE, model RO2, to meet the needs of consumers in solving brackish water problems that arise. In order to mitigate impact from the COVID-19 that affected the economy and the purchasing power of consumer, the Company has adjusted its plan and released the affordable product model Bright SURE Water Purifier, allowing consumers during the pandemic. Lastly, the final marketing strategy is to expand to the commercial (B2B) market by establishing the subsidiary company, Alpine Water Company Limited, manufacturer and distributor of ice machines with various capacity. It can accommodate all demands for both household and commercial use. Under the brand name Alpine, it can expand the growth of water purifiers in cross sales. The Alpine related materials and equipment have been imported from abroad. It has modern technology and beautiful design to better able to meet the needs of business operators in terms of cleanliness, safety, convenience and cost savings in the business operation. The brand products were launched at the Coffee Festival 2020 in October 2020 at the Impact Muang Thong Thani. It has received a positive feedback on both sales as well as feedback from restaurant operators, coffee shops and cafes.

Moreover, the Company is always striving to offer good products and services to build confidence and good relationships with customers, whether in the development of new products that take into account the needs of consumers or the market situation and competition. For example, to address specific problems with the quality of raw water that are used for consumption, the Company designs and offers Water Mate products that can be purchased separately or in conjunction with a water purifier. This has helped addressing specific water issues precisely and appropriately whether it is from limestone, rust, iron, sediment, etc. The selection of quality filters and equipment are in accordance with the National Sanitation Foundation (NSF)'s standards to meet the better quality for consumers. This includes strategies to collect data and use customer databases of water purifiers and filter kits. With these strategies, the Company sold and installed water filters to more than a million customers (source: Thiensurat Public Company Limited's customer database). The Company extends its business by distributing electrical appliances of leading brands in the market under the instalment payments through the brand and page "Easy Instalment". The Company also offers convenience and flexibility for customers who do not have credit card. They can pay in instalments directly with Thiensurat Leasing Co., Ltd., the TSR's subsidiary. The Company has been able to continuously expand and reach new customers over the past 2-3 years.

### **Direct Sales Channel**

Direct sales are the main sales channels of the Company. And in order to adapt to the current competitive situation, the Company therefore focuses continuously on building capacity of its personnel through training and development by The TSR Academy Training Institute focuses not only on understanding the information of products and services, but also develops its personnel to become experts who understand the quality of raw water, installation system and specific issues and problems that differ in each specific area in order to meet target customers in all forms. The trainings include accurate water filtration procedures and systems along with product demonstration and how to increase decision purchasing confidence and sales opportunities.

### **Online Channel**

With changing of consumer behavior, the Company has planned and implemented to support the expansion in the last one or two years by establishing sales and expanding the customer base through comprehensive online channels, such as Facebook, Line@, Website, Instagram, Youtube and Shopping Application. This channel offers business opportunities for a higher growth, which can create a new customer base and continue to grow. This channel can be a competitive advantage in reaching various target consumers quickly and build better relationships with their customers.

Throughout the long establishment of its business operation, the Company is committed to creating good health for all Thai people. The business approach of the Company therefore focuses on customers-based approach by responding to the needs of customers and creating a good experience in using the products and services of the Company for all customer groups including general customers (Mass), specific customers (Niche), individual customer (Consumer), and corporate customers (Corporate). The strategies are listed below.

#### **(1) Focusing on Product Quality**

The Company gives importance to selecting high quality materials that will be used in producing water filter. The materials are such as filter substance certified by NFS, and filter substance and alkaline mineral imported from Europe and the US. "SAFE" water filters are therefore certified by the global leading institution Eurofins AMS Laboratories Pty Ltd which is a leading institution from Australia (A/NZS 4020:2005) Sales through social media channels such as Facebook, Line, etc. (Details of the tested models are reported under the section 1.2 Major changes and developments over the past 5 years)

The Company has Product Research and Development Department which conducts research and develops products for the Company continuously, including the water filter product and the filter element. It is to create differentiation and superiority over the product competitors, and to solve the problem of different water quality in different areas of the country e.g. brackish water, ground water and etc. It enhances capability in filtering the low quality or highly- impure water to become water that is suitable for consumption. It invents "SMART Control" system for the water purifier model ROMA with RO system (Reverse Osmosis) to make it well and continuously function, even under the condition of decreasing water pressure. It develops Flush Valve system for customers' convenience in fast maintenance of the water filter.

The Company has obtained the "patent" of alkaline water alteration system from Department of Intellectual Property. This emphasizes on its determination to bring quality products to customers and to create confidence in "SAFE" products

In 2017, the Company has a petty patent for Alkaline Mine, which has been tested in accordance with AS/NZS 4020:2005 standard by the Eurofins AMS Laboratories Pty Ltd, a leading Australian Institution (AMS) In addition, the Company is registered on the website of the NSF Product and Service Listings for the Spun Polypropylene Filter Cartridge under the NSF/ANSI42 standard

In 2018, the Company has certified to NSF/ANSI42 using Fibredyne Standard filters, including the use of Activated Carbon filters that are certified to NSF/ANSI61 and the KDF-55 filter layer certified to NSF/ANSI42,61.

In 2019, to In 2020 the company aims to develop and expand the water filter, the RO (Reverse Osmosis) system, by researching the RO High Flowrate system, in order to respond to a higher demand of customers for drinking water. As a result, drinking water production rate had increased in accordance with the demand. To illustrate, water production rates previously were in the range of 50-75 GPD (gallons per day) or about 190-283 liters per day. This was increased to 400 GPD (gallons per day) or about 1,512 liters per day. This enabled to stop the use of the RO Tank and reduce the installation space (for placing the RO Tank) as well as lessen the installation process to be more convenient and faster. In addition, in the year 2020, there was a brackish water problem, so the company developed a SAFE water purifier, model RO<sup>2</sup>, to meet the needs of consumers in solving the brackish water problem that occurred.

## **(2) Developing new products continuously and expanding product lines as solutions to cover customers' wants**

The Company has developed a variety of products that suit consumption, usage and preferences of consumers, including UV (killing germs by UV ray) RO (Reverse Osmosis) filtration systems by developing new products, this enabled to filter the salinity of the water supply, in order to maintain good health for customers during the time that the water supply was brackish and had the salinity above the standard that caused by a saline intrusion and UF (Ultrafiltratio). It offers small-sized products to fit single families living in condominiums and apartments or families with few members. The Company has products of different price levels which customers can choose depending on their affordability. For example, in 2016, the Company has launched the product model UF Alkaline for customers who use tap water and want fine water filtration system at the medium price. The Company has also launched dual water dispenser for hot and cold water with high quality with a built-in filtering system, it has mineral supplementation and the filtered pH water that help our bodies metabolize nutrients. Applicable for both within the office and in the household. Moreover, the Company has offered "Water Mate" water filtration system for household usage which enhances safety quality of water for consumption.

From the market survey, consumer behaviors and needs of the Company customers, it is found that most customers have rapidly increased their wants in electrical appliance products. To meet such customers' wants, the Company therefore has offered quality products to customers. Apart from "Safe Electric" water heaters with high safety as well as Fedders and Daikin air conditioners, the Company has selected popular and good quality electrical appliances to offer to customers such as Samsung television, Toshiba refrigerator, LG washing machine Media Air filter and so on. The Company has added an option to customers under the "PONSABUY" program in which customers can choose to purchase products with installment payment with the Company. This better creates happiness and comfort for families

In 2019, the company had expanded its business model in distributing products through online and TV shopping channels in order to be in line with the current consumer behavior. By launching the D-Lite model for a modern family target that is a smaller size with limited living space residence. This product can also be easily self-installed (DIY).



In 2020, the Company aims to develop water filtration systems for the restaurant business and chain stores to respond to the large market by focusing on creating products that can filter water at a higher capacity, such as producing water purifiers for UV Alpine, RO150GPD, RO300GPD, RO600GPD, etc.

### **(3) Giving importance to worthiness and convenience of customers**

Apart from helping taking care of customers' health, the water filter products help customers saving their expenses in drinking water consumption. The Company gives product warranty for 2 years at maximum. During the warranty period, the services are provided at customers' home and free of charge.

The Company sees that convenience of customers is an important mission for the Company by focusing on services at home which are staff going to introduce and to give knowledge to customers at home, quick installation, installment payment service for purchase and after-sale services including repair and change of substance at home. The services can be reached via phone call at 1210, and the call center staff are available everyday. Convenience in reaching the Company is via online of Website, Facebook and Line Official.

The Company has developed the efficiency in servicing customers to cover all areas in the country. It seriously implements Customer Relation Management system as it develops "Safe Mobile Application" system in selling and collecting payment. Hundreds of knowledgeable technicians with expertise are on services nationwide, and the service management is conducted under the "I-Mind" system which can assure customers that they will get fast and convenient services. It also has a connection (CRM: Customer Relation Management) to the telephone system (Cisco-IP Telephony) with continuously increasing efficiency.

### **(4) Increasing efficiency in awareness and access of the products and services**

The Company has expanded distribution channels, basing on the Company's strength in the channel of Single Level Direct Sales which has sales and service staff about 2,000 persons throughout the country.

The Company has 36 branches to cover major cities of the nation as a network. This raises convenience in presenting, selling and servicing customers. The Company has also number of telemarketers to become about 120. There were 40 additional telephone sales representatives from 2 outsourcing companies, a total of 160 seats.

Due to popularity in buying products through social network, the Company has increased number of staff teams in Digital Marketing and Online Telesales in order to match with the online channels of web site, facebook, Line Official of the Company Or via Market Place such as Lazada, Shopee, Fixzy, and Shop@24 and so on. Customers then can order the products through online system; this leads to more convenience in fast access of the products and services.

The company has built brand awareness and recognition through Out of Home Media (Billboard), branch signage and vehicles by contracting the Actor, "Nino", Maethanee Buranasiri as the top presenter until the end of 2020 to enable the Company's products to



reach the target audience, for them to easily remember and to significantly increase the credibility of the Company's products and services.

#### **(5) Creating good relationship with customers sustainably**

Water filter is a product that needs suggestion. Therefore, the Company emphasizes on giving knowledge including products that are suitable for the water condition of customers' homes and creating understanding in products and health caring among customers and families. Staffs are hence the key success factor.

The Company has developed methods in recruiting and selecting quality staffs in order to meet the fast expansion of the Company's business. The Company gives importance to knowledge, skills and serious training, starting from the first day of their working. That includes knowledge of products, skills in selling and servicing, taking care of customers, creating good attitude and service mind for bringing better health of customers, having the training institution for continuously and systematically developing quality of staffs, and having fieldwork trainers for staffs. The Company cares for compensation, welfare, and well-being of staffs in order to make staffs feel happy and secure; that in turn leads to providing good quality services to customers at every touch point. For example, when the time to change the filter substance, staffs call to inform customers and staffs go to service them at home. Staffs who collect the payment also ask the customers about their problems, and regularly build good relationship with them. Therefore, that can bring satisfaction to customers, and can result in repeat purchase as well as good word-of-mouth to relatives and friends afterward.

## **2.5 Distribution Channel**

### **2.5.1 Single Level Direct Sales**

Single Level Direct Sales is the main distribution channel of the Company. We believe that such channel will enable our salespersons to clearly present the product features and build a good relationship with the target customers in order to create an opportunity for future sales of other company's products. The number of executive for sales, sales and service staff of the Company about 2,000 persons every region throughout the country. Most of them are based at the head office in Nonthaburi province with sales coverage. Moreover, groups of salespersons work in other provinces in 36 main branches to promote and support the sales of water purifiers, water treatment kits, replacement filter and ice machines as well as to provide after-sales service in the regions as follows:

#### **Details of 36 Branches**

Region	Branch	Address	Telephone
Northern	Chiang Rai	866/10-11 Tangluangpandin 1, Weing sub-district, Mueang district, Chiang Rai 57000	053-719-288
	Chiang Mai	221/7-8 Chang Klan Road, Chang Klan sub-district, Meung district, Chiang Mai 50100	053-271-378
	Lampang	357/34-35 Bun Wat Rd., Suandok Sub-district, Muang Lampang district, Lampang 52100	054-222-901
	Phitsanulok	298 / 2-3 Mittraphap Road, Nai Mueang Sub-district, Mueang district, Phitsanulok 65000	055-005-000
	Nakhonsawan	95 / 15-16 Moo 9, Wat Sai Sub-district, Mueang district, Nakhonsawan 60000	099-380-3886

Region	Branch	Address	Telephone
	Kamphaeng Phet	57/12, 57/13 Municipal Road, Nai Mueang Sub-district, Mueang district, Kamphaeng Phet 62000	055-021-989
	Sukhothai	29/70, 29/71 Wichian Chamnong Road, Thani Sub-district, Mueang District Sukhothai 64000	055-011-400
Eastern	Rayong	349/1 Sukhumvit Road, Noenphar Sub-district, Mueang district, Rayong 21000	038-621-277
	Chonburi	600/23-24 Sukhumvit Road, Sean Suk Sub-district, Chonburi district, Chonburi 20130	038-110-083
	Nakhon Nayok	150/2 Moo 8, Phon Manee Sub-district, Mueang District, Nakhon Nayok 26000	037-349389
	Lopburi	81/13, 81/14 Moo 9, Khao Phra Ngam Sub-district, Mueang District, Lopburi 15160	036-683122
	Kanchanaburi	28/1, 28/2, 28/3 Moo 9, Pakprak Sub-district, Mueang District Kanchanaburi 71000	034-912166
	Sa Kaeo	554/3, 554/4 Moo 2 Ban Mai Nong Sai Sub-district Aranyaprathet, Sa Kaeo 27120	037-247115
	Samutsakorn	95/4, 95/5 Moo 4, Khok Kham Sub-district, Muang District, Samutsakorn 74000	034-113451
	Suphanburi	191/1 Moo 3, Rueyai Sub-district, Mueang District, Suphanburi 72000	035-967997
Central	Nakhonpathom	667/2 Phetchakasem Road, Huai Chorakhe Sub-district, Mueang district, Nakhonpathom 73000	034-275-383
	Phetchaburi	585/17 Moo 5 Banmor Sub-district, Mueang district, Phetchaburi 76000	032-401-629
	Pathum Thani	86 / 6, 86 / 7 Moo 10, Khlong Nueng Sub-district, Khlong Luang District Pathum Thani 12120	02-002-9719
	Ayutthaya	280/1 Moo 4, Khanham Sub-district, Uthai District Phra Nakhon Si Ayutthaya 13210	035-900277
	Samut Prakan	1/373 Moo 20, Bang Phli Yai Sub-district, Bang Phli District Samut Prakan 10540	02-002-2052
Northeast	Khon Kaen	688/94, 688/95, 688/96 Klang Muang Road., Nai Mueang Sub-district Mueang District, Khon Kaen 40000	043-043-500
	Udon Thani	289 / 13-14 Udon dutsadi Road, Mak Khaeng Sub-district, Muang district Udon Thani 41000	042-223-448
	Ubon Ratchathani	265/4-5 Upaleesan Road, Nai Mueang Sub-district, Mueang district, Ubon Ratchathani 34000	045-243-495
	Nakhon Ratchasima	2966/80 Dech Udom Road, Nai Mueang Sub-district, Mueang District, Nakhon Ratchasima 30000	044-262-900



Region	Branch	Address	Telephone
	Roi Et	426 Moo 23 Nuea Mueang Sub-district, Mueang district, Roi Et 45000	043-515-027
	Buriram	999/13 Moo 1 I-san Sub-district, Muang Burirum district, Buri Ram 31000	044-613-899
	Mukdaharn	122/4-5 Wiwittha Surakan Road, Mukdahan Sub-district, Muang Mukdahan district, Mukdahan 49000	042-042-000
	Chaiyaphum	55/4, 55/5 Village No. 11, Nong Na Sang Sub-district, Mueang District, Chaiyaphum 35000	044-101-113
Southern	Nakhon Si Thammarat	180/26-27 Moo 5 Pakpoo Sub-district, Mueang District, Nakhon Si Thammarat 80000	075-806-877-8
	Thung Song	112 / 36,112 / 37 Thung Song - Nakhon Si Thammarat Road. Pak Phraek Sub-district, Thung Song District, Nakhon Si Thammarat 80110	075-805-079
	Surat Thani	20/1 Moo 10 Wat Pradu Sub-district, Mueang district, Surat Thani 84000	077-964-000
	Phuket	96 / 3,96 / 4 Moo 1, Kathu Sub-district, Kathu District, Phuket 83120	076-619-111
	Songkhla	1502, 1504 Moo 3 Airport-Lopburiramate Road, Khun Lang sub-district, Hatyai district, Songkhla 90110	074-250-420
	Trang	236/23, Kantang Road, Thap Thieng Sub-district, Mueang district, Trang, 92000	075-290-539
	Chumphon	101/6, 101/7 Moo 6, Tha Yang Sub-district, Mueang Chumphon District Chumphon 86000	077-510345
	Prachuap Khiri Khan	829/3, 829/4 Moo 4, Ao Noi Sub-district, Muang District Prachuap Khiri Khan 77210	032-646793

In the Company's direct sales, commission which a salesperson will get varies with sales volume. In addition, the Company offers other types of incentives to salespersons in order to boost sales volume as appropriate.

### 2.5.2 Telesales & Telemarketing

The Company has developed its capacity for product distribution through telephone by linking the Customer Relation Management (CRM) software with the Cisco-IP Telephony, and the customer database. This system is used alongside with the regular salespersons channel to distribute filters. Subsequently, the telesales channel became the main channel for the sale of electrical appliances. The Company has expanded its sales channels by telephone to accommodate future sales. By the end of 2020, there are approximately 160 sales staff members. Customers can communicate with sales office for more information and services by contacting the Call Center 1210 and 02-819-8888, 150 lines. The Company has recruited more staff to support customers from various online channels such as Facebook and Line to provide services through new channels with increased coverage and efficiency there are approximately 20. Sales staff members In order to facilitate and speed up the service, which more than 90% is a new customer database. Which is a new customer database to respond to services through new channels that are more comprehensive and effective. We have added a category to customers. In addition to the main products are water purifiers and filter sets, the Company also sells Daikin air conditioners, Fedders air conditioners, Safe Electrics water heaters and other brands of electrical appliances such as Toshiba, LG, Panasonic, Masterkool Media and Samsung, etc. The telesales management will enable the sales to target customers and able to manage expenditures. The cost structure is relatively low compared to other sales channels.

### 2.5.3 Sales of Products through Other Companies

The Company's distributes products through Addwell Beauty (Thailand) Co., Ltd., (Adwell brand) and Successmore Being Public Co., Ltd., (Alkamag brand) and subsidiary sell water purifiers and water filter jugs to Giffarine Skyline Unity Co., Ltd. Subsidiary have been trusted to make outright selling through these company as a result of various factors such as continuous research for new technologies, quality standard of products, on-time delivery, after-sales service, training for network members and good relationship with customers

## 3. Product and Service Supply

### (A) Manufacture

The company has three production plants for water purifiers and filter sets. In 2019, the company had invested in modern production machinery to support business growth in the future by installing at the Factory 4. At the end of 2019, the company had centralized production of the main products being water purifiers, filter kits, purified pitchers, and spare parts at the Factory 4 in order to increase the efficiency of management, easy to control the inventory and reduce transportation costs.

In 2020, after the Company consolidated and merged its production centres located at the Factory 4 in Pathum Thani province, it then began to produce all the main products and delivered according to the production plan from one factory completely. The factory has a total production capacity of 25,000 water purifiers and filter kits per month, which currently using 80% of the total production capacity per 8 hours of operation.

### (B) Workflow of the Company

#### 1. Below is a concise illustration of the Company's water purifier manufacturing processes.

##### The Company's water purifiers manufacturing processes

- **Water Purifier Design:** Carried out by Production Control with direct expertise in designing water purifiers by taking into account the water filter efficiency, convenience and good design.
- **Molding:** After the design process, the Company will send the plan to a molding Company. The Production Control Department will inspect molds of several parts at the factory and supervise various details according to the plan.

- **Selection of Materials, Components and replacement filter:**

**Materials and Components**

Selected Food Grade materials are durable, appropriate to the product image and safe for drinking water. The Company sends the molds only to experienced contractors to create different parts of the purifiers, and who also comply with the standards of water purifier plastic injection molding.

**Replacement Filter**

Water replacements of national and international standards are selected. Iodine number test is conducted in a laboratory on a regular basis. Additionally, our water purifier has been certified by Eurofins AMS Laboratories Pty Ltd, Australia, by 6 aspects test condition as detailed: 1. Taste 2. Appearance 3. Growth of Aquatic Micro-Organisms 4. Cytotoxic Activity 5. Mutagenic Activity and 6. Extraction of Metals which is a leading international group of laboratories providing an entire range of analytical testing services and consumer product. Specimens are sent to external agencies annually to examine the quality. Materials are inspected upon delivery. The Company aims for suppliers who meet the standards in order to obtain the highest-quality materials for the Company's water purifiers.

In every manufacturing process, the Company has produced a standards manual. The manual demonstrates a clear procedure to standardize the manufacture of the Company's products in accordance with ISO 9001:2015 certifications. The Company has a clear production plan in line with sales volume and number of products in stock to prevent product scarcity or oversupply. Besides, the Company conducts a post-production examination of the product to comply with the Company's standards.

**2. Standard operating procedure for distribution and installment collections of water purifiers can be summarized as follows:**

- 1) Salespersons present information of products to customers. By stating that both cash and installment are available. In the case of installed payment, according to the Company's policy, sales staff will conduct preliminary customers screening then the sales team leader will reevaluate the screening prior to the purchase agreement. In addition, the credit and expedite debt department, which is responsible to collect payment from the second installment onwards, will examine the creditability of the client as well.
- 2) The sales team makes a purchase contract through the TSR Sales System (TSSM) by using online channel via a tablet or smartphone. With an introduction of a modern system, this has facilitated sales operations to be more convenient, quick, and accurately record customer information. Sales teams submit purchasing and leasing contracts together with relevant documents as well as the first installment received from customers to the Related department for filing in the Company's client database.
- 3) If a customer fails to pay the installment, the Company will follow up by the In addition, in order to avoid bad debt and collection, customers have more options to pay. As for the collection processes, the field collection department initially follows up with customers. But if the customer does not pay installments in multiple installments according to the criteria set by the company, then the field debt collection department and the telephone debt collection unit will be the focal points in following up and collecting debt. And in case the Company has already sent two collection letters for overdue payments to customers, the Company may consider to take further legal action.

**3. Standard operating procedure for distribution and installment collections of electric appliances can be summarized as follows:**

- 1) Telesales or salespersons present information of products to customers. By offering to sell both in cash and installment system For customers to consider
- 2) In the event that the customer wishes to pay on installments for the product There will be an inspector. To check customer information and keep supporting documents such as financial documents, etc., to assess customers' installment ability before entering into a contract of hire purchase. And sign a letter of consent to verify credit information to send to the credit approval for consideration.
- 3) Credit review officer Check customer information from the National Credit Bureau and consider in conjunction with other factors in accordance with the Company's credit criteria If the conditions are met will proceed with the contract
- 4) Contract staff proceed with installment contract and collect the down payment from the customer.
- 5) Product delivery with installation service. The status of the customer will be changed to hire purchase receivables. Installment payments for products to the company
- 6) In the event that customers unable to pay installments. The Company will follow up on customer debt obligations and debt collection by relevant departments according to the stipulated regulations. For the case that the Company has sent a collection letter to the customer twice and the customer has not paid. The Company will take the product back and may begin legal proceedings.

## Accounting Policy

About 83.6% of revenues from sales are installment sales. Therefore, the Group is aware of the significant of accounting policies, and set up the related policies as follows:

1. Revenue recognition
2. Measurement of accounts receivables impairment and write-off
3. Leases
4. Allowance for goods return according to customer satisfaction guarantee policy
5. Allowance for product warranty according to warranty policy

**A receivable** is measured at transaction price less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**Hire purchase contract receivables and loan receivables** are stated net of outstanding balance from contract, unearned interest income and allowance for doubtful accounts. The Group provides allowance for expected impairment loss based on the estimated collection losses that may be incurred in collection of receivables, by considering of the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection. Bad debts are written off when incurred.

No.	Policy	Details
1	Revenue recognition	<p><b><i>Sale of goods</i></b></p> <p>Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.</p> <p><b><i>Interest income from hire-purchase contract and loans</i></b></p> <p>The Groups recognize interest income from hire-purchase contract and loans with effective interest rate (EIR). The Groups will cease to recognize interest income from hire-purchase contracts when bad debts are written off when incurred. Accounting policies applicable before 1 January 2020, the Groups will cease to recognize interest income from hire-purchase contracts when receivables have overdue balance over three months for hire-purchase contracts of water purifier and over six months of electrical appliances. Starting from the due date. The Groups will restart to recognize interest income as accrual basis when having received the overdue balance paid.</p>
2	Measurement of receivables – Impairment and Write-off	<p><b><i>A receivable</i></b></p> <p>A receivable is measured at transaction price less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred. (2019: Allowance for Doubtful Accounts)</p> <p><b><i>Impairment</i></b></p> <p>Accounting policies applicable from 1 January 2020 The Group and the Company recognise allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to related parties), hire purchase contract receivables and loan receivables.</p>

No.	Policy	Details
		<p><b>Measurement of expected credit loss (ECLs)</b>  An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument</p> <p><b>ECLs are measured on either of the following bases:</b>  12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or  Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument</p> <p><b>Loss allowances for trade receivables and contract assets</b> are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date (Simply Approach).</p> <p><b>Loss allowances for hire purchase contract receivables and loan receivables</b>, the Group and the Company recognise ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs (General Approach).</p> <p>For material portfolios, the estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).</p> <p>Forward-looking macroeconomic assumptions are incorporated into the PD where relevant and where they have been identified to influence credit risk, such as GDP growth rates, interest rates and house price indices among others. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.</p> <p>The estimate of expected cash shortfalls on a collateralized financial instrument should consider the amount and timing of cash flows that are expected from confiscation on the collateral less the costs of obtaining and selling the collateral without considering the possibility of the confiscation.</p> <p>The estimate of expected cash shortfalls are discounted using the initial effective interest rate on the financial instrument.</p> <p><b>Expected Loss Recognition - Staging</b>  <i>Stage 1 Financial asset without a significant increase in credit risk (Performing)</i>  Expected credit losses are recognized at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from</p>



No.	Policy	Details
		<p>possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If a financial assets is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.</p> <p><i>Stage 2 Financial asset with a significant increase in credit risk (Underperforming)</i></p> <p>If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognized for default events that may occur over the lifetime of the asset. SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.</p> <p><i>Stage 3 Financial assets that are credit impaired (Non-performing)</i></p> <p>Financial assets that are credit impaired or in default represent those that are at over 90 days past due in respect of principal or interest. Financial assets are also considered to be credit impaired where the customers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial asset.</p> <p>Evidence that a financial asset is credit impaired includes observable data about the following events:</p> <ul style="list-style-type: none"> <li>- Significant financial difficulty of the borrower;</li> <li>- Breach of contract such as default or a past due event;</li> <li>- Pending or actual bankruptcy or other financial reorganization to avoid of the borrower's obligations;</li> <li>- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; and</li> <li>- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.</li> </ul> <p>Impairment provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate, representing the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment</p> <p><b><i>Write-offs of impaired instruments and reversal of impairment</i></b></p> <p>To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.</p>

No.	Policy	Details
3	<b>Leases</b>	<p>If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as an improvement in the debtor's credit rating, the previously recognized impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognized in the income statement.</p> <p>The Group and the Company apply the derecognition and impairment requirements in TFRS 9 to the net investment in the lease (See note 4 (m)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.</p> <p>At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company use the definition of a lease in TFRS 16</p> <p>At commencement or on modification of a contract that contains a lease component, the Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component</p> <p>The Group and the Company recognize a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognized as an expense on a straight-line basis over the lease term</p> <p>Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any premeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment</p> <p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.</p> <p>The Group and the Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.</p>

No.	Policy	Details
		The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero
4	Allowance for goods return	The Company has a customer satisfaction guarantee policy; a customer can return the goods within 30 days from the installation date. The allowance was set up based on statistic data of returned products in the previous year.
5	Allowance for product warranty	
		The Company has product warranty policy to change and repair goods for customers within 1-2 years since the installation date.

### (C) The Environmental Impact of the Manufacturing Process.

#### Environmental Management and Safety.

##### Environmental Management

The Company rules and regulations in case of reclaiming the merchandise from a customer, or taking back the old water purifier from a customer, or taking in the production waste namely plastic and replacement filter. For filters, the Company has identified and separated filters with good quality and bad quality. The good quality replacement filters will be enhanced and ensured for quality before selling them to some industrial water purifier manufacturers. The bad quality replacement filters will go through the foamed concrete block production process for domestic use. In addition, the Company will check the quality of waste water as to abide by the Ministry of Industry's standards.

##### Safety and Security Management

The company has established a Safety, Occupational Hygiene and Workplace Environment policy to demonstrate the organization's commitment and as a framework for managing occupational safety, health and environment. With the goal to reducing work-related accidents to zero according to the Occupational Safety, Health and Environment Act B.E. 2554 (2011), including various relevant ministerial regulations. The Company has established a safety committee at work. A safety reporting system has also been established including chemical safety system management, risk assessment, improvement of fire protection and suppression systems as well as preparedness and emergency plan to respond immediately in the event of an emergency to ensure the greatest safety for life and property in line with occupational safety standards.

The Company creates a safety consciousness in the workplace for employees by organizing safety training courses such as safety driving training, basic firefighting training and fire evacuation drills, first aid and Cardiopulmonary resuscitation (CPR). The trainings were also provided to the safety committee.

The safety management standards have been regularly reviewed and revised in accordance with the international standards as well as the context and risk factors of the Company. It has also been integrated with other management systems of the Company such as ISO 9001: 2015 to ensure effective implementation. In 2020, the Company has had six severe accidents

(severe accidents refer to deaths, disabilities, partial loss of organs or leave work for more than 3 days).

**4. An unassigned work**

-None-

## Risk Factors

The risk factors discussed in this report are only some major factors that may have negative impacts on the Company. These risk factors may also have a significant impact on the investment in the Company. There may be some other unpredictable factors and some insignificant factors, which may also have an impact on the Company's operation in the future.

### Business Operating Risks

#### Risks in regard to changes in state regulations

Although the sales and distribution of water purifiers have not been controlled by any particular state agencies thus far, some agencies indirectly involve in the Company's business. Office of the Consumer Protection Board, for instance, has a duty to prevent hire purchasing service providers from taking advantages over consumers. In addition, the Ministry of Commerce has imposed a law to control the direct sale business, requesting all direct sellers to obtain a particular license before launching their direct sale business. Another relevant state agency is Ministry of Industry, which oversees the extension of a license to operate industrial factories. The Company always takes the rules and regulations set by relevant state agencies seriously. However, it will be rather risky for the Company if relevant agencies add more stringent rules and regulations. Being aware of this risk, the Company thus sets operation guidelines to suit the current state rules and regulations. Meanwhile, the Company always monitors updates on any changes of relevant rules and regulations in order to ensure that the Company's business is operated in compliance with state rules and regulations.

#### Risks in regard to heavy dependency on the direct sales channel

The Company distributes its products mostly through the single level direct sales channel, by teams with their long expertise in the single level direct sales, the Company strongly believes that this sale channel remains an appropriate channel. To sell water purifiers, sales personnel are required to provide detailed technical explanations about product specifications, and conduct product demonstration to highlight advantages of the products in order to stimulate customers' buying decisions and ensure that the sale is successfully. These sales techniques are unique ability of each salesperson. Therefore, talented salespersons are attractive as well as are interested by other companies, and may be bought by any company that have higher attractive benefits package. To retain our talented sales personnel, the Group is committed to offering attractive remuneration packages and benefits as well as training in order to engage sale staff, and enhance the sales teams' efficiency. However, the Group is aware of risk regarding heavy dependency on the direct sales channel. They also have distributed products via other channels, to broaden its customer coverage, e.g., Telesales & telemarketing, E-commerce and online media including Facebook, E-Marketplace e.g., Lazada and shopee etc. The Company has expanded its sales in the form of Online to Offline (O2O) by leveraging its strength in the sales team to present and demonstrate product features in accordance with the lifestyle of consumers today that tend to use more online channels. The Company has also appointed product distributors to be better able to offer products and services in order to reach all target customer. In addition, there are other sales models such as manufacturing and selling OEM products to other direct selling companies.

#### Risks in regard to trade liberalization and the emergence of ASEAN Economic Community that may have a negative impact on sales and production costs

The trade liberalization and the emergence of ASEAN Economic Community (AEC) in 2015, economic cooperation in the region of Southeast Asian countries (ASEAN) which includes 10 member countries, will result in relocations of funding resources, manpower, and international trades among the member countries. As a result, there might be some low-cost products from other countries to beat Thai products. Therefore, the Company has planned to expand its distribution channels and create more

varieties of products to meet customers' demand and reach more customer targets. Moreover, The Company has developed its products to be diverse at lower costs. Regular price and quality of products comparison are provided with other similar products made by foreign-made companies. If it is found that there are better products imported from abroad, the Company may then decide to import rather than produce itself. The Company also expands its distribution channels to meet and reach more target customers. In addition, the Company has expanded its market to some CLMV countries by considering various factors and marketing possibilities. The Company started selling products through a joint venture company between the Company and Thai investors in the Lao People's Democratic Republic and distributing through dealers in Cambodia. Business plans for other countries are being studied and developed.

### **Risks in regard to contagious disease outbreak and/or pandemic**

The coronavirus (COVID-19) has affected the global economy including the economic conditions in Thailand. Terminations of employment in some sectors have contributed to a risk of decreased purchasing power of consumers and the ability to pay installments for goods. However, the main products of the Company are water purifiers, which are essential to health and can reduce the risk of contracting diseases from touching the water package and/or traveling to buy bottled water. This enables the Company to generate sales while the rate of installment payments is not lower than the average estimation foreseen by the Company. Despite the Company's strict policy of tracking payment installments to avoid bad debt problems, the Company has also helped the debtors who have suffered from the pandemic by easing payment of installments or extending the number of installments to debtors who have financial problems. With these measures in place, some debtors will have to an extended period of paying installments as they cannot pay consecutively every installment. This can help reduce the incidence of bad debt from the accounts receivable.

### **Production Risks**

#### **Risks in regard to fluctuation in raw material prices**

The manufacturing of a water purifier requires varieties of components and devices, both for the body and filtration substances. Some items can be produced domestically but some have to be imported by major importers. The prices of material and equipment vary according to market prices and exchange ranges for the case of imported items. The Company may be partially impacted by the fluctuation in material and equipment prices, as well as exchange rates. To manage the exchange rate risk, the Company utilizes financial instruments Forward Contract in order to mitigate the impact on exchange rate fluctuation.

### **Risks in regard to the operating license**

One of the Company's plants is located in an orange zone, i.e., a densely populated area. The plant received an operating license on 10 October 2007, under the condition that the license will be revoked anytime whenever relevant agencies lodge a complaint or the plant causes any troubles to the community. Details are as following:

- Factory 1: The Company obtained the factory license for assembling and repairing water filters. From The Industrial Office of Nonthaburi Province has already approved the renewal of the license expired on 1 January 2022.
- Factory 2: The Company obtained the factory license for assembling and repairing water filters from the Industrial Office of Nonthaburi Province. The license will expire on 1 January 2020 and In 2019, there was an amendment of the Factory Act - FACTORY ACT (NO. 2) B.E. 2562 (2019), resulting in the license of Factory 2 to be valid until the factory cessation is notified.



- Factory 3: The Company obtained the factory license for plastic granulation from the Industrial Office of Nonthaburi Province. The license expires on 1 January 2020. The company has already renewed the license, in which the Nonthaburi Provincial Industry Office, has authorized the renewal until 1<sup>st</sup> January 2024. And Factory license for manufacturing and repairing water heater from the Nonthaburi Industrial Office. The license expires on 1 January 2022.
- Factory 4: The Company obtained the factory license for assembling and repairing water filters as well as plastic granulation from the Industrial Office of Pathum Thani Province. The license will expire on 1 January 2020 and In 2019, there was an amendment of the Factory Act FACTORY ACT (NO. 4) B.E. 2562 (2019), resulting in the license of Factory 2 to be valid until the factory cessation is notified.

However, the company may be at risk from the factory license being revoked if there is a complaint and/or the company does not resolve the complaint. Nevertheless, the company's management is confident that it will be able to continue operating the factory because its production does not create any pollution and the company has not received a warning from the relevant departments or significant complaints from residents in the vicinity.

## Financial Risks

### Risks in regard to the sale on credit

The Group's water purifiers and electric appliances are sold mostly through the direct sale channel on a hire purchase basis. The quality of hire purchase receivables is a key factor for the recognition of revenue. As of 31 December 2020, the hire purchase receivables with outstanding balance overdue for three months accounted for 4.48% of total hire purchase receivables from sales of water purifier. For electric appliances, outstanding balance overdue for three months accounted for 6.12% of total hire purchase receivables from sales of electric appliance. The major customers of the Group are in the medium to low-end market segments. The Group has established sales policies that enable those two customer segments to reach the Group's products and services. However, the Company has a policy to audit and control credit granting including in the case that a debtor has overdue payment of principal or interest for more than 90 days, it will be considered as a credit impairment of financial asset when the debtor has the possibility of being unable to pay back in any event, or several events that affect the forecast of future cash flows of financial assets. The credit risk of hire purchase receivables is measured at amortized cost for hire purchase receivables. Given that the Group's gross profit margin was rather high at 77.18 % in 2020, the Group still enjoyed impressive operating profit from installment sales even after the deduction of sales expenses and bad debt and doubtful debt expenses. In 2020, the net profit margin of the Group was 7.49%.

Measures to prevent and mitigate risks in case the receivables fail to follow payment conditions and agreements which stated in the hire purchase contracts, are as follows:

- Clearly indicate basic qualification of targeted customers so that the sales teams can use as a guideline; sales staff preliminarily approve the qualification of potential customers and team leaders review the qualification once again before the hire purchase contract is signed. Then, the Credit Department examines the quality of receivables: the Credit Department meets with customers in order to evaluate each customer's creditability against the installment plan and inspects whether the product is completely installed, and ascertains the repayment capacity of clients afterwards. Electrical appliances, which distributed via instalment payment, will be sold through the subsidiary company, Thiensurat Leasing Company Limited (TSRL). All customers will be checked through the Credit Bureau and the checker staff will review the customer information in accordance with the rules of the TSRL company, in order to provide supplementary information to consider whether to approve or disapprove.

- Offer remunerations to sales members based on the quality of debt collection. In case of bad debt, the sales members and the relative sales management team are required to share losses in accordance with the Company's policy about bad debts.
- In case customer fails on the conditions stated in the hire purchase contract, the collection actions will be assigned to the Debt Collection Department and the Legal Department. In addition, the Group will take back the water purifier from that particular customer.

#### **Risks in regard to the fluctuation in the interest rates**

As the Group's main business be hire purchase, it involves with the Group's working capital management raised from both Equities and Loans from financial institutions to be proper and efficiency with the prudent consideration about the risks in regard to the fluctuation in the interest rates and the Group's liquidity under the uncertainty of financial market. Consequently, the Group has the agreements with the financial institutions like banks for the banks' credit facilities to serve with the expansion of the Company's growth and also has to take the consideration about the term loans from the banks be matching with the term of the funds provided to the customers in the Hire purchase agreements that will help the Group to avoid the risk from the fluctuation in the interest rates and the uncertainty of financial market. For the year of 2020, the Group had a few loans from the banks due to the efficiency of Group's management funds with the granted credit facilities from the banks without any guarantee like the Clean Loans Basis for the Group's business expansion.

#### **Risks that may have impacts on the right or the investment of shareholders**

##### **Risks in regard to the fact that the major shareholders have control power over management policies.**

The Changyoo family is the Company's major shareholder group (further details can be obtained from Part: Listing Securities and Shareholding Structure). As of 30 December 2020, Changyoo group held 338,840,677 shares or 61.64% of issued shares. As a result, the Changyoo group is able to control almost all resolutions of shareholders' meeting, including the appointment of directors or any matters that require the majority votes of shareholders. The power of the major shareholder, however, does not include the issues related to laws or regulations, for which three-fourths of the shareholders are required. Given the control power of the major shareholder, other shareholders are unable to gain votes enough to balance the power of the major shareholder group for some particular issues proposed by the major shareholder. Being aware of this risk factor, the Company arranges the management structure, consisting of the Company's Board of Directors and the Audit Committee. The members of these committees are those with high experiences. 6, out of 11, are independent directors from outside, of which four independent directors act as the members of the Audit Committee. These members provide comments in regard to connected transactions prior to proposing to the Company's Board of Directors and shareholders' meeting.

## General Information and The other Information

### General Information

#### Company

Name of the issuer	: Thiensurat Public Company Limited
Registration	: 0107556000213
Business type	: Production and distribution of household water purifier
Listing Securities	: Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 per share)
Paid-up Capital	Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 per share)
Head Office	: 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi 11120
Telephone	02-819-8899
Call Center	: 1210 and 02-819-8888
Fax	: 02-962-6951-3
Website	: <a href="http://www.tsrplc.com">www.tsrplc.com</a>
Investor Relations	: 02-819-8899 Ext. 1536 and 1591
E-mail	: <a href="mailto:ir@tsrplc.com">ir@tsrplc.com</a>

#### An entity that owns 10 percent or more

Company name / Address And Detail	Business type	Sharehold ing (%) of the company	Shareholding (%) of the other shareholder (s)	Registere d Capital (Million Baht)	Paid-up Capital (Million Baht)
<b>Safe Trade International Company Limited</b> Registration: 0125538005592 43/12, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi 11120 Tel: 02-962-6651-2 Fax: 02-962-6659-60 Website: <a href="http://www.safetrade.co.th">www.safetrade.co.th</a>	Selling and distribution of water purifiers and water filter jug and mineralized drinking water	99.98		4.00	4.00
<b>TSR Leasing Company Limited</b> Registration: 0125559017522 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi 11120 Tel: 02-032-8690	Selling of electrical appliances by installments, Personal loans under supervision and Auto title loan	100.00		100.00	100.00

Company name / Address And Detail	Business type	Shareholding (%) of the company	Shareholding (%) of the other shareholder (s)	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)
<b>TSR Lao Co., Ltd.</b> Kamphaengmeuang Road, Thatluang Tai Village, Saysettha District, Vientiane Capital, the Lao PDR  <b>Joint Venture:</b> JB Group	Selling Water Purifier and related products and Electric Appliances	49.00	51.00	34.80 (Lao Kip 8,000 million)	27.83 <sup>1/</sup>
<b>Alpine Water Co., Ltd.</b> Registration: 0125563014435 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi 11120 Tel: 065-717-8426 02-819-8899 ext. 1313 Website: www.alpinewater.co.th  <b>Joint Venture:</b> - Mr. Ekarat Changyoo - Mr. Patchara Parsitsomwang - Mr. Wachiravit Viteepanich	The company that has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier	54.00	1.00 22.50 22.50	10.00	3.78 <sup>2/</sup>

Remark: <sup>1/</sup>Payment on 17 January 2016 (FX rate Baht 1: Laos Kip 230)

<sup>2/</sup>Payment on 26 May 2020

#### Other Reference

**Registrar** : Thailand Securities Depository Company Limited  
93 Ratchadaphisek Road, Dindaeng Sub-district Dindaeng District  
Bangkok 10400

**Tel.** : 02-009-9999

**Fax.** : 02-009-9991

**Auditors** : KPMG Phoomchai Audit Ltd.  
Empire Tower 1, 48<sup>th</sup> - 50<sup>th</sup> Floor, South Sathorn Road Yannawa,  
Bangkok 10120  
Ms. Thanyalux Keadkeaw CPA No. 8179  
Ms. Sophit Prompol CPA No. 10042  
Ms. Dussanee Yimsuwan CPA No. 10235  
Tel : 02-677-2000 ext. 2055  
Fax : -

## Listing Securities and Shareholding Structure

### Listing Securities

Registered Capital	: Baht 549,682,133
Paid-up Capital	: Baht 549,682,133
Class of Share	: Ordinary shares 549,682,133 of Baht 1 each

### Shareholders

List of Top 10 major Shareholders As of 31 December 2020

No.	Name of Shareholders	Number of shares	% of shareholdings
1	<b>Changyoo Group:</b>	338,840,677	<b>61.64</b>
	<b>1.1 Changyoo Family</b>	337,070,777	<b>61.32</b>
	- Better Dreams Co., Ltd <sup>1/</sup>	144,107,715	26.22
	- Mr. Werawat Changyoo	85,498,648	15.56
	- Mrs. Kanittha Changyoo	5,133,332	0.93
	- Ms. Savita Changyoo	34,433,796	6.26
	- Mr. Ekarat Changyoo	34,101,613	6.20
	- Ms. Theinvanee Changyoo	33,795,673	6.15
	<b>1.2 Watcharatum's Family</b>	1,769,900	<b>0.32</b>
	- Mr. Watcharin Watcharatham	1,769,900	0.32
2	Mr. Monchai Leesirikun	17,000,000	3.93
3	Ms. Darunee Leesirikun	12,253,620	2.22
4	Mr. Touchchon Leesirikun	5,136,900	0.93
5	Mrs. Chuentip Jiraphornprapha	4,850,000	0.88
6	Mr. Asawin Changyoo	4,543,000	0.83
7	Mr. Paitoon Homchan	4,495,532	0.82
8	Mr. Ekarit Eksmith	4,200,000	0.76
9	Mr. Witoon Cheanwachrisiri	4,012,665	0.73
10	Mr. Jumphon Worawongpitak	3,900,000	0.71
Total the 10 shareholders		399,232,394	72.63
Other		150,449,739	27.37
<b>Total</b>		<b>549,682,133</b>	<b>100.00</b>

Remark: <sup>1/</sup>Better Dreams Co., Ltd. holding company. The shareholding structure of Better Dreams is as of 28 January 2020 as follows;

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Mr. Werawat Changyoo	390,700	49.32
2	Mr. Ekarat Changyoo	164,600	20.78
3	Ms. Savita Changyoo	108,150	13.65
4	Ms. Theinvanee Changyoo	103,750	13.10
5	Mrs. Kanittha Changyoo	25,000	3.16
<b>Total</b>		<b>792,200</b>	<b>100.00</b>

Major shareholders by circumstances to influence policy. Management or operation of highly significant is that the Changyoo Family as well as Watcharatham's Family

No.	Name of Shareholders	Number of shares	% of shareholdings
<b>1</b>	<b>Changyoo Family</b>	<b>337,070,777</b>	<b>61.32</b>
1.1	Better Dreams Co., Ltd <sup>1/</sup>	144,107,715	26.22
1.2	Mr. Werawat Changyoo	85,498,648	15.56
1.3	Mrs. Kanittha Changyoo	5,133,332	0.93
1.4	Ms. Savita Changyoo	34,433,796	6.26
1.5	Mr. Ekarat Changyoo	34,101,613	6.20
1.6	Ms. Theinvanee Changyoo	33,795,673	6.15
<b>2</b>	<b>Watcharatum Family</b>	<b>1,769,900</b>	<b>0.32</b>
2.1	Mr. Watcharin Watcharatham	1,769,900	0.32
<b>Total</b>		<b>338,840,677</b>	<b>61.64</b>



## Policy of Dividend Payment

The Company and its subsidiaries have dividend payment policy at least 40 percent of net profits deducted with corporate income tax and legal reserves can be paid out and considered from the company's separate financial statement. Annual dividends must be approved by shareholders' meeting, while interim dividends can be approved by the board of directors and reported in the next shareholders' meeting.

However, the company and subsidiaries may select to pay out dividends at the rate lower than stipulated or omit the dividend payout depending on economic situations as well as the company's and subsidiaries' operating results, financial positions, liquidity and the need for working capital for day-to-day business and future expansion.

In 2020, the company had profit of Baht 124.25 million (in the separate financial statements), which the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders on 23 April 2021 to approve the dividend payment at the rate of Baht 0.08 including the interim dividends paid on 13 August 2020, 0.085 Baht per share. The dividend payment for 2020 was Baht 0.165 per share or 72.65% of net profit for the year 2020, or 76.48% of net profit after corporate income tax and legal reserve. This is higher than the company's dividend payment policy of not less than 40%.

The history of dividend payments of the Company and its subsidiaries for the past 3 years is as follows;

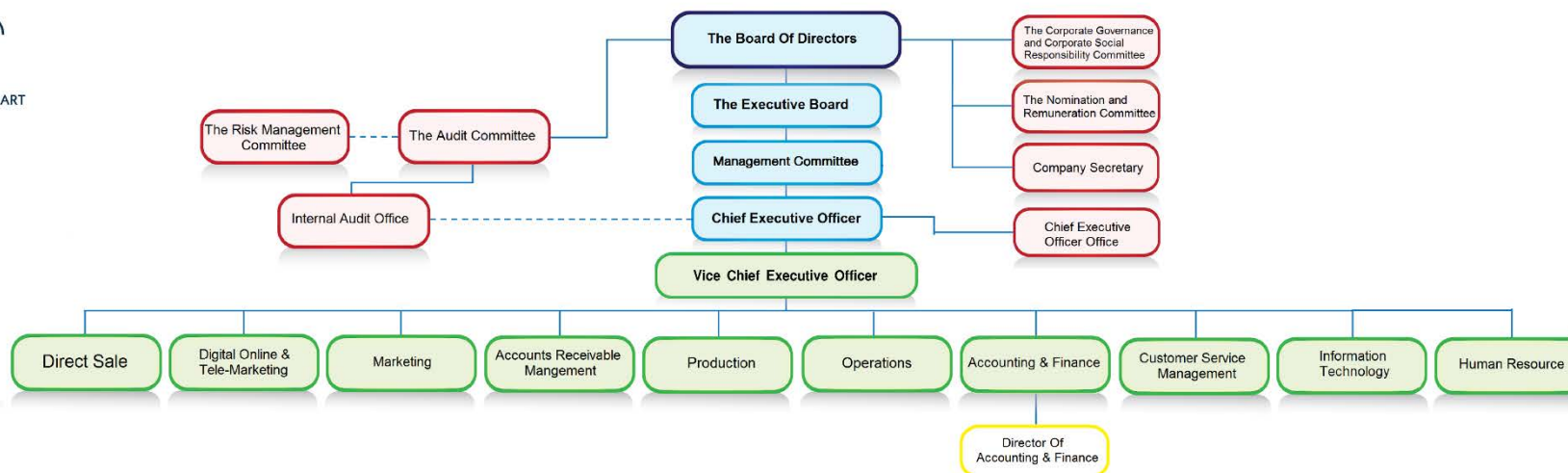
Details of Dividend Payment	2020	2019	2018
1. Profit for the year (Separate financial statement) (Million Baht)	124.25	101.07	93.84
2. Number of Shares (Million shares)			
2.1 Amount of shares for the Interim Dividend Payment	546.98 <sup>2/</sup>	549.68	521.85 <sup>1/</sup>
2.2 Amount of shares for the Final Dividend Payment	546.98 <sup>2/</sup>	549.68	549.68 <sup>1/</sup>
3. Dividend per share (Baht)			
3.1 Interim Dividend Payment	0.085	0.06	0.08
3.2 Final Dividend Payment	0.08 <sup>2/</sup>	0.08	0.08
<b>Total Dividend per share</b>	<b>0.165</b>	<b>0.14</b>	<b>0.16</b>
4. Total of Dividend Paid (Million Baht)			
4.1 Interim Dividend Payment	46.51	32.98	41.75
4.2 Final Dividend Payment	43.76	43.98	43.97
<b>Total Dividend per share</b>	<b>90.27</b>	<b>76.96</b>	<b>85.72</b>
5. Proportion of dividends to net profit for the year on separate financial statements (%)	72.65	76.14	91.35
6. Proportion of dividends on net profit for the year (separate financial statements) after deduction of corporate income tax and legal reserves. (%)	76.48	80.15	96.16

Remark: <sup>1/</sup> On 5 June 2018, the company registered the amendment of paid-up share capital to Baht 521.85 million and On 26 December 2018, the company registered the amendment of paid-up share capital to Baht 549.68 million.

<sup>2/</sup> The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders on 23 April 2021 to approve the payment of the final dividend for the year 2020 at the rate of Baht 0.08 per. By deducting shares bought back for financial management in the amount of 2.70 million share.

## Management Structure

Organization Chart as of 2 January 2020



Vice chief Executive officer / Chief Executive officer Assistant

Management in accordance with the notification of SEC

## 1. Board of Directors

As of January 2020, the company's Board of Directors consists of 11 members, comprising of 6 independent directors, representing 54.55% of the Board of Directors.

Name	Title	Date of First Appointment
1. Mr. Sahas Treetipbut Treetipbut	<ul style="list-style-type: none"> <li>➤ Chairman of the Board</li> <li>➤ Chairman of the Executive Committee</li> </ul>	October 31, 2012
2. Mr. Ekarat Changyoo	<ul style="list-style-type: none"> <li>➤ Director</li> <li>➤ Member of the Corporate Governance and Corporate Social Responsibility Committee</li> <li>➤ Member of the Risk Management Committee</li> <li>➤ Member of the Executive Board</li> <li>➤ Chairman of the Management Committee</li> <li>➤ Chief Executive Officer</li> </ul>	February 12, 2013
3. Mr. Viruch Wongnirund	<ul style="list-style-type: none"> <li>➤ Director</li> <li>➤ Member of the Risk Management Committee</li> </ul>	April 18, 2013
4. Ms. Theinvanee Changyoo	<ul style="list-style-type: none"> <li>➤ Director</li> <li>➤ Member of the Risk Management Committee</li> <li>➤ Member of the Management Committee</li> <li>➤ Vice Chief Executive Officer</li> </ul>	January 22, 2009
5. Ms. Savita Changyoo	<ul style="list-style-type: none"> <li>➤ Director</li> <li>➤ Member of the Nomination Remuneration Committee</li> <li>➤ Member of the Risk Management Committee</li> <li>➤ Member of the Management Committee</li> <li>➤ Vice Chief Executive Officer</li> </ul>	February 12, 2013
6. Assoc. Prof. Boonserm Vimuktanandana	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Chairman of the Audit Committee</li> </ul>	November 8, 2012
7. Dr. Supree Wongdeeprom, Ph.D.	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Member of the Audit Committee</li> <li>➤ Member of the Corporate Governance and Corporate Social Responsibility Committee</li> <li>➤ Chairman of Risk Management Committee</li> </ul>	April 18, 2013

Name	Title	Date of First Appointment
8. Asst. Prof. Krit Umpote	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Member of the Audit Committee</li> <li>➤ Chairman of the Corporate Governance and Corporate Social Responsibility Committee</li> </ul>	April 24, 2015
9. Ms. Sumana Vonggapan	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Chairman of the Nomination Remuneration Committee</li> <li>➤ Member of the Executive Board</li> </ul>	April 24, 2015
10. Prof.Porntep Siriwanarangsun, MD., MPH., PhD	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Member of the Audit Committee</li> <li>➤ Member of the Nomination Remuneration Committee</li> </ul>	February 27, 2018
11. Surat Wongrattanapassorn Ph.D. <sup>1/</sup>	<ul style="list-style-type: none"> <li>➤ Independent Director</li> <li>➤ Member of the Risk Management Committee</li> </ul>	April 27, 2018

Remark: Details of attendance of the Board of Directors can be found under “Corporate Governance: Meetings of the Board of Directors”.

### Authorized Director of the Company

On 30 December 2020.The authorized signatories of the Company are any two of the following four directors can sign jointly with the Company’s seal affixed: (1) Ms. Theinvanee Changyoo, (2) Ms. Savita Changyoo and (3) Mr. Ekarat Changyoo.

### Audit Committee

The Board of Directors realized in the importance of good governance, therefore, set forth the Audit Committee as a tool to monitor and establish management standard, transparency, good internal control, and accredited reporting system to provide benefits for stakeholders. With the security of Thailand guidelines and regulations, the Audit Committee is fully independent and report directly to the Board of Directors. The authority and responsibility of the Audit Committee are specified by charters and standards from the Office of the Securities and Exchange Commission and the security of Thailand. In addition, to identify sufficiency in company’s internal control procedures, internal auditor will supervise internal control systems and report directly to the Audit Committee.

### Composition of the Audit Committee

The Audit Committee is made up of 4 independent directors. Associate Professor. Boonserm Vimuktanandana, Chairman of the Audit Committee, is knowledgeable and has acceptable experience in finance and accounting. She has sufficient employment experience which enables her to maintain the reliability and integrity of the Company’s accounting policies, financial reporting practices and financial statements, in order to ensure compliance with applicable international auditing standards. She also oversees the design, implementation, adequacy and effectiveness of the Company’s internal controls and risk management. The Audit Committee is free to perform its duties and express its opinions.

The Internal Audit Office reports directly to the Audit Committee. The independent auditors, advisers and legal and accounting experts are consulted on a regular basis. The Audit Committee will meet separately with the independent auditors, without management present, at least once a year to discuss the results of their examinations. As of 30 December 2020, the Audit Committee comprises 4 directors as follows:

Name	Titles
1. Assoc. Prof. Boonserm Vimuktanandana	Chairman of the Audit Committee
2. Asst. Prof. Krit Umpote	Member of the Audit Committee
3. Prof.Porntep Siriwanarangsun, MD., MPH., PhD	Member of the Audit Committee
4. Dr. Supree Wongdeeprom Ph.D.	Member of the Audit Committee

### Risk Management Committee

As of 31 December 2020, Risk Management Committee comprise 6 directors as follows:

Name	Titles
1. Dr. Supree Wongdeeprom Ph.D.	Chairman of the Risk Management Committee
2. Mr. Ekarat Changyoo	Member of the Risk Management Committee
3. Mr. Viruch Wongnirund	Member of the Risk Management Committee
4. Ms. Theinvanee Changyoo	Member of the Risk Management Committee
5. Ms. Savita Changyoo	Member of the Risk Management Committee
6. Surat Wongrattanapassorn Ph.D. <sup>1/</sup>	Member of the Risk Management Committee
7. Mr. Paitoon Homchan	Member of the Risk Management Committee
8. Mr. Paitoon Sukhanaphorn <sup>2/</sup>	Member of the Risk Management Committee

### Executive Committee

As of 31 December 2020, The Executive Committee comprise 3 directors as follows:

Name	Titles
1. Mr. Sahas Treetipbut Treetipbut	Chairman of the Executive Committee
2. Ms. Sumana Vonggapan	Member of the Executive Committee
3. Mr. Ekarat Changyoo	Member of the Executive Committee

### Nomination and Remuneration Committee

As of 31 December 2020, The Nomination and Remuneration Committee comprise 3 directors as follows:

Names	Titles
1. Ms. Sumana Vonggapan	Chairman of The Nomination and Remuneration Committee
2. Prof.Porntep Siriwanarangsun, MD., MPH., PhD	Member of The Nomination and Remuneration Committee
3. Ms. Savita Changyoo	Member of The Nomination and Remuneration Committee

### Corporate Governance and Corporate Social Responsibility Committee

As of 31 December 2020, The Corporate Governance and Corporate Social Responsibility Committee comprise 3 directors as follows:

Names	Titles
1. Asst. Prof.Krit Umpote	Chairman of the Corporate Governance and Corporate Social Responsibility Committee
2. Dr. Supree Wongdeeprom Ph.D.	Member of the Corporate Governance and Corporate Social Responsibility Committee
3. Mr. Ekarat Changyoo	Member of the Corporate Governance and Corporate Social Responsibility Committee

### Management Committee

As of 31 December 2020, The Management Committee comprise 10 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo	Chairman of the Management Committee / Chief Executive Officer
2. Ms. Theinvanee Changyoo	Member of the Management Committee / Vice Chief Executive Officer
3. Ms. Savita Changyoo	Member of the Management Committee / Vice Chief Executive Officer
4. Mr. Paitoon Homchan	Member of the Management Committee / Vice Chief Executive
5. Mr. Watcharin Watcharatham	Member of the Management Committee / Vice Chief Executive
6. Mr. Siam Uralwong	Member of the Management Committee / Vice Chief Executive
7. Mr. Paitoon Sukhanaphorn <sup>2/</sup>	Member of the Management Committee / Chief Financial Officer
8. Mr. Naret Charoonwittayakul	Member of the Management Committee / Chief Executive Officer Assistant
9. Mr. Kiratat Jirachit	Member of the Management Committee / Chief Executive Officer Assistant
10 Mr. Nattapong Thaworn <sup>3/</sup>	Member of the Management Committee / Chief Executive Officer Assistant

### Meeting of the Board of Directors

The Board of Directors is due to hold a meeting quarterly and can hold additional extraordinary meetings as necessary. In 2020, the Company held 10 Board of Directors meetings.

Record of Attendance of the Board of Directors and Subcommittees can be found under Section “Good Corporate Governance: Meeting of the Board of Directors”



## 2. Management

As of 31 December 2020, The Management comprise 11 individuals as follows:

	Name	Titles
1.	Mr. Ekarat Changyoo	Chairman of the Management Committee / Chief Executive Officer
2.	Ms. Theinvanee Changyoo	Member of the Management Committee / Vice Chief Executive Officer
3.	Ms. Savita Changyoo	Member of the Management Committee / Vice Chief Executive Officer
4.	Mr. Paitoon Homchan	Member of the Management Committee / Vice Chief Executive
5.	Mr. Watcharin Watcharatham	Member of the Management Committee / Vice Chief Executive
6.	Mr. Siam Uralwong	Member of the Management Committee / Vice Chief Executive
7.	Mr. Paitoon Sukhanaphorn <sup>2/</sup>	Member of the Management Committee / Chief Financial Officer
8.	Mr. Naret Charoonwittayakul	Chief Executive Officer Assistant
9.	Mr. Kiratat Jirachit	Chief Executive Officer Assistant
10.	Mr. Nattapong Thaworn <sup>3/</sup>	Chief Executive Officer Assistant
11.	Mr. Narin Suwanaphan	Finance and Accounting Director

Remark: Details of attendance of the Board of Directors can be found under “Corporate Governance: Meetings of the Board of Directors”.

Management named above are in compliance with the definition of “Management” as prescribed in the Notification of the Capital Market Supervisory Board TorChor 23/2551. The senior managements are authorized to carry out operations under the policies, strategies and objectives laid out by the Board of Directors. The Board of Directors has agreed to publish a handbook that describes clearly the responsibilities, authority and duties of the managements in order to ensure transparency and smooth flows of operations. All 7 executives do not possess the following prohibited characteristics:

1. Having a record of criminal offences related to asset frauds.
2. Having a record of taking actions that may be regarded as a conflict of interest with the Company in the past year.

## 3. Company Secretary

The Board of Directors passed a resolution to appoint Ms. Jutamas Malai as Company Secretary to be in charge of giving organizing meetings of the Board of Directors, subcommittees, and shareholders, and in charge of producing minutes of the meetings of the Board of Directors and minutes of the meetings of shareholders. She is also responsible for collecting the documents as required by law. The Corporate Secretary is also in charge of adoption and application of the Company’s good governance principles.

## 4. Remuneration for Directors and Management

The Company has instituted a system for awarding suitable remuneration to directors and senior executives by taking into account conformity with the rates or remuneration for directors of other listed companies in the same industry and the Company’s operating results. The remuneration for the Board of Directors is to be approved at the Meeting of Shareholders. The Executive Committee is in charge of deciding the remuneration for senior managements based on their responsibilities and the

Company's operating results. The management remuneration will be presented for approval to the Nomination and Remuneration Committee and informed the Board of Directors accordingly.

#### 4.1 Monetary compensation

##### 4.1.1 Remuneration

At the 2020 Annual General Meeting of Shareholders held on Tuesday, 21 July 2020, the resolution was adopted to approve the remuneration policy and determine the remuneration budget for the Board of Directors, the Audit Committee, the Executive Committee and other sub-committees appointed by the Board of Directors in 2020 for the amount of not more than 5.20 million baht. Further, the policy of remuneration which is the bonus of directors for the performance of each year was also approved at the rate of 1 to 5 percent of the dividend paid in that year. The Chairman of the Board of Directors shall proceed with the allocation of remuneration in further details. There is no remuneration and benefits other than those requested at the meeting.

#### (1) Remuneration of the directors for year 2020

(Unit : Baht)

Positions	2020		
	Allowances (Quarter)	Meeting allowances*	Remuneration (Monthly)
<b>Board of Directors</b>			
Chairman of the Board	35,000	15,000	12,000
Non-Executive Director	30,000	12,000	10,000
Executive Director	25,000	5,000	5,000
<b>Audit Committee</b>			
Chairman of the Audit Committee	30,000	15,000	
Audit Committee Member	25,000	12,000	
<b>Executive Committee</b>			
Chairman of the Board	30,000	15,000	
Non-Executive Director	25,000	12,000	
Executive Director	10,000	5,000	
<b>Other committees appointed by the Board of Directors</b>			
Chairman	-	15,000	
Non-Executive Director	-	12,000	
Executive Director	-	5,000	

Remark: \*Additional to the quarterly meeting (Per person per meeting)

Remuneration of Directors in 2020, totaling Baht 5.20 million (including meeting allowance and pension). The payment was based on directors' participant.

(Unit: Baht)

Name of Directors	Meeting allowances						Remuneration (Monthly)	Pension	Total
	Board of Directors	Audit committee	Executive* Committee	Nomination and Remuneration Committee	Corporate Governance and Corporate Social Responsibility Committee	Risk Management Committee			
1. Mr. Sahas Treetipbut	230,000	-	0	-	-	-	144,000	120,000	395,000
2. Mr. Ekarat Changyoo	70,000	-	0	-	5,000	20,000	60,000	90,000	305,000
3. Mr. Viruch Wongnirund	192,000	-	0	-	-	48,000	120,000	110,000	470,000
4. Ms. Theinvanee Changyoo	70,000	-	-	-	-	20,000	60,000	90,000	275,000
5. Ms. Savita Changyoo	70,000	-	-	30,000	-	20,000	60,000	90,000	350,000
6. Assoc. Prof. Boonserm Vimuktanandana	192,000	195,000	-	-	-	-	120,000	110,000	554,000
7. Supree Wongdeeprom Ph.D.	192,000	160,000	0	-	12,000	60,000	120,000	110,000	735,000
8. Asst. Prof. Krit Umpote	192,000	160,000	-	-	15,000	-	120,000	110,000	579,000
9. Ms. Sumana Vonggapan	192,000	-	0	90,000	-	-	120,000	110,000	521,000
10. Prof. Porntep Siriwanarangsun, MD., MPH., PhD	192,000	160,000	-	72,000	-	-	120,000	110,000	690,000
11. Surat Wongrattana passorn Ph.D. <sup>1/</sup>	192,000	-	-	-	-	36,000	120,000	110,000	326,000
<b>Total</b>	<b>1,784,000</b>	<b>675,000</b>	<b>0</b>	<b>192,000</b>	<b>32,000</b>	<b>204,000</b>	<b>1,164,000</b>	<b>1,160,000</b>	<b>5,200,000</b>

Remark: \* In 2020, there is not Executive committee meeting.

Details of attendance of the Board of Directors can be found under Section "Corporate Governance: Meetings of the Board of Directors".

- (2) With regard to the remuneration which is a bonus for the Board of Directors at the rate of 1 to 5 percent of the dividend paid in that year, in 2020, the Board of Directors has a resolution to pay bonuses to non-executive directors in the amount of 100,000 baht per person for 7 persons and bonus to the Chairman of 200,000 baht. The total bonus payment is 900,000 baht.

#### 4.1.2 Management Remuneration

The remuneration of the Management consists of salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of equity rewards to its Management. Remuneration of Management for the year 2018 2019 and 2020 were Baht 30.19 million Baht 33.19 million and Baht 38.52 million, respectively. The remuneration of the Management the company with the definition as prescribed in the Notification of the Capital Market Supervisory Board TorChor 23/2008 has 11 people.

#### 4.1.3 Policy and Remuneration Criteria

The company has set a clear and transparent remuneration policy for directors. By doing so, the committee will consider in comparison with the same industry, company performance and responsibilities of directors as well as remuneration to be in a suitable level for the duties and responsibilities of each director competitively to maintain the knowledgeable and capable directors in the company. This then will be approved by the Annual General Meeting (AGM). The company requires the disclosure of remuneration paid to directors and executives as specified by the Office of the Securities and Exchange Commission.

### 5. Personnel

#### Number of personnel or employees

As of 31 December 2020, the Company has 1,783 employees. The number of employees in each key function is as follows:

(Unit: Person)

Key function	Number of Employees
Sales and Service staff	984
Operating staff	780
Management	19
<b>Total</b>	<b>1,783</b>

#### Employee Remuneration

In 2020, the Company paid remuneration to employees in form of salary, overtime, bonus, Social Security contributions and other payment (not including remuneration for the Board of Directors and managements) in the total amount of Baht 698.99 million.

#### Provident Fund

The Company established a provident fund on 1 January 2013. The provident fund was established with an aim to offer benefits for and boost the morale of employees in the long term. In year 2018, 2019, and 2020, Company contributions to the provident fund in the amount of Baht 3.10 million Baht 2.60 million and Baht 3.70 million, respectively.

#### Personnel development policy

The company recognizes and places its importance to the development of human resources. It has developed a policy of development and training by "Training Institute" under the Human Resources and Organization, which has direct mandate to provide internal, external and public trainings. These cover the development of core competency, managerial competency and functional competency for the Company

The Institute has created internal training courses and selected external training courses that are in line with the Company's vision, mission and goals to guarantee personnel development so that they have sufficient knowledge, skills and capacity to accomplish their assigned tasks in according to the operating standards of the Thiensurat Public Company Limited (TSR) and Group of companies.

In 2020, the Training Institute has developed an annual training plan, taking into account the participation of direct line supervisors. This is done through the survey process and training need survey, which is used as a guideline for personnel development in 3 phases, as below;

#### **Development and short-term training**

1. New personnel orientation this is to prepare new employees to get to know and understanding the Company. This enables new employees to be able to adapt to the Company easier and faster. This prompts readiness of new employees to perform their assigned duties to achieve the objectives of the Company. In the orientation of new employees, the Institute has set important training content as follows.

- Vision, mission, strategy of the company
- Human resources policy
- Business ethics and social responsibility
- Safety and hygiene standards
- Information policy and terms of use for social media
- ISO 9001 quality management system
- Risk management and safety
- Basic knowledge about water
- Water purification demonstration

2. Competency training - Line managers and/or supervisors in each unit will work with the training institute to build the following appropriate competencies as follows:

- Core and leadership competencies
- Performance competencies required in each line of work

The company has organized training for employees at all levels from the operational level. Until senior management Which has received good feedback on training and development from employees and executives. In 2020, the company has the average training hours / person / year equal to 10.4 hours, divided into 2 types as follows:

Type Training	Hours
1. In-house Training	18,726
2. Public Training	19,042
<b>Total</b>	<b>37,768</b>

#### **Mid-term development and training**

Regular and continuous development are ensured to increase professional performance and to advance the standards of services as appropriate for the Company. In 2020, the Company has developed a course of sales and services to the relevant departments that must be in contact with all customers. There are also organizational indicators in place to reduce complaints. The training institute has therefore developed a curriculum for training and monitoring continuously throughout the year based on the 3 Pro principles listed below.

1. Product: knowledge of products and installation.
2. Process: knowledge of steps and procedures
3. Program: Knowledge of programs related to performance.

The capacity development courses including the TSR SMARTs STEP, Business Transformation 7s Project, Accounting Standards TFRS9, TFRS15 and TFRS 16, Micro MBA, etc were developed and provided for employees who are Back Office and the management level to increase performance and apply in operations.

### **Long-term development and training**

The company realizes that human resource is the core value of the institution. Therefore, employees should be given the opportunity to develop themselves in accordance with their potential. Consequently, the company has planned a suitable career path in accordance with the employees' competencies. This is one of the criteria of the career path or development plan of the employees starting from the beginning of the organization until retirement.

### **Performance evaluation**

In 2020, the Company has implemented a performance management system which consists of key performance indicators and competency indicators, divided into 2 categories:

1. Core Competency: Specific, Measurable, Achievable, Realistic, and Timely (SMARTs) for all positions level.

2. Managerial Competency: Only at the heads of departments and above.

These indicators have been used to measure and evaluate the performance of employees in terms of job objectives and accomplishment in line with the annual corporate policy and working behaviour that fosters the achievement. The informed decisions on the management, the remuneration, trainings and development including career development etc. were also based on the evaluation results.

### **Development of attitudes and social cohesion**

In addition to the capacity building to staff members to work effectively, the company has cultivated and adjusted the performance of employees to operate in selfless and generous manner. The company also promotes peaceful harmony in working and living together in a society or organization by conducting various activities such as alms food to help people who suffer from economic poisoning from COVID -19 funded activities to donate respirators to Bamrasnaradura Institute Blood donation activity Events on important religious, Buddhist and Islamic days Water purifier donation activity and filter renewal activities for schools, temples, or government agencies, etc.

### **Major labor disputes that have occurred over the last 3 years:**

- None -



## Corporate Governance

In 2020, the Company was given a “Excellent” ranking (five-star) by an assessment for the Corporate Governance Report of Thai Listed Companies 2020. The Company is one in 182 listed companies that scored Excellent, from a total of 692 companies, from the assessment by the Corporate Governance Report of Thai Listed Companies 2020 organized by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the Thai Institute of Directors.

### Corporate Governance Policy

The Company has established a written corporate governance policy. Which the Board of Directors' meeting acknowledged and understand the principles of good corporate governance revised version 2017, which the Securities and Exchange Commission Issued since March 2017. The Board of Directors therefore considered and reviewed Principles of corporate governance and has improved the corporate governance policy. And other related policies At the Board of Directors' Meeting No. 9/2018 on Monday 24 September 2018, the Company determined that directors, executives and employees comply with various rules and regulations as prescribed by the Securities and Exchange Commission. And the Stock Exchange of Thailand Set in all respects.

### The Board of Directors and Sub-Committees

#### Structure of the Board Directors

The Board of the company comprise the Board of Directors (“the Board”), the Audit Committee, the Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee the Corporate Governance and Corporate Social Responsibility Committee and Management Committee.

### The Board of Directors

#### Duties and responsibilities of the Board

1. Determine the vision, mission, strategies and policies of the company, including Oversee the Company in accordance with applicable laws, its objective and the Articles of Association and resolutions of meetings of shareholders' meetings;
2. Establish business direction; oversee the Company's operations to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Ensure that the management perform their duties in accordance with the Company's policies, except the following matters which, required by laws, that resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company, increase or reduction of capital; issuance of new shares and/or debentures, selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part, the entrusting of any other person to manage the business of the Company; amalgamation of companies, termination of the Company, and payment of remuneration of directors etc.

In addition, the Board is responsible for ensuring compliance of the Company's operations with the Securities and Exchange laws and regulations of SET, for instance, any act concerning connected transactions, acquisition or disposal of any significant assets as listed under SET regulations or applicable laws related to the Company's business,

4. Appoint the Executive Committee, in the discretion of the Board, to perform duties as assigned by the Board. The Board shall elect a member of the Executive Committee as Chairman of the Committee;
5. Appoint Chief Executive Officer/ Managing Director or delegate any authorities to any other person(s) to conduct the Company's business subject to the control of the Board, or delegate the authorities to any person within the specified timeframe, in the Board's discretion, whereby such appointment or delegation of authorities may, at any time, be cancelled, revoked, modified or amended. In the case where the Board has delegated the authorities Chief Executive Officer/ Managing Director or any appointed person(s), to operate the Company in normal course of business, such delegation shall be in accordance with resolutions of the Board's meeting, which requires the attendance of independent directors or members of the Audit Committee, and if, the delegation of authorities is opposed by the independent director(s) or member(s) of the Audit Committee, the objection must be explicitly stated in the minutes. The delegation of authorities shall be defined clearly duties and responsibilities delegated, and shall not be made in the manner that the delegate be able to approve any transaction that he/she may have conflicts of interest with the Company or the subsidiaries.
6. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee The Board of Director will monitor and evaluate the effectiveness of risk management regularly through the Audit Committee.
7. The Board of Directors must provide a Corporate Governance Policy, Code of Conduct Handbook, Anti-Corruption Policy and the Company's policy to receive complaints and clues of misconduct and fraud (Whistle Blowing) for use as guidelines in the organization.
8. Board of Directors must not undertake any business of the same nature as and competing with that of the Company or become a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or become a director of a private company or any other company undertaking any business of the same nature as and competing with that of the Company, unless such fact has been notified to the meeting of shareholders prior to the resolution electing such director.
9. A director shall notify to the Company without delay if having any direct or indirect interest in any contract made by the Company or holding the increasing or decreasing number of shares or securities in the Company or an affiliated company.
10. The Committee must support and encourage the management to create innovations that bring value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

### **Term of Office**

In every Annual General Meeting. Directors must resign at least one-third If the number is divided into three parts not. Then the number nearest to one third to align with the good corporate governance policy, the company's Board of Directors shall not serve as a director on more than five listed companies.

The directors to retire in the first and second years following the registration of the Company, who is a lottery ticket. Next year, the members remain in office longest shall retire. Directors who retire by rotation may be elected to the position again.

## The Audit Committee

### Duties and responsibilities of the Audit Committee

1. Review the Company's financial reporting system and disclosure of information in its financial statements in accordance with the financial reporting standards and related laws, with transparency, accuracy and adequate disclosure;
2. Review and provide opinion on the disclosure of quarterly financial statements to the Stock Exchange of Thailand;
3. Review the appropriateness and effectiveness of the Company's internal control and internal audit to meet internationally accepted methods and standards;
4. Consider the independence of the Internal Audit Office including the adequacy of the budget and workforce of the Internal Audit Office, and consider to approve the appointment and relocation of, and evaluate the annual performance of the Head of the Internal Audit Office;
5. Review the appropriateness and provide opinion on internal audit plan and system to meet internationally accepted methods and standards;
6. Approve the Internal Audit Charter and shall review it at least once a year;
7. Review the Company's risk management process to ensure its full coverage and effectiveness;
8. The Audit Committee may seek independent opinions from professional advisors or specialists in other fields when needed, under the Company's expenses with the approval from the Board of Directors. The employment of advisors or specialists must comply with the Company's regulations;
9. Report the operating results of the Internal Audit to the Board of Directors annually. Such report must include the Audit Committee's opinion on internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
10. Review the Company's compliance procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business;
11. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblowing system;
12. Review the Company's business operation, risk management, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards;
13. Consider to select, nominate, re-elect, and terminate the Company's external auditor and to propose the auditor's remuneration to the Board of Directors before tabling to the shareholder's meeting for approval. The Audit Committee, also, is to meet with the external auditor without executives at least once a year;
14. Review connected transactions or transactions that may lead to conflict of interest and ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and are reasonable and for the best interest of the Company;
15. Review the audit reports and recommendations therein of the external auditor and the Internal Audit Office, including monitor afterwards to ensure that the management has implemented the actions adequately, efficiently and in appropriate timeframe;
16. The Audit Committee shall invite the responsible executives or employees to the meetings, to report, present, or provide related information/documents as required;
17. Review the Audit Committee Charter prior to presenting to the Board of Directors for approval. The Committee shall review its charter at least once a year;
18. Prepare an Audit Committee's report and disclose it in the Company's annual report, which must be signed by Chairman of the Audit Committee and consists of at least the following information:

- 18.1 an opinion on the accuracy, completeness and creditability of the Company's financial report;
- 18.2 an opinion on the adequacy of the Company's internal control;
- 18.3 an opinion on the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand, and any other laws and regulations relevant to the business operation of the Company;
- 18.4 an opinion on the suitability of the auditor;
- 18.5 an opinion on the transactions that may lead to conflicts of interest;
- 18.6 the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
- 18.7 an opinion or overview observation of the Audit Committee from its performance in accordance with the Audit Committee Charter; and
- 18.8 any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board of Directors;
19. Perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee;
20. If the Audit Committee finds or suspects the following cases, which may cause a significant impact to the financial status and performance of the Company, the Audit Committee shall report the case to the Board of Directors for action to be taken within the timeframe agreed by the Audit Committee:
  - 20.1 Transactions which lead to a conflict of interest;
  - 20.2 Fraud, irregularities, or significant deficiencies in the internal control system;
  - 20.3 Violation of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, any other laws relevant to the business operation of the Company;

### **Term of Office**

Member of the Audit Committee shall hold office for a period of three years and may be re-appointed in accordance with approval of the Board of Directors.

### **Executive Committee**

#### **Duties and responsibilities of the Executive Committee**

1. Manage the Company in accordance with applicable laws, its objects and the Articles of Association and resolutions of meetings of shareholders.
2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders.

The authority of the Executive Committee shall not include an approval of any items that may have conflict of interest or any item that the Executive Committee or related persons with the Executive Committee having interests or benefits in any other manner that conflicts with the Company or its subsidiary, as set out according the rules of the Stock Exchange of Thailand. The approval of such transactions must be submitted to the Board of Directors' meeting and or the Shareholders' Meeting to consider and approve such transactions in accordance with the Company's regulations or relevant laws.

Anything other than those mentioned above, the Executive Committee are not authorized until the Board hold the meeting to give its approval.

3. Review and approve purchase requisition and order in accordance with the objectives of the Company.
  - Credit limit not exceeding 6,000,000 baht for fixed assets (Excluding land)
  - Credit limit of not more than 2,000,000 baht for non-fixed assets

- Credit limit of up to 45,000,000 baht for distributed products and manufacturing materials used in production
- Credit limit of not more than 2,000,000 baht for fuel

### **Term of Office**

Member of the Executive Committee shall hold office for a period of three years and upon the expiration of their terms of office. The member of the Executive Committee.

### **The Management Committee**

#### **Duties and responsibilities of the Management Committee**

1. Manage the Company in accordance with applicable laws, its objectives and the Articles of Association and resolutions under the law of shareholders' meetings;
2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the operations are performed in accordance with the Company's policies, except the following matters which, required by laws, resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital, issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.;
4. Put in place an effective internal control system and internal auditing by arranging internal auditor to monitor, perform and coordinate with the Audit Committee.
5. Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Boards of Management and employees to guide consistent internal compliance; The authority of the Executive Committee shall exclude an approval of any transaction in which members of the Executive Committee or their related persons have conflicts of interest with the Company or subsidiary companies, as specified in the regulations of SET. An approval of the transaction mentioned must be submitted to the meeting of the Board of Directors and/or the meeting of the shareholders for consideration and approval, in accordance with the Company's Articles of Association, and relevant laws. The Executive Committee shall not be authorized to approve any other transaction, unless approved by the Board of Directors on a case-by-case basis;
6. Review and approve purchase requisition and order in accordance with the objectives of the Company.
  - Credit limit not exceeding 5,000,000 baht for fixed assets (Excluding land)
  - Credit limit of not more than 10,000,000 baht for non-fixed assets
  - Credit limit of up to 40,000,000 baht for distributed products and manufacturing materials used in production
  - Credit limit of not more than 1,000,000 baht for fuel
7. Consider and enter into contracts, as assigned, concerning business operation of the Company. Each transaction must be within the amount not exceeding 5 million baht, but not exceeding the budget approved by the Board of Directors for an important investment spending specified in the annual expenditure budget.



8. Approve loans, credit facilities, or credit application of the Company under an amount not exceeding to Baht 100 million per item. Assets of the Company shall not be secured as collateral without prior approval of the Board of Directors;
9. Approve adjustment of salaries, remuneration and bonuses for employees but not for the members of the Executive Committee.
10. Create innovations that brings value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

#### **Term of Office**

The Management Committee have a term of service from entering the position of Deputy Chief Executive Officer and/or being appointed by the Board of Directors. The high-level Executive Directors will vacate office when resigning from the Company's employee.

#### **Risk Management Committee**

With a view to ensuring compliance with the policies, strategies and the objectives of the Company as well as driving sustainable growth and stable business expansion and accommodating the internal and external changing environment, which may have impact on the Company's business.

#### **Duties and responsibilities of the Risk Management Committee**

1. Determine the risk management policies and frameworks, which adhere to the guidelines of risk management set by the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand and propose to the Management Committee;
2. Put in place coherent strategies in line with the risk management policies to be able to evaluate, monitor and control each type of risk in order to manage the risk at the acceptable level. The risk management shall be in participatory manner involving relevant stakeholders and agencies.
3. Analyze and evaluate risk factors at the corporate level and determine risk management strategies to mitigate and reduce the risks to an acceptable level. The risk management shall be controlled and supervised by the Risk Management Committee in line with risk management protocols of the Company;
4. Review risk management policies and improve efficiency and effectiveness of the policies sufficiently to manage and mitigate risks;
5. Authorized to call any person concerned to clarify information related to the risk factors of the Company including to appoint and assign duties or tasks are deemed to be part of the essential functions of risk management to all employees and management in order to achieve the risk management objectives. The assigned tasks shall be reported to the Risk Management Committee;
6. Report risk management to the Executive Committee and the Audit Committee in order to present to the Board of Directors on a quarterly basis;
7. Develop, review and improve the risk management handbook; regularly review the risk management policy at least once a year.
8. Identify all types of risk factors as well as analyze and evaluate the risk factors that may occur and impact the Company;
9. Develop work plans to prevent or mitigate the risks;
10. Evaluate and prepare report of risk management;
11. Establish an integrated risk management system in connection with information system;
12. Perform any other tasks that deemed appropriate in view of the Risk Management Committee.

#### **Term of Office**

Member of the Risk Management Committee shall hold office for a term of 3 years. The Risk Management Committee member whose term has expired may be re-elected to the position. The Risk



Management Committee vacates office after resigning from being a Director of the Company or resigning from being the Company's employee.

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

The Nomination and Remuneration Committee (NRC) was first established by the resolution of the Board of Directors' Meeting No. 2/2558 held on Friday, 27 February 2015 to promote the principles of good corporate governance. The duties and responsibilities include to determine the criteria and policy for the nomination and remuneration of directors and sub-committees as well as to recruit, select, and nominate appropriate persons to be the Company's directors, and to determine the remuneration for directors and to perform other tasks as assigned and submit to the Board of Directors, and/or the shareholders' meeting, as the case may be.

#### **Duties and responsibilities of the Board are as follows:**

1. Nomination
  - 1.1 Establish Nomination procedures and policies comply with effectiveness in number and characteristics in each committee, and then propose to related committees for approval
  - 1.2 Select and propose candidate for member in Board of Director committee
  - 1.3 Consider and propose policy in human resource management
2. Remuneration
  - 2.1 Compose presume policy in remuneration of every committee and propose to committee responsible for committee approval
  - 2.2 Determine and propose appropriate (both financial and non- financial compensations) of every board committee those comply with duties, responsibilities, outcomes in each board committee and compensations in similar industries, to board of directors and then to the ordinary general meeting of shareholders
  - 2.3 Clarify questions and comments concerning nomination and remuneration in ordinary general meeting of shareholders
  - 2.4 Report policy principle and background information on nomination and remuneration strategy comply with the stock exchange of Thailand regulations
  - 2.5 To achieve missions from board of directors, nomination and remuneration committee has right to receive reports, details and documents involve nomination and remuneration strategy assigned from board of directors

#### **Term of Office**

1. Member of the Nomination and Remuneration Committee shall hold office for a term of 3 years.
2. Member of the Nomination and Remuneration Committee may be appointed to his position further by the Board of Directors deems it appropriate.
3. In addition to retiring pursuant to No.1, the Nomination and Remuneration Committee when to retire
  - 3.1 Resign
  - 3.2 The Board of Directors resolved to retire.
4. Board of Directors is authorized to appoint member of the Nomination and Remuneration Committee for the purpose of further administrative purposes or to substitute Nomination and Remuneration Committee Retiring pursuant to No.1 or 3. The person appointed as the Nomination and Compensation Committee in accordance with No.3. Will be in office only for the remaining term of the post person.

### **Corporate Governance and Corporate Social Responsibility Committee**

The Corporate Governance and Corporate Social Responsibility Committee are set forth in accordance with the resolutions adopted at the Board of Directors' meeting no. 2/2015 dated 27 February 2015. The Corporate Governance and Corporate Social Responsibility Committee play an important role in determine, review, communicate and supervise good corporate governance policies. It is a guideline for operating its business as well as guiding practices of executives and employees to build confidence of shareholders, investors and stakeholders. It is also important to communicate to relevant people both inside and outside the organization to be aware of the Company's good corporate governance practices. The Corporate Governance Committee has responsibilities to manage the operation of the Company and the performance of the management and employees to be in accordance with the corporate governance principles. This include the duty to oversee the Company as required to be in line with international standards and good corporate governance principles as approved by the authorities.

#### **Duties and responsibilities of the Board are as follows:**

1. Put in place policy to promote mutual value of good corporate governance and social responsibility. an effective strategies and policies in good corporate governance;
2. Establish a Corporate Governance Policy, Code of Conduct Handbook and various policies. Associated For the company to disseminate or communicate through various channels To those involved for use as a guideline and to be known all over
3. Develop and review the Corporate Governance Policy, Business Ethics Guidelines and relevant policies as specified by the announcements to be consistent and suitable for the business of the Company.
4. Promote and support the creation of shared values and social responsibility for the entire Company.
5. Review, report and provide opinion for company's practices in good corporate governance and social responsibility;
6. Propose code of business practices for Board of Directors or propose Board of Directors Charter to Every Board committee resolution;
7. Promote communication and coordination to create cooperation among employees to be in the same direction by enhancing better understanding of corporate policy and motivating employees to have a shared vision towards the Company's goals.

#### **Term of Office**

1. Member of the Corporate Governance and Corporate Social Responsibility Committee shall hold office for a term of 3 years. may be appointed to his position further by the Board of Directors deems it appropriate;
2. In addition to retiring pursuant to No. 1, member of the Corporate Governance and Corporate Social Responsibility committee when to retire
  - 2.1 Resign
  - 2.2 The Board of Directors resolved to retire;

### **Chairman of the Board**

#### **Duties and responsibilities of the Chairman of the Board**

1. To be responsible for the leadership of the Board of Directors (the Board) in overseeing the administration of the Board and other Sub-committees to achieve the objectives set forth in the plan.
2. Set the meeting agenda by discussing with the Chief Executive Officer/Managing Director and to serve as a Chairman of the Board and the shareholders meeting of the company.
3. To give a casting vote, in the case of an equality of votes on any question at a meeting of the Board.

## **Chief Executive Officer**

### **Duties and responsibilities of the Chief Executive Officer**

1. To lead, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board. This includes oversee and monitor any changes in the budget and operational plan.
2. To make decisions on matters as determined by the company, in compliance with relevant laws, orders or resolutions of the Board. The Chief Executive Officer shall take reasonable steps to ensure that the company operates and develops its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.
3. To set the organizational structure by making a proposal to the Nomination and Remuneration Committee for approval, and then to the Board for approval and to ensure management. This includes the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company.
4. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, in accordance with the Authorization Policy Manual.
5. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.
6. To monitor and evaluate the performance of the company and report on progress and performance to the Executive Board, the Audit Committee, and the Board of Directors.
7. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.
8. To build and maintain a competent team of executives to enable it to achieve the strategy and goals of the company effectively.
9. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

The authority of the Chief Executive Officer shall exclude an approval of any transaction in which the Chief Executive Officer or his/her related persons have conflicts of interest with the Company or subsidiary company as specified in the regulations of SET. An approval of the transactions mentioned must be submitted to the meeting of the Board of Directors and/or the shareholders for consideration and approval, in accordance with the Company's Articles of Association and relevant laws.

## **Managing Director**

### **Duties and responsibilities of the Managing Director**

1. To ensure the company's management and administration, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board and/or the Chief Executive Officer.
2. To develop business policy and goals, business and operation plans, business strategy, budget and annual performance indicator and propose to the Chief Executive Officer, Executive Board, The Management Committee and the Board in accordance, according to the guidelines set by the company.

3. To ensure day-to-day operation and management of the company.
4. To determine the organizational structure by presenting to the Chief Executive Officer for approval before submitting to the Nomination and Remuneration Committee for approval and then proposing to the Board of Directors for approval. And to ensure management including the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company as assigned by the Chief Executive Officer.
5. To make decisions on various matters and shall take reasonable steps to enable the company to operate and develop its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.
6. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, as assigned the Chief Executive Officer, in accordance with the Authorization Policy Manual.
7. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.
8. To monitor and evaluate the performance of the company as well as oversee the progress in line with the budget and operation plan and report to the Chief Executive Officer, the Executive Board, the Audit Committee, and the Board of Directors.
9. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.
10. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

The authority of the Managing Director shall exclude an approval of any transaction in which the Managing Director or his/her related persons have conflicts of interest with the Company or subsidiary company as specified in the regulations of SET. An approval of the transactions mentioned must be submitted to the meeting of the Board of Directors and/or the shareholders for consideration and approval, in accordance with the Company's Articles of Association and relevant laws.

## **Nomination of Directors and Senior Management**

### **1) Nomination of Directors**

The Company has set out the criteria and qualifications of directors pursuant to the Section 68 of the Public Companies Act B.E. 2535 and in accordance with the laws and relevant regulatory requirements of the SEC and the SET. The selection and nomination of directors of the Company is considered by taken into account the knowledge and expertise, work experience, particularly relevant to the business of the Company as well as the appropriate mix of skills in order to enable the directors to perform its duties effectively etc. Directors are elected to hold office for a period of three year. The criteria and procedures are established as follows:

1. The shareholders must appoint directors in the following manners:
  - Each shareholder shall have one vote for each share held by him/her;
  - Each shareholder shall exercise his/her voting right to elect one person or several persons as directors or any other means as deemed appropriate but each shareholder must submit all of his/her votes at the time and is not entitled to divide the votes proportionately for a particular candidate or group of candidates;
  - The persons shall be elected by a majority of the shareholders voting. If an equal number of votes, the Chairman shall cast a deciding vote;

- The persons receiving the highest votes in descending order shall be elected as directors equal to the permissible number of directors to be elected at the time. In the event that persons in subsequent order who have an equal number of votes exceed the number of vacancies available for election at the time, the Chairman shall cast a deciding vote
- 2. At every annual general meeting of shareholders, one-third of the directors must vacate from their office. If the number of directors cannot be divided exactly into the number corresponding to one-third, directors to vacate office in the first year and the second year after registration of the company shall draw lots. In subsequent years, the directors who remained in office for the longest time shall vacate office.
- 3. A retiring director is eligible for re-election.
- 4. In the case of a vacancy of directorship for reason other than expiration of term of office, the Board of Directors shall elect a person possessed of qualifications and not possessed of disqualifications under the Limited Public Company Act and the Securities and Exchange Act as the replacement director in the next meeting of Board of Directors, unless the remaining term of office of the director is less than two months. The replacement director may hold only for the remainder of term of office of the director whom he replaced. And the resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.
- 5. In the case where the whole Board of Directors vacate office, such Board of Directors shall remain in office as long as necessary to operate business of the Company until the new Board of Directors assume office, unless otherwise ordered by the court in the case the court issuing an order to remove. The board of directors vacating office must make arrangements to hold a meeting of shareholders for election of a new board of directors within one month from the date on which it vacated office, by dispatching a notice of meeting to the shareholders not less than fourteen days in advance of the date of the meeting. The notice of meeting shall also be announced in a newspaper for not less than three consecutive days before the date of the meeting.
- 6. The nomination committee should give consideration to diversity and establish a formal recruitment policy. The Board of Directors established a recruitment policy concerning the diversity of board members with reference to the competencies required for the board. Consideration will be given to required and complimentary competencies of directors. This includes professional expertise and specialization. There is no restriction on gender to serve as a director in order to strengthen the capacity of the board.

The meeting of shareholders may pass a resolution to remove any director prior to the expiration of his or her term of office with votes not less than three-fourths of number of shareholder attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

## **2) Nomination of Independent Directors**

The Company has set out the criteria and qualifications of an independent director. Upon the expiry of the term of an independent director or it deems necessary to appoint additional independent director(s). The Company led by the Board of Directors serving the current term of their office shall seek consultation and set out the criteria and qualifications of independent directors who have suitable experience, knowledge and expertise as well as the appropriate mix of skills in order to enable the directors to perform its duties effectively. The criteria shall include defined qualifications as follows in order to propose to the Board of Directors' meeting or the



shareholders' meeting for their consideration in accordance with the Company's Articles of Association:

The Company requires that independent directors shall be made up no less than one-third of the Board of Directors. At least three directors require to be independent as of December 31, 2020 The Company has six independent directors. The criteria and qualifications of independent directors are in accordance with the notifications of the Capital Market Supervisory Board and all independent directors of the Company have met the requirements as follows:

1. Holding shares not exceeding 1 per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director by definition, independent directors are equal to the minimum requirements of the SEC and the SET.
2. Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;
3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary (if any);
4. Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his or her independent judgment, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment; Thus such business relationship aforementioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or the counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the notifications of the Capital Market Supervisory Board with regard to the disclosure of Information and act of listed companies concerning the connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;
5. Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;



6. Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than Baht 2 million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities
7. Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company;
8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
9. Not having any characteristics which render him or her incapable of expressing independent opinion regarding the Company's business operation;
10. Not being a director assigned by the Board of Directors to operate any business of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest with the Company;
11. Independent Director has a term of office of not more than 9 years from the date of being appointed as independent director in the first term. If the renewal appointment of independent director is to take place, the Board of Directors shall reasonably consider such necessity.

Independent directors shall review and verify their independence at least once a year. Detailed information of independent directors shall be disclosed at the end of the year in the Annual Information Disclosure Form (Form 56-1) and the Annual Report of the Company.

### **3) Nomination of the Audit Committee**

The Audit Committee is appointed from the Board of Directors or shareholders. All such members of the Audit Committee must be independent directors and have qualification as prescribed in the notification of the SEC as well as the corporate governance principles of the Company. The Audit Committee comprises at least three independent directors and that at least one of the Audit Committee members shall have knowledge in accounting and/or finance, with the duties to audit and supervise the Company's operations, including to monitor the preparation of financial reports, internal control system, selection of the auditor, and consideration of conflicts of interest. The Audit Committee shall hold office for a term of three years.

### **4) Nomination of Managing Director/ Chief Executive Officer**

The Company has assigned the Nomination and Remuneration Committee to consider and nominate Managing Director/Chief Executive Officer who has knowledge, skills, competencies and experience that are beneficial to the operations of the Company. The selected Managing Director/Chief Executive Officer must possess good understanding of the business of the Company and have the characteristics necessary to drive the Company towards its goals in accordance to the scope of authority and to comply with good corporate governance guidelines. The Managing Director/Chief Executive Officer will hold the position no more than three companies.

## 5) Nomination of Senior Management

The Company has assigned the Nomination and Remuneration Committee together with Managing Director to consider and nominate Senior Management. The Committee and Managing Director select and nominate people with knowledge, skills, competencies and experience that are suitable and beneficial to the operations of the Company as Senior Management in accordance with the scope of authority of the Senior Management as specified.

### Corporate Governance of subsidiaries and joint venture

The Company's subsidiaries and joint venture is as follow:

Subsidiaries	Joint Venture
Safe Trade International Company Limited holds 99.98%	TSR Lao Company Limited holds 49.00%
Thiensurat Leasing Company Limited holds 100.00%	
Alpine Water Company Limited holds 54.00%	

In accordance with the corporate governance policy of the Company to control, supervise and be responsible for the business operation of its subsidiary and joint as well as to maintain the best interests of the Company, the Board of Directors delegates the Company's representative to be a director in the subsidiary company pursuant to the Company's rules and regulations. Such delegation and appointment shall be adopted at the Board of Directors' meeting.

Operating results of its subsidiary shall be examined by external auditor(s) then reported to the Audit Committee and the Board of Directors in every quarter for their consideration.

Significant transactions, for instance, connected transactions or acquisition or disposal of assets (if any), shall be conducted through the systematic corporate governance of the Company. The Board of Directors of the subsidiary and the Audit Committee of the Company shall consider such transactions respectively for the Board of Directors of the Company's approval. Such transactions shall then be disclosed through the SET's Information Disclosure System in a systematic manner.

The Company's representative appointed to be director of the subsidiary, shall take part in determination of significant policies of the business operation of the subsidiary, for example investments in other projects etc.

### Use of Insider Information

The Company has developed the policy and the code of conduct for directors and the management in handling insider information of the Company in order to prevent unlawful use of information for personal benefits as well as buying and selling of securities as follows:

Require directors and the management who have duty to report the change of their securities pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within three business days from the date of transaction and send a copy to the Company on the same day that the report is sent to the SEC. During the year 2020 the directors and management of companies reported their shareholdings by comparing the increase (decrease) during the period from 30 January 2019 and 30 December 2020 as follows.

No.	Name	Number of shares				Shares Increase (decrease) during the year (Shares)
		30 December 2020		30 December 2019		
		Own	Spouse or Underage Children	Own	Spouse or Underage Children	
1.	Mr. Sahas Treetipbut Treetipbut	0	0	0	0	0
2.	Mr. Ekarat Changyoo	34,101,613	0	33,608,413	0	493,200
3.	Mr. Viruch Wongnirund	1,062,498	0	1,062,498	0	0
4.	Ms. Theinvanee Changyoo	33,795,673	0	33,695,673	0	100,000
5.	Ms. Savita Changyoo	34,433,796	0	34,433,796	0	0
6.	Assoc. Prof. Boonserm Vimuktanandana	0	0	0	0	0
7.	Dr. Supree Wongdeeprom Ph.D.	0	0	0	0	0
8.	Asst. Prof. Krit Umpote	0	0	0	0	0
9.	Ms. Sumana Vonggapan	0	0	0	0	0
10.	Prof.Porntep Siriwanarangsun, MD., MPH., PhD	0	0	0	0	0
11.	Surat Wongrattanapassorn Ph.D. <sup>1/</sup>	329,400	0	260,000	0	69,400
12.	Mr. Paitoon Homchan	4,495,532	0	4,495,532	0	0
13.	Mr. Watcharin Watcharatham	1,769,900	0	1,778,900	0	(9,000)
14.	Mr. Siam Uralwong	330,000	0	611,500	0	(281,500)
15.	Mr. Paitoon Sukhanaphorn <sup>2/</sup>	33,000	0	33,000	0	0
16.	Mr. Naret Charoonwittayakul	0	0	0	0	0
17.	Mr. Kiratat Jirachit	0	0	-	-	0
18.	Mr. Nattapong Thaworn <sup>3/</sup>					

Remark: Details of attendance of the Board of Directors and Executives Board can be found under "Corporate Governance: Meetings of the Board of Directors".

Require directors, executives and employees of the Company, who have an access of any inside information that can affect price of stocks, shall suspend their stocks trading within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. Those accessed to such information shall not disclose the information to the third party.

The Company shall impose disciplinary actions on those who use information for personal benefits. Punishment includes written warning, wage deductions, temporary suspension without pay or termination of employment. These disciplinary actions will be considered in terms of the intentions behind the action and severity of the wrongdoing.

### Remuneration for Auditors

The Audit Committee of Thiensurat Public Company Limited has considered and selected auditors in accordance with assessment and requirements of the Company. In selecting Auditors, the Audit Committee shall take into account quality, standard operating procedure, and requirements of independence without a business relationship or professional services with the Company. KPMG Phoomchai Audit Ltd. is the auditor for year of the year 2020, of the company the auditors are as follows:

Ms. Thanyalux Keadkeaw	CPA No. 8179
Ms. Sophit Prompol	CPA No. 10042
Ms. Dussanee Yimsuwan	CPA No. 10235

In the year 2020, the Company paid audit fees of Baht 2.25 million, no remuneration for other services.

### Other principles of good corporate governance

In 2019, the Company complied with the principles of good corporate governance and guidelines that are in line with the relevant rules. The Company ensured the directors, executives and employees are complied with the specified code of conduct. As a result, the Company has received good corporate governance awards as follows:

- Evaluation of the corporate governance survey of listed companies in 2020 at the level of "Excellent", the overall average score of 91 percent, higher than the average score of overall listed companies at 83 percent.
- Quality assessment of the Annual General Meeting of Shareholders for 2020 from Thai Investors Association full scored 100.

In addition to the above-mentioned awards, the Company also followed the principles of good corporate governance in other matters as follows.

#### (1) Code of Conduct

The Company Limited has established the Code of Conduct to guide the Board of Directors, the management and employees to perform their respective duties and responsibilities under the principles of honesty, fairness and integrity. The Code of Conduct applies conducts towards the Company, all stakeholders, public and civil society. The Company also put in place a regular monitoring system. as follows.

1. Operate business with fair and honesty. Carry out business with responsibility for society as a whole, both legally and ethically. Commit to ensure good treatment of individuals, communities, societies and environment.
2. Treat customers fairly in terms of products and services under the principle of non-discrimination.
3. Operate a business with a standardized and well-monitored operating system by using full knowledge and capacity and exercising due diligence with adequate and reliable information and evidence. It also strictly adheres to the relevant laws and regulations.
4. Adhere to confidential and non-disclosure principles for customers. Unless, it is required as duties and responsibilities by law.
5. Enable a grievance mechanism for customers to complain about the incompleteness of products and services.
6. Disclose product information and service accurately.
7. Comply with all terms and conditions that agreed with customers fairly. If the terms and conditions cannot be fulfilled, customers must be notified, without delay, to find a solution together.

#### (2) Conflict of interest

The company ensures the best interests of the company when conducting its business activities. The company has set up preventive measures to prevent conflicts of interest arising from the connected transactions between the company and the persons who may have conflicts. The

persons who are related or connected with the considered transactions must notify the company of such relationship or affiliation. Stakeholders who may have conflicts of interest cannot take part in approving those transactions. The Audit Committee will present the connected transactions and transactions with conflicts of interest to the Board of Directors, which will be appropriately and carefully reviewed, in compliance with the laws governing securities and exchange, rules and regulations, notifications, orders or requirements of the relevant Capital Market Supervisory Board and the Stock Exchange of Thailand (SET). The company also complies with the requirements on the disclosure of related transactions, acquisition or disposal of important assets of the company. Furthermore, the company applies generally accepted accounting principles as stipulated by the Federation of Accounting Professions and Certified Public Accountant of Thailand. In addition, the company assigns, depending on the case, the Audit Committee, auditors, or independent experts to review and provide guidance on price suitability and reasonableness of the transaction. The connected transactions will be disclosed in the annex to financial statements that have been audited or reviewed by the auditors of the company, report on the disclosure of additional information (Form 56-1) and annual report (Form 56-2).

### **(3) Internal Control**

The Company places importance on the internal control system both at the management and the operational levels in order to ensure efficient business operations. Furthermore, the Company has adopted a written charter that sets forth duties and powers for the operation and the management performance. There is a control over the use of the Company's assets to generate gain and division of the duties of operators and controllers with separate audits. The Company has appointed the Audit Committee to monitor internal control and internal audit to ensure appropriateness and efficiency. The internal auditor perform the audit of internal control and report to the Audit Committee to ensure important operations are efficiently conducted in accordance with the guidelines and regulations of the Company.

### **(4) Risk management**

The Board of Directors has appointed the Risk Management Committee, who shall hold office for a period of three years. The duties and responsibilities include determination of the overall risk management policy for the Board of Directors' consideration. Such risk management policy cover from the strategy level to operational level in order to monitor, review and propose to the Board of Directors to ensure that the risk management is undertaken effectively.

### **(5) Report of the Board of Directors**

The Audit Committee will be responsible for reviewing the financial report. The finance and accounting departments as well as auditors shall attend a meeting together and report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for the financial statements of Company and the financial information (report of the board of directors' responsibility for the financial reports) as appeared in the annual report. Such financial statements are prepared in accordance with the accounting principles certified and audited with prudence by the Company's auditors. The disclosure of significant financial-related and non-financial related information is completely and regularly done on the factual basis.

### **(6) Board of Directors' Meeting**

In accordance with the Company's Articles of Association, the Board of Directors' meeting will be held at least every 3 months. The schedule of the Board of Directors' meetings and sub-committees is set in advance all the year. However, an extraordinary meeting can be convened if deemed necessary. The meeting notification must be prepared and circulated to the Board of Directors at least 7 days in advance of the meeting date, unless there is an overriding necessity or urgent matter. The agenda items must be clear and specific. All directors, including the management, can propose matters that are beneficial to the Company into the meeting agenda. Sufficient supporting documents must be prepared for the meeting and shared



with the Board prior the meeting. The Board of Directors should study the information and review the details before attending the meeting. In the meeting, the Board must consist of not less than one-half of the total number of Directors to constitute a quorum. In 2020, the Company held 10 regular meetings of the Board of Directors, and one joint meeting with the management to review the budget and annual operation plan.

The company has arranged for Non-Executive Directors to have a meeting among themselves at least once a year to discuss various management issues with no presence from the management team. The results of the meeting were reported to the Chief Executive Officer/Managing Director. In 2020, the Company arranged one internal meeting for Non-Executive Directors as specified.

During the meeting, the Chairman of the Board and the Chief Executive Officer/ Managing Director jointly set and determine the agenda of the Board of Directors' Meeting. All directors are able to propose the agenda to be considered in the meeting, and express and discuss their opinions openly. The Chair of the meeting shall facilitate the discussion and summarize the resolutions. When the Board of Directors cast their vote, it is required that at least two-thirds of the total number of Directors must be present and decided by a majority vote. Each director shall have one vote. Any director who has a conflict of interest will not be able to attend and/or does not exercise the right to vote. If an equal number of votes, the Chairman shall cast a deciding vote. In addition, the minutes of the meetings shall be recorded in writing after the meeting and the adoption by the Board of Directors. Such minutes shall be made available for further examination to the Board of Directors and relevant stakeholders.



Name	Number of attendance / Total number of the meetings in 2020 Directors as of 30 December 2020						
	Board of Directors	Audit Committee	Executive Committee	Annual General Meeting 2019	Risk Management Committee	Corporate Governance and Corporate Social Responsibility Committee	Nomination Of Remuneration Committee
1. Mr. Sahas Treetipbut	10/10	-	0/0	0/1	-	-	-
2. Mr. Ekarat Changyoo	10/10	-	0/0	1/1	4/4	1/1	-
3. Mr. Viruch Wongnirund	10/10	-	-	1/1	4/4	-	-
4. Ms. Theinvanee Changyoo	10/10	-	-	1/1	4/4	-	-
5. Ms. Savita Changyoo	10/10	-	-	1/1	4/4	-	6/6
6. Assoc. Prof. Boonserm Vimuktanandana	10/10	9/9	-	1/1	-	-	-
7. Dr. Supree Wongdeeprom Ph.D.	10/10	9/9	-	1/1	4/4	1/1	-
8. Asst. Prof. Krit Umpote	10/10	-	0/0	1/1	-	1/1	6/6
9. Ms. Sumana Vonggapan	10/10	9/9	-	1/1	-	-	6/6
10. Prof. Porntep Siriwanarangsun, MD., MPH., PhD	10/10	9/9	-	-	-	-	-
11. Surat Wongrattanapassorn Ph.D. <sup>1/</sup>	10/10	-	0/0	1/1	3/3	-	-

Remark: <sup>1/</sup> Surat Wongrattanapassorn Ph.D. appointed as the Member of Risk Management Committee on 27 February 2020

<sup>2/</sup> Mr. Paitoon Sukhanaphorn Member of Risk Management Committee on 27 February 2020

<sup>3/</sup> Mr. Nattapong Thaworn was appointed as the Chief Executive Officer Assistant on 1 April 2020

## (7) Directors Remuneration

The Company determined clear and transparent remuneration policy. The remuneration of directors is on the basis of responsibility and duty of each director. The remuneration is appropriately controlled at the same rate as company in the same industry in order to retain qualified directors. The remuneration shall be approved by the shareholders at the Annual General Meeting (AGM). The Company discloses the remuneration paid to directors and executives as required by the SEC.

## (8) Orientation for new directors

The Company requires the preparation of orientation documents for new directors to use as guidance in performing their duties. These include the introduction of business and the business operation guidelines of the Company. The Company also encourages its directors to attend training courses from the Thai Institute of Directors Association (IOD) to promote development and support the performance of duties of the Board of Directors.

When a new director is appointed, the Company provides an orientation for newly appointed directors by providing a briefing on vision, mission, values, strategies, goals, and business practices guidelines implemented by the Chairman, Chief Executive Officer Managing Director and/or Executive Committee. The Company also provides documents for newly appointed directors to perform their duties including memorandum of association, the Company regulations and annual reports. These documents contain important information namely the roles and responsibilities of the Board of Directors, the Corporate Governance Policy of the Company, the approval authority and the prohibition of the actions of the directors in accordance with the relevant laws, including the roles and duties of the various sub-

committees. In 2019, the company does not have Nomination and appointment of new directors

#### **(9) Development of Directors and the Management**

The Company established the policy to provide training support and to enhance the capacity of the directors and the management, which comprise Directors, Audit Committee, Executive Committee Nomination of Remuneration Committee and Corporate Governance and Corporate Social Responsibility Committee and the Executives to continually enhance their performance. If there is a change of Directors or any Committee, the Company will provide guidance with respect to business operation and information which would be useful for the new directors in effectively carrying out their duty as the directors of the Company under the good corporate governance framework.

#### **Training of the Board of Directors and the Sub-Committees**

The Board of Directors encourage and support the management whose work relating to corporate governance system of the Company, for example, Directors and Sub-Committee members, Executives, Company Secretary etc. to participate in seminars and training courses or activities organized by the Thai Institute of Directors (IOD), the SEC, the SET or any independent organizations. It is the policy of the Company to continuously develop the potential, knowledge, ability, and quality of its directors and management. The Board of Directors assigns the Company Secretary of the Company to act as a coordinator to inform directors and the management of relevant training courses.

In the Year 2020, the Board of Directors and Sub-Committee members attended courses provided by the IOD and other institutions as follows:

Courses organized by the Thai Institute of Directors (IOD):

Name	Courses
Ms. Savita Changyoo	Director Certification Program (DCP) Class 292/2020

Director of the Training Institute of Directors of Thailand (IOD) is as follows.

Name of Directors	Courses provided by the IOD
1. Mr. Sahas Treetipbut	- DAP 28/2004 - HMS 2/2013 - SFE 7/2013
2. Mr. Ekarat Changyoo	- DAP SET/2012 - FBS 1/2014 - DCP 263/2018
3. Mr. Viruch Wongnirund	- SFE 11/2010 - DCP 135/2010 - APC 37/2011
4. Ms. Theinvanee Changyoo	- DAP 98/2012 - CSP 68/2016 - ACPG 31/2016
5. Ms. Savita Changyoo	- DAP 99/2012 - FBS 1/2014 - BNCP 6/2019 - DCP 292/2020
6. Associate Professor. Boonserm Vimuktanandana	- DAP 100/2013 - ACP 42/2013

Name of Directors		Courses provided by the IOD
7.	Dr. Supree Wongdeeprom Ph.D.	- DAP SET/2012 - RCL 14/2018
8.	Mr. Suthee Tripornchaisak	- DAP 103/2013
9.	Asst. Prof. Krit Umpote	- DCP 0/2000 - AACP 3/2010
10.	Ms. Sumana Vonggapan	- DAP 47/2005
11.	Prof.Porntep Siriwanarangsun, MD., MPH., Ph.D.	- DCP 212 - FSD 28/2015 - RCL 116/2018
12.	Surat Wongrattanapassorn Ph.D.	- DCP 233/2017

### Board Committee Evaluation

Board committee performs this process annually with committee evaluation and self-assessment process. Evaluation criteria consist of 6 areas which are structure and qualification of the board directors, roles duties and responsibilities of board of directors, board of director's meeting, directors' prosecution, relation of board to executives, and self - development. The 5 performance levels are: 4 = Excellence; 3 = Good; 2 = Moderate; 1 = Small; 0 = No action. The summation of points in each question will be is calculated in percentage from total points. The score ranges are: above 85% = Excellence; 75% - 85% = Good; 65% - 75% = Fair; 50% - 65% = Moderate; under 50% = should be improved. The Board Committee Evaluation outcome from committee survey collected and reported by company secretary in 2020 is 97.24% in average or Excellence.

The Board of Directors also allows each director to evaluate individual performance by using self-assessment methods in accordance with assessment criteria in various aspects, including the Company's performance, performance of each director, scope of duties and responsibilities, Board meetings and ethics compliance. The criteria for self-assessment evaluation is the same format as the evaluation of the entire board. In 2020, the Company Secretary summarized of the assessment results of each individual director and reported to the Board of Directors' meeting. The assessment results are at 98.33 percent or are in excellent criteria.

### Sub-Committee Evaluation

Each committee will be evaluated by self- assessment survey collected and summary by company secretary

The evaluation form topics consist of structure and qualifications of the board, roles duties and responsibilities of the board, the meetings of Board. The evaluation results of the sub-committee in 2020 are as follows:

The Audit Committee received an average score of 99.46 percent and the individual Audit Committee member received an average score of 99.46 percent.

The Nomination and Remuneration Committee received an average score of 100 percent and the individual Nomination and Remuneration Committee member received an average score of 100 percent.

The Good Corporate Governance and Social Responsibility Committee received an average score of 99.44 percent, the individual Good Corporate Governance and Social Responsibility Committee member received an average score of 98.06 percent.

The Risk Management Committee received an average score of 95.97 percent and the individual Risk Management Committee member received an average score of 94.58 percent.

The Executive Committee did not evaluated by self-assessment survey either by group or individually Because there is no meeting.

### **Chief Executive Officer and Managing Director Evaluation**

Nomination and remuneration committee is responsible for annual Chief Executive Officer and Managing Director evaluation by implementing the stock exchange of Thailand's criteria. Those are leadership in strategy formulation, strategy procurement, financial and performance planning, relationship to committees and stakeholders, human resource management, succession plan, knowledge in company's products and service, and personal expertise. In 2020, the Chief Executive Officer has been evaluated by the Nomination and Remuneration Committee and the Board of Directors, with an average score of 100 percent.

### **Succession Plan**

Nomination and remuneration directors commit to select the candidates for managing directors and chief executives appropriately and comply with succession plan policy. The committee is responsible for nominating committee's members and high-level executives by considering qualified person from both internal and external.

### **Compliance with the Principles of Good Corporate Governance**

Transparency and effective management shall be enhanced in order to build up the confidence and the assurance of the shareholders, investors and all stakeholders. With this in mind, the Board of Directors has established a corporate governance policy, as prescribed in the principles of good corporate governance according to the SET. The Company's practices of the good corporate governance are set out in 5 categories as follows:

#### **Category 1 the Rights of Shareholders**

The Company realizes and places importance on the fundamental rights of the shareholders, as both the owners of the Company and the investors in the stock market, for instance, the rights trade and transfer shares, rights to and receive the Company's information promptly, completely, and sufficiently, rights to receive the Company's profit distribution, rights in the meetings of shareholders, rights to express opinion and rights to decide on the Company's important matters such as dividends payment, appointment or removal of directors, appointment of external auditor, approval of important transactions which may impact on the business operation etc.

#### **Guidelines**

The Company has set good practices for to facilitate the exercise of the rights of shareholders as follows:

1. The Company will hold an annual general meeting. The board will determine the date, time and location of the meeting. The meeting is held within 4 months from the date of the last day of the Company's fiscal year. The meeting notification, the agenda items and relevant documents must be prepared and circulated to the shareholders at least 7 days in advance of the meeting date. Including disseminating such information on the company website at <http://www.thiensurat.co.th> At least 30 days before the meeting date and the meeting date shall be announced in a newspaper for 3 consecutive days in advance of the meeting date. Each agenda item shall objectives and reasons contain opinions or recommendations of the Board of Directors. In 2020, The Company sent the documents before the meeting for a period of 18 days.
2. Company shall disseminate relevant materials and information through the Company's website in advance. The Company shall provide adequate information with regard to the rights of shareholders in the shareholders' meeting including the right to vote of the shareholders.
3. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholder an opportunity to appoint an independent director of the Company

or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter.

4. Prior to the meeting, the Company shall provide opportunities for the shareholders to submit opinions, recommendations and questions in advance.
5. During the shareholder meeting, the Company The meeting will be conducted with integrity, transparency and efficiency and conducive to allowing shareholders to exercise their rights by using the technology to facilitate the Shareholders' Meeting, for the registration of shareholders, counting and showing results for the meeting to be conducted quickly accurately. Before the meeting start, the number and proportion of shareholders attending the meeting in person and by proxy, meeting method, voting and vote counting will be announced. the Company shall provide opportunities for shareholders to independently and equally make inquiries, suggestions or expression of opinions. In the meeting, the directors and the executives shall attend to provide response and give detailed information for the shareholders.
6. The company selected the venue, which has a mass transit access and enough so shareholders can attend easily.
7. After the end of the Shareholders' Meeting, the Board of Directors will disclose the resolutions of the Shareholders' Meeting with voting results within the next business day through the news system of the Stock Exchange of Thailand and on the website of the Company and prepare accurate and complete Minutes of the Shareholders' Meeting. A copy of the Minutes of the Shareholders' Meeting will be sent to the Stock Exchange of Thailand within 14 days from the date of the Shareholders' Meeting.

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

The company shall provide an opportunity for fair and equitable treatment to all shareholders and establish that all shareholders are entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote. The Company shall not take any action that limits or violates the rights of shareholders, regardless whether a shareholder is a major or minority shareholder, an institutional investor or a foreign shareholder. The Company assigns independent directors to safeguard the interests of the minority shareholders. The minority shareholders are able to make suggestions, express opinions or file complaints to the independent directors, who are responsible for handling each matter appropriately. For instance, in case of a complaint, the independent directors shall investigate and seek a proper solution. In the event that the minority shareholders make an important suggestion, which have an impact to all stakeholders or to the business of the Company, then the independent directors shall report such suggestion to the shareholders' meeting for consideration and include it in the agenda of the shareholders' meeting.

#### **Guideline**

1. The company will oversee the shareholders' meeting shall be convened and conducted in accordance with the Company's Articles of Association and agenda items. Each agenda items shall be considered with the supporting detailed information and relevant materials. There shall be no additional agenda item without notifying shareholders in advance, particularly, an important agenda item, which requires sufficient time to consider prior any decision-making. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholders an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter. The voting shall be casted in accordance with the sequence of agenda items in transparent manner. The Company shall provide the shareholders with an opportunity to exercise their rights to vote to appoint each director individually.



2. The company has a policy to facilitate the shareholders to nominate directors, and added to the agenda in advance, including proposing questions in advance in accordance with rules set by the Company, which publishes the details in website at <http://www.thiensurat.co.th>. Within for 1 months until the end of the fiscal year of the company.
3. The Company formulates measures designed to prevent the improper use of inside information (insider trading) of related parties including directors, executives and employees involved in internal information as well as their spouse and minor children. The Company imposes non-trading periods on related parties during 1-month period preceding the announcement of quarterly and annual financial statements and such related parties shall wait at least 24 hours after the said information is accessible to the public. Such information shall not be disclosed to the third party.
4. The company requires informs the directors and management who trade their securities must report their securities holding in his/her company including their spouse and minor children pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within 3 business days to The SEC in order to subsequently disseminate such information to the public.

### **Category 3 The Role of Stakeholders**

The company places importance on the rights of every group of stakeholders, regardless of whether they are inside stakeholders such as executives and employees, or outside stakeholders such as competitors, business partners creditors of the company and customers etc. The Company realizes that the support and receipt of opinions from every group of stakeholders will be of benefit to the operations and development of the Company's business activities. Therefore, the Company complies with the law and applicable regulations to ensure that the rights of the aforementioned stakeholders are well protected and treated. In addition, the Company promotes co-operation between the Company and its stakeholders, which will create confidence and stability for the Company under the following guidelines:

#### **Guidelines**

- |                              |  |
|------------------------------|--|
| (A) Shareholders             | The Company focuses on the development and continued growth, which will result to greater revenues and profit for the Company. It adds value to the company and contributes to shareholders to receive the highest returns.  |
| (B) Customers                | The Company realizes the quality and standard of products as well as customer service and responsibility towards customers with honest and fairness.   |
| (C) Business Partner         | The Company's policy is to treat business partner fairly, in accordance with terms of trading and/or the terms of the agreed contracts, to ensure the good business relationship, which will benefit all parties.  |
| (D) Creditors of the Company | The Company will comply strictly comply with conditions of business to creditors as well as monitor the payment of loans and interest to all types of creditors in accordance with the agreed schedule and strictly comply with conditions of the loan under the agreement without using the loan in a way that is contrary to the purpose of the loan. In addition, the Board of Directors will ensure that the company operates to safeguard confidence of creditors in their financial status and ability to pay debts as well as supervise the reporting of correct and complete information to creditors. |
| (E) Competitors              | The Company promotes free and fair competition policy and shall comply with a good competition framework.  |



(F) Employees	The Company has a policy to treat all employees equally by complying with relevant laws and standards fairly and respecting human rights. The Company provides appropriate remuneration and welfare not less than the minimum wage rate set out by the relevant laws, including support to the staff for their skills and knowledge development.
(G) Community and Society	The Company places importance and commitment to community and society. The Company operates its business ethically and provides creative and beneficial activity support to society as appropriate.
(H) Environment	The Company strictly complies with applicable environmental laws and regulations. And it establishes the guidelines, which continuously minimize impact to environment.

The Company will comply with applicable laws and regulations to ensure the rights of stakeholders have been well protected and treated.

### Anti-Corruption

The company is in the process of joining as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) under the Thai Institute of Directors Association (Thai IOD). The company conducted risk assessment for fraud. It covers various types of fraud such as the preparation of false financial reports, loss of property, corruption, management overrides internal controls, changes of information in important reports, and the acquisition or misuse of property, etc.

#### 1. Objectives

The company places its focus on the anti-corruption policy, as well as promotes and encourages all levels of its staff to be aware and fight against corruption in all forms. The Board of Directors sets policies to prevent and combat corruption and bribery (Anti-Corruption and Anti-Bribery Policy). The company expects that directors, executives and employees of the company shall not seek, operate or accept corruption in all forms, either directly or indirectly, to benefit the organization, themselves and their families, friends and acquaintances or for the benefit of the business. This covers all businesses in every country and all related agencies of the company and its subsidiaries. There is a regular review of the implementation of the anti-corruption policy, the guidelines, and compliance requirements to be in line with any changes of business, rules and regulations, and legal provisions. If there is any violation that aiding and abetting corruption whether directly or indirectly, such person will be punished in accordance to the regulations of the company.

The company announced the anti-corruption policy, which was approved by the Board of Directors on 14 August 2015.

#### 2. Definition

- **Corruption** means any form of bribery including an offer, promise, commitment, request, or acceptance of inappropriate money, assets or other benefits that are in appropriate for government officials, government organizations, private organizations, or any relevant persons in charge either directly or indirectly, in order that they perform or refrain from performing their duties so as to acquire or preserve a business, or introduce a business to any particular organization, or to acquire or preserve inappropriate business benefits. However, the exemption can only apply in cases where the permission of law, order, notification, regulation, local tradition, or trade custom is granted.
- **Anti-Corruption** means to perform or refrain from performing duties. This includes use of authority in all positions, whether to give or receive a bribe, offer, promise, commitment, request, or acceptance of remuneration, assets, money, goods, entitlements or any other benefits to businesses that operate with the company or its

subsidiaries in order to obtain benefits or preserve inappropriate entitlements and business benefits for organization, oneself, or involved people either directly or indirectly.

- **Taking bribes** means receiving/accepting money, goods, services or one or more of them. An employee is involved in soliciting of money, gifts or other benefits for themselves and/or relevant people.
- **State official** means a person holding a political position, Government official or local official assuming a position or having permanent salaries, official or person performing duties in a State enterprise or a State agency, local administrator and member of a local assembly who is not a person holding a political position, official under the law on local administration and shall include a member of a Board, Commission, Committee or of a sub-committee, employee of a Government agency, State enterprise or State agency and person or group of persons exercising or entrusted to exercise the State's administrative power in the performance of a particular act under the law, whether established under the governmental bureaucratic channel or by a State enterprise or other State undertaking.
- **Political contribution** means assistance on behalf of the company, whether financial, asset or any other forms to help, support, or any other purposes, to political activities, politicians or persons with political affiliations either directly or indirectly. Financial aid can also include loans. In-kind assistance, such as providing items or services, advertising or supporting political parties, fundraising, or donations to organizations with close ties to political parties, etc. Unless such support is for the democratic process that is required by law.
- **Charitable donation** refers to activities related to spending money without tangible rewards. Public donation is to spend money on projects and activities that benefit the community, society and the people. The company may not receive tangible returns.
- **Relevant person** refers to spouse, children, parents, siblings or close relatives as well as friends and acquaintances of the Board of Directors, management and staff at all levels of the company.

### 3. Scopes and guidelines

Directors, executives and staffs in every level of the Company must comply with the below guideline:

- (1) Comply with the policy of Anti-Corruption and Bribery, Business Code of Conduct, rules, regulations and obligations of the Company by not engaging in corruption in any forms directly or indirectly.
- (2) Not take any actions that reflect intention of corruptions, and giving or accepting bribery to stakeholders of the Company in relation with their roles and responsibilities directly or indirectly in order to get advantages for the organization, themselves or relevant persons.
- (3) Not neglect when finding actions in the scope of corruption related to the Company. It is regarded as their duties to report to their supervisors or responsible persons. They must cooperate in the investigations.
- (4) In any operations which have risks of corruptions occurring, directors, executives and staffs in every level of the Company must handle the following aspects with caution.
- (5) Giving or receiving gifts, hospitality and other relevant expenditures must comply with the guideline in the manual of Corporate Governance and Business Code of Conduct as well as the Anti-Corruption and Anti-Bribery Policy of the Company.
- (6) Donating money for charity must be done in the Company's name and to organizations which have purposes for social benefits. The organizations must be reliable and certified. They must operate with transparency, compliance with the procedures of the Company's regulations, and legitimacy. There are follow-up and check to ensure that the donated money is not used as subterfuge for bribery.

- (7) Monetary contributions including cash, objects and asset to any activities or projects must be specified with the Company's name. Those contributions must have objectives to promote businesses and good image of the Company, and must be operated with transparency, compliance with the procedures of the Company's regulations, and alignment with the relevant laws.
- (8) Business relationships and procurement with public or private sectors including contacting with public sector, public or private officials as well as persons related to the Company's business domestically or internationally must comply with transparency, integrity and the applicable laws.
- (9) The Company's policy is to be politically neutral. All directors, executives, and staffs have political rights and freedom under the laws. However, they must realize not to operate, to do any activities or to use the Company's resources for political activities which can cause the Company to lose neutrality or to be harmed by political engagement and contributions.

#### 4. Duties and responsibilities

- (1) **Board of Directors** have duties and responsibilities to set policy and oversee an effective anti-corruption monitoring system to ensure that the management is aware of the importance of anti-corruption culture and implement measures against corruption.
- (2) **Audit Committee** have duties and responsibilities to review financial and accounting reporting systems, internal control and audit systems, risk management system, and the operation, in accordance with anti-corruption policy to ensure that it complies with the international standards in an appropriate, modern and effective manner.
- (3) **Chief Executive Officer, Managing Director and Executive Board** have duties and responsibilities to set up an anti-corruption system as well as to promote and support anti-corruption policies; to communicate to staff and all related parties; to review a suitability of the system and measures, to be consistent with changes in business, regulations, and legal provisions.
- (4) **Internal Audit Office** has duties and responsibilities to monitor and review of the accuracy of the operation, in line with the policy, guidelines, authority, rules and regulations and laws and regulatory compliance as well as to ensure the adequacy and appropriateness and efficiency of internal control against corruption that may occur and report to the Audit Committee.
- (5) **Directors, Executives and Employees** are obliged to comply with the anti-corruption policy and do not involve in corruption, either directly or indirectly.
- (6) **Subsidiaries or related companies or a business representative of the company** that under authority of the company must adhere to the anti-corruption policy and do not involve corruption, either directly or indirectly.

#### 5. Measures and operation guideline

- (1) The Company supports and promotes directors, executive and staffs of every level to realize importance and to be conscious of anti-corruption. The Company sets up the internal control to prevent corruptions and bribery in all forms and all countries which the Company enters to invest.
- (2) This guideline of the anti-corruption covers the process of personnel administration ranging from recruitment or selection, promotion, training, performance evaluation to remuneration to staffs. It is determined that supervisors in every level must communicate and make the subordinate staffs to understand and follow when doing business operations in their responsibilities. They must control and oversee the operations to be efficient and in compliance with this guideline.
- (3) The Company will give justice and protection to staffs or any whistle-blowers/reporters of the evidence of corruptions related to the Company, including the staffs that refuse

to act. It will use the measures to protect persons who report or cooperate in reporting corruptions as stated in the Policy of whistle-blowing and protection for whistle-blower

(4) Staff's corruptions are regarded as misconducts according to the work-related regulations of personnel administration. They will get disciplinary penalty as determined and may get legal penalty if applicable.

(5) The Company will check the practice guideline and measures on regular basis to be in compliance with changes of laws and business-operating conditions.

## **6. Complaint handling and channels**

The company provides communication channels for stakeholders to report evidences and suggestions or complaints about corruption. There are guidelines on how to give or receive gifts, assets or other benefits, information on receptions or expenditures that exceed the limit and do not meet the company's guidelines and procurement criteria. Monetary donation shall be done transparently, and fairly under rules, regulations and standard operating procedures of the company.

The company has distributed rules and regulations concerning operation of the company to all executives and employees of the company for their information, signatory acknowledgement, and strict and proper implementation.

If an employee sees any suspicious activity or evidence that a director, executive, employee or person acting on behalf of the company get involved in bribery or corruption, it must be reported immediately to the supervisor or report through the reporting channel – "Whistle Blowing". Once the company received such report, it will take serious action and will not impose any punishment on employees who provide information in good faith.

## **7. Related policies and Handbook**

(1) Corporate Governance Policy

(2) Code of Conduct Handbook

(3) Regulations governing the operation of the company

(4) Whistle Blowing

## **Whistle-blowing or reporting**

### **1. Objectives**

The Thiensurat Public Company Limited ("the Company") is committed to operating the business with honesty, transparency and good corporate governance. This includes anti-corruption in any form. In addition, the company expects directors, executives, employees to adhere to their duties and responsibilities.

With these commitments, the company has set up a whistle blowing policy on complaints and cases of fraud and corruption to support and serve as a channel for directors, executives and employees and stakeholders of the company to be able to complain and report clues, misconduct and fraud concerning the company. The company has established a safe and confidential channel for complaints of misconduct and fraud to ensure confidentiality of any person who give information about corruption.

The company provides protection to whistle blowers or those who report corruption and fraud. This includes any cooperation or assistance provided to the company. The company will ensure that whistle blowers will not be threatened, reshuffled their positions or location, suspended, dismissed, or any other act of unfair conduct.

### **2. Clues Or complaint**

The Company has designated the Company's executives to be the persons who directly receive the reporting, and has set up a joint council to investigate the truths fairly. It has also implemented the policy to have the efficient internal control system as well as transparent and verifiable reporting, so the reporters can rely on and feel confident in the process of fair investigation process. Besides, it has set up the policy to protect the whistle-blowers of the corruptions. The whistle-blowers who are staffs, customers or contractors of the Company will

receive the rights protection according to the laws, as stated in detail in the Corporate Compliance Policy.

In cases of any stakeholders having queries or finding suspicious actions related to the violations or non-compliance with laws, regulations, obligations and Business Code of Conduct or related to supervisory levels, they can report or complain together with submitting the evidences to according to the specified channel.

**3. Whistleblower and complaint procedure listed as follows:**

- 3.1 Tel: 02-819-8899 / Call Center 1210
- 3.2 Fax: 02-962-6675
- 3.3 The post office:  
Audit Committee  
Thiensurat Public Company Limited  
43/9, Moo 7, Soi Chuchart Arnusorn 4, Bangtalad Sub-district,  
Pakkred district, Nontaburi 11120
- 3.4 Social Network :  
Facebook: <https://www.facebook.com/safewaterfilter/>  
Facebook: <https://www.facebook.com/ponsabuy/>  
Line: @ponsabuy  
Line: @safe1210  
Line: @TSR.NEWS
- 3.5 E-mail :  
[www.ponsabuy.com/](http://www.ponsabuy.com/)  
[www.safealkaline.com/contacts](http://www.safealkaline.com/contacts)  
[Appeal.AC@tsrplc.com](mailto:Appeal.AC@tsrplc.com)
- 3.6 The company's comments box

**4. Complaint mechanism policy and procedure**

- 1. A complain raised or notified by a complainant through the complaint channels as mentioned above.
- 2. The recipient of the complaint informs the matter to
  - 2.1 Audit Committee
  - 2.2 Company Secretary (In the case of matters related to the Directors, Executives or the Chief Executive Officer/Managing Director)
- 3. Investigate the complaint
- 4. Report the results to the complainant and the improvement

**5. Punishment measures to offenders**

The company will investigate complaint and fraud information with independence and justice in order to obtain evidence that confirm or dispute the information received. Suggestions and procedural guidelines of next steps will be provided to the Audit Committee and the Board of Directors to consider and determine corrective action and appropriate punishment for the offense committed such as:

- 1. Verbal warning
- 2. Written reprimand
- 3. Wage cut
- 4. Suspension
- 5. Dismissal without compensation
- 6. Legal proceedings

**6. Protection measures for whistle blowers and informants**

The company encourages management and staff at all levels to operate business in a proper, transparent, fair and accountable manners, in conjunction with good corporate governance and business code of conduct. To ensure confidentiality for whistle blowers and informants who



have made a complaint in good faith, they will be protected by the company in accordance with the following measures:

- (1) The company shall cover full name, address and other identifiable of whistle blowers, informants, or cooperators in investigation. The company will further investigate and conduct fact-finding of the reported case.
- (2) The company will keep the information confidential and will reveal only as necessary. The company will uphold the principles of safety and confidentiality of whistle blowers, informants, or cooperators in investigation, sources of information, or relevant persons.
- (3) In case that whistle blowers, informants, or cooperators in investigation feel unsafe or may be damage, they can request the company to provide appropriate protection measures, or should there be tendency of damage or unsafety, the company may impose protection measures without request from them.
- (4) Those who have suffered damage will receive mitigation through appropriate and fair procedures.
- (5) The company will not commit any unfair treatment to whistle blowers or informants, whether by changing the job title, job description, place of work, suspending, threatening, interrupting, dismissal, or any other unfair treatment to the whistle blowers or informants.

**7. Policies and relevant manuals are listed as follows.**

- (1) Corporate Governance Policy
- (2) Code of Conduct
- (3) Anti-corruption Policy
- (4) Regulations governing the operation of the company.

**8. Definitions**

“Wrongdoings” refer to an act or omission of any act of directors, executives, or employees. This is a violation of the company’s Code of Conduct, work rules, policies and regulations, as well as laws relating to the company’s business.

“Corruption” means the use of acquired power or the misuse of assets to benefit oneself, family members, friends, acquaintances, or any other inappropriate benefits. This causes damage to others. Corruption can occur in many forms, such as bribing a government official by giving or receiving bribes, both money and goods. There are conflicting interests, money laundering, embezzlement, concealment of truth and obstruction of justice, etc.

**Category 4 Disclosure and Transparency**

The Company establishes its policy to disclose important information relating to the Company. Both financial and non-financial information will be disclosed in an accurate, complete, timely and transparent manner according to relevant rules, standards and through accessible channels under the principles of equality and reliability.

**Guidelines**

**1. Internal Control and Transactions with Potential Conflicts of Interest**

The Company has a policy of preventing and wiping out the potential conflicts of interest by setting up a rule that any deal and/or transaction possibly causing the conflicts of interest shall be in accordance with the rules and procedure prescribed by the Company and other related applicable laws.

The Company shall not allow the Company’s directors, executives, and/or major shareholders, whichever case may be, to operate the businesses that are similar or compete with or have the connected transactions in the manner that they engage other interests against the best interest of the Company or its subsidiaries. The Company’s executives and/or major shareholders, whichever case may be, must submit the reports to the Company if any of executives or major shareholders acquires some shares in a company whose business operation is similar to that of



the Company or its subsidiaries in order that the Company and the Audit Committee consider whether such shareholding is against the best interest of the Company and its subsidiaries or not.

The Company values a good internal control system. The Internal Audit Department is empowered to audit the working of every working unit to prevent defects, and to ensure the work transparency. The auditing shall be done periodically, and the auditing report shall be submitted for the Audit Committee's consideration.

## **2. Disclosure of Information**

The Company has determined that the disclosure of any information and any communications be a core policy of the Company. The Company promptly established an investor relations unit to represent the Company and act as a focal point to communicate and disclose information. The Company also places importance on the disclosure of information, since it is an operational aspect, which has potential impact on any decision made by investors and stakeholders. Thus it needs to be well-controlled through specific measures relating to disclosing both financial and non-financial information, in full compliance with the relevant applicable laws and regulations. Such disclosures should be made in comprehensive details that are credible and timely and in an adequate manner, both in Thai and English, through the SET Community Portal as well as the Company's website, and in full compliance with the relevant applicable laws and regulations as specified by the SEC and SET or other involved Government agencies. Further, these applicable rules and regulations need to be constantly monitored for any current applicable amendments to ensure that the Company always complies with such applicable up-to-date regulations and to be a guarantee to shareholders that the Company operates its business in a fully transparent and straight forward manner.

In addition to the implementation of the corporate governance policy and the company's code of conduct, investor relations, directors, executives and all employees related to the job, investors must also strictly adhere to the investor relations ethics listed as follows:

- 1) Perform investor relations with full knowledge and capability, with responsibility and professionalism as well as ensure honesty in the profession and maintain on the basis of the principles of correctness and equality without discrimination.
- 2) Comply with the laws, notifications, rules and regulations of the relevant authorities, such as the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the regulations and policies of the company.
- 3) Disclose important and necessary information for investment decisions that are accurate, clear, accurate, complete, timely and fairly by using extreme care to avoid misunderstandings or misinterpretations and refusing to disclose information which is a trade secret or confidential information that may cause the company to be disadvantaged or lose its competitiveness.
- 4) Providing equal opportunities for stakeholders to access information.
- 5) Keep confidentiality, do not reveal and not use any inside information of the company and its subsidiaries/group which has not been disclosed to the public in order to seek benefits for themselves and/or others wrongfully.
- 6) Answer questions and concerns to shareholders, investors, analysts and all stakeholders by organizing various company visits as well as provide response to analysts and investors directly via email and telephone.
- 7) Refrain from holding meetings or clarifying information to analysts and investors (Quiet Period) at least 14 days before disclosing financial statements.
- 8) Refrain from trading the company's securities during the Blackout Period according to the policy to prevent the use of inside information of the company.
- 9) Organize various activities for directors and executives to regularly meet with investors and analysts by presenting the performance, financial statements, financial status, management discussion and analysis as well as participating in the listed companies'

meetings with investors (Opportunity Day) to present the company's operating results and its future business trends.

The company may assign the Chief Executive Officer or the Vice Chief Executive Officer to provide additional information to shareholders, investors and analysts. In a case that shareholders, investors and analysts need more information, they can directly contact to the Investor Relations Department.

Investor Relations

E-mail: [ir@thiensurat.co.th](mailto:ir@thiensurat.co.th)

Telephone 02-819-8899 Ext. 1536 and 1591

Various activities were undertaken whereby the management regularly meet with various individual or institutional investors and analysts in order to make presentations regarding the financial status of the Company and the Management Discussion & Analysis as well as to participate in the Opportunity Day for Investors to present the Company's operating performance results and overview for the future operating trends of the Company as follows:

Investor relations activities are to allow administrators to meet retail investors to clarify communication and understanding on the correct approach to business. Also, investor relations provide general information of the Company by the Company Visit as well as answering questions from analysts, investors directly via email and phone regularly.

Information presentation activities	Number	location
Opportunity Day	3	VDO Conference Thiensurat Public Company Limited
Analyst Meeting	5	Thiensurat Public Company Limited

## **Category 5 Responsibilities of the Board of Directors**

### **Structure of the Board**

The Board consists of At least 5 directors, but not more than 12 people. The Board consists of persons who have diverse knowledge, skillsets, and expertise as well as executive leadership experience. The Board of Directors will review the board structure both in terms of size, composition, proportion of independent directors that are appropriate and necessary to lead the Company to set the objectives and goals.

The Board takes part in determining the vision, mission, strategy, policy and business direction. The Board oversees the management of the Company in accordance with applicable laws, purposes, regulations and resolutions adopted at the shareholders' meeting. In order to closely oversee the business operation, the Board has also appointed 6 series of sub-committee. Those are Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, Nomination Remuneration Committee and The Management Committee to perform specific duty and submitted to the Board of Directors for consideration or acknowledgment. Sub-committees have rights and duties as determined in the authority of each committee. The company has clarified the separated roles and responsibilities between the Board and the management. The Board of Directors is responsible for policy oversight and implementation of executive policies. The company executives operate activities in accordance with the executive policies. The president of board of director and the president of executive management is not the same person. Both persons are the most qualified persons recruited by Board Director Committee.

The Board has appointed the Company Secretary who serves to provide suggestions with regard to the applicable rules and regulations that the Board must be aware of and to support the work

of the Board including coordination support to ensure the implementation of the resolutions of the Board.

**Roles and duties of the Board**

The Company has established a written Corporate Governance Policy, which was approved by the Board of Directors. The Board of Directors regularly review and monitor the implementation of this Policy. The Board of Directors reviewed the policy. The company requiring directors, executives and employees comply with the rules and regulations as prescribed by the Securities and Exchange Commission. And the Stock Exchange of Thailand. In all respects

## Report of the Audit Committee

**Dear shareholders of Thiensurat Public Company Limited,**

The Audit Committee of Thiensurat Public Company Limited comprises of 4 Independent Directors, All independent directors who are non-executive or employees of the company, with the Chairperson of the Audit Committee is qualified and has sufficient accounting and finance expertise to review the reliability of financial reports. the Audit Committee as follows:

- |  |                                 |
|--|---------------------------------|
| 1. Assoc. Prof. Boonserm Vimuktanandana          | Chairman of the Audit Committee |
| 2. Dr. Supree Wongdeeprom Ph.D                   | Member of the Audit Committee   |
| 3. Asst. Prof. Krit Umpote                       | Member of the Audit Committee   |
| 4. Prof. Porntep Siriwanarangsun, MD.,MPH.,Ph.D. | Member of the Audit Committee   |

Ms. Jarunee suesawad who is Manager of Internal Audit Office is on Secretary of the audit committee duty. Ms. Jarunee suesawad the head of Internal Audit Office

The Audit Committee performs its duties in accordance with the Charter of the Audit Committee approved by the Board of Directors. This is in line with the requirements of the Stock Exchange of Thailand (SET) for the Audit Committee to meet at least 4 times per year. In 2020, the Audit Committee convened 9 meetings and reported the results of all meetings to the Board of Directors each fine of the meeting. There were the Internal Audit Office and the auditor attended in each meeting. The results can be summarized as follows.

Reviewing and auditing the company's financial statements to ensure that the company's financial statements are fairly reported in all material respects. And reliable manner in accordance with generally accepted accounting principles. The financial information is sufficiently disclosed before submitting to the Board of Directors for approval to disclose information to the Stock Exchange of Thailand and the Securities and Exchange Commission.

Reviewing the company's internal control system and internal audit system including considering the independency of the Internal Audit Office. In 2020, the company appointed Ms. Jarunee suesawad as the Internal Auditor, to review the internal control system. The Audit Committee considered and approved the annual internal audit plan in accordance with the corporate environment to ensure that the company has an appropriate internal control system and to monitor and evaluate it as part of the good corporate governance process. The Audit Committee found that the company has adequate internal controls and no significant defects were found.

Reviewing connected transactions and transactions that may have conflicts of interest with the company, to ensure that the company has complied with the normal business conditions and has complied with the laws and regulations, prescribed by the Stock Exchange of Thailand.

Considering selection of qualified auditors including proposing the appointment and remuneration of auditors to the Board of Directors to propose to the 2020 Annual General Meeting of Shareholders for further approval of the appointment of auditors of the KPMG Phoomchai Audit Ltd. to be the company's auditors for the fiscal year of 2020. The Audit Committee is of the opinion that the auditors of the nominated company have satisfactory performance and audit standards, in accordance with generally accepted auditing standards. In addition, the KPMG Phoomchai Audit Ltd. is internationally accepted. They also have the ability to perform as professionals. The Audit Committee recommends the auditors of the KPMG Phoomchai Audit Ltd. to be the company's auditor for 2020.

Acknowledging risk and monitoring the progress of the risk management according to the criteria set by the company.

The Audit Committee recognizes the importance and acknowledges the report on the compliance with the Securities and Exchange Act, relevant laws governing the business operation including notifications and orders as required by laws and good corporate governance principles. The company has complied with those laws and legal provisions.

The Audit Committee has monitored the progress of the implementation of resolutions adopted by the Audit Committee, annual self-assessment evaluation.

On behalf of the Audit Committee  
Thiensurat Public Company Limited



(Assoc. Prof. Boonserm Vimuktanandana)  
Chairman of the Audit Committee

## Report of the Nomination and Remuneration Committee

Dear shareholders of Thiensurat Public Company Limited,

The Nomination and Remuneration Committee of Thiensurat Public Company Limited comprises of 2 Independent Directors, and 1 Executive Director, which the Chairperson of the Nomination and Remuneration Committee is independent director list of the Nomination and Remuneration Committee as follows:

- |  |   |
|--|---|
| 1. Ms. Sumana Vonggapan                          | Chairman of the Nomination and Remuneration Committee |
| 2. Prof. Porntep Siriwanarangsun, MD.,MPH.,Ph.D. | Member of the Nomination and Remuneration Committee   |
| 3. Ms. Savita Changyoo                           | Member of the Nomination and Remuneration Committee   |

The Nomination and Remuneration Committee performs duties in accordance with the Charter of the Nomination and Remuneration Committee, which requires the committee to convene 6 meetings and report the results of each meeting to the Board of Directors. The key results can be summarized as follows.

### 1. Policy, Strategy and Strategic Plan

- 1.1 Specified policies, frameworks and guidelines for the nomination of the Board of Directors, Sub-Committee Directors and Managing Director in accordance with the Company's regulating agencies such as SEC and SET.
- 1.2 Proposed policies, frameworks and guidelines for setting remunerations for the Board of Directors, Sub-Committees, Chairman's advisors and Managing Director in line with industry's standards and appropriate with the duties and responsibilities assigned by the Board of Director.
- 1.3 Proposed policies and human resource management strategies in line with the management strategy of the Company.

### 2. Supervision and Nomination

- 2.1 Nominated and proposed qualified nominees as specified for the position of Directors and Sub-Committee Directors.

### 3. Supervision and Setting of Remuneration

- 3.1 Set the remuneration for Directors, Sub-Committee Directors and Chairman's advisors to be appropriate with their duties and responsibilities on the same level with industry's standards.
- 3.2 Set guidelines for performance evaluation of the Chief Executive Officer by setting the objective, duties and responsibilities.

### 4. Supervision of Human Resource Management

- 4.1 Set guidelines for the organization's re-structuring to be in line with the vision and goal of the organization.
- 4.2 Set indicators for Chief Executive Officer, Managing Director and Vice chief executive officer.

The Nomination and Remuneration Committee has evaluated the performance in the past year and is of the opinion that the Nomination and Remuneration Committee has performed its duties appropriately and efficiently.

On behalf of the Nomination and Remuneration Committee



(Ms. Sumana Vonggapan)

Chairman of the Nomination and Remuneration Committee



## Report of the Corporate Governance and Corporate Social Responsibility Committee

**Dear shareholders of Thiensurat Public Company Limited,**

The Corporate Governance and Corporate Social Responsibility Committee of Thiensurat Public Company Limited comprises of two (2) Independent Directors, and One (1) Executive Director, which the Chairperson of the Corporate Governance and Corporate Social Responsibility Committee is independent director for the Corporate Governance and Social Responsibility Committee as follows:

- |                                 |  |
|---------------------------------|--|
| 1. Asst. Prof. Krit Umpote      | Chairman of the Corporate Governance and Corporate Social Responsibility Committee |
| 2. Dr. Supree Wongdeeprom Ph.D. | Member of the Corporate Governance and Corporate Social Responsibility Committee   |
| 3. Mr. Ekarat Changyoo          | Member of the Corporate Governance and Corporate Social Responsibility Committee   |

Corporate Governance and Corporate Social Responsibility Committee performs duties in accordance with the Charter of the Good Corporate Governance and Social Responsibility Committee. The Committee shall meet one per year and report the following key results to the Board of Directors which summary below.

1. Acknowledged the compliance with the Corporate Governance Report of Thai Listed Companies.
2. Reviewed the Sustainability Report for further revision and approval.
3. Reviewed the Good Governance and Good Corporate Responsibility Policies for further revision and approval.
4. Consider approval or revision of the Code of Conduct.

Corporate Governance and Corporate Social Responsibility Committee evaluated the performance in the past year and is of the opinion that Corporate Governance and Corporate Social Responsibility Committee has performed their duties appropriately and efficiently enough to develop the company to be accountable to all stakeholders.

On behalf of the Corporate Governance  
and Corporate Social Responsibility Committee



(Asst. Prof. Krit Umpote)

Chairman of the Corporate Governance and  
Corporate Social Responsibility Committee

## Report of the Risk Management Committee

Dear shareholders of Thiensurat Public Company Limited,

The Risk Management Committee of Thiensurat Public Company Limited comprises of One Independent Directors, One Directors, and Four Executive Director, which the Chairperson of the Risk Management Committee is independent director. List of the Risk Management Committee as follows:

- |    |                              |   |
|----|------------------------------|---|
| 1. | Dr. Supree Wongdeeprom Ph.D. | Chairman of the Risk Management Committee |
| 2. | Dr. Surat Wongrattanapassorn | Member of the Risk Management Committee   |
| 3. | Mr. Viruch Wongnirund        | Member of the Risk Management Committee   |
| 4. | Mr. Ekarat Changyoo          | Member of the Risk Management Committee   |
| 5. | Ms. Theinvanee Changyoo      | Member of the Risk Management Committee   |
| 6. | Ms. Savita Changyoo          | Member of the Risk Management Committee   |
| 7. | Mr. Paitoon Homchan          | Member of the Risk Management Committee   |
| 8. | Mr. Paitoon Sukhanaphorn     | Member of the Risk Management Committee   |

The Risk Management Committee performs duties in accordance with the Charter of the Risk Management Committee, which requires the committee to convene 4 meetings and report the results of each meeting to the Audit Committee. It is concluded that the Risk Management Committee has reviewed the risk management framework of the company to ensure that the company has appropriate risk management system and measures to mitigate the risk to acceptable levels.

On behalf of the Risk Management Committee



(Dr. Supree Wongdeeprom Ph.D.)  
Chairman of the Risk Management Committee

## Report of the Executive Committee

---

**Dear shareholders of Thiensurat Public Company Limited,**

The Executive Committee of Thiensurat Public Company Limited comprises of 3 Directors, and 1 Executive Director, Appointed by the Board of Directors meeting No.2/2018 held on Monday 26 February 2018 to perform the tasks as assigned by the Board of Directors as follows:

- |                         |                                     |
|-------------------------|-------------------------------------|
| 1. Mr. Sahas Treetipbut | Chairman of the Executive Committee |
| 2. Ms. Sumana Vonggapan | Member of the Executive Committee   |
| 3. Mr. Ekarat Changyoo  | Member of the Executive Committee   |

In 2020 The Executive Committee is not meeting. and The Management Committee has no urgent agenda to consider

On behalf of the Executive Committee



(Mr. Sahas Treetipbut)  
Chairman of the Executive Committee

## Corporate Social Responsibility: CSR

---

Please see Corporate Social Responsibility in “Sustainable Development Report” by visit:

<https://www.tsrplc.com/sustainability-reports/>

## Internal Control and Risk Management

### Internal Control System

The Company's directors and management are directly responsible for arranging and maintaining the internal control system, which covers several areas including the financial control, the operation, the corporate governance and the risk management. Hence, the Company's Board of Directors authorize the Audit Committee to review and ensure that: i) the Company presents accurate and sufficient financial reports; ii) the Company sets up appropriate and effective internal system; iii) the Company assesses and manages risks appropriately; and iv) the Company operates business in compliance with the securities and stock exchange laws as well as the rules and regulation set by the Stock Exchange of Thailand and any laws that are relevant to the Company's business.

The Company completed a written handbook on credit limits and approval authority. The handbook shall be referred to as a guideline on scopes of responsibilities, decision making authorities and ordering authorities for different positions. The Company reviews the written handbook annually and fine-tunes it to suit the future business circumstances.

The Audit Committee supervises the independence of the Internal Audit Office to monitor and evaluate the internal control system and review the company's compliance with the government authorities' rules and regulations. Various recommendations have been made to continue to improve the internal control system. The Audit Committee meets at least four times a year and will prepare a report on the opinions of the Audit Committee for the Board of Directors to consider and disclose in the Company's annual report.

In the Audit Committee's meeting No.1/2021 held on 25 February 2020 in the presence of all four independent directors who were also members of the Audit Committee, the Company's internal control system was evaluated through the inquiries with the management as well as the outside independent auditors. The evaluation results showed that the Company's internal control was comprised of five key areas, which were significant to the efficiency and effectiveness of the internal control system:

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

In terms of the internal control, risk assessment, operational control, information and communication systems and the monitoring system, the Committee opined that the Company had appropriate and sufficient internal control system. The Company appointed adequate personnel who were able to effectively carry out operation under various systems. In addition, the Company had the internal control system to oversee the operation of both the Company and its subsidiary, preventing directors or management from using the Company and its subsidiary's assets in improper or unauthorized ways or involving in transactions with conflicts of interests. Regarding the internal control on other areas, the Committee also viewed that the internal control was adequate. Ask the company to develop an operating system for the information system. So that the company can perform its work with maximum efficiency and can be easily checked



**The preliminary opinions of the Audit Committee based on the enquiries with the management**

generally suggested that the Company's internal control system was adequate and in line with the evaluation form of the internal control system designed by the Office of Securities and Exchange Commission, especially for the part about the internal control on transactions related to major shareholders, directors, management and related parties (i.e., evaluation form assessing the adequacy of the internal control system). Moreover, the Company's authorized auditor, KPMG Phoomchai Audit Ltd. who audited the Company's 2019 financial statements, opined in the audit report that the Company's consolidated financial statements and separate financial statement fairly presented the financial position and separate financial position of the Group and the Company, respectively. As of 31 December 2019, the Company's consolidated earnings performance and separate earnings performance and consolidated cash flows and separate cash flows for the year then ended were present fairly, under the standard of financial reports.

**The Company's internal control system**

The Company has an internal audit office under the supervision of the Audit Committee in order to perform duties independently, fairly, with ethical conduct in accordance with the Institute of Internal Auditor: IIA, internationally recognized professional standards of internal auditing. The Company ensures annual internal audit planning according to the major risks affecting operations. Respective staff can access all the information of the Company without restrictions in order to be able to comprehensively check the performance of various departments within the Company and its subsidiaries. These include independent audits according to the annual audit plan and as assigned by the Audit Committee by using the criteria taking into account the risk of a business or work process. The audit results are reported directly to the Audit Committee. Where improvements are to be found, procedures are in place to ensure that audit findings are properly addressed. In this regard, the office of internal audit has recruited appropriate numbers of internal audit personnel with knowledge, competence and experience related to internal audit work. Ms. Jarunee Suesawad has been appointed as Internal Audit Manager and Auditor. In addition, the internal audit staff are continuously trained and supported.

## Related Party Transactions

Related party transactions between the Company (“TSR”) and its subsidiaries or among subsidiaries occurred in 2019 and 2020, are presented in the notes to the consolidated financial statements of the Company. Major related party transactions between TSR and its subsidiaries, with persons/companies who/that may have conflict of interest are summarized as follows:

### 1 Details of persons and companies who/that may have conflict of interest

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
1. Better Dreams Co., Ltd.	Holding company	<p><u>As at 31 December 2020</u></p> <ul style="list-style-type: none"> <li>• Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Better Dreams Co., Ltd.</li> <li>• Better Dreams Co., Ltd. was a major shareholder of TSR, held 26.22% of registered and paid up share capital of TSR.</li> <li>• Had three directors in common, i.e., Ms. Theinvanee Changyoo, Ms. Savita Changyoo and Mr. Ekarat Changyoo.</li> </ul>
2. Ideal Water Co., Ltd.	Manufacture and distribute drinking water	<p><u>As at 31 December 2020</u></p> <ul style="list-style-type: none"> <li>• Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Ideal Water Co., Ltd.</li> <li>• Had two directors in common, i.e., Ms. Theinvanee Changyoo and Ms. Savita Changyoo.</li> </ul>
3. Mr. Sahas Treetipbut	-	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors of TSR**/Chairman of Executive Committee</li> <li>• Advisor of TSR (Information Technology)</li> </ul>
4. Mr. Werawat Changyoo	-	<ul style="list-style-type: none"> <li>• A major shareholder of TSR</li> </ul> <p>As at 31 December 2020, Mr. Werawat Changyoo held 15.55%, and Changyoo Group* held 61.64% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> <li>• Advisor of TSR (Innovation) appointed on 22 July 2019</li> </ul>
5. Ms. Theinvanee Changyoo	-	<ul style="list-style-type: none"> <li>• A shareholder of TSR</li> </ul> <p>As at 31 December 2020, Ms. Theinvanee Changyoo held 6.15%, and Changyoo Group* held 61.64% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> <li>• Director/Member of the Risk Management Committee / Member of the Executive Committee/ Vice Chief Executive Officer**</li> </ul>

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
6. Ms. Kanittha Changyoo	-	<ul style="list-style-type: none"> <li>• A shareholder of TSR and spouse of Mr. Werawat Changyoo As at 31 December 2020, Ms. Kanittha Changyoo held 0.93%, and Changyoo Group* held 61.64% of registered and paid up share capital of TSR.</li> </ul>
7. Ms. Savita Changyoo	-	<ul style="list-style-type: none"> <li>• A shareholder of TSR As at 31 December 2020, Ms. Savita Changyoo held 6.26%, and Changyoo Group* held 61.64% of registered and paid up share capital of TSR.</li> <li>• Director/ Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Consultant for assessment, monitoring and development of the organization / Member of the Executive Committee/ Vice Chief Executive Officer** appointed on 7 October 2019</li> </ul>
8. Mr. Ekarat Changyoo	-	<ul style="list-style-type: none"> <li>• A shareholder of TSR As at 31 December 2020, Mr. Ekarat Changyoo held 6.20%, and Changyoo Group* held 61.64% of registered and paid up share capital of TSR.</li> <li>• Director/Member of the Corporate Governance and Corporate Social Responsibility Committee/ Member of the Risk Management Committee /Chairman of the Executive Committee /Chief Executive Officer**</li> </ul>
9. Ms. Sumana Vonggapan	-	<ul style="list-style-type: none"> <li>• Independent Director /Chairman of the Nomination and Remuneration Committee / Member of the Executive Committee</li> <li>• Advisor of TSR (Human Capital, Performance Evaluation of Management, Administration and Management Techniques)</li> </ul>
10. Dr. Supree Wongdeeprom Ph.D.	-	<ul style="list-style-type: none"> <li>• Independent Director / Chairman of Risk Management Committee/Member of Audit Committee/ Member of the Corporate Governance and Corporate Social Responsibility Committee</li> <li>• Advisor of TSR (Marketing Strategy Development, Sales Strategies, Marketing and Sales Management Techniques, Market Growth and Maintaining Market Share Strategies)</li> </ul>
11. Prof. Porntep Siriwanarangsun, MD., MPH., Ph.D.		<ul style="list-style-type: none"> <li>• Independent Director /Member of Audit Committee/ Member of the Nomination and Remuneration Committee</li> <li>• Advisor of TSR ( Cost, selling &amp; administrative and bad debt saving, process improvement)</li> </ul>

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
12. Mr. Paitoon Sukhanaphorn		• Vice Chief Executive Officer in Finance & Accounting
13. COL Public Company Limited	Stationery and office equipment retail store	<u>As at 31 December 2020</u> • Had a director in common, i.e., Mr. Sahas Treetipbut
14. Internet Thailand Public Company Limited	Provide internet and information technology service, distribute computer equipments and devices	<u>As at 31 December 2020</u> • Had a director in common, i.e., Mr. Sahas Treetipbut
15. TSR Lao Co., Ltd.	Distribute water purifier, equipments and electric appliances	<u>As at 31 December 2020</u> • A joint venture between TSR and J.B. Group, in which TSR held 49% shareholding.

\* Additional information is available in “Listing Securities and Shareholding Structure” – Changyoo Group, Changyoo Family

\*\* Additional information is available in “Management Structure”

## 2. Related party transactions between TSR and its subsidiaries with related persons/companies for the years ended 31 December 2018 2019 and 2020

**2.1 Transactions that will be consistently occurred in the future:** Details of the transactions that may be regularly occurred are presented below:

### 2.1.1 Purchase/sales of goods and services

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
1. Better Dreams Co., Ltd.	<u>Revenues from information system service</u> TSR provided information system service to Better Dreams Co., Ltd.	0.06	0.06	0.13	Proportionate price based on actual cost incurred
	<u>Outstanding Balances</u>	-0-	-0-	-	The interest rate is applied according to the market price and there are general guarantees.
	<u>Loans with</u> TSR Leasing Company Limited <u>Outstanding Balances</u>	27.00	-0-	-0-	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
2. Ideal Water Co., Ltd.	<u>2.1 Expenses from purchase of water</u> Safe Trade International Co., Ltd. was appointed by Ideal Water Co., Ltd. as a distributor to sale water to TSR's customers. Safe Trade International Co., Ltd. purchased water from Ideal Water Co., Ltd. for selling to TSR's customers.	0.13	0.16	0.20	Cost plus margin
	<u>Outstanding Balances</u>	0.01	0.02	0.01	
	<u>2.2 Expenses from purchase of water</u> TSR purchased water from Ideal Water Co., Ltd. for its internal use and selling to its employees. <u>Outstanding Balances</u>	0.30 0.00	0.40 0.05	0.40 0.03	Regular price as Ideal Water Co., Ltd. normally charged to Safe Trade International Co., Ltd.
3. Mr. Sahas Treetipbut	<u>Expenses on consulting services for information technology</u> TSR hired Mr. Sahas Treetipbut to provide advices on information technology management, human resources and marketing management.	2.40	2.40	2.40	Contract price which is regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
4. Mr. Werawat Changyoo	<u>Expenses on Advisory for the Innovation</u> TSR hired Mr. Werawat Changyoo as an advisor of the Innovation.	2.76	1.25	0.46	Contract price which is regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
5. Ms. Sumana Vonggapan	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Ms. Sumana Vonggapan to provide advice on: 1) Human Capital Development 2) Performance Evaluation of Management 3) Administration and Management Techniques	0.60	0.60	0.55	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
6. Dr. Supree Wongdeeprom Ph.D.	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Dr. Supree Wongdeeprom Ph.D. to provide advice on: 1) Marketing Strategy Development 2) Sales Strategy Development 3) Marketing and Sales Management Techniques 4) Market Growth and Maintaining Market Share Strategies	0.60	0.60	0.43	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
7. Prof. Porntep Siriwanarangsun, MD., MPH., Ph.D.	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Prof. Porntep Siriwanarangsun, MD., MPH., Ph.D. to provide advice on cost, selling & administrative and bad debt saving including process development	0.60	0.60	0.40	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
8. COL Public Company Limited	<u>Purchase of office equipment</u> TSR purchased office equipment and stationery used for its operation.	0.06	0.08	0.04	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	-0-	-0-	0.01	
	<u>Advertising expenses</u> TSR used catalogue advertising to advertise products.	-0-	-0-	-0-	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
	<u>Revenues from sales of goods</u> TSR sold water purifiers to COL Public Company Limited.	-0-	-0-	0.05	Cost plus margin
	<u>Outstanding Balances</u>	-0-	-0-	0.05	
9. Internet Thailand Public Company Limited	<u>Internet and device expenses</u> TSR leased the Internet and related devices from Internet Thailand Public Company Limited.	6.67	7.41	7.46	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.01	0.40	0.29	



Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
	<u>Revenues from sales of goods</u> TSR sold water purifiers to Internet Thailand Public Company Limited. <u>Outstanding Balances</u>	-0-	-0-	-0-	Cost plus margin
		-0-	-0-	-0-	
10.. TSR Lao Co., Ltd.	<u>Revenues from sales of goods</u> TSR sold water purifiers to TSR Lao Co., Ltd. <u>Outstanding Balances</u>	2.90 0.88	9.72 2.68	8.31 1.63	Cost plus margin

## 2.1.2 Acquisition and disposal of fixed assets

-None-

## 2.1.3 Land and building rental

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
1. Better Dreams Co., Ltd.	<u>1.1 Revenues from office rental</u> TSR gave its head office for rent to Better Dreams Co., Ltd. <u>Outstanding Balances</u>	0.04 -0-	0.04 -0-	0.09 -0-	Comparable to market price in the vicinity
	<u>1.2 Revenues from factory rental</u> TSR gave its factory for rent to Better Dreams Co., Ltd. <u>Outstanding Balances</u>	0.08 -0-	0.08 -0-	0.08 -0-	Comparable to market price in the vicinity
2. Ideal Water Co., Ltd.	<u>Revenues from factory rental</u> TSR gave its factory for rent to Ideal Water Co., Ltd. <u>Outstanding Balances</u>	0.12 -0-	0.12 -0-	0.12 -0-	Comparable to market price in the vicinity
	<u>Revenue from utilities</u> TSR will charge all the utilities used as the actual payment. <u>Outstanding Balances</u>	0.06 -0-	0.09 -0-	0.09 -0-	Comparable to market price in the vicinity

## 2.2 Transactions that will no longer arise in the future

The Group has no plan to conduct the following transactions, which occurred prior to IPO, in the future. In case the Group is required to conduct such transactions, it is mandatory to obtain the Audit Committee's approval prior to execution. Details of the transactions are as follows:

### 2.2.1 Guarantees for borrowings from financial institutions/loan creditors

Guarantees for the Group's credit facilities from various financial institutions/loan creditors are presented below:

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2020	2019	2018	
1. Ms. Theinvanee Changyoo	TSR's hire purchase agreements for vehicles were guaranteed by Ms. Theinvanee Changyoo. (Principal amount at the agreement date)	1.12	1.12	1.12	Under regular terms and conditions of borrowings from financial institutions. The director did not receive any compensation for such guarantees.

### 3. Necessity of and justification for connected transactions

In case the Company or a subsidiary enters into any contracts, or any connected transactions occur among the Company, the subsidiaries and/or third parties. The Company will consider whether the transactions are necessary. Procedures for consideration, review, approval and disclosure of the connected transactions have been established in accordance with the related laws, notifications, regulations and practice guidelines of the regulators. The transactions will be conducted transparently, reasonably, fairly, and as normal business transactions at Arm's Length Basis, in compliance with corporate governance practices, necessity of entering into any contracts, and are aimed at the Company's benefits.

Regarding normal business transactions and transactions to support the Company's business, with general business terms and conditions, the internal auditor has a duty to review and prepare a report to the Audit Committee, on a quarterly basis, for consideration in terms of appropriateness and reasonableness of the transactions.

Regarding non-normal business transactions and other related party transactions, i.e., office rental and financial support, the Company has a policy to propose such transactions to the Board of Directors for approval. The Audit Committee shall provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions.

### 4. Measurement or procedure for approval of connected transactions

The Company sets procedure for approval of connected transactions in compliance with the securities and stock exchange laws, as well as the rules, regulations, notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand. A director or an individual who has interest or may have potential conflict of interest in any connected transactions, shall have no right to vote on approval of the transaction.

### 5. Policies or potential to incur connected transactions in the future

For any potential connected transactions, directors shall comply with relevant rules. A director has no right to have a vote on approval of any transaction that he/she may have potential conflict of interest. In addition, the director is required to self declare to the Board of Directors if there is any transaction that he/she may have conflict of interest.

In case the Audit Committee shall provide their opinions in regard to the appropriateness of the connected transactions that the members of the Audit Committee have no expertise in those particular transactions, the Company will seek opinions from independent experts, e.g., an auditor, an independent asset appraiser. The opinions from the independent experts shall be used as part of a decision making process of the Board of Directors and/or shareholders, whichever the case may be, in order to ensure that the connected transactions are not intended to transfer benefits to other company or individual, and that they are aimed at maximizing the benefits for all shareholders.

- Normal transactions or transactions aimed at supporting the Company's core business, with general trade terms and conditions, include services, sale and purchases of products. The Company has a policy to set terms and conditions of connected transactions based on the normal trading at the market prices. The prices are comparable to the prices offered to third parties and all parties

seriously follow the terms and conditions in the agreement. The pricing and conditions are transparently and fairly set, not enabling anyone to exchange or transfer benefits. The internal auditor is in charge of reviewing the information and completing a report to be submitted to the Audit Committee. The report shall indicate the appropriateness of the prices and the justification of the transactions on a quarterly basis.

- Normal transactions and transactions aimed at supporting the Company's core business, without general trade terms, and other related transactions include leases of offices and financial support, e.g., borrowing, guaranteeing and etc. The Company has a policy to propose such transactions to the Board of Directors' meetings for approval. The Audit Committee shall present in the meeting and provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions. In addition, the Company shall comply with relevant laws about securities and the stock market and the rules, notifications, orders or regulations of the Stock Exchange of Thailand. The Company also follows the rules relating to disclosure of connected transactions and the acquisitions and disposal of major assets of the Company or subsidiaries (if any). The Company also complies with the accounting standard in regard to the disclosure of information relating to individuals or connected transactions; the accounting standard is announced by Federation of Accounting Professions. The Company discloses the connected transactions in the note to financial statements of the Company as well as in the 56-1 form and the annual report.

The future connected transactions will include those aimed at supporting the Company's core business transactions, e.g., selling and buying products. Also, in the future the Company may need to provide further assistance to its subsidiaries in terms of the deposit guaranteeing and/or lending. Any potential transactions shall be completed with transparency and strictly in compliance with the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other agencies.

## Board of Directors' Responsibilities for the Financial Statements

---

**Dear shareholders of Thiensurat Public Company Limited,**

The Board of Directors of Thiensurat PCL. is responsible for and has provided the Consolidated Financial Statements and those for its Subsidiaries together with the associated information relating to their respective financial status as presented in this Annual Report. These Financial Statements and reports on the performance results for the financial year 2020 are prepared in accordance with generally accepted accounting principles and through the use of appropriate accounting policies that are consistently applied by the Company together with the use of careful consideration and best estimates. Further, all important and relevant information are adequately disclosed within the Notes to the Financial Statements.

Towards this end, the Board of Directors has appointed an Audit Committee consisting of Independent Directors, which is responsible reviewing the quality of these Financial Statements, the internal controls. The opinions and comments of the Audit Committee relating to these matters appear in the Audit Committee's Report that is included this Annual Report.

The Board of Directors is of the opinion that the overall internal controls system of the Company has functioned satisfactorily and, thus, has provided reliable, accurate and adequate information for the Consolidated and Financial Statements and those for its Subsidiaries for the financial year ending 31 December 2020.



(Mr. Sahas Treetipbut)  
Chairman of the Board of Directors



(Mr. Ekarat Changyoo)  
Chief Executive Officer

## Financial Highlight

### Financial Statements

#### Auditor's opinion

Auditor's report on financial statements of Thiensurat Public Company Limited and its subsidiaries for the year ended 31 December 2020 is presented below.

#### **Financial Statements for the Year Ended 31 December 2020**

##### **Auditor**

Ms. Thanyalux Keadkeaw  
CPA (Thailand) Registration No. 8179  
KPMG Phoomchai Audit Ltd.

##### **Opinion**

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### Financial Summary

Thiensurat group ("the Group") comprises Thiensurat Public Company Limited ("the Company") and its subsidiaries, i.e. Safe Trade International Company Limited, Fedders Thai Company Limited and Thiensurat Leasing Company Limited ("its subsidiaries").

The Company entered into a joint venture agreement to establish TSR Lao Company Limited in the Lao People's Democratic Republic which was registered on 16 December 2016 to engage in the distribution of water purifier, related products and electric appliances. The Company holds 49 percent of share capital of that company amounting to Baht 17.1 million.

On 17 January 2017, the Company paid up the share capital of Baht 13.8 million. The remainder of Baht 3.3 million has not been called for payment.

In 2018, the Company and its subsidiaries changed their accounting policy on valuation of inventories from first-in, first-out method to moving average method, in order to more properly reflect unit costs of inventories. The effect of applying new policy is immaterial to the Company and its subsidiaries' financial statements. Therefore, the Company and its subsidiaries adopted the new policy prospectively from 1 January 2018 onwards.

On 24 September 2018, the Extraordinary General Meeting of the shareholders of Thiensurat Leasing Company Limited, a subsidiary, approved an increase in its registered share capital from Baht 50 million to Baht 100 million, by issuing additional 10 million ordinary shares with a par value of Baht 5. The subsidiary registered its increase of share capital with the Department of Business Development, Ministry of Commerce on 4 October 2018. The Company acquired additional share capital in proportion of existing investment which already made full payment on 1 October 2018.

According to the Board of Directors' Meeting of Thiensurat Public Company Limited ("the Company") No.5/2020 held on May 12<sup>th</sup>, 2020, The Board of Directors has resolution that The Company has made an investment in the ratio of 54.00% by incorporating a new subsidiary company named Alpine Water Company Limited that has been registered on May 26<sup>th</sup>, 2020 with total one million shares with par value Baht 10.00 per share and the Shareholders had been paid up capital of 70% of share registered. Alpine Water Company Ltd. has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier.

In Y2020, the Group and the Company has initially applied TFRS 9 -Financial instruments on the financial statements and TFRS 16- Leases. TFRS 9 was adopted by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information. The adoption of TFRS 9 caused a reduction of retained earnings

equal to Baht 6.82 million with the net impairment losses on financial assets with related tax for consolidated financial statements.

Consolidated financial statements of the Group for the years ended 31 December 2018 – 2020 are presented as follows:



# (1) STATEMENTS OF FINANCIAL POSITION

Assets	Consolidated financial statements as of 31 December					
	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Current assets</b>						
Cash and cash equivalents	62.09	3.7	59.44	4.1	47.59	3.4
Trade and other receivables	18.76	1.1	19.70	1.4	27.24	1.9
Current portion of hire purchase receivables	670.15	39.6	666.02	46.0	599.77	42.2
Current portion of loan receivables	23.05	1.4	0.43	0.0	0.90	0.1
Current portion of receivables under right transfer agreements	0.70	0.0	1.72	0.1	1.90	0.1
Inventories	212.77	12.6	133.73	9.2	142.99	10.1
Short-term loan to related party	27.15	1.6	0.17	0.0	-	-
Other current assets	38.34	2.3	20.99	1.5	26.17	1.8
<b>Total current assets</b>	<b>1,053.01</b>	<b>62.3</b>	<b>902.20</b>	<b>62.3</b>	<b>846.56</b>	<b>59.6</b>
<b>Non-current assets</b>						
Restricted bank deposits	-	-	-	-	1.07	0.1
Hire purchase receivables - long-term portion	30.87	1.8	22.88	1.6	4.03	0.3
Loan receivables - long-term portion	5.50	0.3	0.36	0.0	0.33	0.0
Receivables under right transfer agreements – long-term portion	-	-	0.62	0.0	2.59	0.2
Investments in subsidiaries	13.69	0.8	13.74	0.9	15.07	1.1
Investment in joint venture	58.48	3.5	58.56	4.1	58.63	4.1
Investment properties	353.16	20.9	393.56	27.2	427.74	30.1
Property, plant and equipment	31.39	1.8	33.63	2.3	37.24	2.6
Intangible assets	21.71	1.3	16.87	1.2	20.74	1.5
Deferred tax assets	5.90	0.3	5.11	0.4	5.84	0.4
<b>Total non-current assets</b>	<b>638.53</b>	<b>37.7</b>	<b>545.33</b>	<b>37.7</b>	<b>573.28</b>	<b>40.4</b>
<b>Total assets</b>	<b>1,691.54</b>	<b>100.0</b>	<b>1,447.53</b>	<b>100.0</b>	<b>1,419.84</b>	<b>100.0</b>

Liabilities and shareholders' equity	Consolidated financial statements as of 31 December					
	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Current liabilities</b>						
Short-term loans from financial institutions	50.90	3.0	-	-	29.50	2.1
Short-term loan from related party	-	-	-	-	-	-
Trade and other payables	171.54	10.1	127.91	8.8	83.52	5.9
Current portion of liabilities under finance lease agreements	40.75	2.4	12.82	0.9	20.70	1.5
Current portion of long-term loans	-	-	-	-	6.37	0.4
Income tax payable	16.56	1.0	19.90	1.4	13.08	0.9
Other current liabilities	35.04	2.1	24.54	1.7	19.28	1.4
<b>Total current liabilities</b>	<b>314.79</b>	<b>18.6</b>	<b>185.17</b>	<b>12.8</b>	<b>172.45</b>	<b>12.2</b>
<b>Non-current liabilities</b>						
Liabilities under finance lease agreements, net of current portion	78.55	4.6	2.79	0.2	15.79	1.1
Long-term loans, net of current portion	-	-	-	-	3.33	0.2
Provision for long-term employee benefits	23.18	1.4	23.18	1.6	20.07	1.4
Deferred tax liability	-	-	-	-	5.20	0.4
<b>Total non-current liabilities</b>	<b>101.73</b>	<b>6.0</b>	<b>25.97</b>	<b>1.8</b>	<b>44.39</b>	<b>3.1</b>
<b>Total liabilities</b>	<b>416.52</b>	<b>24.6</b>	<b>211.14</b>	<b>14.6</b>	<b>216.84</b>	<b>15.3</b>
<b>Shareholders' equity</b>						
Registered						
662 million ordinary shares of Baht 1 each					662.20	
549 million ordinary shares of Baht 1 each	549.68		549.68			
Issued and fully paid share capital						
550 million ordinary shares of Baht 1 each	549.68	32.5	549.68	38.0	549.68	38.7
Share premium	295.29	17.5	295.29	20.4	295.29	20.8
Premium on share-based payments	10.25	0.6	10.25	0.7	10.25	0.7
Difference of changes in investment proportion in a subsidiary	(2.21)	(0.1)	(1.35)	(0.1)	(1.35)	(0.1)
Retained earnings						
Appropriated - statutory reserve	35.85	2.5	35.85	2.5	30.69	2.2
Appropriated - Treasury shares purchased	5.61	0.3	-	-	-	-
Unappropriated	377.41	22.3	341.52	23.6	313.18	22.0
Treasury shares purchased	(5.61)	(0.3)	-	-	-	-
<b>Equity attributable to owners of the Company</b>	<b>1,270.57</b>	<b>75.2</b>	<b>1,231.24</b>	<b>85.1</b>	<b>1,197.74</b>	<b>84.3</b>
Non-controlling interests of the subsidiaries	4.45	0.2	5.15	0.3	5.26	0.4
<b>Total shareholders' equity</b>	<b>1,275.02</b>	<b>75.2</b>	<b>1,236.39</b>	<b>85.4</b>	<b>1,203.00</b>	<b>84.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,691.54</b>	<b>100.0</b>	<b>1,447.53</b>	<b>100.0</b>	<b>1,419.84</b>	<b>100.0</b>

## (2) STATEMENTS OF COMPREHENSIVE INCOME

Performance	Consolidated financial statements as of 31 December					
	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b><u>Revenues</u></b>						
Sales	1,685.54	88.3	1,456.36	89.0	1,378.50	87.5
Hire purchase interest income	221.75	11.6	179.89	11.0	196.40	12.5
Income from loan receivables	2.62	0.1	0.20	0.0	0.60	0.0
<b>Total revenues</b>	<b>1,909.91</b>	<b>100.0</b>	<b>1,636.45</b>	<b>100.0</b>	<b>1,575.50</b>	<b>100.0</b>
Cost of sales	(435.82)	(22.8)	(409.12)	(25.0)	(388.52)	(24.7)
<b>Gross profit</b>	<b>1,474.09</b>	<b>77.2</b>	<b>1,227.33</b>	<b>75.0</b>	<b>1,186.98</b>	<b>75.3</b>
Other income	32.97	1.7	40.32	2.5	37.59	2.4
<b>Profit before expenses</b>	<b>1,507.06</b>	<b>78.9</b>	<b>1,267.65</b>	<b>77.5</b>	<b>1,224.57</b>	<b>77.7</b>
<b><u>Expenses</u></b>						
Selling and distribution expenses	(675.86)	(35.4)	(593.67)	(36.3)	(537.19)	(34.1)
Administrative expenses	(434.31)	(22.7)	(401.86)	(24.6)	(387.30)	(24.6)
Bad debts and doubtful accounts	(216.00)	(11.3)	(134.20)	(8.2)	(168.52)	(10.7)
Finance cost	(4.39)	(0.2)	(1.02)	(0.1)	(5.60)	(0.3)
<b>Total expenses</b>	<b>(1,330.56)</b>	<b>(69.6)</b>	<b>(1,130.75)</b>	<b>(69.2)</b>	<b>(1,098.61)</b>	<b>(69.7)</b>
<b>Profit before share of profit from investment in joint venture and income tax expenses</b>	<b>176.50</b>	<b>9.3</b>	<b>136.90</b>	<b>8.3</b>	<b>125.96</b>	<b>8.0</b>
Share of profit from investment in joint venture	(0.05)	(0.0)	(0.35)	(0.0)	1.29	0.1
<b>Profit before income tax expenses</b>	<b>176.45</b>	<b>9.3</b>	<b>136.55</b>	<b>8.3</b>	<b>127.25</b>	<b>8.1</b>
Income tax expenses	(32.10)	(1.7)	(27.03)	(1.6)	(22.26)	(1.4)
<b>Profit for the year</b>	<b>144.35</b>	<b>7.6</b>	<b>109.52</b>	<b>6.7</b>	<b>104.99</b>	<b>6.7</b>
<b>Other comprehensive income:</b>						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods Actuarial gains (loss) - net of income tax	-	-	0.82	0.1	(0.17)	(0.0)
<b>Total comprehensive income for the year</b>	<b>144.35</b>	<b>7.6</b>	<b>110.34</b>	<b>6.8</b>	<b>104.82</b>	<b>6.7</b>

Performance (continued)	Consolidated financial statements as of 31 December		
	2020	2019	2018
	Million Baht	Million Baht	Million Baht
<b>Profit attributable to:</b>			
Equity holders of the Company	143.13	109.63	106.79
Non-controlling interests of the subsidiaries	1.22	(0.11)	(1.80)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	143.13	110.45	106.62
Non-controlling interests of the subsidiaries	1.22	(0.11)	(1.80)
<b>Basic earnings per share</b>			
Profit attributable to equity holders of the Company	0.26	0.20	0.21
Number of weighted average of ordinary shares (Million shares)*	548.23	549.68	520.59
<b>Diluted earnings per share</b>			
Profit attributable to equity holders of the Company	0.26	0.20	0.21
Number of weighted average of ordinary shares (Million shares)*	548.23	549.68	520.59

**Remarks:** In 2018, the Company increased registered share capital as a result of warrants exercise in May and December 2018 totaling 5.12 million shares and 27.84 million shares respectively. Therefore, the Company retroactively adjusted number of weighted average of ordinary shares for earnings per share calculation of 2018

### (3) STATEMENTS OF CASH FLOWS

Operating Activities	Consolidated financial statements as of 31 December		
	2020	2019	2018
	Million Baht	Million Baht	Million Baht
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>	176.44	136.55	127.25
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	71.78	54.55	54.33
Bad debt and doubtful accounts	216.00	139.35	168.52
Reduce cost of inventories to net realizable value	(3.89)	5.47	4.94
Reversal of allowance for goods returned	0.01	(0.23)	(0.56)
Share of (gain)/Lose from investment in joint venture	0.05	0.35	(1.29)
Allowance for impairment loss on investment in subsidiary	(5.18)	(5.29)	(0.88)
Gain on sales of equipment	-	-	0.07
Allowance for impairment loss on equipment	-	-	0.04
Allowance for impairment loss on intangible assets	2.06	1.99	3.26
Allowance for goods warranty (reversal)	4.39	4.64	3.12
Provision for long-term employee benefits	(0.69)	(0.50)	(0.05)
Interest income	4.39	1.02	5.60
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>465.36</b>	<b>337.90</b>	<b>364.35</b>
Operating assets (increase) decrease			
Trade and other receivables	2.87	7.32	(5.06)
Hire purchase receivables	(238.63)	(223.65)	(149.91)
Loan receivables	(27.75)	0.44	1.17
Receivables under right transfer agreements	1.64	2.15	3.13
Inventories	(75.14)	3.79	10.18
Other current assets	(18.52)	4.31	1.52
Other non-current assets	(1.37)	(0.63)	2.41
Operating liabilities decrease			
Trade and other payables	40.86	45.36	(15.42)
Other current liabilities	8.43	3.05	(0.37)
Cash paid for long-term employee benefits	(4.40)	(0.49)	(0.15)
<b>Cash from operating activities</b>	<b>153.35</b>	<b>179.55</b>	<b>211.85</b>
Cash paid for interest expenses	(4.43)	(1.00)	(5.61)
Cash paid for income tax	(38.63)	(21.75)	(18.57)
<b>Net cash flows from operating activities</b>	<b>110.29</b>	<b>156.80</b>	<b>187.67</b>

Investing and Financing Activities	Consolidated financial statements as of 31 December		
	2020	2019	2018
	Million Baht	Million Baht	Million Baht
<b><u>Cash flows from investing activities</u></b>			
Decrease in restricted bank deposits	-	1.07	1.81
Cash paid for investment in joint venture	-	-	-
Cash paid for short-term loan to related party	(26.98)	(0.17)	-
Acquisition of property, plant and equipment	(16.53)	(25.25)	(8.15)
Acquisition of intangible assets	(2.86)	(1.49)	(5.30)
Proceeds from sales of equipment	24.84	17.08	2.71
Interest received	0.74	0.45	0.05
Proceeds from disposal of subsidiary	1.21	-	-
Proceeds from disposal of non-controlling interest	3.22	-	-
Payment from disposal of non-controlling interest	(4.98)	-	-
<b>Net cash flows used in investing activities</b>	<b>(21.34)</b>	<b>(8.31)</b>	<b>(8.88)</b>
<b><u>Cash flows from financing activities</u></b>			
Decrease in short-term loans from financial institutions	50.90	(29.50)	(100.41)
Cash receipt from short-term loan from related party	-	-	-
Repayment of liabilities under finance lease agreements	(41.23)	(20.87)	(28.71)
Repayment of long-term loans	-	(9.70)	(12.27)
Cash receipt from share capital issued as a result of warrants exercise	-	-	59.91
Cash received for dividends	-	0.89	-
Payment to owners to acquire entity's shares	(5.61)	-	-
Dividend paid	(90.36)	(77.46)	(82.29)
<b>Net cash flows used in financing activities</b>	<b>(86.30)</b>	<b>(136.64)</b>	<b>(163.77)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2.65</b>	<b>11.85</b>	<b>15.02</b>
Cash and cash equivalents at the beginning of year	59.44	47.59	32.57
<b>Cash and cash equivalents at end of year</b>	<b>62.09</b>	<b>59.44</b>	<b>47.59</b>



**(4) FINANCIAL RATIOS**

Financial Ratios	Unit	Consolidated financial statements for the years ended 31 December		
		2020	2019	2018
<b><u>Liquidity Ratios</u></b>	-			
Liquidity ratio	Time	3.35	4.87	4.91
Quick ratio	Time	2.46	4.04	3.93
Liquidity of cash flow from operation	Time	0.44	0.88	0.81
Account receivable turnover	Time	2.45	2.28	2.27
Average collection period	Day	*148.76	*160.34	*160.82
Inventory turnover	Time	5.12	7.02	5.84
Average sale period	Day	*71.22	*52.01	*62.47
Account payable turnover	Time	20.45	22.79	17.56
Average payment period	Day	*17.85	*16.02	*20.79
Cash cycle	Day	202.13	196.34	202.50
<b><u>Profitability Ratios</u></b>				
Gross profit margin	%	77.18	75.00	75.34
Operating profit margin	%	7.52	5.90	5.69
Cash to profitability	%	76.84	162.35	209.30
Realized interest under hire purchase ratio	%	33.19	28.41	32.44
Interest rate paid (Borrowings)	%	4.73	2.23	3.82
Interest spread	%	28.47	26.18	28.61
Net profit margin	%	7.56	6.69	6.66
Return on equity	%	11.50	8.98	9.03
<b><u>Efficiency Ratios</u></b>				
Return on assets	%	9.20	7.65	7.24
Return on fixed assets	%	57.89	39.95	35.45
Asset turnover	Time	1.22	1.14	1.09
<b><u>Financial Ratios</u></b>				
Debt to equity	Time	0.33	0.17	0.18
Interest bearing debt to equity	Time	0.13	0.01	0.06
Interest coverage	Time	33.43	181.22	38.46
Cash flow coverage	Time	1.08	1.07	0.81
Dividend payout	%	72.65	76.15	91.35

**Remarks:** \* The days in the ratio calculation. Use 365 days.

## Management Discussion and Analysis

### Management Discussion and Analysis of Financial Position and Operating Results

#### Overview of Operating Results

The Group engages in manufacturing and distribution of water purifier business including water filters, distribution of home electric appliances, and distribution of ice maker machines through direct sale channel that is main distribution of the Group and through O2O platform (online to offline) by cooperating among Digital Marketing Team, Sales Team and Services Team to fully support the needs of all customer groups nationwide. The direct sales include cash sales and installment sales. In addition, in 2017 Thiensurat Leasing Co., Ltd., a subsidiary, has started to operate retail loan business, and generated interest income from loan receivables for home electric appliances under PONSaBUY Program to the Company's customer based. Therefore, revenues of the Group can be categorized into 3 main types: revenues from sales, hire purchase interest income, and income from loan receivables. In 2020, total revenues of the Group was Baht 1,909.91 million or increased by 16.71%, and total net profit of the Group was Baht 143.13 million or increased by 30.56% from the last year.

In 2020, it was the time that global economy and society affected by the Corona Virus Disease (COVID-19) pandemic. The Group has adjusted the operations strategies both reactive and proactive plans, collaborating with all department teams and enabled the Group to overcome the crisis. The Group was fully aware of the safety and hygiene of the customers, employees and stakeholders, so the operating procedures were executed in accordance with the Government's Policy and Protocol to control the spread of disease. In order to build the customers' confidence, the Group committed to deliver good health and safety to every household with good quality products and services. Non-infected Sales teams was created with strict control by sanitizing all equipment related to sales and services and regular trainings all front-end staff to perform the duties with high protection for minimizing the risk of infection. In addition, employees were allowed to work from home or conducted pre-screening program prior entering the working area according to the Public Health measures. The company also supported the staff's families that ran into difficulties, also the communities nearby the company head office and subsidiaries by donating daily necessities, for example, drinking water, meal boxes, etc.

As for business operations, the company strategically adjusted sales on O2O platform (online to offline) by cooperating among Digital Marketing Team, Sales Team and Services Team to fully support the needs of all customer groups nationwide, amid the behaviors and lifestyles changing in the "New Normal" way of life. Moreover, the company was able to launch two new products at the right speed for the needs of customers and markets which were SURE-Bright, the Fighting Model with mid-price range to enable the consumers who have limited budget to access clean water and RO system (Reverse Osmosis Membrane) called SAFE RO2 model, to help solving the salty tap water problem due to brackish water conditions caused by drought and rising sea levels. With excellent feedbacks, the company also extended its strength and expertise in relevant products such as Watermate (Point of Entry Water Treatment) towards the area without tap water supply water treatment system for household and Hot-Cold water dispenser with a built-in water filtration system for corporate usage. Another company achievement in 2020 was the business expansion in the commercial market (B2B) through a joint venture with Alpine Water Co., Ltd. for distributing ice maker machines with technology from Europe under "Alpine" Brand, which has capacity to produce various models to fulfill the needs of small and large businesses including household use. It has enhanced the growth of company's core business (Cross Selling) focusing on the strength as drinking water expert and to meet requirements of any businesses in terms of cleanliness, safety, convenience and cost-saving in operation.

## Analysis of Operating Results

### Sales

The Group derives its sale revenues from 3 major types of revenues in terms of both cash sales and installment sales, which are revenues from direct sales, revenues from distributing products through a leading direct sale company, and revenues from distributing products through Online marketing.

- For 2018, 2019 and 2020, the Group earned total revenues (revenues from sales of goods, hire purchase interest income and income from loan receivables) amounting to Baht 1,575.50 million, Baht 1,636.46 million, and Baht 1,909.91 million respectively. Comparing between 2019 and 2020, total revenues increased by Baht 273.46 million from previous year or increased by 16.71% year-on-year. Total revenues consisted of revenue from sales of goods amounting to Baht 1,685.54 million, an increase of Baht 229.18 million or 15.74% as well as hire purchase interest income including income from loan receivables amounting to Baht 224.37 million, an increase of Baht 44.28 million, or 24.58%. An increase of revenue came from sales of water purifiers and ice maker machines increased with the improvement of direct sale structure by increasing direct sale teams for water purifiers with the valued information from new IT technology of GIS and Provincial Waterworks Authority to manage the areas to sell water purifiers and to monitor sale team efficiency including with launching a new product as ice maker machine through the Group's investment in the ratio of 54.00% by incorporating a new subsidiary company named Alpine Water Company Limited with total one million shares with par value Baht 10.00 per share and the Shareholders had been paid up capital of 70% of share registered. Alpine Water Company Ltd. has business about trading, rental, and service the set of ice maker machine composed of ice maker machine and water purifier to support and to build the revenue growth in the future with making cleaned ice for healthy through the Company's water purifier with after sale service to change the filters on time as the system that is different from the other competitors in the market of ice maker machine. This differentiate will help the Company to build the huge return to the shareholders in the long run. Besides an increase of higher sales of water purifiers and ice maker machines since the third quarter of 2020, hire purchase interest income including income from loan receivables was increased by 24.58% that came from new hire purchase accounts and new loan receivables together with higher recognition of hire purchase interest income according to new accounting standard of TFRS 9.

Sales by distribution channels are presented below.

Revenues	For the Years Ended 31 December					
	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales:						
Cash and credit	276.29	14.5	216.15	13.2	204.75	13.0
Hire purchase	1,409.25	73.8	1,240.21	75.8	1,173.75	74.5
Total sales	1,685.54	88.3	1,456.36	89.0	1,378.50	87.5
Hire purchase interest income	221.75	11.6	179.89	11.0	196.40	12.5
Income from loan receivables	2.62	0.1	0.20	0.0	0.60	0.0
<b>Total revenues</b>	<b>1,909.91</b>	<b>100.0</b>	<b>1,636.45</b>	<b>100.0</b>	<b>1,575.50</b>	<b>100.0</b>

Details of revenues from major distribution channels are as follows:

**(1) Revenues from direct sales**

The revenue was mainly from direct sales (Door to door) for the water purifier and water filters under the company's brand of "SAFE"

**(2) Revenues from distribution through a leading direct sale company**

The Company manufactures and distributes the products through leading direct sale company like Giffarine Skyline Unity Co., Ltd., Addwell Beauty (Thailand) Co., Ltd., and Successmore Being Public Co., Ltd.

**(3) Revenues from distribution through Online Marketing**

Regarding to serve the customers' demand and the rapid change of technology, company started to operate sales of electric appliances through Online Marketing in the end of 2017 and got more experience to develop it to **Online to Offline (O2O)** for sales of water purifier in 2018 up to now.

**(4) Revenue from sale of ice maker machine through Alpine Water Co.,Ltd.**

The revenue was mainly from salesman of Alpine Co., Ltd., and the existing direct sale channel and Online-Marketing of Thiensurat Public Co.,Ltd.

Comparing sales by product groups, revenues from sales of water purifier products in 2018, 2019 and 2020 were Baht 1,110.98 million, Baht 1,082.03 million and Baht 1,277.09 million respectively. For 2020, the revenue from sales of water purifier increased Baht 195.07 million from previous year or by 18.03% year-on-year due to the improvement of direct sale structure by increasing direct sale teams for water purifiers with the valued information from new IT technology of GIS and Provincial Waterworks Authority to analyze and plan the areas to sell water purifiers and to monitor sale team efficiency.

The revenues from sales of water filters in 2018, 2019 and 2020 were Baht 127.73 million, Baht 139.14 million, and Baht 147.10 million respectively. For 2020, the revenues from sales of the replacement filter increased by Baht 7.96 million from previous year or increased by 5.72% year-on-year, caused by the effect of transferring sales of water filters back to the duty of Telesales and Customer Retention (CRD) to remind the customers to replace new filters regarding to their family health.

In 2020, sale of home electrical appliances with brand name like television, washing machine, refrigerator, air conditioner, freezer, water heater, air cooler and air purifier was still increased with the campaign of easy payment named "PONSaBUY" through online marketing with total sale value amounting Baht 239.49 million including with an increase of sale of ice maker machine from salesman of Alpine Water Co.,Ltd. And Thiensurat Public Co., by Baht 21.86 million.

For 2020, revenues by products are shown below:

Revenues by Products	Amount (Million Baht)	%
Water purifier	1,277.09	75.8
Replacement filter	147.10	8.7
Electric appliances and others	239.49	14.2
Ice maker machine	21.86	1.3
<b>Total</b>	<b>1,685.54</b>	<b>100.0</b>

### Cost of sales

Costs of sales consist of raw material costs, labor costs of production staff, manufacturing overhead and other costs. The costs of sales for 2018, 2019 and 2020 were Baht 388.52 million, Baht 409.12 million, and Baht 435.82 million respectively, and cost of sales to total revenues ("Cost to sales revenue ratio") were 24.66%, 25.00% and 22.82%, respectively. Cost of sales for 2020 increased from previous year of Baht 26.70 million, or 6.53%. Cost to sales revenue ratio decreased from previous year due to higher sale proportion of water purifier with high product margin together with the result of production improvement under the situation of the outbreak of the 2019 coronavirus (COVID-19)

### Other incomes

Other incomes were income derived from other sources than sales of main products. Majority of the other incomes was from sales of used assets like canvassing trucks, goods returned, plastic scrap, premium gift and bad debt recoveries. The Group has recorded other income for 2018, 2019 and 2020 at Baht 37.59 million, Baht 40.32 million and Baht 32.97 million, respectively. In 2020, other incomes of the Group were decrease by Baht 7.35 Million from Y2019 mainly caused by the adjustment of contribution fee of the Group and lower sales of plastic scrap and lower bad debt recovery.

### Distribution costs

Distribution costs were fundamental expenses to the Group's business, which was driven by direct sales. Key items of selling expenses comprised of advertising and promotion expenses, employees' compensation such as namely commission, travelling expenses, allowances, etc. The distribution costs of 2018, 2019 and 2020 were Baht 537.19 million, Baht 593.67 million and Baht 675.86 million, respectively. In 2020, distribution costs increased from 2019 mainly due to an increase of revenue from sale of goods, interest income from hire-purchase contract and loans and income from loan receivables. The proportions of distribution costs to total revenues for 2020 was 35.39% (2018: 34.10%, 2019: 36.28%). A decrease was due to lower advertising expenses via television and Facebook and the improvement of sales structure, selling commission and promotion scheme to be less complexity and more efficiency to support direct sales

### Administrative expenses

- Administrative expenses included employees' expenses, depreciation, utility expenses etc. Administrative expenses of the Group for 2018, 2019 and 2020 were Baht 387.30 million, Baht 401.86 million and Baht 434.31 million respectively. Compared with 2019, administrative expenses increased by Baht 32.44 million or 8.07%. The proportions of administrative expenses to total revenues for 2020 reduced to 22.74 % compared to 2019 which was equal to 24.56% mainly due to a significant increase of sales and efficiency managing of administrative expenses such as employee activities expenses under the situation of the outbreak of the 2019 coronavirus (COVID-19) as well as the on-going plans to reduce all the administrative expenses by reducing the redundant and unproductive administrative



expenses and using the information technology and outsourcings to support the Group's operation instead of human labor.

#### **Impairment losses ( 2019: Bad and doubtful debts expenses)**

In terms of credit control and inspection, the Group has established the Credit Department in order to assess the customers' ability to pay, and to collect installment from the customers. Moreover, the Company has policy that sales staff are required to share losses from uncollectible debts by deducting staff's remuneration. This is a measure to mitigate risk and reduce impact from uncollectible debts. This aimed to raise conservative sale quality awareness of the Company's sales staff.

For the overdue account receivables in 2020, the Group have initially applied TFRS 9 Financial Instruments to recognize expected credit loss over the contractual life of the financial instrument to compute allowance of bad debts instead of the bad debt policy which the Company set up allowance for doubtful accounts for delinquency, based on the estimation of uncollectible debts taking into account past experience in debt collection, management's consideration on analysis of each doubtful account. The basis for calculation of allowance for doubtful accounts was based on aging of receivables. (Additional information is available in the table of accounting policy on allowance for doubtful accounts of hire purchase receivable). The Company will record bad debts for overdue debts of more than 3 consecutive installments. The debtors will be contacted by the Company's staff and will receive warning notices from the Company's Legal Department before the accounts are written off and recorded as bad debts. The Company will then process for further legal actions against bad debtors.

Bad debts and allowance for doubtful accounts recorded for 2018 and 2019 were Baht 168.52 million and Baht 134.20 million. In 2020 the Group had bad debts and allowance for doubtful accounts equal to Baht 145.88 million and impairment losses equal to Baht 70.12 million. The amounts of bad debts and allowance for doubtful accounts for 2020 was higher than last year by Baht 11.68 million or 8.70% due to the impact of global economy and society affected by the Corona Virus Disease (COVID-19) pandemic, and the impact of the Group's adoption of TFRS 9. In 2020, the Company established the policy to book impairment losses for seized water purifiers from overdue hire-purchase receivables in order to utilize them by refurbishing and selling as demo products or donate to school, temples or official offices as the Company's CSR. Under the measurement to cope with bad debts, the establishment of more prudent credit approval policy like as shortening payment terms and increase stringency in credit approval processes to ensure quality of hire purchase receivables.

#### **Finance costs**

Finance costs were interest expenses on loans. The Group utilized a working capital loan, as part of its funding, to operate its hire purchase business, together with funds from collections from customers. Therefore, in addition to the cost of sales, the finance costs were considered another main cost of the Group's operations. Categorized by purposes of use, finance costs comprised costs of working capital loans for operating activities, and costs of long-term borrowings used for investing activities. Total finance costs of 2018, 2019 and 2020 were Baht 5.60 million, Baht 1.02 million, and Baht 4.39 million, respectively. Compared to 2019, the finance costs of 2020 was higher but lower than 2018 because of an increase of short-term loan from financial institutions amounting Baht 50.90 million for supporting the lending business of Thiensurat Leasing Co. Ltd.

#### **Net profit**

In 2018, 2019 and 2020, the Group generated net profits of Baht 106.79 million, Baht 109.63 million, and Baht 143.13 million respectively. Compared to 2019, the Group's net profit increased by Baht 33.50 million, or increased by 30.56%. An increase in net profit of 2020 was due to an increase of revenue from sale of goods and hire purchase interest income including income from



loan receivables and lower the proportions of cost of sales, distribution costs and administrative expenses to total revenues except impairment losses resulting from the above mentioned rationale. The net profit ratios, calculated from the net profits presented in the consolidated financial statements, were 6.78%, 6.70% and 7.49%, for 2018, 2019 and 2020 respectively.

### Financial Position Analysis

#### Assets

Total assets of the Group as at 31 December 2018, 2019 and 2020 were Baht 1,415.09 million, Baht 1,447.54 million and Baht 1,691.54 million, respectively. Majority of assets were hire purchase receivables, property, plant and equipment ("PPE"), and inventories. The accounts receivable from hire purchase came from customers of direct sales by installment payment, which was the main revenue of the Group. The PPE was from investment of manufacturing factory, office building, and intangible assets for preparation of business expansion. Inventories were procured and produced to store at the optimum level to satisfy the customers' demand. All measures as mentioned, are prepared for business expansion.

Proportions of current assets to total assets are presented in the table below:

Assets (Million Baht)	2020	2019	2018
Total assets	1,691.54	1,447.53	1,419.84
Current assets	1,053.01	902.20	846.56
<b>Proportions of current assets to total assets (%)</b>	<b>62.25</b>	<b>62.33</b>	<b>59.62</b>

The proportion of current assets to total assets of 2020 slightly decreased due to an increase of right of use assets from the adoption of TFRS 16.

#### Hire purchase receivables

Hire purchase receivables (net) were receivables from installment sales (net of deferred interest, deferred output tax, allowance for doubtful accounts and allowance for goods returned) which had the highest proportion in current assets. As at 31 December 2018, 2019 and 2020, the Group had net hire purchase receivables of Baht 603.80 million, Baht 688.90 million and Baht 701.02 million, respectively.

#### Adequacy of allowance for doubtful accounts

Major portion of the Group's accounts receivable was hire purchase receivables from sales of water purifiers and electric appliances. The Group have initially applied TFRS 9 Financial Instruments to recognize expected credit loss over the contractual life of the financial instrument to compute allowance of bad debts is as follows:

## Water Purifiers

### Accounts receivable from hire purchase accounts (Receivables less deferred hire-purchase interest and deferred output tax)

Unit : '000 Baht	Water Purifier							
	Balance of hire purchase				Allowance for doubtful account			
	31-Dec-20		31-Dec-19		31-Dec-20		31-Dec-19	
Staging								
Stage 1 (not over 1 installment)	539,482	87.43%	522,788	89.08%	13,459	2.49%	16,769	3.21%
Stage 2 (not over 3 installment)	47,717	7.73%	43,761	7.46%	18,534	38.84%	16,063	36.71%
Stage 3 (Over 3 installment)	29,849	4.84%	20,303	3.46%	25,988	87.06%	15,008	73.92%
Total amount	617,048	100.00%	586,852	100.00%	57,981	9.40%	47,840	8.15%
% of Allowance for doubtful account per total hire purchase receivable					9.40%		8.15%	

## Electrical appliances

### Accounts receivable from hire purchase accounts (Receivables less deferred hire-purchase interest and deferred output tax)

Unit : '000 Baht	Electrical appliances							
	Balance of hire purchase				Allowance for doubtful account			
	31-Dec-20		31-Dec-19		31-Dec-20		31-Dec-19	
Staging								
Stage 1 (not over 1 installment)	132,870	88.10%	129,591	83.63%	2,394	1.80%	711	0.55%
Stage 2 (not over 3 installment)	8,721	5.78%	11,598	7.48%	1,577	18.08%	832	7.17%
Stage 3 (Over 3 installment)	9,223	6.12%	13,773	8.89%	4,886	52.98%	3,523	25.58%
Total amount	150,814	100.00%	154,962	100.00%	8,857	5.87%	5,066	3.27%
% of Allowance for doubtful account per total hire purchase receivable					5.87%		3.27%	

From the comparison aging of hire purchase accounts receivable as of 31 December 2020 to those as of 31 December 2019, there were lower overdue hire purchase accounts of electrical home appliances, but slightly higher overdue hire purchase accounts of water purifiers by considering the amount of hire purchase accounts overdue three months (NPL) of electrical home appliance reduced from 8.89% to 6.12%; whereas, NPL of water purifiers increased from 3.46% to 4.84% respectively. The lower overdue hire purchase accounts of electrical home appliances came from strictly credit approval and efficient collection. The higher overdue hire purchase accounts of water purifiers caused by customers asking for delay payment with the impact of the outbreak of the 2019 coronavirus (COVID-19). However, the Company still keep on the strict measurement for imprudent salesforce that have to take responsibilities with the loss by return the commission and send credit officers to collect and solve those overdue hire purchase accounts by seizing the products back and sell them as second hand products. The collection of electrical home appliance hire purchase accounts has been improved by hybrid of direct payment and sending credit officers to collect the overdue accounts for the customers who have less responsibilities to have direct payment on time, but if it cannot be collected, send credit officers to take the products back.

## Inventories

Inventories as at 31 December 2018, 2019 and 2020 amounting to Baht 142.99 million, Baht 133.73 million and Baht 212.77 million, respectively. An increase of inventory came from more purchasing order of water purifiers and ice maker machines to serve high potential customers' orders in Y2021

## Property plant and equipment (PPE), and intangible assets

As at 31 December 2018, 2019 and 2020, the Group had PPE amounting to Baht 427.74 million, Baht 393.56 million and Baht 353.16 million, respectively, and intangible assets of Baht 37.24 million, Baht 33.63 million and Baht 31.39 million, respectively. Most of the assets were land and building of head office and factories. The Group has acquired the PPE and intangible assets or computer software as a result of business expansion. In 2020, PPE were reduced by sale-out of used canvassing trucks after completing operating term and turned to use the operating lease instead in order to avoid the maintenance cost, including an increase of accumulated depreciation.

### Deferred tax assets and liabilities

The deferred tax caused by the differences in revenue and expense recognition between accounting and tax bases. As at 31 December 2018, 2019 and 2020, the Group recorded the deferred tax assets of Baht 20.74 million, Baht 16.87 million and Baht 21.71 million, respectively. The deferred tax of the Group mainly derived from allowance for doubtful accounts

### Liabilities

The Group's liabilities comprised loans from financial institutions, trade and other payables, long-term loans, liabilities under finance lease agreements, employee benefit obligations, tax payable income, and other liabilities. Total liabilities as at 31 December 2018, 2019 and 2020 amounting to Baht 216.84 million, Baht 211.14 million and Baht 416.52 million, respectively. In 2020, the Group's liabilities increased from lease liabilities amounting Baht 119.30 Million from the adoption of TFRS 16- Leases including with an increase of short-term loan from financial institutions amounting Baht 50.90 Million for supporting the lending business of Thiensurat Leasing Co., Ltd., and an increase of trade account payable and other payable amounting Baht 43.63 Million from more purchasing order of inventories to serve higher sale.

Details of major liabilities are as follows:

- **Short-term loans from financial institutions** as at 31 December 2020 was Baht 50.90 million for supporting the lending business of Thiensurat Leasing Co., Ltd.
- **Trade and other payables** as at 31 December 2020, the outstanding balance trade and other payables of the Group was Baht 171.54 million. The balance increased from 2019 by Baht 43.63 million or increased by 34.11% mainly due to an increase of accrued promotion expenses.
- **Liabilities under finance lease agreements** Most of the liabilities under finance lease agreements were for the acquisition of motor vehicles for sales teams. The outstanding balance of 2020 was Baht 119.30 million which decreased from 2019 of Baht 103.69 million or increased by 663.99% due to the impact of the adoption of TFRS 16- Leases caused by more lease agreements of motor vehicles and shops for the expansion of direct sales team to up country.
- **Long-term loans** as of 31 December 2020 was nil.
- **Provision for long-term employee benefits** as at 31 December 2020, the Group recorded the provision for long-term employee benefits, based on the actuarial calculation, of Baht 23.18 million which slightly decreased from 2019.

### Shareholders' equity

As at 31 December 2018, 2019 and 2020, the Group's shareholders' equity were Baht 1,197.74 million, Baht 1,231.24 million, and Baht 1,270.57 million, respectively. The shareholders' equity has risen continually from the steady flow of net profits which resulted in the Company's ability to pay dividend to the shareholders in accordance with the dividend payment policy. Major activities in 2020 regarding shareholders' equity, apart from annual profits, are as follows:

- **Dividend payment** The Company paid interim dividend totaling Baht 46.51 million, pursuant to the resolution of the Board of Directors' Meeting on 13 August 2020. The dividend payment was made by cash.
- **Registered capital** The issued and paid up share capital as at 31 December 2020 was Baht 549.68 million and the share premium was Baht 295.29 million.
- **Treasury shares** As at 31 December 2020, the company has repurchased the shares in total of 2,697,900 million or 0.49% of total paid-up capital at a total cost of Baht 5.61 million. Treasury shares recognized as a deduction from equity in consolidated financial statement. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares.

### Financial structure

As at 31 December 2018, 2019 and 2020, the Group's Debt to Equity ratios were 0.18, 0.17 and 0.33, respectively. The ratios of interest bearing debt to equity were 0.06, 0.01 and 0.13 respectively. The debt to equity ratio and interest bearing debt to equity ratio of 2020 increased due to an increase of lease liabilities amounting Baht 119.30 Million from the adoption of TFRS 16- Leases including with an increase of short-term loan from financial institutions amounting Baht 50.90 Million for supporting the lending business of Thiensurat Leasing Co., Ltd.

### Liquidity

#### Cash Flows

Sources and uses of cash flows can be summarized as follows:

Unit : Million Baht	As at 31 December		
	2020	2019	2018
Operating Activities	110.29	156.80	187.67
Investing Activities	(21.34)	(8.31)	(8.88)
Financing Activities	(86.30)	(136.64)	(163.77)
<b>Net cash increase (decrease)</b>	<b>2.65</b>	<b>11.85</b>	<b>15.02</b>
Cash and cash equivalent, beginning of the year	59.44	47.59	32.57
<b>Cash and cash equivalent, ending of the year</b>	<b>62.09</b>	<b>59.44</b>	<b>47.59</b>

As a result of the efficiency in liquidity management, the Group had sufficient working capital and could pay the dividend in cash totaling of Baht 90.36 million during the year 2020 (2019: Baht 77.46 million).

### Analysis of Return on Shareholders' Equity

Return on Shareholders' Equity (ROE) increased from 8.98% in 2019 to 11.50% in 2020. Major factors affecting ROE are as follows:

- (1) **Cost management:** Net Profit Margin increased from 6.69% to 7.56% as a result of a significant decrease in the proportions of cost of sales, distribution costs and administrative expenses to total revenues.
- (2) **Asset turnover:** Asset Turnover of 2020 was at 1.22 times which was no significant change from 2019 (2019: 1.14 times). In 2020, total assets of the Group's increased by Baht 244.00 million due to an increase of right of use assets from the adoption of TFRS 16. This showed the efficiency in asset management of the Group.
- (3) **Financial structure:** Debt to Equity Ratio increased from 0.17 to 0.33 times as a result of the adoption of TFRS 16- Leases including with an increase of short-term loan from financial institutions amounting Baht 50.90 Million for supporting the lending business of Thiensurat Leasing Co., Ltd., and an increase of trade account payable and other payable amounting Baht 43.63 Million from more purchasing order of inventories to serve higher sale.

### Factors that May Have Impacts on Operating Results or Financial Positions in the Future

#### The expansion of urban community and the proportions of sales

The Group focuses its distribution in the urban areas where there is a high population density to enable salespersons to perform their duties most effectively. As a result of the trend of domestic economic growth, urban communities have continually expanded. This development has positively contributed to the Group marketing plan. In addition, it has increased new potential areas, which is an opportunity for the Group business growth and expansion in the future.

### **The situation of Corona Virus Disease (COVID-19) pandemic**

In 2020, it was the time that global economy and society affected by the Corona Virus Disease (COVID-19) pandemic. The company has adjusted the operations strategies both reactive and proactive plans, collaborating with all department teams and enabled us to overcome the crisis. The company was fully aware of the safety and hygiene of the customers, employees and stakeholders, so the operating procedures were executed in accordance with the Government's Policy and Protocol to control the spread of disease. In order to build the customers' confidence, the company committed to deliver good health and safety to every household with good quality products and services. Non-infected Sales teams was created with strict control by sanitizing all equipment related to sales and services and regular trainings all front-end staff to perform the duties with high protection for minimizing the risk of infection. In addition, employees were allowed to work from home or conducted pre-screening program prior entering the working area according to the Public Health measures. The company also supported the staff's families that ran into difficulties, also the communities nearby the company head office and subsidiaries by donating daily necessities, for example, drinking water, meal boxes, etc.

### **Effect from new accounting standards**

A number of new and revised TFRS which are relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

**TFRS 9** related to financial instruments relating to the classification of financial instruments and its measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information. The Group and the Company has made the preliminary impact assessment of initially applying TFRS-Financial instruments on the financial statements. The majority of the impact is result from expected credit losses in the subsidiary. The expected impact on decreasing retained earnings is approximately 2% for consolidated financial statements.

**TFRS 16 Leases** introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognize new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 14.4 million and Baht 14.3 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted and so on for the company's growth and sustainable forever.



## Detail of the Directors, Management, Controlling Person and Company Secretary

<b>1.</b>	<b>Name</b>	Mr. Sahas Treetipbut
	<b>Age</b>	73
	<b>Position</b>	<ul style="list-style-type: none"> <li>Chairman of the Board</li> <li>Chairman of the Executive Committee</li> </ul>
	<b>Shareholding (%)</b>	None
	<b>Education</b>	<ul style="list-style-type: none"> <li>Master of Science (Computer and Information Sciences), Syracuse University, New York, USA.</li> <li>Statistics Department Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>Director Accreditation Program (DAP) Class 28/2004 Thai Institute of Directors.</li> <li>Successful Formulation &amp; Execution of Strategy (SFE) Class 7/2013 Thai Institute of Directors.</li> <li>How to Measure the Success of Corporate Strategy (HMS) Class 2/2013 Thai Institute of Directors.</li> <li>Academic seminar The Flagship Summit: Future Fast-Forward by the Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>None</li> </ul>
	<b>Relations</b>	
	<b>Work Experience 5 Years up</b>	
	2013 - Present	Chairman of the Board / Chairman of the Executive Committee Thiensurat Public Company Limited
	2014 - Present	Chairman of the audit Committee / Chairman of the Risk Management / Independent director / Member of Nomination and Remuneration Committee
	2013 - Present	Origin Property Public Company Limited Director / Member of Audit Committee
	2008 – Feb 2021	MBK Resort Public Company Limited Chairman of the Board / Member of Audit Committee / Independent director
	2001 - Present	COL Public Company Limited Director / Member of Nomination and Member of Remuneration Committee/ Member of Executive Committee Internet Thailand Public Company Limited
<b>2.</b>	<b>Name</b>	Mr. Ekarat Changyoo
	<b>Age</b>	37
	<b>Position</b>	<ul style="list-style-type: none"> <li>Director</li> <li>Member of Corporate Governance and Corporate Social Responsibility Committee</li> <li>Member of Risk Management Committee</li> <li>Member of Executive Committee</li> <li>Chairman of the Management Committee</li> <li>Chief Executive Officer</li> </ul>
	<b>Shareholding (%)</b>	6.20
	<b>Education</b>	<ul style="list-style-type: none"> <li>Master of science, International Business&amp; English, University of Portsmouth, Hampshire, UK.</li> <li>Bachelor Degree Accounting, Kasetsart University.</li> <li>Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.</li> <li>Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.</li> <li>Director Certification Program (DCP) Class 263/2018 Thai Institute of Directors.</li> </ul>



## Relations

### Work Experience 5 Years up

Nov 2020 - Present

Little brother of the person No.4 and No.5

Director

DrinkCo Company Limited

May 2020 - Present

Director

Alpine water Company Limited

Feb 2018 - Present

Member of Executive Committee / Chairman of the Management Committee

Thiensurat Public Company Limited

2016 - Present

Chief Executive Officer

Thiensurat Public Company Limited

2016 - Present

Director

Thiensurat Leasing Company Limited

2013 - Present

Director / Member of Corporate Governance and Corporate Social Responsibility Committee / Member of Risk Management Committee

Thiensurat Public Company Limited

2014 - July 2016

Deputy Managing Director - New Sale Channel and Customer Service Group

Thiensurat Public Company Limited

2014 - Sep 2019

Director

Fedders Thai Company Limited

2013 - 2014

Deputy Managing-Customer Relations Management Group

Thiensurat Public Company Limited

2013

Deputy Managing-Customer Relations Management Group

Thiensurat Company Limited

2012 - 2013

Assistant Managing Director

Thiensurat Company Limited

3.	<b>Name</b>	Mr. Viruch Wongnirund
	<b>Age</b>	69
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of Risk Management Committee</li> </ul>
	<b>Shareholding (%)</b>	0.19
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Master of Business Administration (MBA) Florida International University, Miami, Florida, USA.</li> <li>- Certificate in Production and Manufacturing, Florida International University, Miami, Florida, USA.</li> <li>- Bachelor of Science in Industrial Technology (Honor) Florida International University, Miami, Florida, USA.</li> <li>- Associate Degree in Pre-Engineering, Miami- Dade Community College, Miami, Florida, USA.</li> <li>- Director Certification Program (DCP) Class 135/2010 Thai Institute of Directors.</li> <li>- Successful Formulation &amp; Execution of Strategy (SFE) Class 11/2010 Thai Institute of Directors.</li> <li>- Audit Committee Program (ACP) Class 37/2011 Thai Institute of Directors.</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	2013 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
	2016 - Jan 2018	Director Thiensurat Leasing Company Limited
	Feb - Dec 2018	Member of Executive Committee / Member of Management Committee Thiensurat Public Company Limited
	2013 - 2018	Managing Director Thiensurat Public Company Limited
	2014 - Feb 2017	Director / Member of Risk Management Committee Krunghthai-AXA Company Limited
	2012 - 2013	Organizational Development and Systems Thiensurat Company Limited

2011 - 2014	Director / Chairman of the Audit Committee / Member of Executive Committee Krungthai - AXA Company Limited
2010 - 2016	Director / Chairman of the Audit Committee KTB Computer Services Company Limited

<b>4.</b>	<b>Name</b>	Ms. Theinvanee Changyoo
	<b>Age</b>	41
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of Risk Management Committee</li> <li>• Member of Management Committee</li> <li>• Vice Chief Executive Officer</li> </ul>
	<b>Shareholding (%)</b>	6.15
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Master of Business Administration, University of Denver, USA.</li> <li>- Master of Science in Finance, University of Denver, USA.</li> <li>- Bachelor of Economics Chulalongkorn University.</li> <li>- Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors.</li> <li>- Company Secretary Program (CSP) Class 68/2016 Thai Institute of Directors</li> <li>- Anti-Corruption: The practical Guide (ACPG) Class 31/2016.Thai Institute of Directors</li> <li>- Enhancing Good Corporate Governance based on CGR Scorecard on 11 September 2018, Thai Institute of Directors</li> <li>- Certificate in investor on 3 -11 October 2018, The Stock Exchange of Thailand</li> </ul>
	<b>Relations</b>	Older sister of the person in No.2 and No.5
	<b>Work Experience 5 Years up</b>	
	Nov 2020 - Present	Director DrinkCo Company Limited
	May 2020 - Present	Director Alpine water Company Limited
	Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
	Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
	Nov 2017 - Feb 2018	Deputy Managing Director Thiensurat Public Company Limited
	July 2017 - Mar 2019	Company Secretary Thiensurat Public Company Limited
	2017 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
	2015 - Sep 2019	Director Fedders Thai Company Limited
	2015 - Jan 2017	Company Secretary Thiensurat Public Company Limited
	Mar 2013 - May 2016	Director Thiensurat Public Company Limited
	2009 - Mar 2013	Director / Managing Director Thiensurat Company Limited
	2006 - Present	Director Safe Trade International Company Limited
	2005 - Present	Director Better Dreams Company Limited
	2005 - Present	Director ThienTham Property Company Limited
	2003 - Present	Director Ideal Water Company Limited

<b>5.</b>	<b>Name</b>	Ms. Savita Changyoo
	<b>Age</b>	39
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of Nomination Remuneration Committee</li> <li>• Member of Risk Management Committee</li> <li>• Member of Management Committee</li> <li>• Vice Chief Executive Officer</li> </ul>
	<b>Shareholding (%)</b>	6.26
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor of Science Program in Home Economics, Kasetsart University.</li> <li>- Postgraduate Diploma in Marketing and Management, Loughborough university, the United Kingdom.</li> <li>- Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors.</li> <li>- Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.</li> <li>- Development of executives and personnel. Innovation Management Program (Mini MBA 2) by Dhipaya Training Center Co., Ltd.</li> <li>- Board Nomination and Compensation Program (BNCP) Class 6/2019 Thai Institute of Directors.</li> <li>- Chief People Officer Program: CPO#14 by PIM HR Excellence Center.</li> <li>- Director Certification Program (DCP) Class 292/2020, Thai Institute of Directors</li> </ul>
	<b>Relations</b>	<ul style="list-style-type: none"> <li>- Older sister of the person in No.2</li> <li>- Younger sister of the person in No.4</li> </ul>
	<b>Work Experience 5 Years up</b>	
	Nov 2020 - Present	Director DrinkCo Company Limited
	7 Oct 2019 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
	Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
	Nov 2018 - May 2019	Managing Director Thiensurat Leasing Company Limited
	Sep 2017 - Present	Advisor Evaluation, Monitoring, and Organization Development. Thiensurat Public Company Limited
	2017 - March 2018	Acting Deputy Managing Director - Business Development Group Thiensurat Public Company Limited
	2016 - Present	Director Thiensurat Leasing Company Limited
	2013 - Present	Director / Member of Nomination Remuneration Committee / Member of Risk Management Committee / Member of Executive Committee Thiensurat Public Company Limited
	2014 - Sep 2019	Director Fedders Thai Company Limited
	2013 - 2017	Deputy Managing Director - Marketing Group Thiensurat Public Company Limited
	2005 - Present	Director Safe Trade International Company Limited
	2005 - Present	Director Better Dreams Company Limited
	2005 - Present	Director Ideal Water Company Limited

<b>6.</b>	<b>Name</b>	Assoc.Prof. Boonserm Vimuktanandana
	<b>Age</b>	72
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of the Audit Committee</li> </ul>
	<b>Shareholding (%)</b>	None
	<b>Education</b>	<ul style="list-style-type: none"> <li>- M.B.A.(Accounting), Arizona State University, USA.</li> <li>- Master of Accountancy (M.A.), Chulalongkorn University.</li> <li>- Bachelor of Accountancy (B.A.), (2<sup>nd</sup> Honor) Faculty of Commerce and Accountancy, Chulalongkorn University.</li> <li>- Finance &amp; Accounting Seminar Wharton School, University of Pennsylvania, USA.</li> <li>- Director Accreditation Program (DAP) Class 100/2013 Thai Institute of Directors.</li> <li>- Audit committee Program (ACP) Class 42/013 Thai Institute of Directors.</li> <li>- Risk Management (Basic) Class 1/2017 by the Federation of Accounting Professions under the Patronage of His Majesty the King.</li> <li>- Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand.</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	2012 - Present	Independent Director / Chairman of Audit Committee Thiensurat Public Company Limited
	2013 - 2018	Director / Chairman of Audit Committee / Independent Director Union Textile Industries Public Company Limited
	2012 - Present	Tax Auditor Examination Committee The Revenue Department
	2011 - Present	Subcommittee Test, Practices pertaining to the audit
	2008 - Present	The special lecturer Faculty of Commerce and Accountancy and Faculty of Law Chulalongkorn University.
	2007 - Present	Special instructor Public and private universities
	2007 - Present	Chairman and Director of the Training Projects Chulalongkorn University

<b>7.</b>	<b>Name</b>	Dr. Supree Wongdeeprom Ph.D.
	<b>Age</b>	67
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Member of Audit Committee</li> <li>• Member of Corporate Governance and Corporate Social Responsibility Committee</li> <li>• Chairman of the Risk Management</li> </ul>
	<b>Shareholding (%)</b>	None
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Ph.D. Awards (2005) for Business Administration (General Management) granted by Professor Mom Luang Pin Malakul Foundation under the royal patronage of Her Royal Highness Princess MahaChakriSirindhorn.</li> <li>- Doctor of Organization Development and Transformation (DODT.), Cebu Doctors' University.</li> <li>- Master of Business Administration (M.B.A.), Ramkhamhaeng University.</li> <li>- Bachelor of Economics in Industria Economics, Ramkhamhaeng University.</li> <li>- Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.</li> <li>- Risk Management Program for Corporate Leaders (RCL) Class 14/2018 Thai Institute of Directors.</li> </ul>
	<b>Relations</b>	None

### Work Experience 5 Years up

2020 – Present	Vice President The National Municipal League of Thailand. Under The Royal Patronage Of His Majesty The King
2020 – Present	Director The Committee on Contracts of Office of the consumer protection board
May 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
May 2017 - Present	Chairman of the Risk Management Thiensurat Public Company Limited
Feb - May 2018	Member of Executive Committee Thiensurat Public Company Limited
2015 - Present	Member of Corporate Governance and Corporate Social Responsibility Committee Thiensurat Public Company Limited
2013 - Feb 2018	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
2018 - Present	Association President National Father's Association
2015 - Present	Luminaries Audit Committee to solicit public The Prime Minister
2015 - Present	Vice President National Medical Emergency at first
2013 - Present	Vice President Divinity Equity Association Under the Patronage of HRH the Princess Royal Mother
2013 - Present	Director King Prajadhipok Institute's Society
2007 - Present	Special Advisor China Sanchi Ginseng Research Institute
2002 - Present	Special instructor Public and private universities

8.	<b>Name</b>	Asst. Prof. Krit Umpote
	<b>Age</b>	80
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Member of Audit Committee</li> <li>• Chairman of the Corporate Governance and Corporate Social Responsibility Committee</li> </ul>
	<b>Shareholding (%)</b>	None
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Advanced Management Program, Harvard Business School.</li> <li>- Strategic Human Resource Management, Harvard Business School.</li> <li>- M.S.B.A Indiana University USA.</li> <li>- Master of Public Administration NIDA.</li> <li>- Bachelor of Accountancy, Thammasat University. Bachelor of Commerce, Thammasat University.</li> <li>- Director Certification Program (DCP) Class 0/2000 Thai Institute of Directors.</li> <li>- Advanced Audit Committee Program (AACP) Class 3/2010 Thai Institute of Directors.</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	2020 - Present	Independent Director / Chairman Micro Leasing Public Company Limited
	2015 - Present	Independent Director / Member of Audit Committee / Chairman of the Corporate Governance and Corporate Social Responsibility Committee Thiensurat Public Company Limited
	2015 - Present	Frequent lecturer

2015 - Present	Thailand Institute of Directors Independent Director / Chairman of the Audit Committee / Member of Nomination Remuneration Committee
2007 - 2014	Thai British Security Printing Public Company Limited Independent Director / member of Audit Committee / Member of Nomination Remuneration Committee MFC Asset Management Public Company Limited

9.	<b>Name</b>	Ms. Sumana Vonggapan
	<b>Age</b>	70
	<b>Position</b>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Nomination Remuneration Committee</li> </ul>
	<b>Shareholding (%)</b>	Member of Executive Committee (Date of appointment on 28 Feb 2018)
	<b>Education</b>	None - M.B.A, Southeastern Oklahoma State USA. (1975) - Bachelor of Communication Arts, (Honor) Chulalongkorn University. - Strategic Human Resource Management, Harvard Business School. - People System Management Program - Problem solving and decision making Program - Banking Management ADB. Japan. - Director Accreditation Program (DAP) Class 47/2005 Thai Institute of Directors. - The selected as 1 in 100 outstanding human resource executives from the Human Resources Institute, Thammasat University. - The selected as the outstanding personnel executive of the year 2009 from Personnel Management Association of Thailand (PMAT). - Received the outstanding resource conservation award from the Ministry of Science and Technology.
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	Feb 2018 - Present	Member of Executive Committee Thiensurat Public Company Limited
	2015 - Present	Independent Director / Chairman of the Nomination Remuneration Committee Thiensurat Public Company Limited
	2015 - Present	Chairman of the board Dwell Property Co., LTD
	2014 - Present	Chairman of the board Dhipaya Training Center Co., Ltd
	2010 - Present	Advisory Executive Management Dhipaya Insurance Public Company Limited
	2010 - 2015	Chairman of the board KTB General Services Co., Ltd
	2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Leasing Co., Ltd
	2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Advisory Company Limited

10.	<b>Name</b>	Prof. Porntep Siriwanarangsun, MD., MPH., PhD
	<b>Age</b>	65
	<b>Position</b>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Audit Committee</li> <li>Member of Nomination Remuneration Committee</li> </ul>
	<b>Shareholding (%)</b>	None
	<b>Education</b>	- M.D., Chiang Mai University, Chiang Mai, Thailand. - M.P.H., Mahidol University, Bangkok, Thailand.



- Certificate of Epidemiology, Medical Council, Thailand.
- Ph.D (Health Planning and Financing), University of London, U.K.
- Certificate of the Community Mental Health Programs, The Medical Council
- Diploma, National Defence.
- Directors Certification Program (DCP) Class 212 Thai Institute of Directors.
- Financial Statement for Directors (FSD) Class 28/2015 Thai Institute of Directors.
- Risk Management for Corporate Leader (RCL) Class 116/2019, Thai Institute of Directors.

**Relations**

None

**Work Experience 5 Years up**

Feb 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
May 2018 - Present	Member of Nomination Remuneration Committee Thiensurat Public Company Limited
2018 - Present	Deans Faculty of Medicine, Western University
2016 - Present	Independent Director / Member of Audit Committee Srivichaivejvivat Public Company Limited
Present	Advisor to the Director The Dental Unit in the Royal Majesty
Present	The Board of Directors Thai Health Promotion Foundation
2013 - 2015	Director-General Department of Health
2011 - 2013	Director-General Department of Disease Control

<b>11. Name</b>	Surat Wongrattanapassorn Ph.D.
<b>Age</b>	54
<b>Position</b>	<ul style="list-style-type: none"> <li>• Independent Director (Date of appointment on 27 April 2018)</li> <li>• Member of Risk Management Committee (Date of appointment on 27 February 2020)</li> </ul>
<b>Shareholding (%)</b>	0.05
<b>Education</b>	<ul style="list-style-type: none"> <li>- Ph.D. (Business Administration), Nova Southeastern University, U.S.A.</li> <li>- Master of Engineering (Computer), Assumption University.</li> <li>- Bachelor in Business Administration Major in Marketing, Assumption University.</li> <li>- Director Certification Program (DCP) Class 233/2017 Thai Institute of Directors.</li> <li>- IT Governance and Cyber Resilience Program (ITG) Class 3/2016 Thai Institute of Directors.</li> </ul>
<b>Relations</b>	None
<b>Work Experience 5 Years up</b>	
27 Feb 2020 - Present	Member of Risk Management Committee Thiensurat Public Company Limited
April 2018 - Present	Independent Director Thiensurat Public Company Limited
2017 - Present	Director / Vice President Information Technology Division ICC International Public Company Limited
2016 - Present	Director Tiger Distribution & Logistics Co., Ltd.
2015 - Present	Director Eastern ICC Co., Ltd.
2014 - Present	Director Pan Asia Footwear Public Company Limited

2011 - Present

Director  
Thai Itokin Co., Ltd.

12.	<b>Name</b>	Mr. Paitoon Sukhanaphorn
	<b>Age</b>	62
	<b>Position</b>	<ul style="list-style-type: none"> <li>Member of Risk Management Committee (Date of appointment on 27 February 2020)</li> <li>Member of Management Committee</li> <li>Vice Chief Executive Officer</li> <li>Chief Financial Officer</li> </ul>
	<b>Shareholding (%)</b>	0.01
	<b>Education</b>	<ul style="list-style-type: none"> <li>Master Degree in Finance, Chulalongkorn University</li> <li>Bachelor Degree in Accounting, Chulalongkorn University.</li> <li>Bachelor Degree in Law, Ramkamhaeng University.</li> <li>Bachelor Degree in Law, Sukhothaimathirath University.</li> <li>Director Certification Program (DCP) Class 110/2008.</li> <li>TLCA Executive Development Program (EDP) Thai Institute of Directors.</li> <li>Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand.</li> <li>The impact of the new financial reporting standards regarding revenue recognition from contracts made with customers (IFRS 15) and lease agreements (IFRS 16) on the preparation of financial reports of listed companies, 2018 The Stock Exchange of Thailand.</li> <li>FinTech Lending &amp; Trend : INNOVATION OF THE FUTURE class 1, 2018 The Thai Institute of Banking and Finance Association.</li> <li>IR Sharing 1/2019 "How to make the most of your IRO function?" by Thai Investor Relations Club, Thai Listed Companies Association.</li> <li>TLCA CFO Professional Development Program (TLCA CFO CPD) No. 4/2020 "Capital structure and funding strategy", Thai Listed Companies Association</li> <li>TLCA CFO Professional Development Program (TLCA CFO CPD) No. 6/2020 "Update on taxes and foreign investment issues", Thai Listed Companies Association</li> <li>CFO Refresher No. 1/2020, On 7 November 2020, The Stock Exchange of Thailand.</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	May 2020 – Present	Director Alpine water Company Limited
	Feb 2020 - Present	Member of Risk Management Committee Thiensurat Public Company Limited
	July 2018 -Present	Chief Financial Officer Thiensurat Public Company Limited
	Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
	Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
	Nov 2017 - 28 Feb 2018	Member of Executive Committee / Deputy Managing Director - Business Support Group Thiensurat Public Company Limited
	Aug - Nov 2017	Independent Director Thiensurat Public Company Limited
	Nov 2016 - July 2017	Executive Vice President Accounting and Financial Department Synnex (Thailand) Public Company Limited

2009 - Oct 2016

Director and Chief Financial Officer  
Singer Thailand Public Company Limited

13.	<b>Name</b>	Mr. Paitoon Homchan
	<b>Age</b>	60
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Member of Risk Management Committee</li> <li>• Member of Management Committee</li> <li>• Vice Chief Executive Officer</li> </ul>
	<b>Shareholding (%)</b>	0.82
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor of General Management, Valaya Alongkorn Rajabhat University.</li> <li>- Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
	Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
	Sep 2017 - Feb 2018	Acting Deputy Managing Director - Marketing Group Thiensurat Public Company Limited
	2013 - 28 Feb 2018	Executive Committee Member / Deputy Managing Director Administrative Management Group Thiensurat Public Company Limited
	2013 - Present	Member of Risk Management Committee Thiensurat Public Company Limited
	2013 - Present	Director Safe Trade International Company Limited
	2005 - Present	Director Better Dreams Company Limited
	2002 - Present	Director Ideal Water Company Limited
14.	<b>Name</b>	Mr. Siam Uralwong
	<b>Age</b>	52
	<b>Position</b>	<ul style="list-style-type: none"> <li>• Member of Management Committee</li> <li>• Vice Chief Executive</li> </ul>
	<b>Shareholding (%)</b>	0.06
	<b>Education</b>	<ul style="list-style-type: none"> <li>- Master Degree MBA Major International Business, Nova Southeastern University, Florida, USA.</li> <li>- Bachelor Degree of Business Administration, Department of Marketing Assumption University.</li> <li>- Stanford NUS International Degree of Business Executive Program Certificate, Stanford NUS University</li> <li>- NUS, Certification General Management, NUS University.</li> <li>- Director Certification Program (DCP) Class 181/2013 Thai Institute of Directors.</li> <li>- Executive Development Program (EDP) Class 11/2013 Thai Institute of Directors.</li> <li>- Critical Issues in Business Planning. Certificate, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> </ul>
	<b>Relations</b>	None
	<b>Work Experience 5 Years up</b>	
	1 June 2019 - Present	Managing Director Thiensurat Leasing Company Limited
	Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited

Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
June 2017 - Feb 2018	Deputy Managing Director-Accounts Receivable Management Group / Deputy Managing Director-Corporate Customers / Deputy Managing Director-Digital Online & Tele-Marketing Thiensurat Public Company Limited
Mar 2017- Feb 2018	Member of Executive Committee Thiensurat Public Company Limited
Feb 2017- Feb 2018	Chief Executive Officer Assistant Thiensurat Public Company Limited
2012 - 2016	Managing Director SG Capital Company Limited

<b>15. Name</b>	Mr. Watcharin Watcharatham
<b>Age</b>	44
<b>Position</b>	<ul style="list-style-type: none"> <li>• Member of Management Committee</li> <li>• Vice Chief Executive Officer</li> </ul>
<b>Shareholding (%)</b>	0.32
<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor of Public Health Faculty of Public Health Mahidol University.</li> <li>- Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors.</li> <li>- Mini MBA Chula Unisearch, Chulalongkorn University.</li> </ul>
<b>Relations</b>	Relative of the person No.2, No.4 and No.5
<b>Work Experience 5 Years up</b>	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
2013 - Feb 2018	Deputy Managing Director Production Group Thiensurat Public Company Limited
2013	Director Production Thiensurat Public Company Limited
2011 - 2013	Director Marketing Department Thiensurat Company Limited
2005 - Present	Director Safe Trade International Company Limited.
2002 - Present	Director Ideal Water Company Limited.
2004 - Present	Director Better Dreams Company Limited.

<b>16. Name</b>	Mr. Naret Charoonwittayakul
<b>Age</b>	44
<b>Position</b>	Chief Executive Officer Assistant
<b>Shareholding (%)</b>	None
<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor of Electronic technology King Mongkut's University of Technology North Bangkok</li> <li>- Cisco UCCX 8.0 Features Training 2011, TH</li> <li>- Nice (Cybertech) Product Training 2011, SGP</li> <li>- Cisco APJC Contact Center Partner 2012, SGP</li> <li>- Cisco APJC Contact Center Partner 2013, TH</li> <li>- Cisco Contact Center Workshop 2013, TH</li> <li>- Development of executives and personnel. Innovation Management Program (Mini MBA) by Dhipaya Training Center Co., Ltd.Together with Chula Unisearch, Chulalongkorn University.</li> </ul>
<b>Relations</b>	None

### Work Experience 5 Years up

2 Jan 2019 - Present	Chief Executive Officer Assistant Thiensurat Public Company Limited
Mar 2018 - Present	Digital Online & Tele-Marketing Director Thiensurat Public Company Limited
July 2015 - Feb 2018	Customer management Director Thiensurat Public Company Limited

17.	Name	Mr. Kiratat Jirachit
	Age	42
	Position	- Chief Executive Officer Assistant
	Shareholding (%)	None
	Education	- Master of Industrial Engineer, Kasetsart University. - Director Certification Program (DCP) Class 228/2016 Thai Institute of Directors. - IRDP LSP#5 Program by Thammasat University. - Business System Development Program (BSD#2) by Panyapiwat Institute of Management.
	Relations	None
	<b>Work Experience 5 Years up</b>	
	4 June 2019 - Present	Chief Executive Officer Assistant Thiensurat Public Company Limited
	2016 - 2018	Managing Director Precise Digital Economy Co., Ltd.
	2014 - 2016	Managing Director Precise Green Products Co., Ltd.
	2011 - 2014	Managing Director Precise Green Technology & Service Co., Ltd.

18.	Name	Mr. Nattapong Thaworn
	Age	41
	Position	Chief Executive Officer Assistant (Date of appointment on 1 April 2020)
	Shareholding (%)	None
	Education	Bachelor of Engineer, Mahanakorn University of Technology
	Relations	None
	<b>Work Experience 5 Years up</b>	
	1 April 2020 - Present	Chief Executive Officer Assistant Thiensurat Public Company Limited
	Sep 2019 - Mar 2020	Senior Service Manager Toshiba Thailand Co., Ltd.
	Apr 2018 - Aug 2019	Customer care Manager Beko Thai Co., Ltd.
	July 2017 - Mar 2018	Service operation Manager Trumpf Thailand Co., Ltd.
	Aug 2015-July 2017	Operation Manager Allied Metal Thailand Co., Ltd.
	July 2014-July 2015	Operation Manager Takachiho Fire Security & service (Thailand) Ltd.

19.	Name	Mr. Narin Suwanaphan
	Age	52
	Position	Finance and Accounting Director
	Shareholding (%)	None
	Education	- Master of Business Administration (Marketing), Chiang Mai University. - Bachelor of Business Administration (Accounting), Ramkhamhaeng University. - The preparation of consolidated financial statements in 2020

- TFRS 9 and TFRS 16 Program for 2020
  - Trace the financial statements for the year 2020
  - Fundamental principles of TFRS 9 (Fundamental of TFRS 9) for both financial institutions and non-financial institutions, Class 2/2019.
  - Financial projection to evaluation the company value, 2018
  - Insights IFRS for non-current assets, 2017
  - Insights VAT Withholding tax and specific business tax, 2017
  - Insights personal income tax and corporate income tax, 2016
- Relations  
None

**Work Experience 5 Years up**

25 Mar 2019 - Present	Finance and Accounting Director Thiensurat Public Company Limited
Jun 2013 - Mar 2019	Finance Manager Scan Inter Public Company Limited
Fab 2007 - May 2013	Accounting Manager Schaffner EMC Co., Ltd.
April 2002 - Jan 2007	Financial analysis and Budget Manager Singer Thailand Public Company Limited

20.	Name	Ms. Jutamas Malai
	Age	43
	Position	Company Secretary / Investor Relations Manager
	Shareholding (%)	None
	Education	<ul style="list-style-type: none"> <li>- Bachelor of Accounting Rambhai Barni Rajabhat University.</li> <li>- Fundamental Practice for Corporate Secretary Thai Listed Companies association</li> <li>- IR Fundamental Course, The Stock Exchange of Thailand.</li> <li>- IOD Open House For Company Secretary 2020, Thai Institute of Directors Association</li> </ul>
	Relations	None
	<b>Work Experience 5 Years up</b>	
	1 April 2019 - Present	Company Secretary / Investor Relations Manager Thiensurat Public Company Limited
	1 Aug 2018 - 31 Mar 2019	Assistant Company Secretary / Assistant Investor Relations Manager Thiensurat Public Company Limited
	23 Dec 2015 - 31 July 2019	Assistant Company Secretary Thiensurat Public Company Limited
	Mar 2013 - July 2015	Company Secretary T S FLOUR MILL PUBLIC COMPANY LIMITED



**Thiensurat Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2020  
and  
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000  
Fax +66 2677 2222  
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด  
ชั้น 50 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000  
แฟกซ์ +66 2677 2222  
เว็บไซต์ home.kpmg/th

## Independent Auditor's Report

### To the Shareholders of Thiensurat Public Company Limited

#### *Opinion*

I have audited the accompanying consolidated and separate financial statements of Thiensurat Public Company Limited and its subsidiaries (the "Group"), and of Thiensurat Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

Valuation of hire purchase receivables	
Refer to Note 4 and 8	
The key audit matter	How the matter was addressed in the audit
<p>The core business of the Group is hire-purchase of water filters and electric appliances. The management is required to exercise considerable judgement in determining the assumptions to be used in estimating an allowance for impairment losses on hire purchase receivables as at 31 December 2020 is amount to Baht 66.84 million, approximately 3.95 % of the Group's total assets.</p> <p>The Group has initially applied Thai Financial Reporting Standard No. 9 <i>Financial Instruments</i> ("TFRS9") that specify the Group to develop methods and complex models which are dependent on significant management judgements and estimates including the criteria for identifying significant increase in credit risk (SICR), the use of macroeconomic factors, forwarding looking factor and variables probability-weighted scenarios. In particular, the ongoing economic situation adds further complexity to management's estimation process.</p> <p>Due to receivables balance is material and complex calculation is involved as well as the level of management judgment in estimating the valuation of hire purchase receivables, I considered this to be key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding policies and procedures to determine allowance for impairment losses including staging criteria applied by the Group for different types of hire-purchase contract receivables.</li> <li>• Considering the Group's accounting policies to determine whether these have been set up in accordance with the requirements of TFRS 9 Financial Instruments.</li> <li>• Testing the design and operating effectiveness of selected controls surrounding valuation of hire-purchase contract receivables and allowance for impairment losses.</li> <li>• Assessing and testing the reasonableness of staging applied by the group for different types of credit exposures including sampling testing with relevant documents.</li> <li>• Involving KPMG's credit specialists to assess key data, assumption, method models including mathematically theory performed by expert engaged by the Group's management and perform the test for reasonableness of macroeconomic factors, forward looking factors and retrospective assessment of the measurement by comparing past experience of the measurement and actual results.</li> <li>• Testing the calculation of the impairment losses, including testing the adjustment on first time adoption of TFRS 9; and</li> <li>• Considering the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

The recognition of commission expenses	
Refer to Note 4 and 22	
The key audit matter	How the matter was addressed in the audit
<p>The Group's main distribution channel is single level direct sales, which the calculation of commission expenses is complex because there are a variety of calculation schemes and several factors are involved, such as sales volume and product category, quality of sales, and awards given to sales-persons exceeding sales targets. Moreover, the Group continually changes the commission rates in order to promote sales. Commission expenses are significant amount and the calculation is complex. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• Testing the controls relevant to the calculation of commission expenses, the approval and recording of transactions by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.</li> <li>• Testing whether the calculations were compliant with the Group's policies in effect in each period.</li> <li>• Performing analytical procedures comparing commission expenses to revenue from sales.</li> <li>• Considering the recognition of the commission expense and analysing historical information and information after the reporting date, including testing the subsequent payments of commission after the period-end to consider whether the Group's estimate was reasonable.</li> <li>• Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.</li> </ul>

#### *Other Information*

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



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

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

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

(Thanyalux Keadkeaw)  
Certified Public Accountant  
Registration No. 8179

KPMG Phoomchai Audit Ltd.  
Bangkok  
25 February 2021



# Thiensurat Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2020	2019	2020	2019
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents	6	62,092	59,435	42,184	34,969
Trade accounts and other receivable	5, 7	18,765	19,701	62,751	62,165
Current portion of hire-purchase contract receivables	8	670,150	666,025	555,821	538,737
Current portion of loan receivables		23,052	432	-	-
Current portion of receivables under rights transfer agreements		701	1,724	701	1,723
Short-term loan to related parties	5	27,150	171	23,500	13,000
Inventories	9	212,761	133,729	195,564	130,792
Other current assets		38,335	20,987	25,846	15,801
<b>Total current assets</b>		<b>1,053,006</b>	<b>902,204</b>	<b>906,367</b>	<b>797,187</b>
<i>Non-current assets</i>					
Hire purchase contract receivables	8	30,874	22,883	4,426	551
Loan receivables		5,496	363	-	-
Receivables under rights transfer agreements		-	621	-	621
Investments in subsidiaries	10	-	-	107,779	110,778
Investments in joint venture	11	13,694	13,742	13,767	13,767
Investment properties	12	58,483	58,556	58,483	58,556
Property, plant and equipment	13	353,161	393,557	343,527	383,685
Right of use assets	14	117,830	-	117,607	-
Intangible assets	15	31,389	33,627	30,198	32,694
Deferred tax assets	23	21,706	16,868	18,940	13,497
Other non-current assets		5,898	5,115	5,861	5,077
<b>Total non-current assets</b>		<b>638,531</b>	<b>545,332</b>	<b>700,588</b>	<b>619,226</b>
<b>Total assets</b>		<b>1,691,537</b>	<b>1,447,536</b>	<b>1,606,955</b>	<b>1,416,413</b>

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

# Thiensurat Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2020	2019	2020	2019
		(in thousand Baht)			
Current liabilities					
Short-term loan from financial institutions	16	50,899	-	19,949	-
Trade and other payables	17	171,542	127,908	169,177	130,802
Current portion of lease liabilities					
(2019: Current portion of finance lease liabilities)	16	40,754	12,823	40,797	12,588
Income tax payable		16,558	19,901	11,087	17,826
Other current liabilities		35,037	24,538	33,466	24,738
Total current liabilities		314,790	185,170	274,476	185,954
Non-current liabilities					
Lease liabilities (2019: Finance lease liabilities)	16	78,550	2,793	79,236	2,674
Non-current provisions for employee benefits	18	23,177	23,181	18,625	19,024
Total non-current liabilities		101,727	25,974	97,861	21,698
Total liabilities		416,517	211,144	372,337	207,652
Equity					
share capital:					
Authorised share capital	19	549,682	549,682	549,682	549,682
Issued and paid-up share capital		549,682	549,682	549,682	549,682
share premium:					
Premium on ordinary shares		295,291	295,291	295,291	295,291
Surplus on share-based payments		10,249	10,249	10,249	10,249
Changes in ownership interests					
in subsidiary		(2,212)	(1,347)	-	-
Retained earnings					
Appropriated					
Legal reserve	21	40,147	35,849	40,147	35,849
Treasury shares reserve	20	5,612	-	5,612	-
Unappropriated		377,416	341,513	339,249	317,690
Treasury shares	20	(5,612)	-	(5,612)	-
Equity attributable to owners of the parent		1,270,573	1,231,237	1,234,618	1,208,761
Non-controlling interests		4,447	5,155	-	-
Total equity		1,275,020	1,236,392	1,234,618	1,208,761
Total liabilities and equity		1,691,537	1,447,536	1,606,955	1,416,413

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

# Thiensurat Public Company Limited and its Subsidiaries

## Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
<b>Revenue</b>					
Revenue from sale of goods	24	1,685,542	1,456,364	1,612,158	1,397,098
Interest income from hire-purchase contract and loans		221,746	179,889	169,878	139,778
Income from loan receivables		2,618	205	-	-
Other income	24	32,969	40,318	37,955	36,603
<b>Total revenue</b>		<b>1,942,875</b>	<b>1,676,776</b>	<b>1,819,991</b>	<b>1,573,479</b>
<b>Expenses</b>					
Cost of sales of goods	22	435,820	409,123	415,787	378,712
Distribution costs	22	675,860	593,669	663,574	586,862
Aministrative expenses	22	434,308	401,864	394,272	364,706
Impairment losses (2019: Bad and doubtful debts expenses)		216,003	134,200	192,510	116,256
Finance cost		4,392	1,022	4,345	816
<b>Total expenses</b>		<b>1,766,383</b>	<b>1,539,878</b>	<b>1,670,488</b>	<b>1,447,352</b>
Share of loss of joint venture		(48)	(351)	-	-
<b>Profit before income tax expense</b>		<b>176,444</b>	<b>136,547</b>	<b>149,503</b>	<b>126,127</b>
Tax expense	23	32,097	27,028	25,251	25,057
<b>Profit for the year</b>		<b>144,347</b>	<b>109,519</b>	<b>124,252</b>	<b>101,070</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains on remeasurements of defined benefit plans		-	1,028	-	1,246
Income tax relating to items that will not be reclassified		-	(205)	-	(250)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>823</b>	<b>-</b>	<b>996</b>
<b>Total comprehensive income for the year</b>		<b>144,347</b>	<b>110,342</b>	<b>124,252</b>	<b>102,066</b>
<b>Profit (loss) attributable to:</b>					
Owner of the parent		143,126	109,628	124,252	101,070
Non-controlling interests		1,221	(109)	-	-
<b>Profit for the year</b>		<b>144,347</b>	<b>109,519</b>	<b>124,252</b>	<b>101,070</b>
<b>Comprehensive income (loss) attributable to:</b>					
Owner of the parent		143,126	110,451	124,252	102,066
Non-controlling interests		1,221	(109)	-	-
<b>Total comprehensive income attributable to:</b>		<b>144,347</b>	<b>110,342</b>	<b>124,252</b>	<b>102,066</b>
<b>Basic earnings per share (in Baht)</b>	25	<b>0.261</b>	<b>0.199</b>	<b>0.227</b>	<b>0.184</b>

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

Thiensurat Public Company Limited and its Subsidiaries  
Statement of changes in equity

Consolidated financial statements

					Retained earnings				
		Issued and	Share	Surplus on	Changes in		Equity		
	Note	paid	premium	share-based	ownership	Legal	Unappropriated	attributable to	Non-controlling
		share capital		payments	interests	reserve		owners of	interests
					in a subsidiary			the parent	
									Total
									equity

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

Thiensurat Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements

Note	Issued and paid share capital	Share premium	Surplus on share-based payments	Changes in ownership interests in a subsidiary	Retained earnings			Treasury shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity	
					Legal reserve	Treasury shares reserve	Unappropriated					
					(in thousand Baht)							
Year ended 31 December 2020												
Balance at 31 December 2019 - as reported	549,682	295,291	10,249	(1,347)	35,849	-	341,513	-	1,231,237	5,155	1,236,392	
Impact of changes in accounting policies	3	-	-	-	-	-	(6,824)	-	(6,824)	-	(6,824)	
Balance at 1 January 2020 - restated	549,682	295,291	10,249	(1,347)	35,849	-	334,689	-	1,224,413	5,155	1,229,568	
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
Treasury shares purchased	20	-	-	-	-	5,612	(5,612)	(5,612)	(5,612)	-	(5,612)	
Dividends	26	-	-	-	-	-	(90,489)	-	(90,489)	-	(90,489)	
Total contributions by and distributions to owners of the parent		-	-	-	-	5,612	(96,101)	(5,612)	(96,101)	-	(96,101)	
Changes in ownership interests in subsidiaries												
Changed that result in an acquisition or a loss of control		-	-	-	(865)	-	-	-	(865)	(1,929)	(2,794)	
Total changes in ownership interests in subsidiaries		-	-	-	(865)	-	-	-	(865)	(1,929)	(2,794)	
Total transactions with owners, recorded directly in equity		-	-	-	(865)	5,612	(96,101)	(5,612)	(96,966)	(1,929)	(98,895)	
Comprehensive income for the year												
Profit or loss		-	-	-	-	-	143,126	-	143,126	1,221	144,347	
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (expense) for the year		-	-	-	-	-	143,126	-	143,126	1,221	144,347	
Transfer to legal reserve	21	-	-	-	-	4,298	(4,298)	-	-	-	-	
Balance at 31 December 2020		549,682	295,291	10,249	(2,212)	40,147	5,612	377,416	(5,612)	4,447	1,275,020	

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

**Thiensurat Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

Separate financial statements						
		Issued and paid share capital	Share premium	Surplus on share-based payments	Retained earnings	Total equity
	Note				Legal reserve	Unappropriated
(in thousand Baht)						
<b>Year ended 31 December 2019</b>						
<b>Balance at 1 January 2019</b>		<b>549,682</b>	<b>295,291</b>	<b>10,249</b>	<b>30,691</b>	<b>297,737</b>
Dividends	26	-	-	-	-	(76,955)
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	-	-	101,070
Other comprehensive income		-	-	-	-	996
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,066</b>
Transfer to legal reserve	21	-	-	-	5,158	(5,158)
<b>Balance at 31 December 2019</b>		<b>549,682</b>	<b>295,291</b>	<b>10,249</b>	<b>35,849</b>	<b>317,690</b>
						<b>1,208,761</b>

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



Thiensurat Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements								
				Retained earnings				
	Issued and paid share capital	Share premium	Surplus on share-based payments	Legal reserve	Treasury shares reserve	Unappropriated	Treasury shares	Total equity
Note								
				(in thousand Baht)				
Year ended 31 December 2019								
Balance at 31 December 2019 - as reported	549,682	295,291	10,249	35,849	-	317,690	-	1,208,761
Impact of changes in accounting policies	3	-	-	-	-	-2,294	-	(2,294)
Balance at 1 January 2020 - restated	549,682	295,291	10,249	35,849	-	315,396	-	1,206,467
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Treasury shares purchased	20	-	-	-	5,612	(5,612)	(5,612)	(5,612)
Dividends	26	-	-	-	-	(90,489)	-	(90,489)
Total contributions by and distributions to owners of the parent		-	-	-	5,612	(96,101)	(5,612)	(96,101)
Comprehensive income for the year								
Profit for the year		-	-	-	-	124,252	-	124,252
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	124,252	-	124,252
Transfer to legal reserve	21	-	-	4,298	-	(4,298)	-	-
Balance at 31 December 2020	549,682	295,291	10,249	40,147	5,612	339,249	(5,612)	1,234,618

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

# Thiensurat Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	(in thousand Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	144,347	109,519	124,252	101,070
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	32,097	27,028	25,251	25,057
Finance costs	4,392	1,022	4,345	816
Depreciation and amortisation	71,779	54,550	70,534	53,131
Provisions for employee benefits	4,390	4,641	3,977	4,020
Share of loss of investment in joint venture	48	351	-	-
Impairment losses (2019: Bad and doubtful debts expenses)	216,003	139,346	192,510	116,316
(Reversal of) losses on inventories devaluation	(3,895)	5,475	3,449	2,660
Allowance of goods warranty	2,058	1,988	2,058	1,988
(Reversal of) allowance of goods returned	8	(226)	8	-226
Reversal of investment impairment	-	-	-682	-
Gain on disposal of assets	(5,175)	(5,294)	-5,175	-5,310
Dividend income	-	-	-	-980
Interest income	(693)	(499)	-783	-1,149
	<b>465,359</b>	<b>337,901</b>	<b>419,744</b>	<b>297,393</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts and other receivable	2,875	7,317	1,550	-25,406
Hire-purchase contract receivables	(238,631)	(223,648)	-218,322	-165,091
Loan receivables	(27,753)	438	-	-
Receivables under rights transfer agreements	1,643	2,150	1,643	2,150
Inventories	(75,138)	3,789	(68,221)	(6,636)
Other current assets	(18,524)	4,312	(11,278)	1,069
Other non-current assets	(1,371)	(626)	(1,372)	(648)
Trade accounts and other payable	40,856	45,356	37,795	49,911
Other current liabilities	8,433	3,051	6,662	3,798
Employee benefit paid	(4,394)	(495)	-4,376	-495
Net cash generated from operating	153,355	179,545	163,825	156,045
Interest paid	(4,429)	(997)	(4,337)	-824
Tax paid	(38,630)	(21,751)	(36,860)	-20,542
<b>Net cash from operating activities</b>	<b>110,296</b>	<b>156,797</b>	<b>122,628</b>	<b>134,679</b>

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

# Thiensurat Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	(in thousand Baht)			
<b><i>Cash flows from investing activities</i></b>				
Decrease in restricted bank deposits	-	1,073	-	1,073
Interest received	736	450	631	1,105
Proceeds from disposal of subsidiary	1,209	-	7,461	-
Proceeds from disposal of non-controlling interest	3,220	-	-	-
Acquisition of subsidiary equity securities	-	-	-3,780	-
Payment from disposal of non-controlling interest	-4,979	-	-	-
Increase in short-term loans to related parties	-26,979	-172	-10,500	-11,800
Acquisition of property and equipment	-16,524	-25,253	-15,404	-25,145
Proceeds from sale of assets	24,836	17,080	24,836	17,080
Acquisition of intangible assets	-2,862	-1,489	-2,495	-1,199
<b>Net cash from (used in) investing activities</b>	<b>-21,343</b>	<b>-8,311</b>	<b>749</b>	<b>-18,886</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from dividend	-	891	-	891
Dividends paid	-90,360	-77,457	-90,360	-77,457
Increase (decrease) in short-term borrowings from financial institutions	50,899	-29,500	19,949	-
Payment of lease liabilities (2019: Repayment of liabilities under finance lease agreements)	-41,223	-20,874	-40,139	-20,647
Repayment of long-term borrowings from financial institutions	-	-9,698	-	-9,698
Payment to owners to acquire entity's shares	-5,612	-	-5,612	-
<b>Net cash used in financing activities</b>	<b>-86,296</b>	<b>-136,638</b>	<b>-116,162</b>	<b>-106,911</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,657</b>	<b>11,848</b>	<b>7,215</b>	<b>8,882</b>
Cash and cash equivalents at 1 January	59,435	47,587	34,969	26,087
<b>Cash and cash equivalents at 31 December</b>	<b>62,092</b>	<b>59,435</b>	<b>42,184</b>	<b>34,969</b>
<b><i>Non-cash transaction</i></b>				
Payables on purchase of equipment	796	352	796	352

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

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related party transactions
6	Cash and cash equivalents
7	Trade and other receivables
8	Hire-purchase contract receivables
9	Inventories
10	Investments in subsidiaries
11	Investment in joint venture
12	Investment properties
13	Property, plant and equipment
14	Leases
15	Intangible assets
16	Interest-bearing liabilities
17	Trade and other payables
18	Non-current provisions for employee benefits
19	Share capital
20	Treasury shares
21	Reserve
22	Expenses by nature
23	Income tax
24	Segment information and disaggregation of revenue
25	Basic earnings per share
26	Dividends
27	Financial instruments
28	Capital management
29	Commitments with non-related parties
30	Events after the reporting period

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2021.

**1 General information**

Thiensurat Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 43/9 Moo. 7, Soi Chuchart-anusorn 4, Bangtalad Sub-district, Pakkret District, Nonthaburi.

The Company was listed on the Stock Exchange of Thailand in June 2014.

The Company’s major shareholders during the financial year were Changyoo and Watcharatam families who held 61.64% shareholding.

The principal business of group are the manufacturing and distribution of water purifier and filter, electronic appliances and others.

Details of the Company’s subsidiaries as at 31 December 2020 and 2019 are given in note 10.

**2 Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

The Group and the Company have initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Group and the Company have not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

*(b) Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information in the financial statements has been rounded to thousand unless otherwise stated.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

(c) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4(l) and 14	Leases: <ul style="list-style-type: none"> <li>- whether an arrangement contains a lease;</li> <li>- whether the Group is reasonably certain to exercise extension options;</li> <li>- whether the Group exercise termination options.</li> <li>- whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.</li> </ul>
Note 27	Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss ("ECL") and selection and approval of models used to measure ECL.

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 4(l)	Determining the incremental borrowing rate to measure lease liabilities;
Note 4(m) and 27	Measurement of ECL allowance of trade account receivable and hire-purchase contract receivable; and
Note 18	Measurement of defined benefit obligations: key actuarial assumptions.



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3 Changes in accounting policies**

From 1 January 2020, the Group and the Company have initially applied TFRS - Financial instruments standards and TFRS 16.

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>Impact on changes in accounting policy</i>		Retained earnings (in thousand Baht)	
At 31 December 2019 - as reported	<i>Note</i>	377,362	353,539
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Impairment losses on financial assets	(a.2)	(8,530)	(2,868)
Related tax		1,706	574
<b>At 1 January 2020 - restated</b>		<b>370,538</b>	<b>351,245</b>

**(a) TFRS - Financial instruments standards**

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives. The details of accounting policies are disclosed in note 4(d) and 4(m). The impact from adoption of TFRS - Financial instruments standards are as follows:

**(1) Classification and measurement of financial assets and financial liabilities**

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Group and the Company may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

The carrying amounts of each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2020 measured at amortised cost which cash and cash equivalents, trade and other receivables, hire purchase receivables, receivables under rights transfer agreements and short-term loan to related parties are measured at amortised cost.

**(2) Impairment - Financial assets and hire purchase contract receivables**

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Group and the Company estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to trade receivables, hire-purchase contract receivables and lease receivables measured at amortised cost.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

The Group and the Company have determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an increase (decrease) in allowance for impairment loss as follows:

2.1 Trade receivable

	<b>Consolidated and Separate financial statements</b> <i>(in thousand Baht)</i>
<b>Allowance for impairment losses at 31 December 2019</b>	
Allowance for doubtful debts - trade accounts receivables	2,095
	<b>2,095</b>
<i>Decreasing in impairment loss recognised at 1 January 2020 on:</i>	
Trade accounts receivables	(788)
<b>Allowance for impairment losses at 1 January 2020</b>	<b>1,307</b>

2.2 Hire purchase contract receivable

	<b>Consolidated financial statement</b> 31 December 2019		
	Allowance for impairment loss as at 31 December 2019	Additional impairment loss recognised <i>(in thousand Baht)</i>	Allowance for impairment loss as at 1 January 2020
<b>Staging</b>			
Assets that are not significant increase in credit risk (Performing)	17,869	2,187	20,056
Assets that are significant increase in credit risk (Under-performing)	16,894	2,519	19,413
Assets that are credit-impaired (Non-performing)	18,143	4,612	22,755
<b>Total</b>	<b>52,906</b>	<b>9,318</b>	<b>62,224</b>

	<b>Separate financial statement</b> 31 December 2019		
	Allowance for impairment loss as at 31 December 2019	Additional impairment loss recognised <i>(in thousand Baht)</i>	Allowance for impairment loss as at 1 January 2020
<b>Staging</b>			
Assets that are not significant increase in credit risk (Performing)	16,768	84	16,852
Assets that are significant increase in credit risk (Under-performing)	16,063	1,244	17,307
Assets that are credit-impaired (Non-performing)	15,066	2,328	17,394
<b>Total</b>	<b>47,897</b>	<b>3,656</b>	<b>51,553</b>

The Group and the Company have opted to recognise the increase of impairment loss as an adjustment to retained earnings as at 1 January 2020.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(b) TFRS 16 Leases**

From 1 January 2020, the Group and the Company have initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group and the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group and the Company assess whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group and the Company have elected not to separate non-lease components and account for the transaction as a single lease component. As at 1 January 2020, the Group and the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group and the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group and the Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognised the increase in right-of-use assets approximately amounting to Baht 43 million. The nature of expenses related to those leases will change as the Group will recognise depreciation of right-of-use assets and interest expenses on lease liabilities. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate and used of exemption for short-term lease and low-value items lease assets, combined with finance lease liabilities; therefore, the Group has recognised lease liabilities as at 1 January 2020 amounted to Baht 43 million. Incremental borrowing rates was 3.6% per annum.

**4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in joint venture.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquire.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity - accounted investees*

The Group's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Investments in subsidiaries and joint venture**

Investments in subsidiaries and joint venture in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

*Disposal of investments in the separate financial statements*

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

**(c) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised as profit or loss in the period.

**(d) Financial instruments**

***Accounting policies applicable from 1 January 2020***

***(d.1) Recognition and initial measurement***

Trade receivables, hire-purchase contract receivable, lease receivable and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

***(d.2) Classification and subsequent measurement***

***Financial assets - classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - business model assessment*

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

*Financial assets - assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment,

'Principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group's and the Company's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets - subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
------------------------------	--

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
---------------------------------------	---



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Financial liabilities - classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*(d.3) Derecognition*

*Financial assets*

The Group and the Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Company enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group and the Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*(d.4) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

*Accounting policies applicable before 1 January 2020*

A receivable is measured at transaction price less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Hire purchase contract receivables and loan receivables are stated net of outstanding balance from contract, unearned interest income and allowance for doubtful accounts. The Group provides allowance for expected impairment loss based on the estimated collection losses that may be incurred in collection of receivables, by considering of the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection. Bad debts are written off when incurred.

**(e) *Cash and cash equivalents***

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

**(f) *Other accounts receivable***

Other accounts receivable are recognised when the Group and the Company have an unconditional right to receive consideration.

**(g) *Inventories***

Inventories are measured at the lower of cost and net realisable value.

Reverted inventories are repossessed inventories from the defaulted customers.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

**(h) *Investments***

*Investments in subsidiaries and joint venture*

Investments in subsidiaries and joint venture in the separate financial statements of the Company are accounted for using the cost method. Investments in joint venture in the consolidated financial statements is accounted for using the equity method.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group and the Company dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(i) *Investment properties***

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	20 years
-----------	----------

No depreciation is provided on freehold land or assets under construction.

**(j) *Property, plant and equipment***

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings and building improvements	5,10 and 20	years
Tools and equipment	3 - 5	years
Furniture, fixtures and office equipment	5	years
Computer hardware	3 - 5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

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

**(k) Intangible assets**

Intangible assets that are acquired by the Group and the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	3 - 10	years
-------------------	--------	-------

No amortisation is provided on software during construction.

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

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(l) Leases**

***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company use the definition of a lease in TFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.

The Group and the Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Company apply the derecognition and impairment requirements in TFRS 9 to the net investment in the lease (See note 4(m)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Accounting policies applicable before 1 January 2020*

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

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(m) Impairment of financial assets**

*Accounting policies applicable from 1 January 2020*

The Group and the Company recognise allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including loans to related parties), hire purchase contract receivables and loan receivables.

*Significant accounting estimates and judgments*

The Group and the Company expected credit loss calculations are based on complex models with a series of underlying assumptions. The significant judgments and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. The calculation of credit-impairment provisions also involves expert credit judgment to be applied by management based upon counterparty information they receive from various internal and external.

*Measurement of ECLs*

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward looking information.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Loss allowances for hire purchase contract receivables and loan receivables, the Group and the Company recognise ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

For material portfolios, the estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Forward-looking macroeconomic assumptions are incorporated into the PD where relevant and where they have been identified to influence credit risk, such as GDP growth rates, interest rates and house price indices among others. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

The estimate of expected cash shortfalls on a collateralised financial instrument should consider the amount and timing of cash flows that are expected from confiscation on the collateral less the costs of obtaining and selling the collateral without considering the possibility of the confiscation.

The estimate of expected cash shortfalls are discounted using the initial effective interest rate on the financial instrument.

*Staging*

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date by being assessed on individual basis. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

*Expected Loss Recognition - Staging*

*Stage 1 Financial asset without a significant increase in credit risk (Performing)*

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If a financial assets is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

*Stage 2 Financial asset with a significant increase in credit risk (Under-performing)*

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset. SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

*Stage 3 Financial assets that are credit impaired (Non-performing)*

Financial assets that are credit impaired or in default represent those that are at over 90 days past due in respect of principal or interest. Financial assets are also considered to be credit impaired where the customers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial asset.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the borrower;
- Breach of contract such as default or a past due event;
- Pending or actual bankruptcy or other financial reorganisation to avoid of the borrower's obligations;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; and
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

Impairment provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, representing the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

*Modified financial instruments*

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within credit impairment in the income statement with a corresponding decrease in the gross carrying value of the asset.

Expected credit losses for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12 month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

*Write-offs of impaired instruments and reversal of impairment*

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the debtor's credit rating, the previously recognised impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in the income statement.

*Improvement in credit risk*

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1. For financial assets that are credit-impaired (stage 3), a transfer to stage 2 or stage 1 is not permitted. For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*Accounting policies applicable before 1 January 2020*

An impairment loss and doubtful debt expense of trade accounts receivables, hire-purchase contract receivables and short-term loan receivables is described in accounting policies applicable before 1 January 2020 in note 4(d).

**(n) Impairment of non-financial assets**

The carrying amounts of the Group's and the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversal of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(p) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

**(q) Employee benefits**

*Defined contribution plan*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Defined benefit plans*

The Group's and the Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(r) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(s) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(t) Treasury shares**

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Share premium on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

**(u) Revenue**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

*Sale of goods*

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Dividend incomes*

Dividend incomes are recognised when the right to receive the dividends is established.

**(v) Interest**

*Accounting policies applicable from 1 January 2020*

*Effective Interest Rate (EIR)*

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

*Accounting policies applicable before 1 January 2020*

Interest income is recognised on an accrual basis based on the effective interest rate.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

Interest income under hire purchase agreement is recognised over the period of agreement based on the effective interest rate. The Group ceases accruing income for receivables which installment payment has been defaulted for more than 3 installments and 6 installments past the due date for water purifier and electric appliances respectively. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

The subsidiary recognised interest income from loan receivables base on effective rate method along the contract period. After a customer has defaulted on 3 consecutive payments, the Subsidiary ceases to recognise the related earned interest income from loan.



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(w) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(x) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

# Thiensurat Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

(y) **Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) **Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5 Related party transactions

Relationships with subsidiaries and joint venture are described in notes 10 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Changyoo and Watcharatam families	Thailand	Major shareholders
Safe Trade International Company Limited	Thailand	Subsidiary of major shareholder
Fedders Thai Co., Ltd.*	Thailand	Subsidiary of major shareholder
Thiensurat Leasing Company Limited	Thailand	Subsidiary of major shareholder
Alpine Water Company Limited	Thailand	Subsidiary of major shareholder
TSR Lao Company Limited	Laos	Joint venture
Better Dreams Company Limited	Thailand	Common directors
Ideal Water Company Limited	Thailand	Common directors
Internet Thailand Public Company Limited	Thailand	Common director
COL Public Company Limited	Thailand	Common director
Wesu Sale Co., Ltd.	Thailand	Common director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

\*At the Board of Directors' meeting of Thiensurat Public Company Limited on 22 July 2019, the Board agree to approve for dissolution. The company has registered its dissolution with Ministry of Commerce on 30 September 2019 and liquidation process has been completed in January 2020.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

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

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	Cost plus margin
Other income	Contract price
Purchase of goods and service	Cost plus margin or Market price
Purchase of asset	Cost plus margin or Market price
Rental and service	Contract price
Other expense	Contract price
Interest income	Contract rate
Consultant fee	Contract price

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	221,866	213,615
Management fee and other income	-	-	5,761	3,756
Interest income	-	-	559	744
Purchase of goods and service	-	-	3,277	10,450
Purchase of assets	-	-	-	86
Other expense	-	-	764	1,041
<b>Joint venture</b>				
Sales of goods	2,908	9,723	2,908	9,723
Dividend income	-	980	-	980
Other expense	188	202	188	202
<b>Other related parties</b>				
Sales of goods	-	12,848	-	-
Rendering services	351	379	351	379
Interest income	21	69	-	67
Purchase of goods	431	596	303	439
Other expense	6,865	7,769	6,738	7,490
<b>Key management personnel</b>				
Consulting fees	6,960	6,050	6,960	6,050
Key management personnel compensation				
Short-term employee benefit	47,048	46,783	43,722	39,337
Post-employment benefits	449	220	274	186
<b>Total</b>	<b>47,497</b>	<b>47,003</b>	<b>43,996</b>	<b>39,523</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Balances as at 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	48,646	50,655
Joint venture	882	2,683	882	2,683
Other related parties	-	3,180	-	-
<b>Total</b>	<b>882</b>	<b>5,863</b>	<b>49,528</b>	<b>53,338</b>

<b>Other receivables</b>				
Subsidiaries	-	-	2,670	361
Joint venture	89	89	89	89
Other related parties	6	9	6	9
<b>Total</b>	<b>95</b>	<b>98</b>	<b>2,765</b>	<b>459</b>

	<b>Interest rate</b>	<b>Consolidated financial statements</b>			
	At	At			At
<b>Movement of loans to</b>	31 December	1 January	Increase	Decrease	31 December
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>		
<b>2020</b>					
Other related parties	2.90 - 9.00	171	33,050	(6,071)	27,150
<b>Total</b>		<b>171</b>			<b>27,150</b>
<b>2019</b>					
Other related parties	4.05 - 4.09	-	171	-	171
<b>Total</b>		<b>-</b>			<b>171</b>

	<b>Interest rate</b>	<b>Separate financial statements</b>			
	At	At			At
<b>Movement of loans to</b>	31 December	1 January	Increase	Decrease	31 December
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>		
<b>2020</b>					
Subsidiaries	2.50 - 3.99	13,000	61,500	(51,000)	23,500
<b>Total</b>		<b>13,000</b>			<b>23,500</b>
<b>2019</b>					
Subsidiaries	3.50 - 4.75	1,200	96,000	(84,200)	13,000
<b>Total</b>		<b>1,200</b>			<b>13,000</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Trade accounts payable</b>				
Subsidiaries	7	-	822	3,008
Other related parties	-	74	-	53
<b>Total</b>	<b>7</b>	<b>74</b>	<b>822</b>	<b>3,061</b>

# Thiensurat Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
<b>Other payables</b>				
Subsidiaries	-	-	5,364	3,309
Joint venture	374	186	374	186
Other related parties	31	371	17	371
<b>Total</b>	<b>405</b>	<b>557</b>	<b>5,755</b>	<b>3,866</b>
<b>Financial lease</b>				
Subsidiary	-	-	1,141	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,141</b>	<b>-</b>

Contribution fee agreement

Thiensurat Public Company Limited (“TSR”) entered into a contribution fee agreement with Thiensurat Leasing Company Limited (“TSRL”), whereby TSR is committed to pay the contribution fees at the rate of 4 - 5% of cash collection from sales of electronic appliances in accordance with the conditions specified in the agreement. The term of this agreement is for the period of 1 year.

## 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(in thousand Baht)			
Cash on hand	849	155	795	108
Cash at banks - current accounts	10,339	1,182	9,213	654
Cash at banks - savings accounts	45,293	54,143	28,748	31,097
Others	5,611	3,955	3,428	3,110
<b>Cash and cash equivalents</b>	<b>62,092</b>	<b>59,435</b>	<b>42,184</b>	<b>34,969</b>

## 7 Trade and other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
<b>Trade accounts receivable</b>					
Related parties	5	882	5,863	49,528	53,338
Other parties		9,649	9,637	3,176	4,815
<b>Total</b>		<b>10,531</b>	<b>15,500</b>	<b>52,704</b>	<b>58,153</b>
Less allowance for impairment loss (2019: allowance for doubtful accounts)		(901)	(2,095)	(901)	(2,095)
<b>Net</b>		<b>9,630</b>	<b>13,405</b>	<b>51,803</b>	<b>56,058</b>

# Thiensurat Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2020

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
<b>Other receivables</b>					
Related parties	5	95	98	2,765	459
Other parties		9,593	6,751	8,736	6,201
<b>Total</b>		<b>9,688</b>	<b>6,849</b>	<b>11,501</b>	<b>6,660</b>
Less allowance for impairment loss (2019: allowance for doubtful accounts)		(553)	(553)	(553)	(553)
<b>Net</b>		<b>9,135</b>	<b>6,296</b>	<b>10,948</b>	<b>6,107</b>
<b>Total</b>		<b>18,765</b>	<b>19,701</b>	<b>62,751</b>	<b>62,165</b>
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(in thousand Baht)			
<b>For the year ended 31 December</b>					
Impairment loss (2019: Bad and doubtful debts expenses)		<b>(407)</b>	<b>394</b>	<b>(407)</b>	<b>394</b>

## 8 Hire-purchase contract receivables

Consolidated financial statements						
31 December 2020						
	Portion due within one year	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years	Portion due over four years but within five years	Total
<i>(in thousand Baht)</i>						
Hire purchase receivables	903,939	23,083	7,959	6,743	701	942,425
Less deferred interest income	(114,892)	(3,064)	(1,101)	(381)	(17)	(119,455)
deferred output VAT	(52,613)	(1,487)	(521)	(441)	(46)	(55,108)
	<u>736,434</u>	<u>18,532</u>	<u>6,337</u>	<u>5,921</u>	<u>638</u>	<u>767,862</u>
Less allowance for impairment loss	(66,284)	(358)	(96)	(90)	(10)	(66,838)
Net	<u><u>670,150</u></u>	<u><u>18,174</u></u>	<u><u>6,241</u></u>	<u><u>5,831</u></u>	<u><u>628</u></u>	<u><u>701,024</u></u>

Consolidated financial statements			
31 December 2019			
	Portion due within one year	Portion due over one year but within five years	Total
<i>(in thousand Baht)</i>			
Hire purchase receivables	857,639	33,344	890,983
Less deferred interest income	(90,695)	(8,174)	(98,869)
deferred output VAT	(48,013)	(2,287)	(50,300)
	<u>718,931</u>	<u>22,883</u>	<u>741,814</u>
Less allowance for doubtful accounts	(52,906)	-	(52,906)
Net	<u><u>666,025</u></u>	<u><u>22,883</u></u>	<u><u>688,908</u></u>



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**Consolidated  
financial statements**  
2020                      2019  
*(in thousand Baht)*

*For the year ended 31 December*

Impairment losses (2019: *Bad and doubtful debts expenses*) **216,410**      **125,263**

**Separate financial statements**

31 December 2020

	Portion due within one year	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years	Portion due over four years but within five years	Total
<i>(in thousand Baht)</i>						
Hire purchase receivables	739,008	5,093	-	-	-	744,101
Less deferred interest income	(84,202)	(240)	-	-	-	(84,442)
deferred output VAT	(41,076)	(308)	-	-	-	(41,384)
	<u>613,730</u>	<u>4,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,275</u>
Less allowance for impairment loss	(57,909)	(119)	-	-	-	(58,028)
<b>Net</b>	<u><b>555,821</b></u>	<u><b>4,426</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>560,247</b></u>

**Separate financial statements**

31 December 2019

	Portion due within one year	Portion due over one year but within five years	Total
<i>(in thousand Baht)</i>			
Hire purchase receivables	689,861	603	690,464
Less deferred interest income	(65,184)	(14)	(65,198)
deferred output VAT	(38,043)	(38)	(38,081)
	<u>586,634</u>	<u>551</u>	<u>587,185</u>
Less allowance for doubtful accounts	(47,897)	-	(47,897)
<b>Net</b>	<u><b>538,737</b></u>	<u><b>551</b></u>	<u><b>539,288</b></u>

**Separate  
financial statements**  
2020                      2019  
*(in thousand Baht)*

*For the year ended 31 December*

Impairment losses (2019: *Bad and doubtful debts expenses*) **192,917**      **108,957**

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Aging analyses for water purifier hire-purchase contract receivables as at 31 December 2019 were as follows:

	<b>Consolidated/Separate financial statements</b>				
	Number of receivables  ( <i>account</i> )	Hire-purchase contract receivables, net <sup>(1)</sup>  ( <i>in thousand Baht</i> )	Net receivables for set up allowance for doubtful account <sup>(2)</sup>  ( <i>in thousand Baht</i> )	Percentage of allowance for doubtful  (%)	Allowance for doubtful accounts  ( <i>in thousand Baht</i> )
Within credit terms	55,126	420,650	425,638	2.5	10,641
Overdue:					
Overdue 1 installment	12,542	102,138	102,138	6	6,128
Overdue 2 installments	3,412	29,087	29,087	30	8,726
Overdue 3 installments	1,757	14,674	14,674	50	7,337
Non-consecutive overdue exceeding 3 installments	1,717	10,590	10,590	50	5,295
Consecutive overdue exceeding 3 installments	1,103	9,713	9,713	100	9,713
<b>Total</b>	<b>75,657</b>	<b>586,852</b>	<b>591,840</b>		<b>47,840</b>

<sup>(1)</sup> Net of deferred interest incomes and deferred output VAT

<sup>(2)</sup> Net of collateral (products)

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Aging analyses for electronic appliances and others hire-purchase contract receivables as at 31 December 2019 were as follows:

	<b>Consolidated financial statements</b>				
	Number of receivables  ( <i>account</i> )	Hire-purchase contract receivables, net <sup>(1)</sup>  ( <i>in thousand Baht</i> )	Net receivables for set up allowance for doubtful account <sup>(2)</sup>  ( <i>in thousand Baht</i> )	Percentage of allowance for doubtful  ( <i>%</i> )	Allowance for doubtful accounts  ( <i>in thousand Baht</i> )
Within credit terms	10,736	118,640	59,086	1	591
Overdue:					
Overdue 1 installment	1,574	10,951	6,008	2	120
Overdue 2 installments	936	6,938	3,590	10	359
Overdue 3 installments	603	4,660	2,366	20	473
Overdue 4 installments	463	3,942	2,136	30	641
Overdue 5 installments	343	3,246	1,903	40	761
Overdue 6 installments	208	2,196	1,374	50	687
Non-consecutive overdue exceeding 6 installments	362	4,220	2,782	50	1,391
Consecutive overdue exceeding 6 installments	44	169	43	100	43
<b>Total</b>	<b>15,269</b>	<b>154,962</b>	<b>79,288</b>		<b>5,066</b>

<sup>(1)</sup> Net of deferred interest incomes and deferred output VAT

<sup>(2)</sup> Net of collateral (products)

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	<b>Separate financial statements</b>				
	Number of receivables  ( <i>account</i> )	Hire-purchase contract receivables, net <sup>(1)</sup>  ( <i>in thousand Baht</i> )	Net receivables for set up allowance for doubtful account <sup>(2)</sup>  ( <i>in thousand Baht</i> )	Percentage of allowance for doubtful (%)	Allowance for doubtful accounts  ( <i>in thousand Baht</i> )
Within credit terms	-	-	-	1	-
Overdue:					
Overdue 1 installment	-	-	-	2	-
Overdue 2 installments	-	-	-	10	-
Overdue 3 installments	2	3	-	20	-
Overdue 4 installments	-	-	-	30	-
Overdue 5 installments	-	-	-	40	-
Overdue 6 installments	-	-	-	50	-
Non-consecutive overdue exceeding 6 installments	30	161	28	50	14
Consecutive overdue exceeding 6 installments	44	169	43	100	43
<b>Total</b>	<b>76</b>	<b>333</b>	<b>71</b>		<b>57</b>

<sup>(1)</sup> Net of deferred interest incomes and deferred output VAT

<sup>(2)</sup> Net of collateral (products)

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**9 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	115,183	54,896	97,778	44,407
Right to recover returned products	480	538	480	538
Work in progress	25,263	19,967	25,263	19,967
Raw materials	75,408	68,922	75,408	68,922
Goods in transit	4,605	1,670	4,605	1,670
Supplies	1,200	1,009	1,200	1,009
	<u>222,139</u>	<u>147,002</u>	<u>204,734</u>	<u>136,513</u>
<i>Less</i> Allowance for decline in value of goods	<u>(9,378)</u>	<u>(13,273)</u>	<u>(9,170)</u>	<u>(5,721)</u>
<b>Net</b>	<b><u>212,761</u></b>	<b><u>133,729</u></b>	<b><u>195,564</u></b>	<b><u>130,792</u></b>
Inventories realizable in ‘cost of sales of goods’:				
- Cost	390,619	381,653	370,880	341,092
- Write-down to net realizable value	3,449	7,943	3,449	2,659
- Reversal of write-down	<u>(7,344)</u>	<u>(1,294)</u>	<u>-</u>	<u>-</u>
<b>Net</b>	<b><u>386,724</u></b>	<b><u>388,302</u></b>	<b><u>374,329</u></b>	<b><u>343,751</u></b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**10 Investments in subsidiaries**

		Separate financial statements										
	Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)		(in thousand Baht)							
(Safe Trade International Company Limited	Distribution of water purifier	Thailand	99.98	99.98	4,000	4,000	3,999	3,999	-	-	3,999	3,999
Fedders Thai Co., Ltd.*	Distribution of Conditioner	Thailand	-	59.99	-	31,000	-	18,598	-	(11,819)	-	6,779
Thiensurat Leasing Company Limited	Providing personal loans services and distribution of electric appliance	Thailand	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000
Alpine Water Company Limited.**	Distribution of ice maker	Thailand	54.00	-	7,000	-	3,780	-	-	-	3,780	-
Total							107,779	122,597	-	(11,819)	107,779	110,778

\*At the Board of Directors' meeting of Thiensurat Public Company Limited on 22 July 2019, the Board agree to approve for dissolution. The company has registered its dissolution with Ministry of Commerce on 30 September 2019 and liquidation process has been completed in January 2020.

\*\* In May 2020, the Group registered Alpine Water Company Limited which is held 54.00% of total share capital. The Company paid-up share capital amounting to Baht 3.78 million which has already been registered with Ministry Commerce on 26 May 2020.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**11 Investment in joint venture**

<b>Consolidated Financial statements</b>												
	Type of business	Country of incorporation	Ownership interest		Paid-up share capital		Cost method		Equity method		Dividend income for the year	
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)								(in thousand Baht)	
<b>Joint venture</b>												
TSR Lao Co., Ltd.	Distribution of water purifier and electric appliance	Laos	49.00	49.00	24,282	24,282	13,767	13,767	13,694	13,742	-	980
<b>Total</b>							<b>13,767</b>	<b>13,767</b>	<b>13,694</b>	<b>13,742</b>	<b>-</b>	<b>980</b>

<b>Separate Financial statements</b>												
	Type of business	Country of incorporation	Ownership interest		Paid-up share capital		Cost method		Equity method		Dividend income for the year	
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)								(in thousand Baht)	
<b>Joint venture</b>												
TSR Lao Co., Ltd.	Distribution of water purifier and electric appliance	Laos	49.00	49.00	24,282	24,282	13,767	13,767	-	-	-	980
<b>Total</b>							<b>13,767</b>	<b>13,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>980</b>



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Joint venture*

The following table summarises the financial information of the joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	TSR Lao Company Limited	
	2020	2019
	<i>(in thousand Baht)</i>	
Revenue	14,625	23,477
Profit (loss) from continuing operations	(1,959) <sup>a</sup>	267 <sup>a</sup>
Total comprehensive income (100%)	(1,959)	267
Total comprehensive income of the Group's interest	(960)	131
<b>Group's share of total comprehensive income</b>	<b>(960)</b>	<b>131</b>
Current assets	24,560 <sup>b</sup>	28,648 <sup>b</sup>
Non-current assets	2,895	4,224
Current liabilities	(1,102) <sup>c</sup>	(3,362) <sup>c</sup>
Non-current liabilities	(20) <sup>d</sup>	-
Net assets (100%)	<b>26,333</b>	<b>29,510</b>
Group's share of net assets	12,903	14,460
Elimination of unrealised profit on downstream sales	791	(718)
<b>Carrying amount of interest in joint venture</b>	<b>13,694</b>	<b>13,742</b>
Remark:		
a. Includes:		
- depreciation and amortisation	1,141	1,167
- income tax expense	-	85
b. Includes cash and cash equivalents	10,780	7,738
c. Includes current financial liabilities (excluding trade, other payables and provisions)	202	630
d. Includes non-current financial liabilities (excluding trade, other payables and provisions)	20	-

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**12 Investment properties**

<b>Consolidated financial statements</b>						
	Land		Buildings		Total	
	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>					
<b>Cost</b>						
At 1 January	58,006	58,006	21,459	21,459	79,465	79,465
<b>At 31 December</b>	<b>58,006</b>	<b>58,006</b>	<b>21,459</b>	<b>21,459</b>	<b>79,465</b>	<b>79,465</b>
<b>Accumulated depreciation</b>						
At 1 January	-	-	20,909	20,835	20,909	20,835
Depreciation charge for the year	-	-	73	74	73	74
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>20,982</b>	<b>20,909</b>	<b>20,982</b>	<b>20,909</b>
<b>Net book value</b>	<b>58,006</b>	<b>58,006</b>	<b>477</b>	<b>550</b>	<b>58,483</b>	<b>58,556</b>
<b>Separate financial statements</b>						
	Land		Buildings		Total	
	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>					
<b>Cost</b>						
At 1 January	58,006	58,006	15,630	15,630	73,636	73,636
<b>At 31 December</b>	<b>58,006</b>	<b>58,006</b>	<b>15,630</b>	<b>15,630</b>	<b>73,636</b>	<b>73,636</b>
<b>Accumulated depreciation</b>						
At 1 January	-	-	15,080	15,006	15,080	15,006
Depreciation charge for the year	-	-	73	74	73	74
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>15,153</b>	<b>15,080</b>	<b>15,153</b>	<b>15,080</b>
<b>Net book value</b>	<b>58,006</b>	<b>58,006</b>	<b>477</b>	<b>550</b>	<b>58,483</b>	<b>58,556</b>

The fair value of investment properties as at 31 December 2020 of Baht 59 million (2019: Baht 58 million) was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13 Property, plant and equipment**

	<b>Consolidated financial statements</b>							
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment	Computer hardware	Motor vehicles	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2019	243,305	231,542	42,984	36,908	33,435	101,977	823	690,974
Additions	1,470	733	4,641	1,323	3,649	1,526	12,002	25,344
Transfers	-	6,236	4,371	272	-	-	(10,879)	-
Disposals	-	-	(58)	(2,211)	(925)	(33,711)	(538)	(37,443)
<b>At 31 December 2019 and 1 January 2020</b>	<b>244,775</b>	<b>238,511</b>	<b>51,938</b>	<b>36,292</b>	<b>36,159</b>	<b>69,792</b>	<b>1,408</b>	<b>678,875</b>
Transfers of finance lease assets on initial application of TFRS 16	-	-	-	-	-	(48,176)	-	(48,176)
<b>At 1 January 2020 - as adjusted</b>	<b>244,775</b>	<b>238,511</b>	<b>51,938</b>	<b>36,292</b>	<b>36,159</b>	<b>21,616</b>	<b>1,408</b>	<b>630,699</b>
Additions	130	438	5,557	3,655	5,717	2,290	4,972	22,759
Transfers	-	4,906	19	-	-	-	(4,925)	-
Disposals	-	-	(1,871)	(4,272)	(32)	(1,131)	(1,337)	(8,643)
<b>At 31 December 2020</b>	<b>244,905</b>	<b>243,855</b>	<b>55,643</b>	<b>35,675</b>	<b>41,844</b>	<b>22,775</b>	<b>118</b>	<b>644,815</b>
<i>Depreciation and impairment losses</i>								
At 1 January 2019	1,369	134,508	34,955	25,714	22,972	43,715	-	263,233
Depreciation charge for the year	423	19,517	4,222	4,696	5,976	12,310	-	47,144
Disposals	-	-	(46)	(2,199)	(639)	(22,175)	-	(25,059)
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,792</b>	<b>154,025</b>	<b>39,131</b>	<b>28,211</b>	<b>28,309</b>	<b>33,850</b>	<b>-</b>	<b>285,318</b>
Transfers of finance lease assets on initial application of TFRS 16	-	-	-	-	-	(21,890)	-	(21,890)
<b>At 1 January 2020 - as adjusted</b>	<b>1,792</b>	<b>154,025</b>	<b>39,131</b>	<b>28,211</b>	<b>28,309</b>	<b>11,960</b>	<b>-</b>	<b>263,428</b>
Depreciation charge for the year	456	18,355	4,687	4,208	5,383	1,899	-	34,988
Disposals	-	-	(1,838)	(4,239)	(29)	(656)	-	(6,762)
<b>At 31 December 2020</b>	<b>2,248</b>	<b>172,380</b>	<b>41,980</b>	<b>28,180</b>	<b>33,663</b>	<b>13,203</b>	<b>-</b>	<b>291,654</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

		Consolidated financial statements						
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Computer hardware	Motor vehicles	Assets under construction and installation	Total
Net book value								
At 31 December 2019								
Owned assets	242,983	84,486	12,807	8,081	7,850	9,655	1,408	367,270
Assets under finance leases	-	-	-	-	-	26,287	-	26,287
	<u>242,983</u>	<u>84,486</u>	<u>12,807</u>	<u>8,081</u>	<u>7,850</u>	<u>35,942</u>	<u>1,408</u>	<u>393,557</u>
At 31 December 2020								
Owned assets	242,657	71,475	13,663	7,495	8,181	9,572	118	353,161

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements							
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Computer hardware	Motor vehicles	Assets under construction and installation	Total
<b>Cost</b>								
At 1 January 2019	238,505	221,952	42,984	34,878	32,609	97,269	823	669,020
Additions	1,470	733	4,641	1,341	3,478	1,526	12,002	25,191
Transfers	-	6,236	4,371	272	-	-	(10,879)	-
Disposals	-	-	(46)	(2,045)	(728)	(33,711)	(538)	(37,068)
<b>At 31 December 2019 and 1 January 2020</b>	<b>239,975</b>	<b>228,921</b>	<b>51,950</b>	<b>34,446</b>	<b>35,359</b>	<b>65,084</b>	<b>1,408</b>	<b>657,143</b>
Transfers of finance lease assets on initial application of TFRS 16	-	-	-	-	-	(47,118)	-	(47,118)
<b>At 1 January 2020 - as adjusted</b>	<b>239,975</b>	<b>228,921</b>	<b>51,950</b>	<b>34,446</b>	<b>35,359</b>	<b>17,966</b>	<b>1,408</b>	<b>610,025</b>
Additions	130	438	4,776	3,481	5,553	2,290	4,972	21,640
Transfers	-	4,906	19	-	-	-	(4,925)	-
Disposals	-	-	(1,871)	(4,272)	(32)	(1,131)	(1,337)	(8,643)
<b>At 31 December 2020</b>	<b>240,105</b>	<b>234,265</b>	<b>54,874</b>	<b>33,655</b>	<b>40,880</b>	<b>19,125</b>	<b>118</b>	<b>623,022</b>
<b>Depreciation and impairment losses</b>								
At 1 January 2019	1,369	128,624	34,955	23,791	22,567	41,087	-	252,393
Depreciation charge for the year	422	19,017	4,222	4,653	5,873	11,638	-	45,825
Disposals	-	-	(40)	(2,034)	(511)	(22,175)	-	(24,760)
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,791</b>	<b>147,641</b>	<b>39,137</b>	<b>26,410</b>	<b>27,929</b>	<b>30,550</b>	<b>-</b>	<b>273,458</b>
Transfers of finance lease assets on initial application of TFRS 16	-	-	-	-	-	(21,266)	-	(21,266)
<b>At 1 January 2020 - as adjusted</b>	<b>1,791</b>	<b>147,641</b>	<b>39,137</b>	<b>26,410</b>	<b>27,929</b>	<b>9,284</b>	<b>-</b>	<b>252,192</b>
Depreciation charge for the year	457	17,854	4,640	4,141	5,247	1,726	-	34,065
Disposals	-	-	(1,838)	(4,239)	(29)	(656)	-	(6,762)
<b>At 31 December 2020</b>	<b>2,248</b>	<b>165,495</b>	<b>41,939</b>	<b>26,312</b>	<b>33,147</b>	<b>10,354</b>	<b>-</b>	<b>279,495</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements							Total
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Computer hardware	Motor vehicles	Assets under construction and installation	
<i>Net book value</i>								
<b>At 31 December 2019</b>								
Owned assets	238,184	81,280	12,813	8,036	7,430	8,683	1,408	357,834
Assets under finance leases	-	-	-	-	-	25,851	-	25,851
	<b>238,184</b>	<b>81,280</b>	<b>12,813</b>	<b>8,036</b>	<b>7,430</b>	<b>34,534</b>	<b>1,408</b>	<b>383,685</b>
<b>At 31 December 2020</b>								
Owned assets	<b>237,857</b>	<b>68,770</b>	<b>12,935</b>	<b>7,343</b>	<b>7,733</b>	<b>8,771</b>	<b>118</b>	<b>343,527</b>

The gross amount of the Group and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2020 amounted to Baht 169 million and Baht 163.5 million, respectively. (2019: Baht 99.1 million and Baht 96.5 million).

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**14 Leases**

*As a lessee*

<i>At 31 December 2020</i>	<b>Consolidated financial statements</b> <i>(in thousand Baht)</i>	<b>Separate financial statements</b>
<i>Right-of-use assets</i>		
Buildings	19,490	19,490
Vehicles	98,340	98,117
<b>Total</b>	<b>117,830</b>	<b>117,607</b>

In 2020, additions to the right-of-use assets of the Group and the Company were Baht 97.65 million.

The Group leases a number of buildings for 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contracts.

<i>For the year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets:				
- Buildings	9,353	-	9,353	-
- Vehicles	20,443	-	20,231	-
Interest on lease liabilities	2,918	-	2,908	-
Expenses relating to short-term leases	4,552	-	4,955	-
Expenses relating to leases of low value assets	640	-	608	-
Lease expense	-	11,110	-	11,116

In 2020, total cash outflow for leases of the Group and the Company were Baht 41.22 million and Baht 40.14 million, respectively.



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**15 Intangible assets**

<b>Consolidated financial statements</b>			
	Software	Software under installation	Total
	<i>(in thousand Baht)</i>		
<b><i>Cost</i></b>			
At 1 January 2019	50,004	133	50,137
Additions	1,489	-	1,489
Transfers	40	(40)	-
<b>At 31 December 2019 and 1 January 2020</b>	<b>51,533</b>	<b>93</b>	<b>51,626</b>
Additions	1,638	1,224	2,862
Transfers	260	(260)	-
<b>At 31 December 2020</b>	<b>53,431</b>	<b>1,057</b>	<b>54,488</b>
<b><i>Amortisation and impairment losses</i></b>			
At 1 January 2019	12,901	-	12,901
Amortisation for the year	5,098	-	5,098
<b>At 31 December 2019 and 1 January 2020</b>	<b>17,999</b>	<b>-</b>	<b>17,999</b>
Amortisation for the year	5,100	-	5,100
<b>At 31 December 2020</b>	<b>23,099</b>	<b>-</b>	<b>23,099</b>
<b><i>Net book value</i></b>			
<b>At 31 December 2019</b>	<b>33,534</b>	<b>93</b>	<b>33,627</b>
<b>At 31 December 2020</b>	<b>30,332</b>	<b>1,057</b>	<b>31,389</b>
<b>Separate financial statements</b>			
	Software	Software under installation	Total
	<i>(in thousand Baht)</i>		
<b><i>Cost</i></b>			
At 1 January 2019	49,310	40	49,350
Additions	1,199	-	1,199
Transfers	40	(40)	-
<b>At 31 December 2019 and 1 January 2020</b>	<b>50,549</b>	<b>-</b>	<b>50,549</b>
Additions	1,447	1,047	2,494
<b>At 31 December 2020</b>	<b>51,996</b>	<b>1,047</b>	<b>53,043</b>
<b><i>Amortisation and impairment losses</i></b>			
At 1 January 2019	12,844	-	12,844
Amortisation for the year	5,011	-	5,011
<b>At 31 December 2019 and 1 January 2020</b>	<b>17,855</b>	<b>-</b>	<b>17,855</b>
Amortisation for the year	4,990	-	4,990
<b>At 31 December 2020</b>	<b>22,845</b>	<b>-</b>	<b>22,845</b>
<b><i>Net book value</i></b>			
<b>At 31 December 2019</b>	<b>32,694</b>	<b>-</b>	<b>32,694</b>
<b>At 31 December 2020</b>	<b>29,151</b>	<b>1,047</b>	<b>30,198</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**16 Interest-bearing liabilities**

	<b>Consolidated Financial statements</b>		<b>Separate Financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Unsecured</b>				
Short-term loan from financial institutions	50,899	-	19,949	-
Lease liabilities				
<i>(2019: Finance lease liabilities)</i>	119,304	15,616	120,033	15,262
<b>Total interest - bearing liabilities</b>	<b>170,203</b>	<b>15,616</b>	<b>139,982</b>	<b>15,262</b>

	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
			<i>(in thousand Baht)</i>			
<b>Finance lease liabilities</b>						
<b>At 31 December 2019</b>						
Within 1 year	13,084	261	12,823	12,839	251	12,588
1 - 5 years	2,812	19	2,793	2,693	19	2,674
<b>Total</b>	<b>15,896</b>	<b>280</b>	<b>15,616</b>	<b>15,532</b>	<b>270</b>	<b>15,262</b>

**17 Trade and other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Trade payables - related parties	7	74	822	3,061
Trade payables - unrelated parties	20,432	22,108	19,948	22,103
Other payables - related parties	405	557	5,755	3,866
Other payables - unrelated parties				
Accrued expenses	94,573	66,423	93,230	63,121
Retention	30,885	27,625	25,194	27,625
Others	25,240	11,121	24,228	11,026
<b>Total</b>	<b>171,542</b>	<b>127,908</b>	<b>169,177</b>	<b>130,802</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**18 Non-current provisions for employee benefits**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Defined benefit plans	23,177	23,181	18,625	19,024
<b>Total</b>	<b>23,177</b>	<b>23,181</b>	<b>18,625</b>	<b>19,024</b>

***Defined benefit plan***

The Group and Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

<b><i>Present value of the defined benefit obligations</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	23,181	20,065	19,024	16,744
<b>Include in profit or loss:</b>				
Current service cost	4,042	1,395	3,691	1,626
Past service cost	-	407	-	1,996
Interest on obligation	348	2,837	286	399
	<b>27,571</b>	<b>24,704</b>	<b>23,001</b>	<b>20,765</b>
<b>Included in other comprehensive income</b>				
Actuarial gain (loss)				
- Demographic assumptions	-	(5,524)	-	(5,736)
- Financial assumptions	-	885	-	892
- Experience adjustment	-	3,611	-	3,598
	<b>-</b>	<b>(1,028)</b>	<b>-</b>	<b>(1,246)</b>
Benefit paid	(4,394)	(495)	(4,376)	(495)
<b>At 31 December</b>	<b>23,177</b>	<b>23,181</b>	<b>18,625</b>	<b>19,024</b>

<b><i>Principal actuarial assumptions</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(%)</i>			
Discount rate	1.37 - 1.49	1.37 - 1.49	1.37 - 1.44	1.37 - 1.44
Future salary growth	2.06 - 3.88	2.06 - 3.88	3.15 - 3.88	3.15 - 3.88

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2020, the weighted-average duration of the defined benefit obligation of the Group was 3 - 9 years (2019: 3 - 9 years) and the Company: 3 - 7 years (2019: 3 - 7 years).

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

*Sensitivity analysis*

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

<i>Effect to the defined benefit obligation</i>	<b>Consolidated financial statements</b>			
	0.5% increase in assumption		0.5% decrease in assumption	
<i>At 31 December</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Discount rate	(490)	(521)	524	546
Future salary growth	344	292	(330)	(292)
Employee turnover	(583)	(486)	601	502

<i>Effect to the defined benefit obligation</i>	<b>Separate financial statements</b>			
	0.5% increase in assumption		0.5% decrease in assumption	
<i>At 31 December</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Discount rate	(438)	(457)	467	487
Future salary growth	305	277	(294)	(268)
Employee turnover	(534)	(466)	561	481

*Provident fund*

The Group and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by K Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2020 amounting to approximately Baht 3.9 million (2019: Baht 2.8 million) were recognised as expenses for the Company Baht 3.7 million (2019: Baht 2.6 million).

**19 Share capital**

	Par value per share <i>(in Baht)</i>	2020		2019	
		Number	Baht	Number	Baht
Authorised shares at 31 December		<u>549,682</u>	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>

*Share premium*

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

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**20 Treasury shares**

At the Board of Directors' meeting of the Company held on 30 March 2020, the Board approved the Share Repurchase Program for financial management. The maximum amount for the share repurchases is not exceeding Baht 10 million. Number of shares repurchase is not exceeding 10 million shares at the par value of Baht 1 per share which is equal to 1.82% of total paid-up capital. The repurchase period will be started from 14 April 2020 to 14 October 2020. The shares purchased may be resold after 6 months from the date of purchase but must not exceed 3 years from such completion.

On 14 October 2020, the Share Repurchase Program has completed. The company has repurchased the shares in total of 2.70 million units at a total cost of Baht 5.61 million. Treasury shares recognised as a deduction from equity in consolidated financial statement. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares.

**21 Reserve**

Reserves comprise:

***Legal reserve***

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of their 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.

***Treasury shares reserve***

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company's own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

**22 Expenses by nature**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Salaries, wages and other employee benefits	531,107	468,096	494,574	440,190
Commission expenses	338,087	304,563	328,535	297,136
Depreciation and amortisation	71,331	52,335	70,534	50,911
Sales promotion expenses	56,178	57,197	53,571	56,885
Raw materials and consumables used	300,444	232,154	300,444	232,154
Changes in inventories of finished goods and work in progress	73,950	1,151	55,269	12,375
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>	<b><u>1,371,097</u></b>	<b><u>1,115,496</u></b>	<b><u>1,302,927</u></b>	<b><u>1,089,651</u></b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**23 Income tax**

<i>Income tax recognised in profit or loss</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	35,870	27,114	29,132	24,189
Under (over) provided in prior years	(641)	1,453	988	1,453
	<u>35,229</u>	<u>28,567</u>	<u>30,120</u>	<u>25,642</u>
<b>Deferred tax expense</b>				
Movements in temporary differences	(3,132)	(1,539)	(4,869)	(585)
	<u>(3,132)</u>	<u>(1,539)</u>	<u>(4,869)</u>	<u>(585)</u>
<b>Total income tax expense</b>	<u>32,097</u>	<u>27,028</u>	<u>25,251</u>	<u>25,057</u>

<b>Consolidated financial statements</b>						
<i>Income tax</i>	Before tax	2020 Tax (expense) benefit	Net of tax	Before tax	2019 Tax (expense) benefit	Net of tax
						<i>(in thousand Baht)</i>
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	-	-	-	1,028	(205)	823
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,028</u>	<u>(205)</u>	<u>823</u>

<b>Separate financial statements</b>						
<i>Income tax</i>	Before tax	2020 Tax (expense) benefit	Net of tax	Before tax	2019 Tax (expense) benefit	Net of tax
						<i>(in thousand Baht)</i>
<b>Recognised in other comprehensive income</b>						
Defined benefit plan actuarial gains (losses)	-	-	-	1,246	(250)	996
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246</u>	<u>(250)</u>	<u>996</u>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<i>Reconciliation of effective tax rate</i>	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	2020		2019		2020		2019	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>176,444</u>		<u>136,547</u>		<u>149,503</u>		<u>126,127</u>
Income tax using the Thai corporation tax rate	20	35,289	20	27,309	20	29,900	20	25,225
Non-deductible expenses		112		164		102		163
Additional expense deductions allowed		(2,617)		(2,202)		(2,613)		(2,202)
Other		(46)		304		(3,126)		418
Under (over) provided in prior years		(641)		1,453		988		1,453
<b>Total</b>	<b>18</b>	<b><u>32,097</u></b>	<b>19</b>	<b><u>27,028</u></b>	<b>17</b>	<b><u>25,251</u></b>	<b>19</b>	<b><u>25,057</u></b>



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<b>Consolidated Financial statements</b>									
		<u>(Charged) / Credited to</u>					<u>(Charged) / Credited to</u>		
	<b>At 1</b>	Profit or	Other	<b>At 31</b>	The impact of	<b>At 1</b>	Profit or	Other	<b>At 31</b>
<i>Deferred tax</i>	<b>January</b>	loss	comprehensive	<b>December</b>	changes in	<b>January 2020</b>	loss	comprehensive	<b>December</b>
	<b>2019</b>		income	<b>2019</b>	accounting	<b>As adjusted</b>		income	<b>2020</b>
					policies				
					(in thousand Baht)				
<i>Deferred tax assets</i>									
Hire purchase contract receivables	11,808	(697)	-	11,111	1,706	12,817	914	-	13,731
Inventories	979	1,719	-	2,698	-	2,698	(776)	-	1,922
Investment in subsidiary	2,364	-	-	2,364	-	2,364	(2,364)	-	-
Equipment	58	-	-	58	-	58	-	-	58
Provision from guarantee	1,194	934	-	2,128	-	2,128	521	-	2,649
Provision for long-term employee benefits	4,054	17	(205)	3,866	-	3,866	(45)	-	3,821
Loss carry forward	279	(279)	-	-	-	-	-	-	-
<b>Total</b>	<b>20,736</b>	<b>1,694</b>	<b>(205)</b>	<b>22,225</b>	<b>1,706</b>	<b>23,931</b>	<b>(1,750)</b>	<b>-</b>	<b>22,181</b>
<i>Deferred tax liability</i>									
Right-of-use assets	(5,202)	(155)	-	(5,357)	-	(5,357)	4,882	-	(475)
<b>Total</b>	<b>(5,202)</b>	<b>(155)</b>	<b>-</b>	<b>(5,357)</b>	<b>-</b>	<b>(5,357)</b>	<b>4,882</b>	<b>-</b>	<b>(475)</b>
<b>Net</b>	<b>15,534</b>	<b>1,539</b>	<b>(205)</b>	<b>16,868</b>	<b>1,706</b>	<b>18,574</b>	<b>3,132</b>	<b>-</b>	<b>21,706</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements								
		(Charged) / Credited to					(Charged) / Credited to		
	At 1	Profit or	Other	At 31	The impact of	At 1	Profit or	Other	At 31
<i>Deferred tax</i>	January	loss	comprehensive	December	changes in	January 2020	loss	comprehensive	December
	2019		income	2019	accounting	As adjusted		income	2020
					policies				
					(in thousand Baht)				
<i>Deferred tax assets</i>									
Hire purchase contract receivable	10,697	(588)	-	10,109	574	10,683	1,213	-	11,896
Inventories	701	487	-	1,188	-	1,188	692	-	1,880
Investment in subsidiary	2,364	-	-	2,364	-	2,364	(2,364)	-	-
Equipment	58	-	-	58	-	58	-	-	58
Provision from guarantee	1,194	933	-	2,127	-	2,127	1,598	-	3,725
Provision for long-term employee benefits	3,349	(108)	(250)	2,991	-	2,991	(1,156)	-	1,835
<b>Total</b>	<b>18,363</b>	<b>724</b>	<b>(250)</b>	<b>18,837</b>	<b>574</b>	<b>19,411</b>	<b>(17)</b>	<b>-</b>	<b>19,394</b>
<i>Deferred tax liability</i>									
Right-of-use assets	(5,201)	(139)	-	(5,340)	-	(5,340)	4,886	-	(454)
<b>Total</b>	<b>(5,201)</b>	<b>(139)</b>	<b>-</b>	<b>(5,340)</b>	<b>-</b>	<b>(5,340)</b>	<b>4,886</b>	<b>-</b>	<b>(454)</b>
<b>Net</b>	<b>13,162</b>	<b>585</b>	<b>(250)</b>	<b>13,497</b>	<b>574</b>	<b>14,071</b>	<b>4,869</b>	<b>-</b>	<b>18,940</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**24 Segment information and disaggregation of revenue**

The group are organized into business unit based on its distribution channel and loan service. Operating segment reporting is presented by sale type. The loan service is not reported as reparable segment due to the fact that its revenue and operation are immaterial to present.

The Group and the Company mostly operate in Thailand. As a result, all the revenues and assets are reflected in these financial statements pertain exclusively to this geographical reportable segment. And the timing of revenue recognition from cash and credit which mainly recognise the revenue at point in time.

	Consolidated Financial statements				
	Hire- purchase sales	Cash and credit sales	Service and others (in thousand Baht)	Elimination	Total
<b><i>For the year ended 31 December 2020</i></b>					
Revenue from sales of goods					
External revenue	1,409,248	276,294	-	-	1,685,542
Inter-segment revenue	2,594	204,341	-	(206,935)	-
Other					
External revenue	221,747	-	35,586	-	257,333
Inter-segment revenue	65	-	28,632	(28,697)	-
<b>Total segment revenue</b>	<b>1,633,654</b>	<b>480,635</b>	<b>64,218</b>	<b>(235,632)</b>	<b>1,942,875</b>
Cost of sales	(457,401)	(206,427)	-	228,008	(435,820)
<b>Segment gross profit</b>	<b>1,176,253</b>	<b>274,208</b>	<b>64,218</b>	<b>(7,624)</b>	<b>1,507,055</b>
Distribution costs					(675,860)
Administrative expenses					(434,308)
Impairment losses					(216,003)
Finance costs					(4,392)
Share of loss of joint venture					(48)
<b>Profit before income tax expense</b>					<b>176,444</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Consolidated Financial statements				
	Hire- purchase sales	Cash and credit sales	Service and others  (in thousand Baht)	Elimination	Total
<i>For the year ended 31 December 2019</i>					
Revenue from sales of goods					
External revenue	1,240,209	216,155	-	-	1,456,364
Inter-segment revenue	-	213,961	-	(213,961)	-
Other					
External revenue	179,889	-	40,523	-	220,412
Inter-segment revenue	-	-	6,583	(6,583)	-
<b>Total segment revenue</b>	<b><u>1,420,098</u></b>	<b><u>430,116</u></b>	<b><u>47,106</u></b>	<b><u>(220,544)</u></b>	<b><u>1,676,776</u></b>
Cost of sales	(425,058)	(201,392)	-	217,327	(409,123)
<b>Segment gross profit</b>	<b><u>995,040</u></b>	<b><u>228,724</u></b>	<b><u>47,106</u></b>	<b><u>(3,217)</u></b>	<b><u>1,267,653</u></b>
Distribution costs					(593,669)
Administrative expenses					(401,864)
Bad and doubtful debts expenses					(134,200)
Finance costs					(1,022)
Share of loss of joint venture					(351)
<b>Profit before income tax expense</b>					<b><u>136,547</u></b>

## **25 Basic earnings per share**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<i>(in thousand Baht / thousand shares)</i>			
<b><i>For the year ended 31 December</i></b>				
<b>Profit attributable to ordinary shareholders of the Company</b>	<b><u>143,126</u></b>	<b><u>109,628</u></b>	<b><u>124,252</u></b>	<b><u>101,070</u></b>
<b><i>Ordinary shares outstanding</i></b>				
Number of ordinary shares outstanding at 1 January	549,682	549,682	549,682	549,682
Effect of treasury shares	(1,455)	-	(1,455)	-
<b>Weighted average number of ordinary shares outstanding at 31 December</b>	<b><u>548,227</u></b>	<b><u>549,682</u></b>	<b><u>548,227</u></b>	<b><u>549,682</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.261</u></b>	<b><u>0.199</u></b>	<b><u>0.227</u></b>	<b><u>0.184</u></b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**26 Dividends**

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2020 Interim dividend	13 August 2020	September 2020	0.09	46,515
2019 Annual dividend	30 April 2020	May 2020	0.14	76,955
2019 Interim dividend	22 August 2019	September 2019	(0.06)	(32,981)
<b>Additional dividend in 2020</b>			<b>0.17</b>	<b>90,489</b>
2019 Interim dividend	13 August 2019	September 2019	0.06	32,981
2018 Annual dividend	26 April 2019	May 2019	0.16	85,722
2018 Interim dividend	14 August 2018	September 2018	(0.08)	(41,748)
<b>Additional dividend in 2019</b>			<b>0.14</b>	<b>76,955</b>

**27 Financial instruments**

**(a) Carrying amounts and fair values**

The fair values of financial assets and financial liabilities measured at amortised cost. The carrying amount is a reasonable approximation of fair value.

**(b) Financial risk management policies**

***Risk management framework***

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

***(b.1) Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers of the Group.

(b.1.1) Trade receivable

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivable.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
<i>At 31 December 2020</i>	<i>(in thousand Baht)</i>	
<b><i>Related parties</i></b>		
Within credit terms	882	26,549
Overdue:		
1 - 30 days	-	14,656
31 - 60 days	-	8,257
91 - 120 days	-	66
	<u>882</u>	<u>49,528</u>
Less allowance for impairment loss	-	-
<b>Net</b>	<b><u>882</u></b>	<b><u>49,528</u></b>
<b><i>Other</i></b>		
Within credit terms	5,966	1,553
Overdue:		
1 - 30 days	2,367	371
31 - 60 days	39	37
61 - 90 days	112	57
91 - 120 days	100	93
121 - 150 days	77	77
151 - 180 days	52	52
181 - 210 days	58	58
271 - 300 days	3	3
331 - 360 days	6	6
More than 360 days	<u>869</u>	<u>869</u>
	<u>9,649</u>	<u>3,176</u>
Less allowance for impairment loss	(901)	(901)
<b>Net</b>	<b><u>8,748</u></b>	<b><u>2,275</u></b>
<b>Total</b>	<b><u>9,630</u></b>	<b><u>51,803</u></b>

The normal credit term granted by the Group ranges from 30 days to 60 days.

Loss rates are based on actual credit loss experience over the past 4 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Movement of allowance for expected credit loss of trade accounts receivables.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
At 1 January 2020 - restated	1,307	1,307
Addition	401	401
Write-off	(807)	(807)
<b>At 31 December 2020</b>	<b>901</b>	<b>901</b>
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b>At 31 December 2019</b>		
<b>Related parties</b>		
Within credit terms	1,305	35,001
Overdue:		
Less than 3 months	1,378	18,337
Less than 6 months	3,180	-
	5,863	53,338
Less allowance for doubtful accounts	-	-
<b>Net</b>	<b>5,863</b>	<b>53,338</b>
<b>Other</b>		
Within credit terms	6,000	2,412
Overdue:		
Less than 3 months	2,113	879
3 - 6 months	198	198
6 - 12 months	316	316
More than 12 months	1,010	1,010
	9,637	4,815
Less allowance for doubtful accounts	(2,095)	(2,095)
<b>Net</b>	<b>7,542</b>	<b>2,720</b>
<b>Total</b>	<b>13,405</b>	<b>56,058</b>

(b.1.2) Hire purchase contract receivable

The following table presents the exposure to credit risk for hire purchase contract receivable measured at amortised cost.



**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Consolidated financial statements						
	Water purifier and filter		Electronic appliances and others		Total		
	Hire-purchase contract		Hire-purchase contract		Hire-purchase contract		
	receivables net of unearned interest income	Allowance for impairment	receivables net of unearned interest income	Allowance for impairment	receivables net of unearned interest income	Allowance for impairment	Net book value
	(in thousand Baht)						
<i>Staging</i>							
Performing assets	539,482	13,459	132,870	2,394	672,352	15,853	656,499
Under-performing assets	47,717	18,534	8,721	1,577	56,438	20,111	36,327
Non-performing assets	29,849	25,988	9,223	4,886	39,072	30,874	8,198
<b>Total</b>	<b>617,048</b>	<b>57,981</b>	<b>150,814</b>	<b>8,857</b>	<b>767,862</b>	<b>66,838</b>	<b>701,024</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

	Separate financial statements						
	Water purifier and filter		Electronic appliances		Total		
	Hire-purchase contract		Hire-purchase contract		Hire-purchase contract		
	receivables net of unearned interest income	Allowance for impairment	receivables net of unearned interest income	Allowance for impairment	receivables net of unearned interest income	Allowance for impairment	Net book value
	(in thousand Baht)						
Staging							
Performing assets	539,482	13,459	1,227	47	540,709	13,506	527,203
Under-performing assets	47,717	18,534	-	-	47,717	18,534	29,183
Non-performing assets	29,849	25,988	-	-	29,849	25,988	3,861
<b>Total</b>	<b>617,048</b>	<b>57,981</b>	<b>1,227</b>	<b>47</b>	<b>618,275</b>	<b>58,028</b>	<b>560,247</b>

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

Movement of allowance for expected credit loss of hire purchase contract receivable

***For the year ended 31 December 2020***

**Consolidated financial statements**

	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
At 1 January 2020				
- restated ( <i>see note 3(a.2)</i> )	20,056	19,413	22,755	62,224
Net remeasurement of loss allowance	7,069	(9,080)	5,526	3,515
Transfer to lifetime ECL				
- not credit-impaired	(943)	943	-	-
Transfer to lifetime ECL				
- credit-impaired	(1,542)	(466)	2,008	-
Financial assets repaid / write-off	(26,459)	(9,046)	(20,796)	(56,301)
New financial assets acquired	17,672	18,347	21,381	57,400
<b>At 31 December 2020</b>	<b>15,853</b>	<b>20,111</b>	<b>30,874</b>	<b>66,838</b>

***For the year ended 31 December 2020***

**Separate financial statements**

	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
At 1 January 2020				
- restated ( <i>see note 3(a.2)</i> )	16,852	17,307	17,394	51,553
Net remeasurement of loss allowance	8,200	(9,094)	3,709	2,815
Transfer to lifetime ECL				
- not credit-impaired	(722)	722	-	-
Transfer to lifetime ECL				
- credit-impaired	(1,331)	(246)	1,577	-
Financial assets repaid / write-off	(24,911)	(7,369)	(16,112)	(48,392)
New financial assets acquired	15,418	17,214	19,420	52,052
<b>At 31 December 2020</b>	<b>13,506</b>	<b>18,534</b>	<b>25,988</b>	<b>58,028</b>

**(b.1.3) Cash and cash equivalent**

Credit risk arising from cash and cash equivalents is estimated based on 12-month expected credit losses. The Group considers cash and cash equivalents to have low credit risk based on Third Party Credit Ratings

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**(b.2) Liquidity risk**

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

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements						
At 31 December 2020	Carrying amount	Contractual cash flows			Total	
		1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years		
			(in thousand Baht)			
Non-derivative financial liabilities						
Trade payables	20,439	20,439	-	-	20,439	
Loans from financial institutions	50,899	51,156	-	-	51,156	
Lease liabilities	119,304	45,191	36,818	43,346	125,355	
	<u>190,642</u>	<u>116,786</u>	<u>36,818</u>	<u>43,346</u>	<u>196,950</u>	
Separate financial statements						
At 31 December 2020	Carrying amount	Contractual cash flows			Total	
		1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years		
			(in thousand Baht)			
Non-derivative financial liabilities						
Trade payables	20,770	20,770	-	-	20,770	
Loans from financial institution	19,949	20,042	-	-	20,042	
Lease liabilities	120,033	45,326	37,081	43,961	126,368	
	<u>160,752</u>	<u>86,138</u>	<u>37,081</u>	<u>43,961</u>	<u>167,180</u>	

**28 Capital management**

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

**Thiensurat Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**29 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<b><i>Capital commitments</i></b>				
Commitments not yet recognised				
Tools and equipment	598	2,335	598	2,335
Software	498	472	498	472
Building improvement	611	188	611	-
<b>Total</b>	<b>1,707</b>	<b>2,995</b>	<b>1,707</b>	<b>2,807</b>
<b><i>Other commitments</i></b>				
Short-term lease commitments	6,804	-	6,938	-
Bank guarantees	5,859	4,044	5,859	4,044
Other agreements	12,889	3,982	12,777	3,922
<b>Total</b>	<b>25,552</b>	<b>8,026</b>	<b>25,574</b>	<b>7,966</b>

**30 Event after the reporting period**

On 25 February 2021, the Company's Board of Directors meeting passed a resolution to propose the following matters to the Company's Annual General Meeting of the shareholders which will be held in April 2021 for consideration and approval to pay dividend of Baht 0.08 per share, totaling Baht 43.76 million in respect of the 2020 earnings. Such dividend will be paid and recorded after approval of the Company's Annual General Meeting of the shareholders is granted.



**Thiensurat Public Company Limited**

43/9, M.7, Soi Chuchart anusorn 4, Bangtalad, Pakkret, Nonthaburi 11120

T. +66 2 819 8899  
F. +66 2 962 6951 3  
[www.tsrplc.com](http://www.tsrplc.com)