

PART 1

COMPANY'S BUSINESS

1 POLICY AND BUSINESS OVERVIEW

Thai Textile Industry Public Company Limited (TTI) started business in 1970 as only a weaving factory. Later TTI expanded into other textile related business to include spinning, sizing, yarn dyeing, and garment making, which at present the Company is vertically integrated to produce fabric.

The Subsidiary is only in the yarn spinning business, with sales majority to TTI and only a small portion is sold to general customers.

1.1 Visions, Objectives, Goals, and Strategies

Since the very beginning, the textile industry is a highly competitive industry both locally and internationally in terms of quality, price, and production technologies to reduce cost and raise the quality of the products. TTI's objective is to follow and adapt constantly to the changes in the market to meet the needs of the customers in time. It is necessary for TTI to constantly update the production machinery to increase our competitiveness in cost, products, and quality of our products.

1.2 Key Development and Changes

1969 Thai Textile Industry Company Limited was established on 18 November 1969, with registered capital of 20 Million Baht.

1970 TTI purchased Thai Rung Rueng Weaving Company Limited to start textile business as manufacturer, selling and buying yarns, greige fabrics, and finished fabrics.

1975 Increased capital by 80 Million Baht to total 100 Million Baht registered capital for business expansion.

1979 Increased capital by 50 Million Baht to total 150 Million Baht registered capital for business expansion.

1987 Increased capital by 50 Million Baht to total 200 Million Baht registered capital for business expansion. Received approval to be a listed company in the Stock Exchange of Thailand.

1989 Increased capital by 300 Million Baht to total 500 Million Baht. Withdrawn 150 Million Baht as capital to establish a yarn spinning factory which received custom tax exempt for imported machinery.

2002 Increased Paid Capital of 15 million shares to be a total of 50 million shares registered capital with par value of 10 Baht per share for a total of 500 Million Baht registered capital.

Shareholding Structure of TTI Group

TTI Group Shareholding Structure Table

TTI Shareholding		TRT Shareholding		TSI Shareholding		RTI Shareholding		TTP Shareholding	
TRT	87.31 %	TTI	–	TTI	0.50 %	TTI	–	TTI	–
TSI	6.67 %	TSI	–	TRT	1.09 %	TRT	2.00 %	TRT	–
RTI	8.75 %	RTI	–	RTI	5.25 %	TSI	–	TSI	–
TTP	3.57 %	TTP	–	TTP	1.43 %	TTP	–	RTI	–

TTI	Thai Textile Industry Public Company Limited	Paid Capital	500	Million Baht	50.0	Million shares
TRT	Thai Rung Textile Company Limited (Subsidiary)	Registered Capital	600	„	6.0	„
TSI	Thai Standard Industries Company Limited	„	150	„	1.5	„
RTI	Rama Textile Industry (1988) Company Limited	„	250	„	2.5	„
TTP	Thai Textile Printing Public Company Limited	„	350	„	3.5	„

1.4 Business Relationship with Major Shareholder

Only Thai Winner Textile Industry Company Limited and Cassardi International Company Limited of the Boonnamsap family have business relationship as customers of TTI. Other major shareholders do not have any business relationship with TTI.

2 BUSINESS NATURE

2.1 Product and Services

TTI is in the textile industry as a manufacturer, importer and seller of raw cotton fibers, cotton yarns, blended yarns, synthetic yarns, greige fabrics, dyed fabrics, yarn dyed fabrics as per customer's orders, and finished garments to local and international customers under the brand “TTI”.

Thai Rung Textile Company Limited (TRT) (Subsidiary) is a yarn spinning factory spinning cotton yarns, blended yarns, and synthetic yarns, selling to TTI, local yarn dyeing factories, and local fabric manufacturers.

2.2 Marketing and Competition

(Units: Million Baht)

Product/Services	Produced by	Shareholding %	2020		2019		2018	
			Revenue	%	Revenue	%	Revenue	%
	Company	–						
Garment								
Local Sale			17.08	0.88	38.40	1.26	32.75	0.83
Export Sale			34.09	1.75	96.19	3.15	159.36	4.05
Fabric								
Local Sale			345.08	17.71	432.73	14.18	724.16	18.39
Export Sale			387.44	19.88	841.24	27.57	729.75	18.53
Raw Cotton Fiber / Yarn								
Local Sale			107.52	5.52	148.42	4.86	646.52	16.42
Export Sale			157.70	8.09	239.56	7.85	273.56	6.95
Other Sale								
Local Sale			9.89	0.51	–	–	–	–
Local Services Income			13.77	0.71	28.65	0.94	63.02	1.60
Local Other Income			19.71	1.01	21.00	0.69	31.66	0.80
Total			1,092.28	56.05	1,846.19	60.51	2,660.78	67.57
	Subsidiary	87.31						
Raw Cotton and Yarns			816.06	41.88	1,145.29	37.54	1,213.78	30.82
Local Services Income			14.95	0.77	25.79	0.85	31.33	0.80
Other Income			25.53	1.31	33.98	1.11	32.07	0.81
Total			856.54	43.95	1,205.06	39.49	1,277.18	32.43
Grand Total			1,948.82	100.00	3,051.25	100.00	3,937.96	100.00

2.3 Product and Services Procurement

Finished products and some raw materials were procured from 2 factories in TTI Group and the Subsidiary, which the location and production capacity are as follow:

Factory	Location	Type of Factory	Production Capacity 2020	
			Quantity	Unit
Factory 1	385 Soi Bangmakekhao, Taiban, Muang, Samutprakarn	Weaving	21,122,806.00	Yard
Factory 3	595 Sukhumvit Rd, Bangpoo Mai, Muang, Samutprakarn	Garment	406,941.00	Unit
Subsidiary	62 Soi Valilai, Bangchalong, Bangplee, Samutprakarn	Spinning	23,064,654.67	Pound

All finished fabrics and yarns, which is the raw material for fabric production, is sourced from TTI, the subsidiary company, as well as other manufacturers in the country. For raw materials such as raw cotton fibers, TTI import from various countries such as China, America, Australia, Sudan, and Uzbekistan, depending on the quality of the product.

3 RISK FACTORS

The risk factors that will greatly impact the financial and operational status of The Group are not foreseeable in the near future. The risk factors that will impact business operations are as follow:

3.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value

3.2 Foreign Currency Risk

As part of the international trading, the Group has significant exposures to market risks from changes in foreign exchange rates. The Group uses forward exchange contracts to mitigate those risks. Forward exchange contracts are accounted for as foreign currency transactions. Gains or losses on derivative financial instruments used for hedging of foreign currency transactions are recognized as income or expense on the same basis as the corresponding hedged position.

As at 31 December 2020 and 2019, The Group does not have outstanding forward exchange contracts.

As at 31 December 2020 and 2019, assets and liabilities of the Group which are not hedged as follows:

		Amount		Equivalent to approximately (In Million Baht)	
	Currencies	2020	2019	2020	2019
Trade accounts receivable	U.S. Dollars	1,452,987	2,445,762	43.26	73.09
Other receivable	U.S. Dollars	387,000	–	11.52	–
Trade accounts payable	U.S. Dollars	465,225	1,261,842	14.05	38.27
	Euro	1,308	1,308	0.05	0.04
	JPY	525,640	–	0.15	–
	CHF	–	6,015	–	0.19
Accrued expenses	U.S. Dollars	167,683	207,434	5.07	6.29

3.3 Interest Rate Risk

The Group's exposure to interest rate risk relates primarily to its cash at financial institutions, bank overdrafts and short-term loans, lease liabilities and long-term borrowings. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Group has no financial derivative to manage such risks.

3.4 Credit Risk

The Group was exposed to credit risk. However, due to the large number and diversity of the entities comprising the Group's customer base, The Group does not anticipate material losses from its debt collection. The Group estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate was made by considering the customer's past collection experiences. An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are based on days past due for groupings of various customer segments. The calculation reflects the reasonable and

supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off in accordance with the Group's policy.

4 OPERATING ASSETS

Operating Assets were valued on 31 December 2020 with the following details as appeared in the Separate Financial Statement and Subsidiary financial Statement.

4.1 Separate Financial Statements

	(Baht)
Land	33,116,953
Land Appraisal	659,203,047
Buildings & structures	51,997,963
Machinery & equipment	238,209,273
Furniture & office equipment	380,737
Asset under installation	129,178
Vehicle	2,360,435
TOTAL	985,397,586

Remarks As at 31 December 2020, the Company's some of assets items have been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,149.5 million (2019: Baht 1,288.9 million).

As at 31 December 2020, the Company's machineries with net book value of Baht 117.8 million (2019: Baht 156.9 million) are mortgaged as collateral of credit facilities to financial institution as discussed in Note 16 to the financial statements.

During the year 2020, The Company have borrowing costs of Baht 0.1 million (2019: Baht 0.2 million), arising from financing specifically entered into for the construction of machinery and manufacturing equipment, which were capitalised as part of such assets during the year and are included in acquisition.

During the year 2020, the Company has transferred machinery as assets held for sale amounted to Baht 67.4 million.

4.2 Subsidiary Financial Statements

	(Baht)
Land	185,749,040
Land Appraisal	358,803,160
Buildings & structures	125,497,815
Machinery & equipment	662,782,534
Factory Utility System	140,540,656
Furniture & office equipment	217,107
Asset under installation	–
Vehicle	957,077
TOTAL	1,474,547,389

Remarks As of 31 December 2020, some of assets items have been fully depreciation. The gross carrying amount before deducting accumulated depreciation of those assets amounted to baht 827.27 million (2019: baht 846.72 million)

As of 31 December 2020, the Subsidiary's machineries with net book value of Baht 432.49 million (2019: Baht 530.60 million), As collateral for short-term loans from financial institutions.

As of 31 December 2019, the Subsidiary have borrowing cost of Baht 0.17 million, arising from financing specially entered into for the construction of machinery and manufacturing equipment, wish were capitalised as part of such assets during the year and one included in acquisition.

4.3 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Net book value, end of year	397,386,061	Baht
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5 **LEGAL DISPUTES**

None

6 GENERAL INFORMATION AND OTHER KEY INFORMATION

General information	
Company Name Issuing Securities	Thai Textile Industry Public Company Limited
Registration No	0107537000441 (Previously PCL 291)
Type of Business	Manufacturer Fabric Weaving, Yarn Spinning, Garment
Paid Capital	50 Million Shares with par value 10 baht per share
Address	385 Soi Bang Make Khao, Sukhumvit Road, Taiban, MuangSamutprakan Samutprakan 10280
Tel	+66 (0) 2703 8484
Fax	+66 (0) 2387 0894, +66 (0) 2387 1983
Web site	http://www.tti.co.th
E-mail	thaitex@tti.co.th

Reference Person	
Securities Registrar	Thailand Securities Depository Company Limited
Address	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
Tel	+66 (0) 2009 9000
Fax	+66 (0) 2009 9991
Auditor	Mr. Pradit Rodloytook, CPA No. 218
	Ms. Nongram Laohareedeelok, CPA No. 4334
	Mrs. Pornthip Lerthanongsak, CPA No. 7633 or
	Ms. Chamaporn Rodloytook, CPA No. 9211
	AST Master Company Limited
Address	790/12 Thonglor Tower Soi Thonglor 18, Sukhumvit 55 Road, Klong Tan, KlongToey, Bangkok 10110
Tel	+66 (0) 2185 8842-3, +66 (0) 2185 0342
Fax	+66 (0) 2185 0225
Legal Consultant	Jaruttham Attorney and Accounting Firm
Address	44 Soi Ratchapruek, Ratchapruek Road, Bang Chak, Pasicharoen, Bangkok 10160
Tel	+66 (0) 2389 2298
Fax	+66 (0) 2389 2298

Legal Entity that TTI hold more than 10 percent of all Shares	
Legal Entity Name	Thai Rung Textile Company Limited
Address	62 Soi Vilalai, Bangna-Trad Road, Bangchalong, Bangplee, Samutprakan 10540
Tel	+66 (0) 2337 2325-6
Fax	+66 (0) 2337 2829
Type of business	Yarn Spinning Factory
Paid capital	6,000,000 shares with par value of 100 baht per share.
Share holding	87.31%