

ANNUAL REPORT 2020

Union Textile Industries Public Co., Ltd.



INTEGRITY QUALITY SERVICE

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Highlights of Financial Performance

(Unit: Thousand Baht)

| Financial Statement | 2020 | 2019 | 2018 | 2017 |
|---|-----------|-----------|-----------|-----------|
| Total assets | 1,205,697 | 1,163,366 | 1,082,749 | 1,010,174 |
| Total liabilities | 188,613 | 111,371 | 124,490 | 97,244 |
| Total shareholders' equity | 1,017,084 | 1,051,995 | 958,259 | 912,930 |
| Total revenues | 470,929 | 749,326 | 819,105 | 814,506 |
| Total expenses | 516,024 | 619,836 | 799,208 | 782,224 |
| Share of profit (loss) from investments in associated companies | - | 439 | 84,228 | 10,549 |
| Finance income | 1,447 | 947 | 1,300 | 806 |
| Finance costs | (502) | (748) | (499) | (487) |
| Profit (loss) before income tax expenses | (44,150) | 130,128 | 104,925 | 43,151 |
| Income tax income (expenses) | 6,426 | (34,265) | (1,278) | (242) |
| Net Profit (Loss) | (37,724) | 95,863 | 103,648 | 42,909 |

| Financial Ratio | | 2020 | 2019 | 2018 | 2017 |
|--------------------------------------|---------|--------|-------|-------|-------|
| Earnings per share | (Baht) | (1.31) | 1.66 | 1.84 | 0.49 |
| Dividends per share | (Baht) | 0 | 0 | 0 | 0 |
| Total Shareholders' equity per share | (Baht) | 16.95 | 17.53 | 15.97 | 15.22 |
| Net Profit (Loss) Margin | (%) | (8.01) | 12.79 | 12.63 | 5.26 |
| Return on Equity (ROE) | (%) | (3.65) | 9.54 | 11.08 | 4.85 |
| Return on Assets | (%) | (3.18) | 8.54 | 9.90 | 4.29 |
| Debt/Equity ratio | (Times) | 0.19 | 0.11 | 0.13 | 0.11 |
| Current Ratio | (Times) | 4.41 | 13.83 | 5.54 | 7.63 |

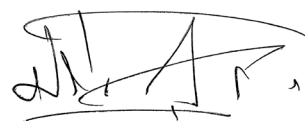
The Board of Directors' Report

Union Textile Industry Public Company Limited has been operating for 43 years since 1977. Throughout the years, the Company has been mainly committed to the textile business. Unfortunately, in the past 10 years, the Company has been operating in the main business at a loss due to the regressive trend in the textile industry caused by the slowdown of the global economy as well as the economic slowdown of trading partners. As a result, the consumption and production decreased. However, the Company attempted to continue its textile business with a commitment to producing quality textiles and delivering international standards products. The Company has managed its resources with maximum efforts to reduce the impact arising from the global economic downturn while maintaining the key customers who have been in good relationship with the Company for a long time. In 2020, however, the dire situation of the COVID-19 outbreak had a rapid and severe impact on the global economy, causing the economies of many countries to go into recession. As a result, the textile and garment industries experienced strong contraction compared to the year 2019. The demand for both domestic and foreign markets decreased, thus the purchase orders from abroad were greatly reduced. Many textile and garment enterprises faced liquidation. The Company was also affected by the situation. The Baht appreciation also affected the competitiveness of the Company, whose main income is in US dollars.

Regarding performance for the year 2020, the Company's total income was 471 million baht, a decrease of 118 million baht from the previous year, or 19.98 percent. The income consists of 433 million baht of sales revenue, a decrease of 78 million baht from 2019 and other income which also decreased by 40 million baht. The Company had total expenses of 516 million baht, a decrease of 104 million baht, consisting of cost of sales that was decreased by 118 million baht, while sales and administrative expenses increased by 14 million baht. The Company's net loss was amounted to 37.72 million baht, with total assets worth 1,206 million baht, total liabilities of 189 million baht, and shareholders' equity of 1,017 million baht, representing a debt to equity ratio of 0.19 times and a liquidity ratio of 4.41 times. These figures suggest that the Company's liquidity remains good.

On December 22, 2020, the Company notified the resolution of the Board of Directors' Meeting No. 12/2020 to the Stock Exchange of Thailand, regarding the cessation of its textile business by 2021 and seeking new businesses. This is because the Company has considered the risk that may cause damage to the shareholders if the Company continues to operate the textile business amidst the fierce price competition. This means a huge disadvantage to the Company when faring against foreign competitors who enjoy cheaper labor costs such as China, India, Indonesia, Pakistan, Vietnam, etc., together with fact that the Company's production machinery has been in use for a long time, thus limitations in the development of new products. In addition, the COVID-19 epidemic situation has caused a significant decrease in customer orders and the situation is expected to remain though the year 2021. However, the Company still has rental income from some of its lands and factory buildings. At the same time, the Board of Directors has appointed a working group to consider and study the feasibility of investing in new businesses in the future.

The Board of Directors would like to express its gratitude to all shareholders, business partners, employees, and stakeholders who have always trusted and supported the Company. The Company is committed to conducting business with transparency by adhering to good corporate governance principles, social responsibility, and anti-corruption policies according to its business ethics policies in order for the company to achieve its goals.



(Mr. Preecha Shunhavanich)

Chairman

Board of Directors



Mr. Preecha Shunhavanich
Chairman



Mrs. Oranuj Soongswang
Chairman of Audit Committee /
Independent Director



Mr. Pilastpong Subsermsri
Audit Committee /
Independent Director / Chairman of the
Nomination and Remuneration Committee



Mr. Preecha Wattanasaranont
Audit Committee / Independent Director /
Nomination and Remuneration Committee



Mrs. Pimporn Chotirattanakul
Managing Director



Mr. Chutindhon Darakananda
Director



Mrs. Chantorntree Darakananda
Director /
Nomination and Remuneration Committee



Mrs. Saranya Darakananda
Director



Mr. Supakit Paungbua
Director

Board of Directors



Mr. Preecha Shunhavanich

Chairman
Age: 63 years
Years of Directorship: 7 months (since 20 May 2020)

Education:

- Master's Degree in Business Administration (MBA), National Institute of Development Administration (NIDA)

IOD's Training:

- Director Accreditation Program (DAP) Class 62/2007

Experience:

- 1977 - 1989 Assistant Group Products Marketing Manager, Sahapathanapibul Public Co., Ltd.
- 1989 – 1995 Deputy Managing Director, PG Intertrade Co., Ltd.
- 1995 – 2003 Sales Manager, Osotsapha Co., Ltd.
- 2003 – 2004 General Manager, Unilever Bestfoods (Thailand) Co., Ltd.
- 2004 – 2007 Director, Union Pioneer Public Co., Ltd.
- 2004 – 2007 Director, Union Plastic Public Co., Ltd.
- 2004 – 2007 Director, Union Zojirushi Co., Ltd.
- 2004 – 2007 Director, Union Thai-Nichiban Co., Ltd.
- 2007 – 2008 General Manager, Union Energy (Hong Kong) Co., Ltd.
- February 2014 – June 2020 Managing Director of Sales and Services Business, Computer Union Co., Ltd.
- 2017 – October 2019 Director, Union Nakorn Co., Ltd

Current Positions:

Listed Companies

- 2015 – Present Vice President, Saha-Union Public Company Limited
- May 2020 – Present Chairman, Union Textile Industries Public Company Limited

Saha-Union Group Companies

- 2008 – Present Director, Computer Union Co., Ltd.
- Director, Computer Union Systems Co., Ltd.
- 2013 – Present Director, Soldev Co., Ltd.
- April 2014 – Present Director, Union Stainless Steel Products Co., Ltd.
- 2018 – Present Managing Director, Computer Union Systems Co., Ltd.

Other Positions

- 2017 – Present Committee of Trade, Investment Promotion and Business Council, The Federation of Thailand Industries (F.T.I.)
- 2017 – Present Committee, Industrial Support and Promote Department The Federation of Thailand Industries (F.T.I.)
- 2018 – Present Thailand-China Industrial Cooperation Institute committee,
- 2019 – Present The Federation of Thailand Industries (F.T.I.)
- 2020 – Present Director, The Federation of Thailand Industries (F.T.I.)
- 2020 – Present Director, Foreign Affairs, The Federation of Thailand Industries (F.T.I.)
- 2020 – Present Director, Economic and Academic Data Analytic, The Federation of Thailand Industries (F.T.I.)
- 2020 – Present Director, ASEAN and Logistics, The Federation of Thailand Industries (F.T.I.)
- 2020 – Present Director, Thailand-China Business Council, The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)
- 2020 – Present Thai-Taiwan Economic Corporation Committee (TTECC)
- 2020 – Present The Federation of Thailand Industries (F.T.I.)



Mrs. Oranuj Soongswang

Chairman of the Audit Committee / Independent Director
Age: 69 years
Years of Directorship 2 years (since 1 January 2019)
Years of Independent Directorship 2 years (since 1 January 2019)

Education:

- Doctor of Business Administration (Information Systems), Mississippi State University, U.S.A.
- Master of Accounting (Information Systems), University of Florida, U.S.A.
- Master of Accounting, The Ohio State University, U.S.A.
- Master of Accountancy, Chulalongkorn University
- Bachelor of Accountancy (Second Class Hon-ors), Chulalongkorn University

IOD's Training:

- Director Certification Program (DCP) Class 22/2002
- DCP Refresher Course (RE DCP) Class 5/2007
- Audit Committee Program (ACP) Class 19/2007

Experience:

- 1975 – 2012 Lecturer, Faculty of Commerce and Accountancy, Chulalongkorn University
- 1997 – 2001 Associate dean, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2001 – 2014 Independent Director and Chair of Audit Committee, Siam Commercial Samaggi Insurance Public Company Limited (Former- Samaggi Insurance PCL and Present-Chubb Samaggi Insurance PCL)
- 2002 – 2006 Head of Accountancy Department Faculty of Commerce and Accountancy, Chulalongkorn University
- 2005 – 2007 Secretariat, Thai Accounting Association
- 2007 – 2016 Independent Director and Chair of Audit Committee, The Transportation Company Limited (State Enterprise)
- 2011 – 2019 Director, International Accreditation, Faculty of Commerce and Accountancy, Chulalongkorn University

Current Positions:

Listed Companies

- 2019 – Present Chairman of the Audit Committee / Independent Director, Saha Union Public Company Limited

Saha-Union Group Companies - None -

Other Positions:

- 1995 – Present Director, AIMS Institute
- 2012 – Present Lecturer (Part-time), Faculty of Commerce and Accountancy, Chulalongkorn University
- 2016 – Present Audit Committee, The Institute for the Promotion of Teaching Science and Technology
- 2017 – Present Ethics Committee, Federation of Accounting Professions



Mr. Pilastpong Subsermsri
 Audit Committee / Independent Director /
 Chairman of the Nomination and Remuneration Committee
 Age: 70 years
 Years of Directorship 10 years
 (since 1 January 2011)
 Years of Independent Directorship 10 years
 (since 1 January 2011)

Education:

- Ph.D. in Computer Engineering, University of Houston, USA
- MS.EE. in Electrical Engineering, University of Houston, USA
- BS. EE. in Electrical Engineering, Khonkaen University.

IOD's Training:

- Director Accreditation Program (DAP) Class 89/2011
- Audit Committee Program (ACP) Class 35/2011

Experiences:

- 2000 – 2019 Chairman of Thai E-Communication Co., Ltd.

Current Positions:

Listed Companies

- January 2011- Present Audit Committee /Independent Director/
 Chairman of the Nomination and
 Remuneration Committee,
 Union Textile Industries Public Company Limited.

Saha-Union Group Companies - None -

Other Companies - None -



Mr. Preecha Wattanasaranont
 Audit Committee / Independent Director /
 Nomination and Remuneration Committee
 Age: 68 years
 Years of Directorship 5 years 7 months
 (since 20 May 2015)
 Years of Independent Directorship 5 years 7 months
 (since 20 May 2015)

Education:

- Bachelor's Degree, Science in Industrial Education
 (Mechanical Technology), King Mongkut's
 Institute of Technology, North Bangkok Campus.

IOD's Training:

- Director Accreditation Program (DAP) Class 7/2004
- Advanced Audit Committee Program (AACP) Class 23/2016

Experiences:

- 1994 - 2012 Managing Director,
 Union Pioneer Public Company Limited.
- 2000 – April 2013 Director, Union Rubber Products
 Corporation Co.,Ltd.
- 2013 – April 2015 Director, Union Pioneer
 Public Company Limited.

Current Positions:

Listed Companies

- May 2015 - Present Independent Director, Union Textiles
 Industries Public Company Limited.
- January 2016 - Present Audit Committee / Nominating and
 Remuneration Committee,
 Union Textiles Industries
 Public Company Limited.

Saha-Union Group Companies - None -

Other Companies - None -



Mr. Chutindhon Darakananda
 Director
 Age: 61 years
 Years of directorship 7 years 11 months
 (since 19 February 2013)

Education:

- Master's Degree in Business Administration,
 SASIN Graduate Institute of Business Administration of
 Chulalongkorn University.
- Bachelor's Degree in Industrial Engineering,
 Stanford University, U.S.A.

IOD's Training:

- Director Accreditation Program (DAP) Class 17/2004

Experiences:

- December 1990–2006 Director,
 Saha-Union Public Company Limited.
- 1992 – February 2017 Vice Chairman,
 Venus Thread Co., Ltd.
- 1993 – 2007 Director,
 Union Textile Industries Public
 Company Limited.
- 1993 – 2007 Director,
 Union Pioneer Public Company Limited.
- 2001 – March 2009 Director,
 Union Energy (China) Co., Ltd.
- 2002 – January 2018 Vice Chairman / Managing Director,
 Union Thread Industries Co., Ltd.
- 2002 – January 2018 Vice Chairman / Managing Director,
 Union Industries Corp., Ltd.
- 2007 – 2012 Vice Chairman (Investments in China),
 Saha-Union Public Company Limited.
- May 2014 – February 2017 Director, The Royal Hotel Co., Ltd.
- March 2017 – February 2018 Vice Chairman, The Royal Hotel Co., Ltd.
- 24 January 2019 – 23 January 2020 Managing Director, The Royal Hotel Co., Ltd

Current Positions:

Listed Companies

- 2013-Present Vice Chairman,
 Saha-Union Public Company Limited.
- February 2013 – Present Director, Union Textile Industries
 Public Company Limited.
- May 2017 – Present Director, Union Pioneer
 Public Company Limited.

Saha-Union Group Companies

- 2013 – Present Director, Union Garment Co., Ltd.
- 2013 – Present Director, Union Micronclean Co., Ltd.
- November 2015–Present Director, Union Zojirushi Co., Ltd.
- March 2017–Present Director, Venus Thread Co., Ltd.
- May 2017–Present Director, Union Nifco Co., Ltd.
- February 2018–Present Chairman, Union Spinning Mills Co., Ltd.
- February 2018–Present Chairman / Managing Director,
 Union Business Management Co., Ltd.
- February 2018–Present Chairman / Managing Director,
 Union Thread Industries Co., Ltd.
- February 2018–Present Chairman / Managing Director,
 Union Industries Corp., Ltd.
- March 2018 - Present Chairman, The Royal Hotel Co., Ltd.
- November 2018–Present Chairman, Saha Union Holding Co., Ltd.
- Present Chairman, Vice Chairman and Director,
 Other Companies in Saha-Union Group

Other Companies

- April 2017 – Present Director,
 The Sukhumvit 62 Medical Limited.
- December 2017-Present Director,
 Navavej International Hospital
 Public Company Limited



Mrs. Pimporn Chotirattanakul

Managing Director
Age: 70 years
Years of Directorship 7 years
(since 1 January 2014)

Education:

- Master's Degree in Management, College of Management Mahidol University

IOD's Training :

- Director Accreditation Program(DAP) Class 5/2003

Experiences :

- 1987 – 2011 Director, Uni Fibre Co.,Ltd.
- 1994 – 2010 Director, Union Universe Co.,Ltd.
- 2004 – 2011 Director, Union Micronclean Co.,Ltd.
- 2005 – 2010 Director, Union Tex-East Co.,Ltd
- 2007 – December 2014 Managing Director, Union Garment Co.,Ltd
- January 2014 – December 2014 Director, Union Textile Industries Public Company Limited.
- November 2014 – May 2016 Director, Union Micronclean Co.,Ltd.
- June 2016 – April 2017 Director, Acting Managing Director, Union Micronclean Co.,Ltd

Current Positions:

Listed Companies

- January 2015 - Present Managing Director, Union Textile Industries Public Company Limited.

Saha-Union Group Companies

- April 2014 – Present Director, Alsico Asia Pacific Co.,Ltd
- April 2014 – Present Director, Union Universe Co.,Ltd.
- January 2015 – Present Director /Acting Managing Director, Union Garment Co.,Ltd.
- May 2017 – Present Director, Union Micronclean Co.,Ltd.

Other Companies

- None -



Mrs. Saranya Darakananda

Director
Age: 45 years
Years of directorship 5 years
(since January 2016)

Education:

- Master Degree, M.Sc. International Relations, LSE, University of London
- Bachelor's Degree in Political Science, Major International Relations Thammasat University

IOD's Training:

- Director Accreditation Program(DAP) Class 126/2016

Experiences:

- September 2001–June 2004 Second Secretary, Ministry of Foreign Affairs, Thailand
- July 2004 – June 2006 Consul, Royal Thai Consulate-General, Ho Chi Minh City, Vietnam
- July 2006 – December 2016 Export Director, Bangkok Cycle Industrial Co.,Ltd.

Current Positions:

Listed Companies

- January 2016-Present Director, Union Textile Industries Public Company Limited.
- February 2017 – 2019 Project Manager, Union Zojirushi Company Limited

Saha-Union Group Companies

- April 2017 – Present Director Union Construction Corporation Limited
- April 2018 – Present Director, Venus Products Company Limited
- April 2018 – Present Director, Union Resource Holdings Company limited
- January 2019 – Present Director, Water and Mountain Company Limited
- March 2020 – Present Director, Union Zojirushi Company Limited
- March 2020 – Present Director, Union Stainless Steel Products Company Limited

Other Companies

- None -



Mrs. Chantorntree Darakananda

Director / Nomination and Remuneration Committee
Age: 57 years
Years of directorship 6 years
(since 1 January 2015)

Education:

- Doctor of Medicine, Chulalongkorn University.
- Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

IOD's Training:

- Director Accreditation Program (DAP) Class 5/2003

Experiences:

- 1990 – February 2017 Director, Ladphrao Hospital Public Company Limited.
- 1994 – 2008 Deputy Managing Director, Union Industries Corp., Ltd.
- 2002 – 2008 Deputy Managing Director, Union Thread Industries Co., Ltd.
- 2002 – 2008 Director, Saha-Union Public Company Limited.
- 2002 – 2009 Director, Union Textile Industries Public Company Limited.
- 2002 – 2014 Director, Pro-Lab Co., Ltd.
- 2009 – March 2017 Deputy Managing Director, Venus Thread Co., Ltd.
- 2009 – March 2017 Deputy Managing Director, Union Zip Co., Ltd.
- 2013 – September 2014 Director, Saha-Union Public Company Limited.
- September 2014 – 2016 Executive Vice President, Saha-Union Public Company Limited.

Current Positions:

Listed Companies

- June 2014 – Present Director, Union Plastic Public Company Limited.
- January 2015 – Present Director, Union Textile Industries Public Company Limited.
- May 2015 – Present Nomination and Remuneration Director, Union Textile Industries Public Company Limited.
- April 2015 – Present Director, Union Pioneer Public Company Limited.
- 2017 – Present President, Saha-Union Public Company Limited.

Saha - Union Group Companies

- April 2015 – Present Director, Computer Union Co., Ltd.
- April 2015 – Present Director, Union Zojirushi Co., Ltd.
- April 2015 – Present Director, Union Nifco Co., Ltd.
- April 2015 – Present Director, Union Rubber Products Corp., Ltd.
- April 2015 – Present Director, Thai Rubber Enterprise Co., Ltd.
- April 2015 – Present Director, Union Stainless Steel Products Co., Ltd.
- March 2016 – Present Director, Union Thai-Nichiban Co., Ltd.
- March 2017 – Present Director, Union Zip Co., Ltd.
- Present Director, Other Companies in Saha-Union Group

Other Companies

- August 2015 – Present Director, The Sukhumvit 62 Medical Limited.
- December 2017-Present Director, Navavej International Hospital Public Company Limited



Mr. Supakit Paungbua

Director

Age: 60 years

Years of Directorship - years (since January 2021)

(Remark : Mr. Supakit Paungbua as Company's Director in replacement Mr. Peravudh Lowhaphandu resigned on 16 November 2020)

Education:

- Master of Business Administration (M.B.A) at National Institute of Development Administration (NIDA)
- Bachelor of Industrial in Technical Education, Technology and Vocational Education Collage (Thewet Campus)
- Bachelor of Education Program (Educational Administration) at Chandrakasem Teacher Collage

IOD's Training:

- Director Accreditation Program (DAP) Class 148/2018

Experiences:

- 1983 – 1991 Teacher, The Bangkok Technology School
- 1991 – 1993 Head of Education Promotion, The Bangkok Technology College
- 1993 Product Division Manager, Union Zojirushi Co., Ltd.
- 1993 - 2006 Product Department Manager, Union Zojirushi Co., Ltd.
- December 2006 – February 2007 Deputy Managing Director, Union Stainless Steel Products Co., Ltd

- February 2007 – February 2011 Managing Director, Union Stainless Steel Products Co., Ltd.
- July 2007 – September 2007 Deputy Managing Director, Union Nifco Co., Ltd

Current Positions:

Listed Companies

- January 2018 – Present Director, Saha-Union Public Company Limited

Saha-Union Group Companies

- October 2007 – Present Managing Director, Union Nifco Co., Ltd.
- March 13, 2020 – Present Director, Union Stainless Steel Products Co., Ltd.
- September 17, 2020 – Present Director, The Royal Hotel Co., Ltd

Other Companies - None -



Company Secretary

Mrs. Chadaporn Jeamsakultip

Company Secretary

Age: 58 years

Years of secretary position 12 years

Education:

- Bachelor's Degree in Business Administration (Management), Sukhothai Thammathirat Open University
- Certificate in Business Administration (Accounting), Vocational College, Bangkok Technical Campus, (Current Named Rajamangala University of Technology Krungthep (RMUTK)), Bangkok

Training:

- CGR Workshop 2019 "Enhancing Good Corporate Governance based on CGR Scorecard", Thai Institute of Directors (IOD)
- Company Secretary Program (CSP) Class 27/2008, Thai Institute of Directors (IOD)
- Effective Minute Taking (EMT) Class 11/2008, Thai Institute of Directors (IOD)
- Fundamental Practice for Corporate Secretary (FPCS 28), Thai Listed Companies Association
- Smart Disclosure Program (SDP), The Stock Exchange of Thailand
- CSR for Corporate Sustainability (Preliminary Course) (P01) CSR Reporting Sustainability Risk and Materiality Analysis (S04) CSR Evaluation and Data Management (S05)

- Sustainability Reporting (SO6) SR Center and Sustainable Business Development Institute, The Stock Exchange of Thailand
- Customs Professional Program, The Customs Department

Experiences:

- July 2008 - 2013 Assistant to the Company Secretary, Saha-Union Public Company Limited.

Current Positions:

- January 2009 - Present Company Secretary, Union Textiles Industries Public Company Limited.
- January 2014 - Present Company Secretary, Saha-Union Public Company Limited.
- January 2016 - Present Company Secretary, Union Plastic Public Company Limited.
- January 2016 - Present Company Secretary, Union Pioneer Public Company Limited.

General Information

Union Textile Industries Public Company Limited.

| Location : Head Office : | Branch 1 : |
|---|---|
| No.1828 Sukhumvit Road, Khwaeng Phrakhanong Tai, Khet PhraKhanong, Bangkok 10260 Tel.: 0-2311-5111-9 Fax.: 0-2332-3123 | No.205 Moo 4 Sukhumvit Road, (km.39.5), Bangpoomai, Muang Samut Prakan, Samut Prakan 10280 Tel.: 0-2323-1085-87 Fax.: 0-2323-9216 Website: http://www.ut.co.th |

Type of Business Operations: Textile Industry

Company's PCL Registration Number: No. 0107537000980

Authorized Capital: 600 million Baht:

Paid-up capital: 600 million Baht Equivalent to 60,000,000 shares, consist of;

- 15,000,000 preferred shares of 10 Baht each.
- 45,000,000 ordinary shares of 10 Baht each.

As of 31 December 2020, Juristic persons that the Company has at least 10% of paid-up capital.

| Company Name | Type of Business | Type of Shares | No. of Shares Issued | No. of Shares Held | % of Shares holding |
|--|---|----------------|----------------------|--------------------|---------------------|
| 1. Uni-Fibre Co., Ltd. 1828 Sukhumvit Road, Phrakhanong Tai, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9 Fax. 0-2311-5668, 0-2332-5615 | Investment / Agency and Service business / Distribution of textile products and other materials | Common | 1,200,000 | 235,601 | 19.63 % |
| 2. Union Business Management Co., Ltd. 1828 Sukhumvit Road, Phrakhanong Tai, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9, 0-2322-5600 Fax 0-2311-5616 | Investment | Common | 5,000,000 | 949,993 | 19.00% |
| 3. Union Micron Clean Co., Ltd. 1828 Sukhumvit Road, Phrakhanong Tai, Phra Khanong, Bangkok 10260. Tel. 0-2311-5111-9, 0-2322-5600 Fax 0-2741-6145 | Manufacturing of cleanroom garments. | Common | 500,000 | 65,000 | 13.00% |
| 4. Ten Cate-Union Protective Fabrics Asia Ltd. 205/1 Moo 4 Sukhumvit Road (km. 39.5) Bang Pu Mai, Muang District, Samut Prakarn 10280 Tel. 0-2323-1088 Fax 0-2323-1089 | Manufacturing of Dyeing and Finishing Fabrics | Common | 3,850,000 | 1,900,000 | 49.35% |

Note: Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") filed for deregistration with the Ministry of Commerce on 22 March 2013. At present, TCUA is in the process of liquidation.

Other references:

Registrar:

Thailand Securitier Depository Co., Ltd.

Address: 93 Floor 14 Ratchadapisek Road, Din Dang, Bangkok 10400 Telephone : 0-2009-9000 Fax : 0-2009-9991

Auditor:

Ms. Sineenart Jirachaikhuan Khan, CPA No. 6287 (Company auditor year 1) or.

Mr. Khitsada Lerdwana, CPA No. 4958 or.

Mr. Termpong Opanaphan, CPA No. 4501 or.

Miss Vissuta Jariyathanakorn, CPA No. 3853

Address: EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110

Telephone : 0-2264-9090 Fax: 0-2264-0789- 90

Other significant information that might affect the decision of an investor

On December 22, 2020, the Company notified the Stock Exchange of Thailand the resolution of the Board of Directors' meeting 12/2020 subject ceasing textile operations and finding a new business.

Policy and Business Operation Overview

The Company has been in the textile business since 21 March 1977, productions and distributions through its integrated process: yarn spinning, fabric weaving, dyeing, and finishing. Later on 30 March 1994, the Company registered as a limited public company according to the Thai law, having Saha-Union Public Company Limited, a listed company in the Stock Exchange of Thailand, is a major shareholder.

On 16 August 2008, the Company reduced productions lines, ceased its dyeing and finishing operation, and used these assets as capital invested with Ten Cate Advanced Textiles BV set up a joint venture company, namely, Ten Cate-Union Protective Fabrics Asia Ltd (TCUA) manufactured of protective fabrics and workplace safety fabrics. At present, TCUA filed for deregistration with the Ministry of Commerce dated 22 March 2013 and under the liquidation process.

Because of the continual world economic crisis for many years impact the textile market lessened, the Company had scale down its productions accordingly. At present, the Company has production capacity about 1-million meter per month in order to conform with the customers demand, diminish labor shortage, and minimize maintenance expenses to keep excessive machines in working conditions.

The Company's headquarter located at No 1828 Sukhumvit Road, Khwaeng Phrakhanong Tai, Khet Prakhanong, Bangkok 10260. And branch, comprising a spinning mill and a weaving mill, at No.205 Moo 4, Sukhumvit Road (km.39.5), Bangpu Mai, Muang Samut Prakarn District, Samut Prakarn Province 10280.

UT Strategies

The Board of Directors has considered, reviewed and agreed on the defined vision, mission, goals, objectives, and strategies, as follows:

Vision:

Develop the company assets to enhance economic, social, and environmental value under good corporate governance principle.

Mission:

- Adhere to the core values of the Company, "Integrity Quality Services"
- Create economic benefits on existing assets.
- Find new business that provide suitable return on investment
- Adhere to corporate good government principle.

Objectives

- Effective asset management.

Goals

- Stable financial operating results

Strategies

- Feasible study on new business investment.
- Textile business exit plan

Significant Changes and Development

- In the past year, there was no change regarding controlling the power and nature of business operations.
- In the Board of Directors Meeting No. 1/2020, the meeting acknowledged accounting practice guidelines of Saha-Union group regarding accounting entry for value investments in debt instruments, equity instruments, derivatives, and leases. The Company has to prepare in accordance with the Financial Reporting Standard No. 9 (IFRS 9) which is effective beginning on or after 1 January 2020.
- The Company procured machines and accessories equipment used in production lines to refit or replace obsolete machines, including repair factory buildings to improve the working environment totally 19 million Baht.

Shareholding structure of group of company

As of 31 December 2020, the Company hold shares in associated and related companies as follows;

| Company Name | Nature of Business | % held by UT | % held on UT | Associates |
|---|---|--------------|--------------|------------|
| 1. Ten Cate-Union Protective Fabrics Asia Ltd. ⁽¹⁾ | Manufacturing of Dyeing and Finishing Fabrics | 49.35 | - | / |
| 2. Saha-Union Public Company Limited. | Investment, distribution of raw materials and products manufactured by group companies | 0.33 | 49.88 | |
| 3. Uni-Fibre Co., Ltd. | Investment / Agency and Service business / Distribution of textile products and other materials | 19.63 | - | |
| 4. Union Business Management Co., Ltd. | Investment | 19.00 | 17.10 | |
| 5. Union Micron Clean Co., Ltd. | Manufacturing of antistatic and dust-free garments | 13.00 | - | |

Note:⁽¹⁾ Ten Cate-Union Protective Fabrics Asia Ltd. (TCUA) filed for deregistration with the Ministry of Commerce on 22 March 2013 and under liquidation process. The Company has already set aside a full allowance for impairment of its investment in TCUA.

Relationship with business group of majority shareholders

The Company is in the Saha-Union group of companies. During the year, there were related transactions as a normal business practice of companies, with general trading conditions and no conflict of interest. Details of the related transaction of 2020 disclosed under Item Related Party Transaction page 45.

Nature of Business Operation

The Company has been operating in the textile business, manufacturing greige fabrics according to customer order, through the production process of yarn spinning and fabric weaving. The Company may have revenues from providing services on yarn spinning and/or fabric weaving, using raw material from customer.

For investment in associate, the Company recognized share of profit (loss) by the equity method.

Income structure

Unit: Million Baht

| Product Line / Business Group | Operated by | % of the Shareholding in the Company | Income (million Baht) | | | | | |
|--|--|--------------------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2020 | % | 2019 | % | 2018 | % |
| Company : Manufacturer and distributor of weaving fabrics, yarn and services | Union Textile Industries PLC. | | 432.52 | 91.84 | 511.06 | 68.08 | 760.57 | 83.45 |
| Associates : Investment / Agency and Service business / Distribution of textile products and other materials | Uni-Fibre Co., Ltd. | 19.63 ⁽¹⁾ | - | - | 0.44 | 0.06 | 84.23 | 9.98 |
| Manufacturing of Dyeing and Finishing | Ten Cate-Union Protective Fabrics Asia Co., Ltd. | 49.35 | - | - | - | - | - | - |
| Other incomes | Union Textile Industries PLC. | | 38.41 | 8.16 | 239.21 | 31.86 | 59.83 | 6.57 |
| Total: | | | 470.93 | 100.00 | 750.71 | 100.00 | 904.63 | 100.00 |

Note:

⁽¹⁾ The Company recognized a gain/loss from invest in Uni-fiber Co., Ltd., up to the second quarter of 2019, held 20.83% shares and change status of investment from investment in associate to other long-term investment.

The operating results of 2020, the Company had sales and services income amounted to 432.52 Million Baht decreased from 2019 amounted to 78.54 million Baht or 15.37%, divided into export sales 368.95 million Baht, decreased by 16.75% and local sales 63.57 million Baht, decreased by 6.32%.

The Company had other income amounted 38.41 million Baht came from sale of scrap, some parts of assets rental, investment dividend, and others.

Types of Products and Services.

The Company's main products are woven fabrics, 100% cotton fabrics and cotton-polyester blend fabrics or other synthetic fibers that has specific specification to be used as raw materials for workwear or other specific industrial used.

The Company provides production services of yarns and/or fabrics, using raw materials of customers.

The Company has not depend on any supplier, customer or distributor being significant actions to the business operation.

Marketing and Competition

Summary of marketing of products and services.

- The Company's market policy keeps focused on customers, both local and overseas, that have their international well-known brand name or trademark.
- In 2020, the Company had sales directly to local and overseas customers. The proportion in value of sales was 15% local and 85% export.

- The Company has 10 major customers: local and overseas. The overseas customers are Japan, England, and Italy.
- Over the past 3 years, the Company earned more than 30% of the total sales from 2 customers but the Company did not rely on any customer that might affect company survival.

Competition:

- In 2020, the situations of the textile industry, fibers and fabrics section still slowdown, reflecting the impact from world economic and monetary slowdown, trade deal negotiation between UK and EU, including the outbreak of covid-19
- Trend of the textile industry situation still slowdown continuously due to experience many issues, such as trade barrier measures, the situations of domestic and trade partner country economy, including the covid-19 pandemic situation, affecting changes of life styles, decreasing consumers demand making high competition.
- The company has 12 competitors, 6-local and 6-overseas.
- The Company scale down the production of fabrics at 1 million meter per month in order to conform to customers' demand, labor shortage, and minimize maintenance expenses to keep excessive machines in working condition.

Competition/marketing strategies

- The future competitive still regard sale prices as a key issue.

Providing products or Service

Products acquisition

The Company factory located at 205 Moo 4, Sukhumvit Road (km.39.5), Bangpumai, Muang Samut Prakarn District, Samut Prakarn Province 10280; Because of the textile markets still slowdown continuously for many years and still lessen trends, the Company scale down production capacity about 50% to conform to customer demands. The production of 2020 compared to those of 2019 and 2018, as follows:

| Productions | | 2020 | 2019 | 2018 |
|-----------------------|----------------|--------|--------|--------|
| Spinning Mill | | | | |
| – Production Capacity | (1,000 pounds) | 7,200 | 14,400 | 14,400 |
| – Actual Production | (1,000 pounds) | 7,046 | 9,242 | 13,062 |
| Weaving Mill | | | | |
| – Production Capacity | (1,000 meters) | 10,200 | 20,400 | 20,400 |
| – Actual Production | (1,000 meters) | 9,843 | 12,705 | 17,179 |

The Company has set a production policy focusing on technical workwear fabrics made to order and suitable for the capabilities of the production process.

The main raw materials used for production are cotton, 100% imported, and synthetic fibers purchased mostly from local manufacturers and import some.

- In 2020, the Company purchased raw materials used in production from 11 suppliers. The proportion purchase value of raw material between domestic and import was 66:34 percent.
- The Company does not depend on any supplier being a significant role in the survival of the Company.
- Limitations of raw materials procurement;
 - o Procurement of cotton which is an agricultural product depended on weather conditions fluctuated according to grow season of each year. Moreover, it must be imported. Also, the fluctuated of world market cotton price and exchange rates.

- o Procurement of synthetic fibers, there are few domestic suppliers; have own products' properties that might different; prices will vary according to the type of products and market mechanisms.

The environmental impact of the production process or to get rid of the waste materials.

Waste materials from the production process are cotton waste, yarn scrap, rag, and packaging. The company has performed following the Notification of Ministry of Industry Re Industrial Waste Disposal, B.E. 2548. During the past 3-year, there has not been any case of dispute or litigation about the environment concerning the Company operations.

Un-delivered works.

None, because of the Company's nature of business operations is not project works or manufacturing of high-value products



Risk Factors

Risk from procure raw materials in advance

The Company operates businesses of yarn spinning and fabric weaving, using cotton and polyester as the main raw materials. The procurement of cotton and polyester were fluctuated both price and quantity, which may differ from expected. Cotton prices in world market might fluctuated due to various factors, such as; weather conditions of each affect the cotton harvesting; speculation of the hedge fund; World cotton inventories; and China's cotton policy. For Polyester, its prices varied according to U.S. Exchange rates, affecting the limit of purchase order quantity and delivery time. However, the Company needs to procure at a proper quantity of raw materials in advance able to produce according to customers' requirements and short lead-time delivery. The Company might unavoidable the impact of such fluctuation, which may impact the Company's operating results; however, the Company has taken actions to prevent such risks by monitoring the situation of raw materials price changes closely and continuously, including contacting its customers regarding the trends of their demands of products frequently to manage the purchase of raw materials with enough and appropriate quantity.

Risk from Exchange Rates

In 2020, the Company exported its products about 85% in the total value of gross sales, by selling in U.S. dollars and Euro. The fluctuation of exchange rates could affect the Company's operating results. However, the Company has closely followed up the movement of exchange rates and had its measures to mitigate such risks. Such as, execute forward exchange contract covering the value of products as per the purchase orders of customers in each period, including managing income and expenses the same foreign currency.

Risk from majority shareholders, holding more than 25 percent of paid-up capital.

The Company's majority shareholder is Saha-Union Public Company Limited; entering related party transactions is normal doing business under general trade terms. Moreover, the Audit Committee comprises 3 independent directors whose knowledge and experience on review the financial statements; have authority to consider connected transaction, or matter that might have a conflict of interests to be following the laws and regulations of the Stock Exchange of Thailand to ensure that such matter is reasonable and most benefits for the Company. Also, in the Board of Directors' meeting agenda to approve a related party transaction, the Company has a policy defined that directors who might have a conflict of interests, do not have the right to vote in this matter and do not attend this agenda.

Shareholders

Company's Securities

The company has registered capital stocks for the amount of 600 million Baht, a paid-up capital of 600 million Baht, divided into 45 million common shares and 15 million preferred shares; 10 Baht per par value.

The conditions of preferred share are as follows;

1. The preferred shareholders get the right to receive dividends before the common shareholders.
2. The preferred shareholders get the right to receive dividend payment at the rate of 14% per annual of the preferred share value, being eligible for the fiscal year 1986.
3. If the Company is unable to pay all or less than the claimed rate of dividends to preferred shareholders, those unable to pay dividends will be accumulated up to seven years.
4. In case the common shareholders receive a dividend at the rate higher than 14%, the preferred shareholders are also entitled to receive dividends over 14% that is the same rate as the common shareholders received.
5. In case the Company liquidates, the preferred shareholders get the right to receive the money they invested before making any payments to the common shareholders.
6. Besides the rights specified above, the common shareholders and the preferred shareholders have equal rights and duties in all respects.

Shareholders

List of 10 major shareholders of the Company, as of the latest closing date of shareholders' registration book dated 31 March, 2020.

| Rank | Major Shareholders | No. of Common Shares | No. of Preferred Shares | Total | % of Total Shares |
|------|--|----------------------|-------------------------|------------|-------------------|
| 1. | Saha-Union Group of companies | | | | |
| | 1.1 Saha-Union Public Company Limited. | 15,580,540 | 14,348,660 | 29,929,200 | 49.88 |
| | 1.2 Union Business Management Company Limited. | 10,260,200 | | 10,260,200 | 17.10 |
| | 1.3 Union Tread Industries Company Limited. | 3,668,280 | | 3,668,280 | 6.11 |
| 2. | Bangkok Bank Public Company Limited | 3,497,400 | 400,000 | 3,897,400 | 6.50 |
| 3. | Mr.Surachai Ratithong | 1,643,000 | | 1,643,000 | 2.74 |
| 4. | Mr.Pisith Preukpaiboon | 1,014,900 | | 1,014,900 | 1.70 |
| 5. | Bangkok Insurance Public Company Limited. | 672,900 | 233,000 | 905,900 | 1.51 |
| 6. | Mr.Bunyong Apiruklaoskul | 572,700 | | 572,700 | 0.85 |
| 7. | Mrs.Sukhumol Sirimongkolkasem | 502,000 | | 502,000 | 0.84 |
| 8. | BNP PARIBAS SINGAPORE BRANCH | 478,000 | | 478,000 | 0.80 |
| 9. | Mr.Charn Sophonpanich | 452,600 | | 452,600 | 0.75 |
| 10. | Mr. Chutindhorn Darakananda | 380,500 | | 380,500 | 0.63 |
| | Total | 38,723,020 | 14,981,660 | 53,704,680 | 89.51 |

Note: The true shareholder of shareholders No. 1.2 and 1.3 is the Darakananda group that's doing the main business in investment.

- No agreement issue between major shareholders affecting the issuing and offering of securities or Company management.

Director's shareholding

| Director Name | 2020 | | 2019 | | increased (decreased) |
|---|----------------|--------------|----------------|--------------|--------------------------|
| | Shareholding | % | Shareholding | % | |
| 1. Mr. Preecha Shunhavanich | None | | None | | |
| 2. Mrs. Oranuj Soongswang | None | | None | | |
| 3. Mr. Preecha Wattanasaranont | None | | None | | |
| 4. Mr. Pilastpong Subsermsri | None | | None | | |
| 5. Mrs. Pimporn Chotirattanakul | None | | None | | |
| 6. Mrs. Chantorntree Darakananda* | 215,200* | 0.359 | 215,200 | 0.359 | 0 |
| 7. Mr. Chutindhon Darakananda | 380,500 | 0.634 | 380,500 | 0.634 | 0 |
| 8. Mrs. Saranya Darakananda | None | | None | | |
| Total of Directors' shareholding | 595,700 | 0.993 | 595,700 | 0.993 | 0 |

Note: * included connected persons "187,500 shares"

Issuance of other securities

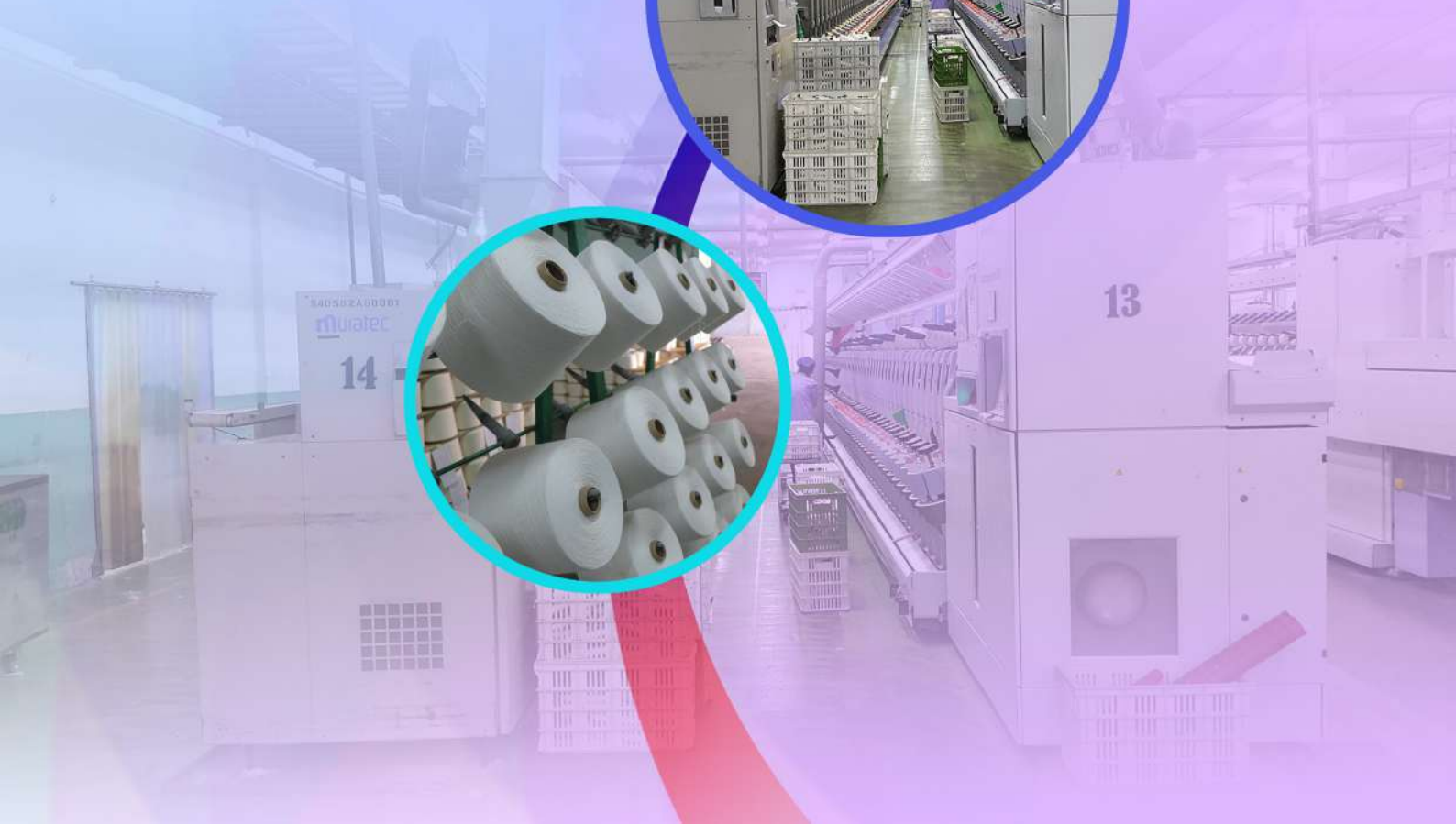
- The company has not issued debt securities.

Dividend Payment Policy

" Depending on the performance of the Company, at a rate not less than 1/3 of the annual net profit, after accumulating loss (if any), from the Separate Financial Statement of the Company. "

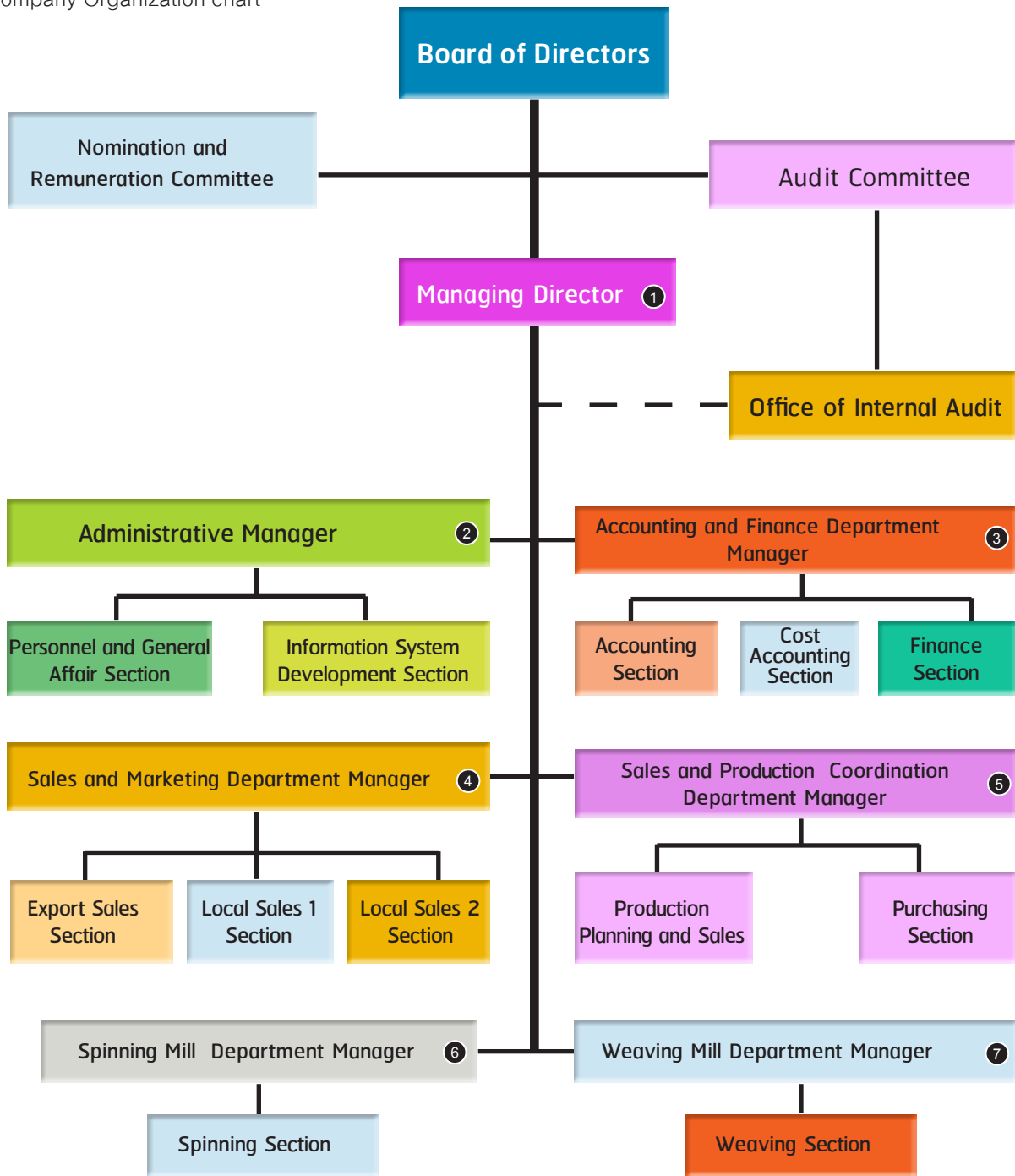
Details of dividend payment during 2015 - 2019

| Year | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------------------------|---------|-------|-------|-------|-------|
| Dividend payment (Million Baht) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net profit (loss) (Million Baht) | (30.65) | 19.42 | 32.36 | 32.53 | 24.71 |
| Dividend per net profit (Percent) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



Structure of Management

As of 31 December 2020
Company Organization chart



① – ⑦ mean executives according to SET definition

Board of Directors

1. According to the Company's Article of Association,
2. At present, according to the Certificate issued by the Ministry of Commerce dated 12 January 2021, the board of directors consists of 9 members, as follows
 - Non-executive directors 5 persons
 - Executive directors 1 persons
 - Independent directors 3 persons (one-third of the total number of the Board)

3. Name list and position of the board

| Director Name | | Position | Date of appointment/ resignation |
|--|--------------------------------|--|---|
| 1. Mr. Preecha Replace Miss Dalad | Shunhavanich Sapthavichaiku | Chairman | 20 May 2020 Resigned 20 May 2020 |
| 2. Mrs. Oranuj | Soongsawang | Independent director / Chairman of Audit Committee | 1 January 2019 |
| 3. Mr. Pilastpong | Subsermsri | Independent director / Audit Committee and Chairman of Nomination and Remuneration Committee | 1 January 2011 |
| 4. Mr. Preecha | Wattanasaranont | Independent director / Audit Committee and Nomination and Remuneration Committee | 20 May 2015 |
| 5. Mrs. Pimporn | Chotirattanakul | Managing Director | 1 January 2014 |
| 6. Mr. Chutindhon | Darakananda | Director | 19 February 2013 |
| 7. Mrs. Chantorntree | Darakananda | Director and Nomination and Remuneration Committee | 1 January 2015 |
| 8. Mrs. Saranya | Darakananda | Director | 1 January 2016 |
| 9. Mr. Supakit Replace Mr. Peravudh | Paungbua Lowhaphandu | Director | 1 January 2021 Resigned 16 November 2020 |

Note:

- Miss Dalad Sapthavichaikul resigned from director and Chairman, effective on 20 May 2020.
 - Mr. Peravudh Lowhaphandu resigned from the position director and Deputy Managing Director, effective on 16 November 2020.
 - Mr. Supakit Paungbua appointed director, replaced Mr. Peravudh Lowhaphandu, effective on 1 January 2021.
- Details of educations and work experience of the board of directors are shown on page 4-7
4. According to the Company's Article of Association, the board selects one director to be the Chairman, such that not being an executive and not the same person as the Managing Director, the Chairman takes action as leader of the board, having duties at least cover the following matters:
- (1) Oversee, monitor, and ensure that the board efficiently carries out its responsibilities to achieve the Company's objectives and goals.
 - (2) Ensure that all directors contribute to the company's ethical culture and good corporate governance.
 - (3) Call for the Board meeting by sending the invitation and related documents to all directors at least 5 working days before the meeting.
 - (4) Set the Board meeting agenda by discussing with the President which essential matters should be included.
 - (5) Preside over the Board meeting and allocate sufficient time for management to propose topics and for directors to debate essential issues thoroughly. Encourage directors to exercise independent judgment in the best interest of the company. Conclude the Board meeting's resolution.
 - (6) Promote a good and constructive relationship between the executive and non-executive directors, and between the board and management.
 - (7) Preside over the shareholders' meeting to ensure that it is conducted according to the Company and relevant laws and regulations. Allocate sufficient time for shareholders to make the inquiry or provide feedback fairly. Ensure that the shareholder's inquiry is appropriate and transparent responded.

5. Scope of authorities and responsibilities of the Board of Directors

- (1) Set the Company direction, target, and business policy;
- (2) Consider and make the approval on key matters regarding the Company's business operation, such as vision and mission, strategies, financial targets, risks, operation year plan and its budget as the Managing Director proposed, including supervising, direct management action under the policy and defined plan, efficiently and effectively;
- (3) Provide documented corporate governance policy; regularly review policy and practices at least once per year;
- (4) Promote documented code of business ethics; for directors, management, and employees understand the Company's ethics philosophy used in doing business, and follow up to ensure the practices have been in place actually ;
- (5) Oversight the practices according to rule and regulations regard the matter that may have conflicts of interest by carefully consider the matter; having guidelines entering connected transactions for the benefit of the company and shareholders as a whole. However, the related directors will not involve in such making decision; and disclose concerned information completely and accurately.
- (6) Set up an internal control system, prepare person or agency having independence responsible for internal auditing and audit review the significant system at least every year, and disclose in the annual report.
- (7) Define enterprise risk management policy; oversight the management take actions appropriate risk measures and regularly reported; review or evaluate the effectiveness of the risk management at least every year or found that having changes in risks level; also disclose in the annual report.
- (8) Oversight of the Company's accounting and financial report disclosure, accuracy, and completeness.
- (9) Take action duties by law, objectives, regulations, and resolutions of the shareholder's meeting.

Taking actions according to duties and responsibilities, the board may appoint one or more directors or others acting on behalf of the board.

Company Secretary

The Board of Directors had a solution to appoint Mrs. Chadaporn Jiemsakultrip being the Company Secretary to perform her duties as stipulated by the law in Section 89/15, and 89/16 of the Securities and Exchange Act (No.4) B.E. 2551, which came into effective on 31 August 2008, with responsibility, caution, and honesty, as well as to comply with the laws, objectives, Articles of Association. Resolution of the board, including the resolution of the shareholders' meeting.

Duties and responsibilities, by law and regulations, of the Company Secretary, are the followings;

1. Prepare and keep documents as follows;
 - (a) Director registration.
 - (b) Meeting invitation letter of the board, minutes of the board meeting and annual report.
 - (c) Invitation letter to Shareholders and minutes of Shareholders' meeting.
2. maintaining stakeholders reported Directors or Executives and submit copies of these reports to the Chairman of Board of Directors, Chairman of the Audit Committee within seven days from the date of reports received,
3. Another arrangement according to rules and regulations issued by the Capital Market Supervisory Board.

Besides, the company secretary perform other duties assigned by the board, as follows;

- Provide legal advice and related rules as well as practices on corporate governance to the Board of Directors to ensure compliance with laws.
- Arranging meetings of the Board of Directors and the Shareholders.
- Coordination with involved intra-offices, to have them conform to the resolutions of the Board of Directors and the resolutions of the Shareholders' meeting.
- Deal with agencies that oversee the Company such as the Stock Exchange of Thailand and the Office of the

Securities and Exchange Commission (SEC) and also be responsible for corporate disclosure of complete and precise information as well as reports for the mentioned agencies and the public as required by laws.

- Provide an orientation, prepare documents or information that is useful for performing their duties and gives guidance to newly-appointed directors, including coordination of directors to attend courses relating to performing duties of director and committee.
- Other duties assigned by the board.

Details of the company secretary's qualification disclosed on page 7

Executives

As of 31 December 2020, executives defined by SET, as follows;

| Name | Position |
|-----------------------------------|--|
| 1. Mrs. Pimporn Chotirattanakul | Managing Director |
| 2. Mr. Warong Vilaihong | Administrative Manager |
| 3. Miss Prayoon Sripraram | Accounting and Finance Department Manager |
| 4. Mr. Weeratham Pochinya | Marketing Department Manager |
| 5. Miss. Napaporn Kreinggaivanich | Sales and Production Coordination Department Manager |
| 6. Mrs. Pimporn Chotirattanakul | Acting Spinning Mill Department Manager |
| 7. Mr. Somchai Loaruengtakul | Weaving Mill Department Manager |

Note: Mr. Peravudh Lowhaphandu, Deputy Managing Director, resigned on 16 November 2020 .

Managing Director

Scopes of authorities, duties, and responsibilities;

- (1) Responsible for the Board of Directors, taking duties actions and carry out the resolutions of the Board of Directors, and the board's assigned.
- (2) Approve and sign documents using a payment limit and based on signed documents approving the spending of money and credit, as defined.
- (3) Responsible for providing the company with a valid account and financial reports that disclose the accuracy.
- (4) Responsible for the physical count of inventory and inventory control, appropriate.
- (5) Monitor and control account receivable repayment of the outstanding receivable, repayment schedule, as appropriate.
- (6) Prepare a master plan, annual budget plan with return target.
- (7) Reporting the Board of Directors on business operating results including monthly income statement and quarterly income statement (if any).
- (8) Having approval by the Board of Directors, carry out various duties as follows;
 - o To open an account for different types of credit lines from banks and financial institutions.
 - o To provide loans. Write down the mortgage and pledge to guarantee the legal entity or person.
 - o The legal entity and/or third-party rental company's assets and/or.
 - o The transaction, which is not normally the business of the legal entity or person.

Remuneration of the Board of Directors and Management

Monetary Remunerations

1 Directors remuneration

The Company sets criteria and policy on the remunerations of the board at an appropriate level, compared to other listed companies that have about the same business size, duties and responsibilities of the board, company's operating results, and appropriated to the existing economic conditions. The Nomination and Remuneration Committee is responsible for review the remuneration every year and proposed the board for considering and agreeing before proposing the shareholders' meeting for approval.

Criteria the remuneration for the board and committees

| Monetary Remunerations | Baht |
|---|--------|
| Board of Directors: monthly meeting allowance (Baht) | |
| • Chairman of the Board of Directors | 8,000 |
| • Executive directors | 8,000 |
| • Non-executive directors | 8,000 |
| • Independent directors | 8,000 |
| Audit Committee: monthly remuneration (Baht) | |
| • Chairman of the Audit Committee | 11,000 |
| • The Audit Committee member | 10,000 |
| Nomination and Remuneration Committee: allowance per meeting (Baht) | |
| • Chairman of the Nomination and Remuneration Committee | 6,000 |
| • The Nomination and Remuneration Committee member | 6,000 |

In the Shareholders' Annual General Meeting No 27 dated 21 April 2020, the meeting approved the remuneration of directors for the year 2020 in the amount not exceeding 1,500,000 Baht per year (the same as 2019) and assigned the board to consider the allocation as appropriate. The Nomination and Remuneration Committee and the board considered and reviewed the remuneration structure, comprise monthly remuneration, meeting allowance, and no other benefits.

Remuneration of the board and committees for the year 2020

| Director Name | | Boad of Directors | Audit Committee | Nomination and Remuneration Committee | Total |
|---------------------|-----------------|-------------------|-----------------|---------------------------------------|------------------|
| | | Meeting allowance | Remuneration | Meeting allowance | Baht |
| 1. Mr. Preecha | Shunhavanich | 56,000 | - | - | 56,000 |
| 2. Miss Dalad | Sapthavichaiku | 40,000 | - | - | 40,000 |
| 3. Mrs. Oranuj | Soongsawang | 96,000 | 132,000 | - | 228,000 |
| 4. Mr. Pilastpong | Subsermsri | 96,000 | 120,000 | 18,000 | 234,000 |
| 5. Mr. Preecha | Wattanasaranont | 96,000 | 120,000 | 18,000 | 234,000 |
| 6. Mrs. Pimporn | Chotirattanakul | 96,000 | - | - | 96,000 |
| 7. Mr. Chutindhon | Darakananda | 96,000 | - | - | 96,000 |
| 8. Mrs. Chantornree | Darakananda | 96,000 | - | 18,000 | 114,000 |
| 9. Mrs. Saranya | Darakananda | 96,000 | - | - | 96,000 |
| 10. Mr. Peravudh | Lowhaphandu | 80,000 | - | - | 80,000 |
| Total | | 848,000 | 372,000 | 54,000 | 1,274,000 |

Note:

- Mr. Preecha Shunhavanich took the Chairman position instead of Miss Dalad Sapthavichaikul resigned, effective on 20 May 2020.
- Mr. Peravudh Lowhaphandu resigned from the position director and Deputy Managing Director, effective on 16 November 2020.

2 Executives' remuneration

The board defined the principle and policy on remuneration of the executive directors and managers under the frame of salary structure of each work level, considering based on the Company's operating results and the performance results of each executive and manager. In 2020, the Company paid 10.23 million Baht in terms of salaries and bonuses for 7 members of the management.

Other Remuneration

Other remuneration of the directors

- o None

Other remuneration of executives

- o Provident fund

The Company provides a provident fund for executives and employees, which the Company contributed at the rate of 3% of each member's salary. For the 3 executives, the Company paid to the fund in total amounted 114,000 Baht.

Personnel

1. As of 31 December 2020, the Company had 430 employees decreased by 90 persons from 2019.
2. The number of employees in each department
 - o Spinning and Weaving mill 374 persons
 - o Accounting and Finance 10 persons
 - o General Affairs 39 persons
 - o Sales and Marketing 7 persons

3. Type of total employee remunerations:

| Remuneration | (Unit: million Baht) | | |
|-------------------------------|----------------------|---------------|---------------|
| | 2020 | 2019 | 2018 |
| – Salary and labor cost | 83.65 | 98.67 | 102.59 |
| – Bonuses | 9.24 | 10.68 | 11.06 |
| – Social Securities | 2.24 | 3.18 | 3.38 |
| – Provident fund contribution | 1.94 | 2.14 | 2.23 |
| Total | 97.07 | 114.67 | 119.26 |

4. Over the past 3 years, no labor dispute or no policy regarding changes number of employees, significantly.
5. Employee development policy

The company is aware of the importance of employees that are essential to long-term business operations. Therefore, the Company has the policy to strengthen and develop capabilities of employees by supporting and promoting the training of employees at all levels continuously; which includes a review of technical knowledge, work instructions, and preparation to develop career advancement. However, due to the covid-19 pandemic protection measures, in 2020, the company provided training as planned, internal and external, totalt 13 courses, as follows

| | Course | Man-hour |
|-----|---|----------|
| 1. | Internal Auditor, ISO 9001:2015 - Quality Management System | 492 |
| 2. | QMR - Quality Management System | 6 |
| 3. | Development of industrial pollution prevention line "Project to promote green area, eco-industrial city, Bangpoo Municipality Area and set Protection Strip or Buffer Zone" | 6 |
| 4. | Data entry in the GIS application system (LTAX GIS) and land and buildings tax to develop and increase the efficiency of income collection for the year 2020 | 4 |
| 5. | Seminar on Reducing Loss in Industrial Power Systems And applying innovations to improve energy value. | 4 |
| 6. | Yarn, spinning, fabric structure calculation, and cost of sales | 78 |
| 7. | Increase efficiency in air-jet weaving mill. | 252 |
| 8. | Enhance the development of technical materials to support the comprehensive medical industry | 18 |
| 9. | Basic fire extinguishing | 138 |
| 10. | Modern Account | 6 |
| 11. | Preparation financial statement and submission through the DBD e-Filing system, class 3/2020 | 7 |
| 12. | Strengthen knowledge project regarding the job types that foreigners can work legally. | 6 |
| 13. | On-the-job training for 15 functional job title | 1,960 |

Corporate Governance

Corporate Governance Policy

The Board of Directors aware of benefits and importance of corporate governance and business ethics; able to demonstrate that the management of the Company being efficiency, fairness, transparency, and auditable; and promote the Company capable to create better benefits to shareholders and the other stakeholders employees, customers, trading partners, competitors, and social community and environment. In addition, to apply the Corporate Governance Code for listed companies 2017 issued by the Securities and Exchange Commission in the way that suitable to the business context of the organization. The Board of Directors has reviewed and defined the corporate governance policy as follows:

Principle 1: Establish Clear Leadership Role and Responsibilities of the Board.

Principle 2: Define Objectives that Promote Sustainable Value Creation.

Principle 3: Strengthen Board Effectiveness.

Principle 4: Ensure Effective CEO and People Management.

Principle 5: Nurture Innovation and Responsible Business.

Principle 6: Strengthen Effective Risk Management and Internal Control.

Principle 7: Ensure Disclosure and Financial Integrity.

Principle 8: Ensure Engagement and Communication with Shareholders.

To have the practical results according to the policy, providing the communication channel, and follow up, evaluating and reviewing the practices when the company's business situation has changed significantly.

The Company prepared practice guidelines according to the principle and published on the Company's website, <http://www.ut.co.th>.

In 2020, the Company has practiced as follows:

Shareholders' Rights and Equitable Treatment;

1. Before the AGM No.27 convene on 21 April 2020, the Company has allowed its shareholders to study the criteria and methods relating to the submission of matters or questions about the Company in advance to be included as an agenda of the Meeting. This guideline disseminated on the Company website <http://www.ut.co.th> from 1 October 2019 until 31 December 2019. Finally, no matter submitted.
2. On 22 March 2020, the Company disclosed the invitation for attending the Annual General Meeting of Shareholders No.27, including supporting documents, both in Thai and English, on the Company website, <http://www.ut.co.th> In addition, provide Thailand Securities Depository Co., Ltd., sent the invitation for attending the Annual General Meeting of Shareholders No.27 to all shareholders in advance for studying before the meeting date. The enclosed supporting documents were as follows;
 - (1) Copy of Minutes of the Annual General Meeting of Shareholders No.26 dated 23 April 2019.
 - (2) The Annual Report, Balance Sheets and Profit and Loss Accounts or Financial Statements for the Year Ended on 31 December 2019, in QR Code.
 - (3) Profiles of Persons Nominated for Director.
 - (4) Criteria and Method of Nomination of Directors.
 - (5) The Company's Article of Association concerned with Shareholders' Meetings.
 - (6) Proxy Form. (Form b and Form c)
 - (7) Map of the Meeting Venue
3. In the Invitation for the Annual General Meeting of Shareholders No.27;
 - (1) For each session, presented the Meeting by referring to the related criteria, rules, regulations or the Public Limited Companies Act;
 - (2) Clearly present opinions of the Board of Directors in each session of the Meeting;
 - (3) Prepare explanation method of proxy, registration, and presenting document/evidence used for participating the meeting, including document granting a proxy to other people to attend the meeting

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4. In the Annual General Meeting of Shareholders No.27 Dated Tuesday, 21 April 2020, 10.30 Hour.
- (1) The Meeting was convened at the Meeting Room, 9th Floor, Saha-Union Head Office Building, No.1828 Sukhumvit Road, Bangchak Sub-district, Phra Khanong District, Bangkok;
 - (2) There were 8 from 9 directors, equivalent to 88.88%, attended the meeting. In addition, the auditor, Accounting and Finance Department Manager and Company Secretary attended the meeting to report the operating results and clarified shareholders' inquiries.
 - (3) The Chairman of the board acting the Chairman of the meeting informed number of shareholders attended the meeting, constituting a quorum under the Company's Article of Association. In addition, informed the measures and procedure regarding the meeting to conform to disease prevention measures determined by the Emergency Decree and Ministry of Public Health due to the spread of covid-19.
 - (4) The Chairman of the Meeting clarified the voting rights in which the Company's Regulations prescribed that all shareholders shall be entitled to cast their votes in each agenda, i.e. one share per one vote, and shareholders will have the opportunity to ask questions or make comments in each agenda.
 - (5) In the Consideration and Election of Director's agenda, as per the Company's Article of Association prescribed that at each of the annual general meetings of shareholders, one-third of the total number of directors to leave the office by rotation. The Chairman of the Meeting allowed shareholders to determine a method either of directors' election voting individually or as a whole, if the Meeting may think appropriate.
 - (6) In the Consideration and Approval of Profits Allocation agenda, the Company clarified its policy and details of dividend payment during 2017 to 2018 for the shareholders' consideration.
 - (7) In the Consideration and Determination of Directors' Remuneration agenda, the Chairman of the Meeting has clarified the policy and criteria in which the consideration of the Nomination and Remuneration Committee and the board. The practical guidelines to have annual review thereof in comparison with the listed companies of similar business sizes, as well as duties and responsibilities of the board, operating results of the Company and appropriate to the current economic condition. Details of each director remuneration of the Board of Directors and committees disclosed under item "Remuneration of Directors and Executives
 - (8) In the Consideration and Appointment of the Auditor and Determination of Remuneration agenda, it specified with details relating to names-surnames of auditors, the audit office, experiences, capacities and independence of the auditors. For the audit fees, had been compared the previous year, including had other fee or not.
 - (9) In this Meeting, had been processed according to the determined agenda sequent and there was no other agenda in the Invitation letter.
 - (10) Immediately notified the Stock Exchange of Thailand the resolutions of the Annual General Meeting of Shareholders after finished the meeting.
5. Minutes of the Annual General Meeting of Shareholders No. 27 convened on 21 April 2020.
- (1) There was a record relating to notification of method of vote casting and counting of votes to shareholders before starting the Meeting according to the meeting agenda, and all votes shall be cast in ballots;
 - (2) Issues relating to shareholders' inquiries or opinions as well as questions and answers were recorded so that shareholders who failed to attend the Meeting shall be informed;
 - (3) In each agenda of the Meeting where a resolution thereof shall be passed through vote casting and shall be recorded; whereby, the Chairman of the Meeting has reported the number of "agree", "disagree" and "abstain" votes to the Meeting for acknowledgment in each session thereof;
 - (4) Provide Minutes of the Meeting to SET and disclosed on the Company's website on 29 April 2020, within 14 days after the date of the AGM held.as law defined.

Roles of Stakeholders:

1. The Company has operated its businesses and transactions with its full awareness that rights of stakeholders, including rights as prescribed by laws or by mutual agreements and good relationship and cooperation among them, were crucial factors that helped promote the sustainable growth of the Company and create the competitiveness for its long-term successes; therefore, the Board of Directors has determined the policies by taking account of roles of groups of stakeholders, as follows:
 - (1) Promote the process of strengthening good relationship and cooperation between the Company and its stakeholders;
 - (2) Adhere to concepts of transparent business operation of the Company and take account of roles of all stakeholders, including policies of environmental, social and community protection;
 - (3) Provide all stakeholders with communication channels for inquiries, notification of information, complaints or enquire the financial reports through channels, as follows:
 - In case of retrieval of the Company's information, please access the Company's website at [https:// www.ut.co.th](https://www.ut.co.th); provided that the Company's Secretary shall update the data regularly;
 - In case of financial reports, contact the Finance and Accounting Manager and/or the Managing Director via Telephone No.02-3231085-87;
 - For Whistleblowing or complaints, please notify the Secretary to the Board of Directors for inspection via Telephone No.02-3231085-87 and reporting to the Chairman of the Audit Committee, the Managing Director or the assigned person for investigation/problem solving as may be suitable, in case, the complaints are well-grounded; provided that the Company had its measures to keep confidentiality of the received data and to protect the data providers;
 - (4) The Company provides a channel, to contact the board directly, if stakeholders would like to report, whistleblowing or complaints regarding matters that might adversely impact the Company; by mail to The Chairman, Union Textile Industries Public Company Limited, 1828 Sukhumvit Road, Khwaeng Phrakhanong Tai, Khet Phrakhanong, Bangkok 10260

The Company has prepared practices to regard responsible to stakeholders on Section 3 of the Company's Manual of Good Corporate and Code of Business Ethics and published on the Company's website, <http://www.ut.co.th>

2. The Company has a procedure of receiving complaints from employees, defined in the Company's working regulations section 7 Complaint and Suggestion. An employee could complain by oral or write to the supervisor, hot line 1234, or suggestion box for whistleblowing or complaints. In addition, assign Personnel and General Affairs Section Manager responsible for collecting, report to the Administrative Manager for investigating, and report the result to the Managing Director for consideration and order. Such an incident, the Company has a measure to protect and not disclose the whistleblower.

In 2020, there are no such complaints.

Disclosure and Transparency:

1. The Board of Directors oversight of significant information disclosure with accuracy, complete and timely.
2. The Managing Director has assigned the Accounting and Finance Department Manager, Miss Prayoon Sripharam, Tel: 02 3239343; and the Company Secretary, Mrs. Chadaporn Jiemsakultip, Tel: 02 311511 ext. 7811, being investor relations responsible for contact center, collect suggestions and opinions, and concerned information to shareholders, analysts, and investors.
3. Investors and interest may search for information, besides the disclosure through the Stock Exchange of Thailand, such as report Form 56-1, and annual reports. In addition, Investors and interest may access and/or download the Company's annual reports, both Thai and English language, through the Company's website at <http://www.ut.co.th>; or may contact Miss Prayoon Sripraram, the Finance and Accounting Manager, at Tel. No.02-3231085-87 Ext.1113.

Responsibilities of the Board of Directors:

1. The board's meeting

The Chairman assigns the company secretary to prepare a one-year schedule of the board meeting in advance and inform each director of such a schedule for arrangement able to participate in the meetings.

2. Each of the Board of Directors' meetings in 2020:

- (1) The Chairman of the Board of Directors, together with the Managing Director consider and select matters to be included in the agenda of the Board of Directors' meetings. Each director shall have their independence to propose matters concerning the meeting to be included in other matters agenda.
- (2) The Company Secretary shall send invitations letter for the meeting, including the meeting agenda and supporting documents for at least 5-working day before the meeting date;
- (3) The meeting shall take at least 2 hours adequate for the Management present matters; and directors shall discuss significant issues in details, whereas the Chairman encourages the meeting to scrutinize with care; and all directors have paid their attentions to all issues proposed to the Meeting, including the corporate governance issues;
- (4) The management shall attend the Board of Directors' meetings to provide additional information and details in issues directly involved with the problems such as marketing situations, procurement of raw materials and production. So that the Board of Directors shall have opportunities to know more about the top management for consideration of the succession plan.
- (5) The Board able to request additional information from the Managing Director, the Company Secretary or other executives as assigned under the scope of the defined policy.
- (6) Non-executive directors may arrange a meeting, without management, to discuss the concerned issues relating to business operations and informed the Managing Director the meeting results.
- (7) The meeting attendances of the board for the year 2020;

(Number of Attending/Number of meetings)

| Director Name | Board of Directors | Audit Committee | Nomination and Remuneration Committee | AGM 2020 | Interim Directorship |
|----------------------------------|--------------------|-----------------|---------------------------------------|----------|--------------------------|
| | 9 member | 3 member | 3 member | 9 member | |
| 1. Mr. Preecha Shunhavanich | 7/7 | | | | Appointed 20 May 2020 |
| 2. Miss Dalad Saphavichaikul | 5/5 | | | | Resigned 20 May 2020 |
| 3. Mrs. Oranuj Soongswang | 12/12 | 4/4 | | | |
| 4. Mr. Pilastpong Subsermsri | 11/12 | 4/4 | 3/3 | 0/1 | |
| 5. Mr. Preecha Wattanasaranont | 12/12 | 4/4 | 3/3 | 1/1 | |
| 6. Mrs. Pimporn Chotirattanakul | 12/12 | | | 1/1 | |
| 7. Mr. Chutindhon Darakananda | 12/12 | | | 1/1 | |
| 8. Mrs. Chantortree Darakananda | 11/12 | | 3/3 | 1/1 | |
| 9. Mrs. Saranya Darakananda | 12/12 | | | 1/1 | |
| 10. Mr. Perawudh Lowhaphandu | 10/10 | | | 1/1 | Resigned 16 Nov 2020 |
| Total Number of the meeting held | 12 | 4 | 3 | 1 | |
| % attended of the committee | 97 | 100 | 100 | 89 | |

3. Self-assessment of the board.

The Company has a process of self-assessment of the board, both individually and wholly, every year; the company secretary provides self-assessment form for assessment; The company secretary then collects the assessment results and reports the summary of the assessment results, wholly and individually, to the board's meeting for considering the results and define guidelines for improving the board's operation.

In 2020, the Board of Directors and subcommittees has made self-assessments, as follows:

- Self-assessment of the board of directors, as a whole, on 6 criteria:
 - (1) Board structure and qualifications;
 - (2) Roles, duties, and responsibilities of the board;
 - (3) The board meeting;
 - (4) Duties of Directors;
 - (5) Relationship with management; and
 - (6) Director's self-development and management training.

The assessment results of each criteria are well to excellence level.

- Self-assessment of the board of directors on an individual basis on 3 criteria:
 - (1) Board structure and qualifications,
 - (2) The board meeting, and
 - (3) Roles, duties, and responsibilities of the board.

The assessment results of each criteria are well to excellence level.

- Self-assessment of the Audit Committee on 3 criteria:
 - (1) Board structure and qualifications,
 - (2) The board meeting, and
 - (3) Roles, duties, and responsibilities of the board.

The assessment results of each criteria are excellence level.

- Self-assessment of the Nomination and Remuneration Committee on 3 criteria:
 - (1) Board structure and qualifications,
 - (2) The board meeting, and
 - (3) Roles, duties, and responsibilities of the board.

The assessment results of each criteria are well to excellence level.

4. Executives recruiting

The Company has its criteria and methods of recruitment of executives by prepared the succession plan. The Managing Director shall consider persons who have appropriate qualifications, knowledge, skills, capacities and past performances to the vacant positions. Then propose the appropriate nominated person to the Board of Directors for consideration and approval.

5. Development of Directors and Executives;

- In 2020, there was one new director IOD course Director Accreditation Program 168/2020
- Details of directors took IOD courses training.

| Directors Name | | Thailand Institute of Directors : IOD | | | | | | | |
|----------------------|-----------------|---------------------------------------|--------------------------------|----------------------|-------------------------|------------------------------|----------------------------------|----------------------------------|----------------------------|
| | | Director Accreditation Program | Director Certification Program | DCP Refresher Course | Audit Committee Program | Director Diploma Examination | Finance for Non-Finance Director | Advanced Audit Committee Program | Ethical Leadership Program |
| | | DAP | DCP | RE DCP | ACP | DDE | FN | AACP | ELP |
| 1. Miss Dalad | Sapthavichaikul | - | 9/2001 | - | 10/2005 | 4/2001 | 1/2001 | - | 13/2018 |
| 2. Mr. Preecha | Shunhavanich | 62/2007 | - | - | - | - | - | - | - |
| 3. Mrs. Oranuj | Soongswang | - | 22/2002 | 5/2007 | 19/2007 | - | - | - | - |
| 4. Mr. Pilastpong | Subsersri | 89/2011 | - | - | 35/2011 | - | - | - | - |
| 5. Mr. Preecha | Wattanasarant | 7/2004 | - | - | - | - | - | 23/2016 | - |
| 6. Mrs. Pimporn | Chotirattanakul | 5/2003 | - | - | - | - | - | - | - |
| 7. Mr. Peravudh | Lowhapandu | 168/2020 | - | - | - | - | - | - | - |
| 8. Mr. Chutindhon | Darakananda | 17/2004 | - | - | - | - | - | - | - |
| 9. Mrs. Chantorntree | Darakananda | 5/2003 | - | - | - | - | - | - | - |
| 10. Mrs. Saranya | Darakananda | 126/2016 | - | - | - | - | - | - | - |

- For new director, management and the company secretary prepare documents and useful information in favor of performance of duties of new director; and to introduce the nature of businesses and guidelines for business operation of the Company;
- The Managing Director is responsible to report the development and succession plan regularly, including preparedness the acting person, in case, the Managing Director is unable to perform the duties.

Committee

Structure of the committee

The Board determined two committees comprise Audit Committee, and Remuneration and Nomination Committee.

The Audit Committee

Definition of the Company independent director according to the minimum criteria of the Securities and Exchange Commission, as follows:

(a) Holding shares not over one percent of the total shares with voting rights, of the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant for a license, however, it includes shareholding by related persons of the independent director also.

(b) Not being or had been a director involved management, employees, consultant with regular salary, or authorized person of the Company, holding company, subsidiary, affiliate, subsidiary at the same level. Major shareholder or by the authorized person of the Company for a license, except to relieve from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include that of civil service or consultant of government body holding major shareholding or authorized person of the Company for a license.

(c) Not being a person of whole blood or registration As stated in the law, in the manner of being a father or mother, spouse, brotherhood, and offspring, including the spouse of the offspring of the management, major shareholder, authorized person or person designated to be management or authorized person of the Company for license or subsidiary.

(d) Not have or has been in business relation with the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the Company for a license, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the Company, holding company, subsidiary, affiliation, major shareholder or authorized person of the Company, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Office.

- The business relation in paragraph one includes trade transactions in a normal business, rent or lease on items related to asset or service or in giving or receiving financial assistance through acceptance or lending, guarantee, granting

asset as debt security including similar behavior resulting in the applicant or contract party with debt burden to be settled with another party from 3% of a net tangible asset of the applicant or twenty million baht up, as which amount is lower. However, the debt burden calculation shall be in value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. But the consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relationship with the same person.

(e) Not being or has been an auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant in attachment, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(f) Not being or has been any professional provider which includes legal consulting or financial consulting with service fee over two million baht a year from the applicant, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office.

(g) Not being a director appointed to be the agent of the director of the applicant, major shareholder or shareholder with a relation with the major shareholder.

(h) Not operating similar or significant competitive business to the business of the applicant or subsidiary or not being a significant partner in the partnership or directorship with management participation on employees, a consultant with regular salary or holding shares over one percent of the total shares with voting right in other company, operating a business similar or competing with business of the applicant or subsidiary.

(i) Not having other characteristics that will hinder free independent opinion concerning the operation of the applicant.

After the appointment to be an independent director with the characteristics as stated in paragraph one (a) to (i), the independent director may be assigned from the committee to decide on the business operation of the Company, holding company, subsidiary, affiliation, subsidiary of the same level, major shareholder or authorized person of the applicant under the method of collective decision.

- The Audit Committee comprises 3 independent directors, having the full qualifications according to the criteria of the Stock Exchange of Thailand. Mrs. Oranuj Soongswang, independent director, holds the Chairman of Audit Committee position, possesses knowledge and experience in financial statement review. The Audit Committee has a 3-year term in office.
- Members of the Audit Committee

| Name - Surname | | Position |
|----------------|-----------------------------|---------------------------------|
| 1. | Mrs. Oranuj Soongswang | Chairman of the Audit Committee |
| 2. | Mr. Pilastpong Subsermsri | Audit Committee member |
| 3. | Mr. Preecha Wattanasaranont | Audit Committee member |

- Details of education and experience as shown on page 4-5
- Scope of authorities and responsibilities
 1. Review the Company's financial reports for accuracy, adequacy and under the generally accepted standard of accountability
 2. Review a proper and effective internal control and audit systems for the Company and consider the autonomy of the internal control unit and approve the appointment, transfer, and dismissal of the manager of the internal audit office;
 3. Review the Company's compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
 4. Select and nominate an independent person to act as the Company's auditor and propose the remuneration of such person and attend the meetings with the auditor without the management's participation for at least once a year;

5. Consider the related transactions or transactions which may have conflicts of interests under the law and the requirements of the Stock Exchange of Thailand, thus, to ensure that the said transactions are reasonable and for the highest benefits of the company;
 6. Review the validity of the documentation referred in the self-evaluation on Business Principles for Countering Bribery, Private Sector Collective Action Coalition against Corruption (CAC).
 7. Prepare a report of the Audit Committee, which must be disclosed in the annual report of the Company and signed by the Chairman of the Audit Committee and shall contain at least the data, as follows:
 - (a) Comments on the accuracy, completeness, and reliability of the financial reports of the Company;
 - (b) Comments on the adequacy of the internal control system of the Company;
 - (c) Comments on the compliance with the law governing securities and exchanges and the requirements of the Stock Exchange of Thailand and the law relating to the Company's businesses;
 - (d) Comments on the appropriateness of the auditor;
 - (e) Comments on the transactions which may have conflicts of interests;
 - (f) The number of meetings of the Audit Committee and attendances of each member of the Audit Committee;
 - (g) Comments or overall remarks that the Audit Committee have received from the performance of duties under the Charter or Regulations of the Audit Committee;
 - (h) Other transactions as shareholders and general investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors;
 8. Make sure that the management has corrected the errors found and accelerate the correction of the said errors;
 9. Follow up and evaluate the performances of work as the Audit Committee may deem significant;
 10. Carry out any other missions as assigned by the Board of Directors;
- In 2020, the Independent/audit directors had no related business transaction or provided any service on professional activity to the Company.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 directors, having 2 independent directors. In addition, Mr. Pilastpong Subsermsri, independent director, is Chairman of the Nomination and Remuneration Committee.

- Members of the Nomination and Remuneration Committee;

| Director Name | | Position |
|---------------|-------------------------------|---|
| 1. | Mr. Pilastpong Subsermsri | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Preecha Wattanasaranont | Nomination and Remuneration Committee Member |
| 3. | Mrs. Chantrontree Darakananda | Nomination and Remuneration Committee Member |

- Details of education and experience are shown on page 4-6
- Scope of authorities and responsibilities;
 1. Determine guidelines for the nomination of directors;
 2. Select and nominate the qualified individuals to be approved by the Board of Directors;
 3. Consider the procedures of determination of remuneration for directors;
 4. Determine the number of remunerations of directors to be proposed to the meeting of the Board of Directors for approval;

The nomination and appointment of Directors and Managing Director:

Nomination of Director

The Nomination and Remuneration Committee, 2 of all 3 members are independent directors, is to consider candidate, having the qualifications' according to the Public Limited Company Act, B.E. 2535 and must have qualifications and prohibitions as follows.

- (a) Having the qualifications according to the Public Limited Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.

-
- (b) Being knowledgeable, capable, independent, dedicated to a suitable age and ability to perform the director's duties with care and loyalty. Reputable businesspersons of integrity and superb professional references may also qualify as nominees.
 - (c) Having the skill of industry knowledge, accounting & finance, business judgment, management skill, business strategy, corporate governance and legal.

The Nomination and Remuneration Committee, then, propose the selected director nominees to the Board of Directors for approval before proposing to the Shareholders in the directors' agenda of the Shareholders' Annual General Meeting. Thus, the election of directors will be proceeded by the Company's Articles of Association, as follows:

- One shareholder shall have one vote per share.
- In the election of directors, one or several directors may be elected at one time, according to the number of directors to be elected in that occasion, as the shareholders' meeting may deem expedient; provided that, in each passing of the resolution, shareholders must cast their total votes as specified in Clause 1; and the votes may not be divided to any person or a group of persons.
- Directors shall be elected by the majority votes; in case of equal votes, the chairman of the meeting shall have a casting vote

The nomination of Managing Director

Chairman of the Board of Directors will propose a nominee who has suitable qualifications, having knowledge, competency, skill, and expertise to the benefits for the Company business operation of the Company and capable to manage to meet the defined targets and objectives, to The Board of Directors for approval.

Supervising the business operations of a subsidiary and associated company

The Company has one associated company, TenCate-Union Protective Fabrics Asia Ltd. (TCUA). At present, TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013 and under the liquidation process.

Use of Inside Information

The company has the policy to prevent the use of inside information and has issued the rules and regulations of the company. Employees, management, and directors have been informed do not use one's authorities and duties or to make use of authorities and duties of others for one's benefits, or to help others illegally and all personnel of the Company must perform their work with honesty. Moreover, the Company has determined the degrees of punishments, in case, the above-mentioned disciplines are violated.

The Company set that the directors and management to avoid securities trading of the Company during the period 14 days before the disclosure of the quarterly and annual financial report until 24 hours after disclosing to SEC.

The Company set that the directors and management to report its stakeholders and securities holdings on basis every year or have any changes. The Company Secretary is responsible for keeping these reports, including forward copies to the Chairman of the board and the Chairman of the Audit Committee within 7 days after received those reports.

In 2020, not found such violation and no cases of the Company's directors/executives have traded securities by using of the inside information.

Auditor Remuneration.

1. Audit Fee.

The Company paid audit fee to the external auditor: Ms. Sineenart Jirachaikhuan Khan, or Mr. Khitsada Lerdwana, or Mr. Termpong Opanaphan, or Miss Vissuta Jariyathanakorn whom belong the EY Office Limited; for the accounting year 2020 amounted to 1,270,000 Baht.

2. Non-audit Fee;

The Company did not pay other non-audit fee, and no other unfinished service had to pay the external auditor or such audit office in the following year.

Implementation of the Corporate Governance Code for listed companies 2017;

The Board of Directors has reviewed and implemented the 8 principles of the CG, as follows:

- Assisting in determining the key objectives or goals aimed at creating the value of the business sustainably.
- As a guideline to support can achieve objectives or goals and
- As a guideline for monitoring and evaluating the performance of the management and disclose operating results to stakeholders.

The Board of Directors has applied the CG Code of Practice suitable with the Company's business context, which some of the practices divert, as follows;

| Practices that divert from the CG Code | Explain |
|---|---|
| 1. The company does not set policy for independent directors to hold office for not more than 9 years | <p>The cumulative term in office of an independent director.</p> <p>The Board of Directors and the Nomination and Remuneration Committee will have appropriate considerations as follows;</p> <ol style="list-style-type: none"> 1. Having the full qualifications according to the Independent Directors definition of the Company and the criteria of the SET and SEC 2. Having knowledge and capable to fulfill its role and responsibilities as an independent director, efficiently collaborate with the entire board; able to provide opinions independently, agree or disagree, about the performance of management for the best interest of the Company. 3. The board has not set a cumulative term of an independent director. 4. In the matter of maintaining true independence with the opinion that should not cumulative of more than 9 years; the committee considers that independence does not depend on the number of years in office but is truly knowledgeable and capable of performing their duties independently Besides, his experience in holding the position will better understand the business operations of the company. |
| 2. The chairman of the board is not an independent director | but is independent in the role of the chairman. Be the leader of the committee to supervise and promote the operation of the committee that is conducive to independent judgment |
| 3. The company does not set the criteria for limiting the number of director positions in other companies | there are some limitations of knowledge and expertise in the nature and types of textile business, as the directors have demonstrated that they can perform their duties effectively, achieving according to the Principle 3.5: The board should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively. |

Other practices according to the Corporate Governance Code.

- The Company has participated in the AGM Organizing Quality Assessment Program of the Thai Investor Association; the results of the 27th AGM of Shareholders 2020, the Company received a 98 percent
- The Company has participated in the assessment program on the corporate governance practices of Thai listed companies evaluated by the Thai Institute of Directors Association (Thai IOD); the 2020 assessment results, the Company received average score 82 percent, very good level (interval score 80 -89 percent).

Corporate Social Responsibility

In doing the textile business, the Company aware of corporate social responsibility , by practicing under the core values, “Integrity, Quality Service”. To get the practical results, the Company promote employees had an opportunity involvement expressed their definitions of the core values, as follows;

Values:

- Integrity**
 - Love and respect ourselves, family and society.
 - Do the right things.
 - Open mind
- Quality**
 - Attention to detail that customers expect.
 - Brainstorming and doing to achieve the goal.
 - Learn and develop themselves continuously.
- Service**
 - Value for money.
 - Change is an opportunity.
 - Enhancing Competitiveness continuously.

Policy Overview

The Board of Directors has reviewed and approved the corporate social responsibility policy as the operation guidelines for managers and employees, as follows:

(1) Fair Operating Practices;

The Company shall have fair and equal treatment to all parties based on fair returns and shall avoid operations that may cause any conflict of interests and infringement of intellectual property rights.

(2) Anti-corruption;

Not demand or offer any benefits other than those under the Trade Agreement; in case, if found that any person has demanded, received or offered any benefits in bad faith, the Company shall cooperate with its business partners to rapidly take action to investigate and solve the problems.

(3) Human Rights;

Avoid any actions that may impair or violate the rights, and shall equally accept opinions and suggestions from all stakeholders with equitable treatments.

(4) Labor Practices;

Treat all employees with fairness and equitably; provide properly welfare, safety and health in the workplace; take care and give importance to the development of knowledge transfer and increase capacity of employees; provide equal opportunities to all employees thoroughly and regularly; and provide properly remunerations regarding knowledge, capabilities, responsibilities and performances results.

(5) Customers Issues;

Commit to produce and deliver goods with quality according to the customers’ requirements, including develop suggestions or complaints system, whereby, the Company shall consider such matters and rapidly take on corrective or preventive actions.

(6) Environment;

Practices in comply with the related laws, rules, and regulations; and shall not support all stakeholders damaging natural resources and environment;

(7) Community engagement and Development;

Support arranging or participating activities in connection with the community development.

(8) Innovation and Diffusion;

Improve the production processes and operations continuously to prevent potential negative impacts; including used the natural resources with theirs value mind and mitigate any unnecessary waste

Operation and reporting

Reporting process

The Company used cotton and polyester as the main raw materials to produce fabrics through the yarn spinning and fabric weaving process. Because the textile industry being labor-intensive and used lot of electric energy for running machines and supporting equipment, such as compressed air systems, cooling and air conditioning system in production process. Thus, over the past business operating, the Company has promoted working with corporate social responsibility, which is a normal practice for employee while doing the job, such as energy conservation; determine operating measures in order to mitigate losses in operating activities, improvement on production efficiency, and work-place environment improvement, etc.

Stakeholder engagement

As shown below, the summary of stakeholder engagement and respond to the expectations.

| Stakeholder | Engagement | Expectation | Respond |
|-----------------------------------|--|--|---|
| Shareholders | <ul style="list-style-type: none"> AGM Company website Telephone | <ul style="list-style-type: none"> Action plan to resolve accumulated loss | <ul style="list-style-type: none"> Having studies to find new business or utilize assets but not yet a suitable time to investment. |
| Employee | <ul style="list-style-type: none"> Suggestion box Hotline E-mail Welfare committee Company Activities | <ul style="list-style-type: none"> Appropriated wages and benefits Safety health and environment at workplace. | <ul style="list-style-type: none"> Employee appraisal treat employees on a fairness basis Labor Practices Preventive measures against covid-19. |
| Customers | <ul style="list-style-type: none"> Satisfactory survey Visiting Telephone Fax E-mail | <ul style="list-style-type: none"> Treatment in accordance with conditions and deals. Products improvement/development to reduce cost. | <ul style="list-style-type: none"> Respond requirement with fair Corrective actions as claimed. |
| Supplier / Trade Accounts payable | <ul style="list-style-type: none"> Visiting Telephone Fax E-mail | <ul style="list-style-type: none"> Fair treatment Adhere to contract or agreement | <ul style="list-style-type: none"> Fair Operating Practices |
| Community and Social | <ul style="list-style-type: none"> Visiting Telephone | <ul style="list-style-type: none"> Environment protection | <ul style="list-style-type: none"> Community Involvement and Development Environment |

Corporate Social Initiatives

The corporate social responsibility performance results of the year 2020 compare to the year 2019 and 2018.

Economics dimension

Fair Operating Practices

The Company commits to treating its stakeholders equitably on fairness returns basis; avoiding practices that may result in conflicts of interest and the violation of intellectual property rights. Also, it promotes corporate social responsibility in the supply chain. The Company prepared the manual of Code of Business Conduct for employees to use as guidelines for the appropriateness of behavior or action in the following issues.

-
- (1) Fair competition
 - To treat each other equally and fairly, based on the fair returns
 - To practices under international standards, under rule and regulations regarding the good competition.
 - (2) Promoting social responsibility in the value chain.
 - Cooperate, clarify the compliance with the law on safety, occupational health, and working environment of a contractor who works inside the company.
 - (3) Respect for property rights
 - Keep customers' confidential; undisclosed or unused for the benefit of the Company, or other parties.
 - (4) Accountable for political engagement.
 - Employees are free to exercise their rights to vote.

In the past year, no complaints or penalties for violations of laws and regulations.

Anti-corruption

The Company operates its business with transparency; adhere to the right not to receive or pay any benefit other than a benefit under the trade agreement. If there are a bribery or dishonesty actions, the Company and trading partner will jointly investigate and solve the problem as soon as possible.

The Company has declared its Anti-Corruption Policy and has disclosed the Company's Manual of Good Corporate Governance and Code of Business Ethics on the company's website to communicate with employees. It is also being a topic for new employee orientation.

The company has arranged an operational risk assessment. Regarding risk factors which may lead to corruption or misconduct activities, the company has established measures to control such activities as follows;

- (1) Purchasing
 - Practice Following the purchasing procedure'
- (2) Keeping cash or petty cash
 - Set a reserve limit and appoint a responsible person
 - Conduct counting of cash and petty cash without inform in advance to the responsible person.
- (3) Inventory Control
 - Keep records of receipts and dispensations of goods from inventory and maintain a database in the computer system.
 - Summarize stock movements every end of the month
 - Conduct physical counting of goods in the warehouse every 6 month
- (4) Sales of Scrap
 - Arrange an auction every 6 months.
 - Check the weight of Scrap together with the security officer.
- (5) Receiving / giving gifts or other benefits
 - Avoid accepting gifts, lunches, dinners or other benefits.
 - If a gift is received for services provided by the company the gift must be handed to the company for maximum usefulness to the organization.
- (6) Buying and selling the Company's securities.
 - Do not use inside information for personal gain, or provide to outside parties.

For this purpose, the company has set a hot-line, Tel. 02 323 1085 Ext. 1234, for reporting any whistleblowing. In the past year, there is no report of such misconduct.

Innovation and Diffusion

The company commits and supports the continual improvement of manufacturing processes and other practices that help to prevent potential negative impacts including worthy use of natural resources and reduce unnecessary waste.

Economic date

| Indicator | Unit | 2018 | 2019 | 2020 |
|--|------------|--------|--------|---------|
| Sales and service revenues | MBht | 760.57 | 511.06 | 432.52 |
| Net Profit (loss) | MBht | 103.65 | 95.86 | (37.72) |
| Return on Equity | % | 11.08 | 9.54 | (3.65) |
| Employee benefits | MBht | 119.26 | 114.67 | 97.07 |
| Corporate income tax paid to government | MBht | 1.76 | 1.59 | 0.43 |
| Costs of arrangement regarding social and community development | MBht | 87,652 | 21,939 | 9,000 |
| The organization contribution rate paid into the provident fund. | % of wages | 3 | 3 | 3 |
| Percentage of managers being a local residence. | % | 52 | 42 | 32 |

Social dimension

Human rights

The company signifies to human rights respect by avoiding activities that may lead to the reduction of abuse of such rights; take action on equality treatment by providing communication channels for complaints, opinions, and suggestions, to solve or improve with reasonable measures.

In the past year, there was no complaint.

Labor Practices

The Company has the policy to treat employees on a fairness basis; oversight the diversified employees able to work together, including providing equal opportunities, such as compensation, benefits, and achievement on career path development plan

According to the Ministerial Regulation on the prescribing of Standard for Administration and Management of Occupational, Safety, Health and Environment B.E. 2549, the Company has established the committee of Occupational Safety, Health and Environment at workplace (SHE committee) comprising 11 members. Management representative acting as the Chairman, four representatives in commanding level and five representatives of the employee, came from the election arranged by the employer, acting as members of the committee, whereas a safety officer in professional-level acting as member and secretary of the Committee. In 2020, the SHE committee held the meeting every month, to follow-up the work year plan on occupational safety activities approved by the Managing Director, such as;



- Inspection of the workplace environment to prevent the occurrence of accidents at work.
- Inspection of equipment readiness, fire alarm system, exit signs, fire prevention, and extinguishing systems.
- Measure hot spots in an electrical enclosure to prevent fires exposing.
- Measure light intensity, noise level, and dust quantity according to the Ministerial Regulations, including wearing personal protective equipment (PPE) in the PPE sign areas.
- Results of search and rescue firefighting training, at night, under the requirement of the Ministerial Regulations.

- Sampling check on employees substance abuse use.
- Follow-up the corrective actions found from inspections
- Accident at work will be investigated and determine corrective and preventive measure.
- Organizing Safety Week.
- Annual employee health check-up.

In addition, the Company set preventive measures against the covid-19, as follows:

- Communicate and publicize self-care to prevent infection.
- Measuring body temperature of employees before entering work and screening outsider on business contact.
- Keep social distancing, such as lining up, take a seat in food hall or meeting room.
- Cleaning table and chair in food hall, using cleaning solution two times: a day, 08:30 and 13:30
- Watch closely employee who returned from other provinces.
- Measure body temperature of employees and families in the Company dorm every week. The measurement results not found anyone higher than normal

| Employee Indicator | Unit | 2018 | 2019 | 2020 |
|--|---------|-------|-------|-------|
| Number of Employees by Type | | | | |
| • Full time | person | 487 | 458 | 397 |
| • Part time | person | 110 | 62 | 33 |
| Number of Employees by Gender | | | | |
| • Male | person | 198 | 168 | 135 |
| • Female | person | 399 | 352 | 295 |
| Number of employees by level | | | | |
| • Operation | person | 335 | 276 | 213 |
| • Middle management/Supervisor | person | 241 | 222 | 198 |
| • Managers | person | 21 | 22 | 19 |
| Percentage of employees to be retired | | | | |
| • Within 5 years (55-60 years old) | % | 28.14 | 22.88 | 27.59 |
| • Within 10 years (50-60 years old) | % | 47.24 | 43.27 | 50.56 |
| • Turn Over Rate | % | 21.30 | 28.29 | 20.20 |
| • Retention rates after parental leave | % | 100 | 100 | 100 |
| • Number of employee representative in welfare committee | persons | 7 | 7 | 7 |
| Number of employee representatives in SHE committee | | | | |
| • Employer representatives and SHE officer | person | 2 | 2 | 2 |
| • Employee representatives | person | 9 | 9 | 9 |
| Absentee Rate(AR) (per working hours) | % | 1.01 | 0.88 | 1.27 |
| Fatal injuries | person | 0 | 0 | 0 |
| Average training hours per employee per year | Hr/Yr | 6 | 5.35 | 5 |
| Percentage of employees receiving regular performance and career development reviews | % | 100 | 100 | 100 |
| Proportional wages between female and male employees | | 62:38 | 63:37 | 63:37 |

Customer Issues

The company produces and delivers high-quality goods, under the customer's specifications and requirements, there is a system to receive opinion, suggestions, and complaints. The company will use the information from this system to improve and correct issues promptly within a reasonable time.

The fabrics produced are under Oeko-tex standard 100 for Class II products, this means that the goods are not affected by skin contact.

In the past year, there was no significant legal abuse or breaking regulations in connection with the usage of the company's goods or services.

| Indicator | Unit | 2018 | 2019 | 2020 |
|--------------------------------|-------|------|------|------|
| Customers' satisfaction survey | % | 95 | 92 | 94 |
| Customers' claim or complaint | Times | 10 | 5 | 3 |

Community Involvement and Development

The company supports and participates in activities for local community development. For the past year, the operation has no negative impact or tendency to create such an impact on the local community.

| Indicator | Unit | 2018 | 2019 | 2020 |
|---|-------|------|------|------|
| Percentage of new employee learned about policy and direction regarding anti-corruption | % | 100 | 100 | 0 |
| Number of environmental issues received and correction | Times | 0 | 0 | 0 |

Environmental dimension

Environment

The company is located at 205 Moo 4 Sukhumvit Road km. 39.5, Bangpoomai, Muang Samutphrakan, Samutprakarn 10280. The land area is about 218 Rai 33 sq.Wah, which the company legally owns. Within the 5 km radius, there is a local community, a temple, a school, and government offices. On the south side about 500-meter long, the company is next to the coastal road.

In the past year, there was no instance of environmental or legal abuse, such as wastewater industrial waste or leakage

| Indicator | Unit | 2018 | 2019 | 2020 |
|--|-------|-------------|-------------|------------|
| Main raw materials | | | | |
| • Cotton | ton | 3,530 | 2,153 | 1,761 |
| • Polyester | ton | 3,338 | 1,975 | 1,842 |
| Fossils used | | | | |
| • Diesel | MJ | 156,606 | 82,800 | 77,756 |
| • NGV | MJ | 32,822,105 | 20,597,251 | 16,956,373 |
| Electrical used | MJ | 135,411,462 | 103,584,413 | 83,038,792 |
| Water used by sources | | | | |
| • Tap water | cu.m. | 152,314 | 132,778 | 94,364 |
| • Deep water | cu.m. | 1,124 | 51 | 4,595 |
| Percentage of RO reused | % | 11 | 15.76 | 232 |
| Waster water discharge | cu.m. | 153,438 | 133,076 | 98,951 |
| Solid waste | | | | |
| • hazardous waste | Ton | 0 | 0 | 0 |
| • municipal waste | Ton | 800 | 792 | 792 |
| Number of significant leakage | Times | 0 | 0 | 0 |
| Expenses and investment for environmental protection | MBht | 0 | 0 | 0 |
| Waste treatment expenses | Baht | 120,000 | 120,000 | 84,000 |

Business Operations Affecting Corporate Social Responsibilities:

- (1) The Company has never been inspected or being inspected by the competent authorities that the Company’s business operations significantly breached the provisions of laws relating to 8 principles.
- (2) The Company’s business operations have never been involved or accused of causing negative impacts on society and the environment or not following 8-item principles; particularly those making the headlines in newspapers and negatively known to the general public or those significantly affecting the business operations, reputations or credibility of the Company.

CSR and Environmental Protection Activities:



- Candle Offering at Wat Panprasit and Wat Tumru, Bang Pu Mai, Samut Prakan;



- Company’s annual merit-making activity, including providing ceremony to honor certificate and souvenir for employees who took their work diligently and ones who have worked 10-year successively



- Donated gifts, candy and food on the occasion of children’s day at nearby schools: Klong Bang-poo school, Wat Tumru Mitrapab 64 school, Aeam-Suree.

Preventive measures against Covid-19.

- Provide medical mask to community hospital and Government agency in Samut Prakarn area.



At Bangpoo Police Station

At Bangpoo Health Promotion Hospital

At Social Security Office



Temperature measure outsider



Employee entering



On company bus



Staying at dorm during weekend



At food hall



At the table

Prevention of Corruption Involvements:

Anti-corruption policy.

The Company holds a policy of doing business based on core values, "Integrity Quality Service", and good business management that is to work honestly without corruption. All the accounting reports must be done with completeness, accuracy and correct tax calculation including pay taxes correctly. There are not any bribes paid to any persons involved.

The Company has adhered to this practice consistently. The Company, thus, has been trustworthy from both the government sector and society.

Operations

The Board of Directors has committed to cooperate and support the Government's measures and Thailand's Private Sector Collective Action Coalition against Corruption (CAC) by defining practices as follows;

1. Promote and instill the Company's values that are a function and responsibilities of the directors, executives and employees must acknowledge the understanding, through communication and training, and implement strictly.
2. Provide a system of internal controls sufficient and appropriate to prevent the company's business operations related to fraud corruption.
3. Provide internal auditing to monitor regularly and reporting to the Audit Committee and/or the Managing Director. This fraud auditing will be integrated into the internal audit plan.
4. Self-evaluation, appropriate implement of using anti-corruption measures of Thailand's Private Sector Collective Action Coalition against Corruption Project (CAC).

Internal Control and Risk Management

Summary of Opinions of the Board of Directors on the Internal Control System.

In the Board of Directors Meeting 12/2020 dated 22 December 2020, the Board of Directors, including the Audit Committee, considered the explanation of the management regarding the adequacy evaluation of the internal control system and risk management. The board had opinion the Company has personnel practice in accordance with the framework structure of five key components as appropriate to business operations environment, as follows:

Part 1: Control Environment.

The Company commits to honesty and ethics in business operations, setting the UT corporate governance policy and prepared UT Corporate Governance and Business Code of Conducts Manual for executives and employees used as practice guidelines. Regarding enter the related party transactions, the board and management will consider related conflicts of interests with care and reasonable for the most benefits of the Company. The company also informed and disseminated the Company work regulations, compliance with business code of conducts, and assign internal auditor to monitor and evaluate the performance.

The Company has defined roles and duties of the board having independency from management. Oversight of business operating target setting with clear and measurable. Involved the consideration, review, and approval the annual operating plan proposed by the management under various situations of business operations. In addition, not provide excessive motivation, making employees work toward a target too high, which might lead to corruption.

The organization structure of the company has defined a clear chain of command; prepared documents regarding procedures, work instructions and job description of employees. The Personnel and General Affairs Section is responsible for the people management and development: recruiting, training, retaining competence employees, including communicating, performance appraisal, determine benefits and incentives or rewards to employee who has good competency; and competent development and succession plan.

The Company provided communication channels for collection: inquiry, notification, complaint or in doubt; and having measures to keep information-received confidentiality and protect the notify person. There was no whistleblowing in 2020.

Part 2: Risk Management.

The Company prepared financial statements under the Generally Accepted Accounting Principles, audited by a certified public accountant certified by the Securities and Exchange Commission (SEC). The report of the certified public accountant is a part of the annual report.

The Company prepared risk management manual used for guidelines to identify and analysis risk from activities or internal processes, including measures to prevent or mitigate risks. The office of internal audit use the result of risk assessment for preparing the annual internal audit plan; and in the audit committee meeting, setting the management participated the meeting to clarify matters that the committee has enquired. In 2020, there was no significant issue indicating any malfeasance.

Part 3: Control Activities.

The Company has documented regarding internal control measures, covering all activities and processes. Documented a clear separated of duties and responsibilities regarding approving, recording and keeping of assets; including scope of authority, duties and budget limit of the management at each level clearly documented.

The Company used AS/400 computer system to support operating functions: accounting, purchasing, inventory control, and personnel management by assigning the Information Development Center to oversee the system and define rights to access data in accordance with the AS/400 information security policy.

In 2020, the Company did not enter transactions with major shareholders, directors or connected persons except for normal business transactions under fair trade conditions and will not cause any conflict of interests, being treated the same as doing business with other outsiders. Proposed the audit committee consider and give opinion before submitting for approval at the Board of Directors meeting; director involved in the transaction will not attend such agenda.

Part 4: Information & Communication.

In the Board of Directors' meeting, the company secretary will send invitation letter, including attachments related to meeting agenda to directors in advance at least 7 days before the meeting. The management is responsible for preparing information, details, including responsible person to clarify, and present additional data if the board require, for the consideration of the board. Having record opinion, suggestion, or observation of the board in the minutes of the board meeting. The company secretary is responsible for keeping the minutes of the board meeting and the Accounting and Finance manager is responsible for keeping financial documents for the period defined by law.

The Company has internal communication process, using announcement board; computer network and meeting clarify at each working unit. The Personnel and General Affair Section is responsible for collecting comments or other information from a suggestion box, including hotline, and forward to concerned unit for considered and take action. For matter that might be fraud or corrupt behaviors in the workplace, the internal auditor will collect and report to the audit committee. For external communication. The Company assigned the general affair unit contact and coordinate if there were complaint issue from community around the Company. In 2020, there was no complaint or report of fraud or corruption.

Part 5: Monitoring Activities.

In the board meeting, assigned the management report the monthly operating results, including clarify of causes and corrective actions in case the operation result did not meet the target as planned and considered being agenda to follow-up.

The Company prescribes the internal audit office having duty of reviewing the practice, preparing yearly internal audit plan, report the audit result to the audit committee directly for consideration, and give useful advice for management and having report to the board on a quarterly basis.

The Company has a policy and practice guidelines for the management to report immediately if there is an incident that might significantly affect the reputation and financial position of the Company. Including actions taken and progress/result of correction. For the year 2020, there was no such incident.

Opinions of the Audit Committee on the Internal Control.

In the Audit Committee's meeting No. 3/2020 dated Thursday 6, August 2020, the Audit Committee discussed with the certified public accountant without the management participated. For acknowledgement the audit observation and opinion to ensure that the financial report preparation and disclosure in the financial report is correct, complete and reliable. The external auditor has given opinion that the Company has sound internal control system.

The Audit Committee has considered and agreed upon the internal audit plan; acknowledged the audit results and give useful recommendations to the management regarding correction of defects and followed-up the results of corrective or improvements; and reported to the Board of Directors on a quarterly basis.

According the adequacy assessment result of the internal control system and risk management for the year 2020, the committee give opinion that the Company has personnel practiced in accordance with the frame structure of the internal control and risk management covered the 5-key components that adequate and appropriate to the business environment of the Company.

Internal Audit Supervisor and the Compliance Supervisor.

1. The Audit Committee approved, proposed by the management, appointing Miss Wanida Chokmoh, Head of internal audit section, being internal audit supervisor. Miss Wanida Chokmoh has qualifications in education, training, and experience in internal audit jobs and understand the activities and business operations of the Company; appropriate to perform such duties.
2. The Company has assigned Miss Prayoon Sripraram, the Accounting and Finance Department Manager oversees the operations and compliance under the rules and regulations of the government agencies supervising the business operations of the Company. Miss Prayoon Sripraram has qualification and experience in finance and accounting operations; and used to attend bookkeeping training course; and at present, has been assigned as user and coordinator with the Stock Exchange of Thailand, with the roles of creator, contact person, SHLD report creator, issuer member and Chief Financial Officer, then appropriate to perform such duties.

Related Party Transactions

(1) In 2020, the Company had transactions with connected persons, as follows;

| Connected person/relationship | Transaction | Value (million Baht) | | Reason and needs |
|---|--|-----------------------|-----------------------|---|
| | | 2020 | 2019 | |
| Saha-Union Plc. (SUC) • Company's major shareholder holding 49.88 % and has Common directors * | Purchases of cotton and synthetic fibers. Trade account payable • Beginning • Ending | 35 5 4 | 297 53 5 | Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity |
| Uni-Fibre Co., Ltd. (UNF) • SUC holds 49.88% of UG's shares and has common directors* | Sold some shares of Uni-Fibre Co., Ltd. Trade receivables • Beginning • Ending | - - - | 25 - - | Reduce expense and redundancy of work system related to the preparation of the financial report |
| Union Garment Co., Ltd. (UG) • SUC holds 99.99 % of UPF shares and has Common directors * | Sales of fabrics. Rental some area of the building Provide utilities Trade receivables • Beginning • Ending | - 1 - 1 - | 2 2 1 1 1 | Support normal doing business such as a supply chain. Economic benefits of a property that has not been used Joint uses |
| Union Micron Clean Co.,Ltd. (MRC) • SUC holds 25.00% of MRC's shares and has Common directors * | Rental some area of Building Trade receivables • Beginning • Ending | 3 - - | 2 - - | Economic benefits of a property that is not in use or not suitable for the company's current production. |
| Union Spinning Mills Co.,Ltd. (USM) • SUC holds 25.00% of USM's shares • Union Thread Industries Co., Ltd. (Darakananda group) holds 6.11% of UT's shares and 74.99% of USM's shares • UT and USM have common directors. | Rental spinning machinery Trade receivables • Beginning • Ending | 1 - - | 1 - - | Economic benefits of a property that is not in use or not suitable for the company's |
| Union Zojirushi Co., Ltd. (UZ) • SUC holds 51.00% of UZ's shares and Common directors. | Rental some land Trade receivables • Beginning • Ending | 12 - - | 12 - - | Economic benefits of a property that is not in use |

(2) Pricing policies and transaction conditions;

- Purchasing/Sales of goods; Price and condition are normal doing business as does with other unrelated companies and the same as market prices.
- Rental parts of buildings and unoperated machinery; these assets are exceptionally or hard to demonstrate that it is within normal commercial terms. The rental calculation, thus, is based on concerned cost, fairness, and acceptability.
- Providing utilities; calculated from various cost basis depended on proportion uses and acceptable.

(3) The need and rationale of the transactions;

- Most benefits to the Company.

(4) Policy or trend on related party transactions in the future. The transaction which is normal doing business or under the term of the on-going agreement should be based on fairness and agree with both parties and does not cease to transfer benefits

(5) There was no other type of related party transactions, including acquisition or disposal of assets in such a manner that breach of / did not comply with the regulations of the Stock Exchange of Thailand.

Management Discussion and Analysis (MD&A)

Business operating results and financial position for the year 2020, in which the equity method is applied, of the Company, analyzed and explained as follows:

1. Overview

The Company has been operating in the textile business, manufacturing greige fabrics, through the production process of yarn spinning and fabric weaving, based on the customers' specification. The Company may have revenues from providing services on yarn spinning and/or fabric weaving, using raw material from customer.

Over the past 3 years, the Company has no significant changes in capital structure, management, and business operations.

1.1 Factors that affect business operations.

In 2020, the textile industry greatly declined due to the Covid-19 pandemic. This affected the global economy, causing the economy of many countries to slow down. Furthermore, the fluctuations of the world finance and the trade agreement between the UK and the EU also have an impact on the global economy.

1.2 Summary of operating results.

As of 31 December 2020, the Company had net loss amounting to 37.72 million Baht; loss increased 133.58 million Baht compared to 2019, having a net profit of 95.86 million Baht. The comparative of operating results between the year 2020 and 2019, summarized as follows:

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|---|---------------------------------|---------|-----------------------|----------|
| | Year | | Increased (decreased) | |
| | 2020 | 2019 | Amount | % |
| Total revenues | 470.93 | 749.33 | (278.40) | (37.15) |
| Total cost of sales and expenses | 516.02 | 619.84 | (103.82) | (16.75) |
| Share of profit from investments in associate | - | 0.44 | (0.44) | (100.00) |
| Finance income / Finance cost | 0.95 | 0.20 | 0.75 | 375.00 |
| Income (expense) tax revenue | 6.42 | (34.27) | 40.69 | 118.73 |
| Net Profit (loss) | (37.72) | 95.86 | (133.58) | (139.35) |

2. Results of Operations

2.1 Revenue

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|---------------------------|---------------------------------|--------|-----------------------|---------|
| | Year | | Increased (decreased) | |
| | 2020 | 2019 | Amount | % |
| Sales and services income | 432.52 | 511.06 | (78.54) | (15.37) |
| - Export sales | 368.95 | 443.20 | (74.25) | (16.75) |
| - Local sales | 63.57 | 67.86 | (4.29) | (6.32) |
| Other income | 38.41 | 238.27 | (199.86) | (83.88) |
| Total revenues | 470.93 | 749.33 | (278.40) | (37.15) |

1) Sales and services income

In 2020, the Company had sales and service income 432.52 Million Baht decreased 78.54 million Baht or 15.37 % compared to 2019, divided into export sales decreased 74.25 million Baht or 16.75%, and local sales decreased 4.29 million Baht or 6.32%. Because of The slowdown of the textile industry and the economic of trading countries were impacted from COVID-19 pandemic resulted in purchase order from oversea and local customers decreased.

2) Other income

The Company had other income 38.41 million Baht, from sale of scrap, unused asset rental income, dividend income from investments. Compared with 2019, Other income of the company to 199.86 million Baht. Due to in, the year 2019, the company had gain on sale of the investment in associate amounted to 10.63 million Baht and gain on fair value measurement from changes in the status of investment 173.60 million Baht; and gain on exchange 9.19 million Baht; besides, The company had gain on dividend income, sales of scrap, and others, decreased from 2019, amounted to 6.44 million Baht.

2.2 Costs and expenses

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|-------------------------|---------------------------------|--------|-----------------------|---------|
| | Year | | Increased (decreased) | |
| | 2020 | 2019 | Amount | % |
| Total cost of sales | 435.64 | 554.14 | (118.50) | (21.38) |
| Selling expenses | 10.20 | 8.36 | 1.84 | 22.01 |
| Administrative expenses | 70.18 | 57.34 | 12.84 | 22.39 |
| Financial Cost | 0.50 | 0.75 | (0.25) | (33.33) |

- Cost of sales and services decreased by 118.50 million Baht or 21.38%, due to cost of raw material and production expenses decreased from 2019.
- Selling expenses increased by 1.84 million Baht or 22.01%, due to export expenses increased.
- Administrative expenses increased by 12.84 million Baht or 22.39%, the main reason came from the increased in provision for long-term employee benefits amounted 9.45 million Baht.

2.3 Net profit (loss)

As per the separate financial statement, the Company had a net loss of 37.72 million Baht; loss increased 7.07 million Baht compared with that of 2019. because of the Company recorded post-employment benefit amounted to 32.29 million Baht. and the Company submitted the notification on the resolution of the board of Directors' meeting No.12/2020 dated 22 December 2020, to the SET related to the cessation of textile business operation. The Company have to prepare the financial report on income statement which present the discontinued and continuing operations, as per Thai Financial Reporting Standard No. 5 (Revised 2018) - Non-current assets Held for Sale and Discontinued Operations, which present the operations performance as follows;

a) Continuing operations

In 2020, the Company had total revenues amounted to 20.33 million Baht decreased from 2019 amounted to 25.28 million Baht. Main reason were came from, in prion year ,the company had ; gain on sales for some of investment amounted to 23.80 million Baht. In 2020, there was no sale on investment; having administrative expenses, 10.86 million Baht decreased from 2019 amounted to 1.87 million Baht due to employee benefits expenses, land and building tax decreased. and interest income increased 0.50 million Baht. As a result, the Company had profit, from continuing operation, amounted to 10.82 million Baht which less than the year 2019 amounted to 23.03 million Baht. As for the financial statements as per the equity methods reduced from 2019, amount 149.54 million Baht because in 2019 the company had a profit from fair value measurement from changes in status of investment in the financial statement.

b) Discontinued operation

In 2020, the Company had total revenues 450.70 million Baht decreased by 92.32 million Baht, compare with 2019, Main reasons were sales and service income decreased by 78.54 million Baht, as a result of purchase order from main customers decreased, Which affected from COVID-19 pandemic. Other income came from sale of scrap and gain from exchange rate decreased from 2019 amounted to 12.96 million Baht.

For expenses in 2020 compared with 2019, the Company had cost of sales and service amounted to 435.64 million Baht decreased by 118.50 million Baht, due to cost of raw materials and production expenses decreased. Selling and administrative expenses amounted to 69.52 million Baht was increased from the year 2019 16.55 million Baht, from allowance of post-employment benefits after discontinued textile business amounted to 32.29 million Baht. The Company had deferred tax income, presented as income tax income, 6.39 million Baht increased from the year 2019 6.09 million Baht. For discontinued operation, the Company had net loss amounted to 48.54 million Baht, decreased by 15.96 million from the year 2019

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 1.40 Baht per share or the sum of 21.00 million Baht. There for, the Company had net loss of 1.31 Baht per ordinary share.

2.4 Profitability

| Description | Unit | For the year ending 31 December | |
|--------------------------|-------|---------------------------------|--------|
| | | 2020 | 2019 |
| Net Profit (Loss) Margin | % | (8.01) | 12.79 |
| Debt to Equity ratio | Times | 0.19 :1 | 0.11:1 |
| Return On Equity | % | (3.65) | 9.54 |

Net Profit (Loss) Margin

The Company had net loss amounted to 37.72 million Baht or 8.01 % of total income compared with the year 2019, which was net profit margin 95.86 million Baht or 12.79% of total income. The main reasons that makes the year 2020 had more net loss came from the recorded of for provision for post-employment benefits after discontinued textile operations amounted to 32.29 million Baht and in the year 2020, There was no gain on sales of investment in associate and gain on fair value measurement from changes in status of investment.

Debt to Equity Ratio

In 2020, the Company had a D/E ratio of 0.19 times, slightly higher than that of the year 2019 which was 0.11 times, indicated the ratio of liabilities still at the lower level compared to shareholders' equity.

Return on Equity (ROE)

As per financial statement in which the equity method is applied, the Company had net loss 37.72 million Baht equal to minus 3.65%, less than that of the year 2019 which was 9.54%.

3. Asset management

3.1 Financial position

As of 31 December 2020, the Company's financial position compared with the previous year are the followings;

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|----------------------------|---------------------------------|----------|-----------------------|--------|
| | Year | | Increased (decreased) | |
| | 2020 | 2019 | Amount | % |
| Total Assets | 1,205.70 | 1,163.37 | 42.33 | 3.64 |
| Total Liabilities | 188.61 | 111.37 | 77.24 | 69.35 |
| Total Shareholders' equity | 1,017.09 | 1,052.00 | (34.91) | (3.32) |

(1) Assets

As of 31 December 2020, the Company had total assets amounting to 1,205.70 million Baht; comprised 38.01% current assets and 61.99% non-current assets; compared with the year 2019, which had total assets amounted 1,163.37 million Baht, Total assets increased 42.33 million Baht or 3.64%; changed items are as follows;

- Current assets increased 20.68 million Baht, comprised of decreased in cash and cash equivalents 5.04 million Baht; decreased in trade and other receivable 33.41 million Baht; decreased in inventories 141.29 million Baht; increased in others current assets 201.27 million Baht and decreased in other current asset 0.85 million Baht.
- Increased in non-current assets 21.65 million Baht, comprised of fair value of investment in equity securities TFRS no.9 which increased the equity instruments classified and measured fair value through other comprehensive income amounted to 600.52 million Baht, and decreased in long-term investment 551.56 million Baht; decreased in investment properties 2.28 million Baht; decreased in property, plant, and equipment 25.05 million Baht; and increased in other non-current assets 0.02 million Baht.

(2) Liabilities

The Company had total liabilities of 188.61 million Baht, increased from 2019 of 77.24 million Baht or 69.35%; main changes came from increased in trade and others account payables 3.80 million Baht; increased in other current financial assets 1.86 million Baht; increased in provision for long-term employee benefits 24.21 million Baht, increased in deferred tax liabilities and other current liabilities 47.37 million Baht.

3) Shareholders' equity

The Company accounted for shareholders' equity amounting 1,017.09 million Baht, decreased by 34.91 million Baht or 3.32%, resulting from decreased in unappropriated retained earnings 74.08 million and increased in other components of shareholders' equity 39.17 million Baht. The unappropriated retained earnings decreased came from; changing accounting policy in accordance with TFRS 9 Financial instruments, resulted in decreased in equity investment 42.69 million Baht; loss for the year 37.72 million Baht; and other comprehensive income for the year 6.33 million Baht. For the increased in other components of shareholders' equity, came from adjusted fair value of investment in equity instruments.

3.2 Analysis of financial status

As of 31 December 2020, the Company's capital structure comprises of total liabilities amounting to 188.61 million Baht and total shareholders' equity amounting to 1,017.09 million Baht. The Company had a debt-to-capital ratio of 18.54%, indicating a stable financial position.

4. Liquidity and capital adequacy

4.1 Capital sources

1) Analysis of changes in capital sources

As of 31 December 2020, the Company had cash and cash equivalent amounted to 107.32 million Baht decreased 5.04 million Baht compared with the previous year, summary as follows:

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|--|---------------------------------|---------|----------|----------|
| | Year | | Changes | |
| | 2020 | 2019 | Amount | % |
| Net cash flows from (used in) operating activities | 187.96 | (35.48) | 223.44 | 629.76 |
| Net cash flows from (used in) investing activities | (193.00) | 27.16 | (220.16) | (810.60) |
| Net cash flows from (used in) financing activities | - | - | - | - |
| Cash and cash equivalent increased (decreased) | (5.04) | (8.32) | 3.28 | (39.42) |
| Cash and cash equivalent – beginning | 112.36 | 120.68 | (8.32) | (6.89) |
| Cash and cash equivalent – ending | 107.32 | 112.36 | (5.04) | (4.49) |

- Net cash flows from operating activities increased since inventories decreased, as a result of The decreased of purchasing of raw materials to be just for used in productions.
- Net cash flows used in investing activities increased from the investing in short-term investment, which was fixed deposit 200 million Baht.
- In 2020 and 2019, there is no financing activity.

2) The optimal capital structure

The Company had Debt to Equity ratio 0.19:1 time, higher than that of the 2019, indicated a proportion of debt still at low level compared with source of shareholders' equity.

4.2 Capital expenditure

In 2020 the Company did not have any capital expenditure for machinery and accessories.

4.3 Liquidity adequacy

| Description | Unit | As at 31 December | | Increased (decreased) |
|-------------------------|-------|-------------------|-------|-----------------------|
| | | 2020 | 2019 | |
| Current Ratio | Times | 4.41 | 13.83 | (9.42) |
| Quick ratio | Times | 3.76 | 7.23 | (3.47) |
| Inventory turn over | Times | 3.15 | 2.87 | 0.28 |
| Average debt collection | days | 79 | 102 | (23) |

- The current ratio decreased due to the provision for long-term employee benefits due, which one year portion
- The quick ratio decreased 3.47 times compared to the year 2019.
- Inventory turnover increased 0.28 times due to decreased in sales.
- Average debt collection decreased, indicating time of debt collection is better than the year 2019

4.4 The ability to procure additional sources of capital.

The Company has adequate financial facilities, therefore, no need for additional capital procurement .

4.5 The ability to repay debt and to follow the terms of the loan, and fundamentally important for several bindings.

Over the past year, the Company has been able to repaid debts and done the business as per the commitment.

5. Contractual Obligations and Off-Balance Sheet Arrangements

Please see Note 28 to Financial Statements – Commitment and contingent liabilities for the year ended 31 December 2020.

6. Forward-looking

On 22 December 2020, the Company submitted the notification on the resolution of the Board of Directors' Meeting No. 12/2020 to SET related to the cessation of textile business (yarn spinning and fabric weaving) within 2021 and the seeking of business. In addition, being undertook feasibility study to invest in new business.

Audit Committee Report

To Shareholders:

The Audit Committee of Union Textile Industries Public Company Limited comprises independent directors, holding qualifications in accordance with the Company's Audit Committee Charter, requirements and best practice guidelines for audit committee of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Details of Audit Committee meeting attendance of each member are as follows:

| Committee Name | Position | No. of meetings attended / No. of meetings held |
|------------------------------|---------------------------------|--|
| 1. Dr.Oranuj Soongswang | Chairman of the Audit Committee | 4/4 |
| 2. Dr.Pilastpong Subsermsri | Audit Committee member | 4/4 |
| 3. Mr.Preecha Wattanasaranon | Audit Committee member | 4/4 |

The Audit Committee has performed its duties as prescribed in the Company's Charter of the Audit Committee. In 2020, there were four meetings in total, in which the management, internal auditor, and the external auditor participated. The Committee arranged one meeting agenda with the external auditor, without management attendance, to discuss independently in regard to obtaining audit data, key audit matters for preparing financial statements, as well as disclosure in accordance with the financial reporting standards and benefits to financial statement users. In 2020, the committee's duties could be summarized as follows:

1. Review of Good Corporate Governance:

The Committee promoted good management and corporate governance in accordance with the Company policy. In addition, the Committee assigned internal auditors to review the compliance of operations with the Company's Corporate Governance and Business Code of Conduct Manual, laws, rules, and regulations related to the Company's business operations. The Committee continued to foster awareness and adherence to the Code of Business Conduct and anti-corruption measures among executives and staff.

2. Review of Risk Management:

The Committee reviewed the risk management of the Company and was aware of risk factors affecting the operation results, which management reported in the Board of Directors' meetings and discussed to set up practice guidelines, assign responsible persons for the operation and report the progress actions and results. In addition, the Committee assigned the internal auditor to evaluate the risks at the operational level and use the risk assessment results to prepare an internal audit plan.

Over the past two years, the Company experienced risks from external factors, such as delayed agreements of the withdrawal of the UK from the European Union, situation of economic downturns in Europe, spread of Covid-19, and intense competition in the textile business. These factors affected customers, especially main customers in Europe, which the Company continuously made effort on operations improvement measures to handle above situations, as well as seeking new businesses.

In late December 2020, the Company notified the Stock Exchange of Thailand on the resolution of the Board of Directors' meeting regarding the cessation of textile business (spinning and weaving) and the seeking of a new business. The Audit Committee opined that the textile business planning for the year 2021 comprises process that took into considerations the benefits of the Company and stakeholders, i.e. shareholders, trading partners, and employee. The Audit Committee also supported the spontaneous considerations and feasibilities of investment in new businesses.

3. Review of Internal Control and Internal Audit:

The Committee reviewed the results of evaluation on the adequacy of the internal control system, including consideration of the management assessment of the internal control system, using the evaluation form on the adequacy of the internal control system prepared by SEC, and opined that the internal controls were suitable and adequate, in accordance with rules and regulations. There were no material deficiencies affecting the Company's financial statements.

The Committee oversaw the operation of the office of internal audit to ensure independence, fairness, and ethics, reviewed internal audit annual plan, performance relative to its plan, results of internal audit, and provided suggestions related to audit issues, to improve efficiency and effectiveness. The oversight also included evaluation of the office of internal audit's performance.

4. Review of Related Party Transactions:

The Committee reviewed the related party transactions in accordance with requirements of SEC and SET and provided opinion before presenting to the board for approval. The disclosure was submitted to the SET as required in a timely manner.

5. Review of Financial Statements:

The Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2020. Also, the Committee reviewed Key Audit Measures as well as material issues and obtained sufficient clarification from the external auditor who performed the duties independently and with verifiability, the Management, and the internal auditors. The preparation of the financial statements was conducted with reliability, transparency and complied with standards. Having verified that the financial statements for the year ended 31 December 2020 and the disclosure of the notes to the financial statements, in all material respects, were in compliance with the relevance laws and financial reporting standards, the Audit Committee approved the financial statements, reviewed and audited by the external auditor. In addition, the disclosure was presented adequately, by separating continuing operations and discontinued operation, to benefit shareholders, investors, and users of financial statements.

6. Review of the Audit Committee Charter

The Committee reviewed the Audit Committee Charter and the Charter of the Office of Internal Audit. The review also included the self-assessment of the Audit Committee as a whole and on an individual basis, using the best practice guidelines of the audit committee of the Stock Exchange of Thailand to ensure that the performance of the audit committee is independent, effective, and complete.

7. Appointment of the Independent Auditor

As the performance of the external auditor is satisfactory for the past year and the external auditor is independent, skilled, knowledgeable, capable, and experienced in auditing business of the Company, the Committee recommended that the Board of Directors seek approval at the Annual Shareholders' meeting for the reappointment of Ms. Sineenart Jirachaikhuan Khan, CPA No. 6287; or Mr. Khitsada Lerdwana, CPA No. 4958; or Mr. Termpong Opanaphan, CPA No. 4501; or Ms. Vissuta Jariyathanakorn, CPA No. 3853; all of whom are auditors at EY Office Limited, to be the external auditor.

On behalf of the Audit Committee



(Dr. Oranuj Soongswang)

Chairman of the Audit Committee
Union Textile Industries Public Company Limited

Report of the Board of Directors' Responsibilities to the Financial Statement

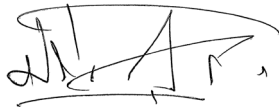
The Board of Directors shall assume the full responsibilities for all financial statements of the company and financial information appeared in the annual report. The financial statements were prepared in accordance with generally accepted accounting standards in Thailand, while the company applied appropriate accounting policies, with careful consideration and estimates and also revealed important information in Notes to Financial Statements.

The Board of Directors has maintained the effective internal control system to reasonably ensure that the recording of accounting information was correct, complete, and enough to maintain the assets and to realize the weakness to prevent from any corruption or abnormal operations significantly.

For this purpose, the Board of Directors has appointed the Audit Committee comprising independent directors and non-executive directors responsible for quality of financial reports and the internal control system. Comments made by the Audit Committee on this subject are listed in the Annual Report.

The Board of Directors concluded that the company's overall internal control system was satisfactory and adequate to give credibility to the financial statements of company as of 31 December 2020.

On behalf of the Board of Directors.



(Mr. Preecha Shunhavanich)
Chairman



(Mrs. Pimporn Chotirattanakul)
Managing Director

Report and Financial statements

Independent Auditor's Report

To the Shareholders of Union Textile Industries Public Company Limited

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 1.2 to the financial statements that on 22 December 2020, the Company submitted the notification on the Resolutions of the Board of Directors' Meeting No. 12/2020 to The Stock Exchange of Thailand related to the cessation of textile operations (spinning and weaving) and the seeking of a new business. In this regard, the Company has a plan to cease the textile operations (spinning and weaving) within year 2021 and to consider and study the feasibility of investing in new businesses in the future.

I also draw attention to Note 1.3 and Note 3 to the financial statements. In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of fair value of investments in equity instruments. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of relief measures which the Company elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. The Company recognised the resulting losses (net from impact of income tax), totaling Baht 96 million in the statement of comprehensive income for the year ended 31 December 2020.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowance for impairment loss on machinery and equipment

The Company had a net book value of machinery and equipment amounting to Baht 51 million which is material to the statement of financial position as at 31 December 2020. Since the Company has plan to cease textile operations (spinning and weaving) within 2021 and is under consideration and studying the possibility of investing in new businesses in the future as described in Note 1.2 and 24 to the financial statements, so, there is a risk associated with the recoverable amount of such machinery and equipment. In determining the impairment loss, management had to exercise judgment with respect to its projections of future operating performance, plans for management of assets and determination of an appropriate discount rate and key assumptions. There is therefore a possibility of inappropriate amount of impairment loss on machinery and equipment.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for the Company, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgment in estimating cash flow projections.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and I performed a sensitivity analysis on the returns expected to be realised on the assets.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards

on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.

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



Sineenart Jirachaikhuan Khan
Certified Public Accountant (Thailand) No. 6287

EY Office Limited
Bangkok: 23 February 2021

Statements of Financial position

As at 31 December 2020

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|-------------------------------------|------|---|----------------------|-------------------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 8 | 107,322,720 | 112,365,933 | 107,322,720 | 112,365,933 |
| Trade and other receivables | 9 | 79,985,571 | 113,398,208 | 79,985,571 | 113,398,208 |
| Inventories | 10 | 67,503,604 | 208,788,032 | 67,503,604 | 208,788,032 |
| Other current financial assets | 11 | 201,271,243 | - | 201,271,243 | - |
| Other current assets | | 2,247,842 | 3,097,249 | 2,247,842 | 3,097,249 |
| Total current assets | | <u>458,330,980</u> | <u>437,649,422</u> | <u>458,330,980</u> | <u>437,649,422</u> |
| Non-current assets | | | | | |
| Restricted bond | 28.3 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Other non-current financial assets | 12 | 600,523,987 | - | 600,523,987 | - |
| Investments in associated companies | 13 | - | - | - | - |
| Other long-term investments | 12 | - | 551,563,613 | - | 162,209,400 |
| Investment properties | 14 | 48,484,742 | 50,763,292 | 48,484,742 | 50,763,292 |
| Property, plant and equipment | 15 | 87,138,381 | 112,191,681 | 87,138,381 | 112,191,681 |
| Deferred tax assets | 23 | - | - | - | 3,735,797 |
| Other non-current assets | 16 | 219,125 | 197,500 | 219,125 | 197,500 |
| Total non-current assets | | <u>747,366,235</u> | <u>725,716,086</u> | <u>747,366,235</u> | <u>340,097,670</u> |
| Total assets | | <u>1,205,697,215</u> | <u>1,163,365,508</u> | <u>1,205,697,215</u> | <u>777,747,092</u> |

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

Statements of Financial position (continued)

As at 31 December 2020

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|------|---|----------------------|-------------------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 17 | 34,649,824 | 30,851,684 | 34,649,824 | 30,851,684 |
| Other current financial liability | | 1,856,365 | - | 1,856,365 | - |
| Provision for long-term employee benefits - due within one year portion | 18 | 66,786,307 | - | 66,786,307 | - |
| Other current liabilities | | 713,057 | 789,126 | 713,057 | 789,126 |
| Total current liabilities | | <u>104,005,553</u> | <u>31,640,810</u> | <u>104,005,553</u> | <u>31,640,810</u> |
| Non-current liabilities | | | | | |
| Provision for long-term employee benefits- net from due within one year portion | 18 | 6,174,707 | 48,746,331 | 6,174,707 | 48,746,331 |
| Deferred tax liabilities | 23 | 78,432,615 | 30,983,812 | 78,432,615 | - |
| Total non-current liabilities | | <u>84,607,322</u> | <u>79,730,143</u> | <u>84,607,322</u> | <u>48,746,331</u> |
| Total liabilities | | <u>188,612,875</u> | <u>111,370,953</u> | <u>188,612,875</u> | <u>80,387,141</u> |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 15,000,000 preference shares of Baht 10 each | 19 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| 45,000,000 ordinary shares of Baht 10 each | | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| | | <u>600,000,000</u> | <u>600,000,000</u> | <u>600,000,000</u> | <u>600,000,000</u> |
| Issued and fully paid | | | | | |
| 15,000,000 preference shares of Baht 10 each | 19 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| 45,000,000 ordinary shares of Baht 10 each | | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| Retained (deficit) earnings | | | | | |
| Appropriated - statutory reserve | 20 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Unappropriated | | 206,468,441 | 280,546,955 | 206,468,441 | (74,087,649) |
| Other components of shareholders' equity | | 60,615,899 | 21,447,600 | 60,615,899 | 21,447,600 |
| Total shareholders' equity | | <u>1,017,084,340</u> | <u>1,051,994,555</u> | <u>1,017,084,340</u> | <u>697,359,951</u> |
| Total liabilities and shareholders' equity | | <u>1,205,697,215</u> | <u>1,163,365,508</u> | <u>1,205,697,215</u> | <u>777,747,092</u> |

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

Income Statements

For the year ended 31 December 2020

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|------|---|--------------------|-------------------------------|-------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Continuing operations | | | | | |
| Revenues | | | | | |
| Gain on sales of investment in associate | | - | 10,632,333 | - | 23,797,440 |
| Gain on reclassification of other comprehensive income of associate | | - | 359,475 | - | - |
| Gain on fair value measurement from changes in status of investment | | - | 173,598,046 | - | - |
| Rental income | | 18,077,812 | 18,544,413 | 18,077,812 | 18,544,413 |
| Dividend income | | 2,150,000 | 3,170,000 | 2,150,000 | 3,170,000 |
| Total revenues | | <u>20,227,812</u> | <u>206,304,267</u> | <u>20,227,812</u> | <u>45,511,853</u> |
| Expenses | | | | | |
| Administrative expenses | | 10,864,156 | 12,733,469 | 10,864,156 | 12,733,469 |
| Total expenses | | <u>10,864,156</u> | <u>12,733,469</u> | <u>10,864,156</u> | <u>12,733,469</u> |
| Gain from continuing operating activities | | <u>9,363,656</u> | <u>193,570,798</u> | <u>9,363,656</u> | <u>32,778,384</u> |
| Share of profit from investments in associate | | - | 438,505 | - | - |
| Finance income | | 1,447,125 | 947,306 | 1,447,125 | 947,306 |
| Finance costs | | (24,370) | (27,920) | (24,370) | (27,920) |
| Profit before income tax income (expenses) | | <u>10,786,411</u> | <u>194,928,689</u> | <u>10,786,411</u> | <u>33,697,770</u> |
| Income tax income (expenses) | 23 | 35,660 | (34,561,810) | 35,660 | 157,799 |
| Profit for the year from continuing operations | | <u>10,822,071</u> | <u>160,366,879</u> | <u>10,822,071</u> | <u>33,855,569</u> |

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

Statements of comprehensive income(continued) For the year ended 31 December 2020 (Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | | |
|--|---|---------------------|-------------------------------|---------------------|---------------------|
| | Note | 2020 | 2019 | 2020 | 2019 |
| Discontinued operations | | | | | |
| Revenues | | | | | |
| Sales and service income | 21 | 432,522,742 | 511,058,999 | 432,522,742 | 511,058,999 |
| Other income | | | | | |
| Sales of scrap | | 12,365,493 | 16,138,627 | 12,365,493 | 16,138,627 |
| Exchange gains | | - | 9,185,655 | - | 9,185,655 |
| Others | | 5,813,458 | 6,638,774 | 5,813,458 | 6,638,774 |
| Total revenues | | <u>450,701,693</u> | <u>543,022,055</u> | <u>450,701,693</u> | <u>543,022,055</u> |
| Expenses | | | | | |
| Cost of sales and service | | 439,403,461 | 551,031,008 | 439,403,461 | 551,031,008 |
| Allowance for diminution in value of inventories (reversal) | 10 | (3,762,701) | 3,105,441 | (3,762,701) | 3,105,441 |
| Total cost of sales and service | | 435,640,760 | 554,136,449 | 435,640,760 | 554,136,449 |
| Selling and distribution expenses | | 10,197,354 | 8,361,891 | 10,197,354 | 8,361,891 |
| Administrative expenses | | 58,010,398 | 44,604,388 | 58,010,398 | 44,604,388 |
| Exchange losses | | 1,311,425 | - | 1,311,425 | - |
| Total expenses | | <u>505,159,937</u> | <u>607,102,728</u> | <u>505,159,937</u> | <u>607,102,728</u> |
| Loss from discontinued operating activities | | <u>(54,458,244)</u> | <u>(64,080,673)</u> | <u>(54,458,244)</u> | <u>(64,080,673)</u> |
| Finance costs | | (478,154) | (720,205) | (478,154) | (720,205) |
| Loss before income tax income | | <u>(54,936,398)</u> | <u>(64,800,878)</u> | <u>(54,936,398)</u> | <u>(64,800,878)</u> |
| Income tax income | 23 | 6,390,731 | 296,930 | 6,390,731 | 296,930 |
| Loss for the year from discontinued operations | | <u>(48,545,667)</u> | <u>(64,503,948)</u> | <u>(48,545,667)</u> | <u>(64,503,948)</u> |
| Profit (loss) for the year | | <u>(37,723,596)</u> | <u>95,862,931</u> | <u>(37,723,596)</u> | <u>(30,648,379)</u> |
| Basic earnings per share (Baht) | | | | | |
| Profit (loss) for the year from continuing operations | 26 | (0.23) | 3.09 | (0.23) | 0.28 |
| Loss for the year from discontinued operations | | (1.08) | (1.43) | (1.08) | (1.43) |
| Profit (loss) for the year | | <u>(1.31)</u> | <u>1.66</u> | <u>(1.31)</u> | <u>(1.15)</u> |

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

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|---|--------------------|-------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Profit (loss) for the year from continuing operations | 10,822,071 | 160,366,879 | 10,822,071 | 33,855,569 |
| Loss for the year from discontinued operations | (48,545,667) | (64,503,948) | (48,545,667) | (64,503,948) |
| Profit (loss) for the year | <u>(37,723,596)</u> | <u>95,862,931</u> | <u>(37,723,596)</u> | <u>(30,648,379)</u> |
| Other comprehensive income: | | | | |
| Other comprehensive income from continuing operations | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Gain (loss) on change in value of available-for-sale securities | | | | |
| Available-for-sale securities of the Company - net of income tax | - | (2,000,000) | - | (2,000,000) |
| Available-for-sale securities of the associated company - net of income tax | - | 22,750 | - | - |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | - | (1,977,250) | - | (2,000,000) |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Actuarial gain-net of income tax | 214,133 | 2,252 | 214,133 | 2,252 |
| Loss on changes in value of equity investments designated at fair value through other comprehensive income - net of income tax | (95,754,722) | - | (95,754,722) | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods- net of income tax | (95,540,589) | 2,252 | (95,540,589) | 2,252 |
| Total other comprehensive income from continued operations | <u>(95,540,589)</u> | <u>(1,974,998)</u> | <u>(95,540,589)</u> | <u>(1,997,748)</u> |
| Other comprehensive income from discontinued operations | | | | |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Actuarial gains - net of income tax | 6,119,635 | 228,842 | 6,119,635 | 228,842 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | 6,119,635 | 228,842 | 6,119,635 | 228,842 |
| Total other comprehensive income from discontinued operations | <u>6,119,635</u> | <u>228,842</u> | <u>6,119,635</u> | <u>228,842</u> |
| Other comprehensive income for the year | <u>(89,420,954)</u> | <u>(1,746,156)</u> | <u>(89,420,954)</u> | <u>(1,768,906)</u> |
| Total comprehensive income for the year | <u>(127,144,550)</u> | <u>94,116,775</u> | <u>(127,144,550)</u> | <u>(32,417,285)</u> |
| Total comprehensive income for the year | | | | |
| From continuing operations | (84,718,518) | 158,391,881 | (84,718,518) | 31,857,821 |
| From discontinued operations | (42,426,032) | (64,275,106) | (42,426,032) | (64,275,106) |
| | <u>(127,144,550)</u> | <u>94,116,775</u> | <u>(127,144,550)</u> | <u>(32,417,285)</u> |

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

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Financial statements in which the equity method is applied

| | Other components of shareholders' equity | | | | | | | | | |
|---|--|-----------------|----------------------------------|----------------|--|---|---|----------------------------|--------------------|----------------------------|
| | Surplus on changes in value of available-for-sale securities | | | | | | | | | |
| | Other comprehensive income | | | | | | | | | |
| | Issued and paid-up share capital | | Retained (deficits) earnings | | Available-for-sale securities of the Company | | Available-for-sale securities of the associated company | | Fair value reserve | Total shareholders' equity |
| | Preference shares | Ordinary shares | Appropriated - statutory reserve | Unappropriated | Available-for-sale securities of the Company | Available-for-sale securities of the associated company | Fair value reserve | Total shareholders' equity | | |
| Balance as at 1 January 2019 | 150,000,000 | 450,000,000 | 150,000,000 | 184,452,930 | 23,447,600 | 358,695 | - | 958,259,225 | | |
| Profit for the year | - | - | - | 95,862,931 | - | - | - | 95,862,931 | | |
| Other comprehensive income for the year | - | - | - | 231,094 | (2,000,000) | 22,750 | - | (1,746,156) | | |
| Total comprehensive income for the year | - | - | - | 96,094,025 | (2,000,000) | 22,750 | - | 94,116,775 | | |
| Effect on sales of investment in associate | - | - | - | - | - | (21,970) | - | (21,970) | | |
| Reclassify other comprehensive income of associate to profit and loss from change in status of investment | - | - | - | - | - | (359,475) | - | (359,475) | | |
| Balance as at 31 December 2019 | 150,000,000 | 450,000,000 | 150,000,000 | 280,546,955 | 21,447,600 | - | - | 1,051,994,555 | | |
| Balance as at 1 January 2020 | 150,000,000 | 450,000,000 | 150,000,000 | 280,546,955 | 21,447,600 | - | - | 1,051,994,555 | | |
| Cumulative effect of change in accounting policy (Note 4) | - | - | - | (42,688,686) | (21,447,600) | - | 156,370,621 | 92,234,335 | | |
| Balance as at 1 January 2020 - as restated | 150,000,000 | 450,000,000 | 150,000,000 | 237,858,269 | - | - | 156,370,621 | 1,144,228,890 | | |
| Loss for the year | - | - | - | (37,723,596) | - | - | - | (37,723,596) | | |
| Other comprehensive income for the year | - | - | - | 6,333,768 | - | - | (95,754,722) | (89,420,954) | | |
| Total comprehensive income for the year | - | - | - | (31,389,828) | - | - | (95,754,722) | (127,144,550) | | |
| Balance as at 31 December 2020 | 150,000,000 | 450,000,000 | 150,000,000 | 206,468,441 | - | - | 60,615,899 | 1,017,084,340 | | |

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

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

Separate financial statements

| | Issued and paid-up share capital | | | Retained (deficits) earnings | | Other comprehensive income | | | Total shareholders' equity | |
|---|----------------------------------|-----------------|-----------------|----------------------------------|----------------|--|--------------------|--|----------------------------|--------------------|
| | Preference shares | | | Appropriated - statutory reserve | | Unappropriated | | Surplus on changes in value of available-for-sale securities | | Fair value reserve |
| | Preference shares | Ordinary shares | Ordinary shares | Appropriated - statutory reserve | Unappropriated | Surplus on changes in value of available-for-sale securities | Fair value reserve | | | |
| Balance as at 1 January 2019 | 150,000,000 | 450,000,000 | 450,000,000 | 150,000,000 | (43,670,364) | 23,447,600 | - | - | 729,777,236 | |
| Loss for the year | - | - | - | - | (30,648,379) | - | - | - | (30,648,379) | |
| Other comprehensive income for the year | - | - | - | - | 231,094 | (2,000,000) | - | - | (1,768,906) | |
| Total comprehensive income for the year | - | - | - | - | (30,417,285) | (2,000,000) | - | - | (32,417,285) | |
| Balance as at 31 December 2019 | 150,000,000 | 450,000,000 | 450,000,000 | 150,000,000 | (74,087,649) | 21,447,600 | - | - | 697,359,951 | |
| Balance as at 1 January 2020 | 150,000,000 | 450,000,000 | 450,000,000 | 150,000,000 | (74,087,649) | 21,447,600 | - | - | 697,359,951 | |
| Cumulative effect of change in accounting policy (Note 4) | - | - | - | - | 311,945,918 | (21,447,600) | 156,370,621 | 156,370,621 | 446,868,939 | |
| Balance as at 1 January 2020 - as restated | 150,000,000 | 450,000,000 | 450,000,000 | 150,000,000 | 237,858,269 | - | 156,370,621 | 156,370,621 | 1,144,228,890 | |
| Loss for the year | - | - | - | - | (37,723,596) | - | - | - | (37,723,596) | |
| Other comprehensive income for the year | - | - | - | - | 6,333,768 | - | (95,754,722) | (95,754,722) | (89,420,954) | |
| Total comprehensive income for the year | - | - | - | - | (31,389,828) | - | (95,754,722) | (95,754,722) | (127,144,550) | |
| Balance as at 31 December 2020 | 150,000,000 | 450,000,000 | 450,000,000 | 150,000,000 | 206,468,441 | - | 60,615,899 | 60,615,899 | 1,017,084,340 | |

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

Cash flow Statement

For the year ended 31 December 2020

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|---------------------|-------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from operating activities | | | | |
| Profit before tax from continuing operations | 10,786,411 | 194,928,689 | 10,786,411 | 33,697,770 |
| Loss before tax from discontinued operations | (54,936,398) | (64,800,878) | (54,936,398) | (64,800,878) |
| Profit (loss) before tax | (44,149,987) | 130,127,811 | (44,149,987) | (31,103,108) |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 23,320,243 | 26,141,933 | 23,320,243 | 26,141,933 |
| Loss (gain) on write-off/sales of machinery and equipment | 610,237 | (461,718) | 610,237 | (461,718) |
| Reduction of inventory to net realisable value (reversal) | (3,762,701) | 3,105,441 | (3,762,701) | 3,105,441 |
| Gain on sales of investment in associate | - | (10,632,333) | - | (23,797,440) |
| Gain on reclassification of other comprehensive income of associate | - | (359,475) | - | - |
| Gain on fair value measurement from changes in status of investment | - | (173,598,046) | - | - |
| Loss on fair value adjustments of financial assets | 585,122 | - | 585,122 | - |
| Share of profit from investments in associated | - | (438,505) | - | - |
| Unrealised loss on exchange | 3,291,964 | 5,220,514 | 3,291,964 | 5,220,514 |
| Provision for long-term employee benefits | 39,058,551 | 16,109,859 | 39,058,551 | 16,109,859 |
| Finance income | (1,447,125) | (947,306) | (1,447,125) | (947,306) |
| Dividend income | (2,150,000) | (3,170,000) | (2,150,000) | (3,170,000) |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 15,356,304 | (8,901,825) | 15,356,304 | (8,901,825) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 29,931,664 | 67,161,173 | 29,931,664 | 67,161,173 |
| Inventories | 145,047,129 | (34,575,122) | 145,047,129 | (34,575,122) |
| Other current assets | 1,845,708 | 1,867,681 | 1,845,708 | 1,867,681 |
| Other non-current assets | (21,625) | 2,250 | (21,625) | 2,250 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 3,798,140 | (56,826,263) | 3,798,140 | (56,826,263) |
| Other current liabilities | (76,069) | 392,118 | (76,069) | 392,118 |
| Provision for long-term employee benefits | (6,926,658) | (3,489,905) | (6,926,658) | (3,489,905) |
| Cash flows from (used in) operating activities | 188,954,593 | (34,369,893) | 188,954,593 | (34,369,893) |
| Cash paid for income tax and withholding tax | (996,301) | (1,110,352) | (996,301) | (1,110,352) |
| Net cash flows from (used in) operating activities | 187,958,292 | (35,480,245) | 187,958,292 | (35,480,245) |

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

Cash flow Statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|---|--------------------|-------------------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from investing activities | | | | |
| Increase in financial assets | (200,000,000) | - | (200,000,000) | - |
| Acquisition of equipment | (49,601) | (2,659,121) | (49,601) | (2,659,121) |
| Proceeds from sales of machinery and equipment | 3,450,971 | 469,451 | 3,450,971 | 469,451 |
| Proceeds from sales of investment in associate | - | 25,237,440 | - | 25,237,440 |
| Dividend income | 2,150,000 | 3,170,000 | 2,150,000 | 3,170,000 |
| Finance income | 1,447,125 | 947,306 | 1,447,125 | 947,306 |
| Net cash flows (used in) investing activities | (193,001,505) | 27,165,076 | (193,001,505) | 27,165,076 |
| Cash flows from financing activities | - | - | - | - |
| Net decrease in cash and cash equivalents | (5,043,213) | (8,315,169) | (5,043,213) | (8,315,169) |
| Cash and cash equivalents at beginning of year | 112,365,933 | 120,681,102 | 112,365,933 | 120,681,102 |
| Cash and cash equivalents at end of year | 107,322,720 | 112,365,933 | 107,322,720 | 112,365,933 |

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

1. General information

1.1 General information of the Company

Union Textile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of textiles. The Company’s registered addresses are as follows:

Head office: 1828 Sukhumvit Road, South Phrakonong Sub District, Phrakonong District, Bangkok

Branch: 205 Moo 4, Sukhumvit Road (Km. 39.5), Tambol Bangpoo Mai, Amphur Muang Samutprakarn, Samutprakarn

1.2 Discontinued operation

On 22 December 2020, the Company submitted the notification on the Resolutions of the Board of Directors’ Meeting No. 12/2020 to The Stock Exchange of Thailand related to the cessation of textile operations (spinning and weaving) and the seeking of a new business. The Company’s core business is textile business (spinning and weaving) which has incurred loss due to the intense competition in the textile business, the economic downturns in Europe which is the Company main customer and the COVID-19 pandemic that has affected Thailand and other countries worldwide and it is expected that the situation will not improve in the year 2021. The Company’s management has considered that if the Company continues to operate in the textile business (spinning and weaving) in the future, this will pose a major risk to the shareholders. In this regard, the Company has a plan to cease the textile operations (spinning and weaving) within year 2021. However, the Company still has other income from the lease of land and partial of factory buildings. The Company is currently considering and studying the feasibility of investing in new businesses in the future.

1.3 Coronavirus disease 2019 Pandemic

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation significantly affects the Company’s business activities in terms of the Company’s customer demand and business activities in terms of investment in equity instruments, and this is significantly impacting the Company’s financial position, operating results, and cash flows at present, and is expected to do so in the future. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 The separate financial statements present investments in associated companies under the cost method.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the 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 impact of the adoption of these standards on the Company's financial statements is as follows.

Classification and measurement of non-listed equity investments

The Company has decided to measure these investments at fair value and classify them as financial assets at fair value through other comprehensive income.

Recognition of expected credit losses

The Company recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

Recognition of forward contracts

The Company initially recognised forward contracts at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of forward contracts are recognised in profit or loss.

The Company recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to the retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

This standard does not have any significant impact on the Company's financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020. During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to the measurement of the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of fair value of investments in equity instruments. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of temporary relief measures on accounting alternatives and recognised resulting losses (net from impact of income tax), at Baht 96 million, in the statement of comprehensive income for the year ended 31 December 2020.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company has evaluated that these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Company has adopted the set of financial reporting standards related to financial instruments. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied | | |
|---|--|---|----------------|
| | 31 December 2019 | The effects of financial reporting standards related to financial instruments | 1 January 2020 |
| Statement of financial position | | | |
| Assets | | | |
| Current assets | | | |
| Trade and other receivables | 113,398 | (3,531) | 109,867 |
| Derivative assets | - | 3,342 | 3,342 |
| Non-current assets | | | |
| Other non-current financial assets | - | 720,217 | 720,217 |
| Other long-term investments | 551,564 | (551,564) | - |
| Liabilities and shareholders' equity | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 30,984 | 76,231 | 107,215 |
| Shareholders' equity | | | |
| Retained earnings - unappropriated | 280,546 | (42,689) | 237,857 |
| Other components of shareholders' equity | 21,448 | 134,923 | 156,371 |

(Unit: Thousand Baht)

| | Separate financial statements | | |
|--|-------------------------------|---|----------------|
| | 31 December 2019 | The effects of financial reporting standards related to financial instruments | 1 January 2020 |
| Statement of financial position | | | |
| Assets | | | |
| Current assets | | | |
| Trade and other receivables | 113,398 | (3,531) | 109,867 |
| Derivative assets | - | 3,342 | 3,342 |
| Non-current assets | | | |
| Other non-current financial assets | - | 720,217 | 720,217 |
| Other long-term investments | 162,209 | (162,209) | - |
| Deferred tax assets | 3,736 | (3,736) | - |

(Unit: Thousand Baht)

| | Separate financial statements | | |
|--|-------------------------------|---|---------|
| | 31 December 2019 | The effects of financial reporting standards related to financial instruments | |
| | | 1 January 2020 | |
| Liabilities and shareholders' equity | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | - | 107,215 | 107,215 |
| Shareholders' equity | | | |
| Retained earnings (deficit) - unappropriated | (74,088) | 311,945 | 237,857 |
| Other components of shareholders' equity | 21,448 | 134,923 | 156,371 |

4.1 Financial instruments

- a) Details of the impact on retained earnings (deficit) and other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments is presented as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|--|--|-------------------------------|--|
| | Retained earnings | Other components of shareholders' equity | Retained earnings (deficit) | Other components of shareholders' equity |
| | | | | |
| Fair value measurement of non-listed equity investments | (43,151) | 134,923 | 311,483 | 134,923 |
| Recognition of derivatives at fair value through profit or loss | 462 | - | 462 | - |
| Impacts of the adoption of financial reporting standards related to financial instruments | (42,689) | 134,923 | 311,945 | 134,923 |

- b) As at 1 January 2020, classification and measurement of financial assets required by TFRS 9 in comparison with classification and the former carrying amounts are as follows:

(Unit: Thousand Baht)

| | Financial statements in which the equity method is applied | | | |
|--|--|-----------------------------------|---|----------------|
| | Classification and measurement in accordance with TFRS 9 | | | |
| | The former carrying amounts | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost |
| Financial assets as at 1 January 2020 | | | | Total |
| Cash and cash equivalents | 112,366 | - | - | 112,366 |
| Trade and other receivables | 113,398 | - | - | 109,867 |

(Unit: Thousand Baht)

Financial statements in which the equity method is applied

| | Classification and measurement in accordance with TFRS 9 | | | | Total |
|------------------------------------|--|-----------------------------------|---|----------------|----------------|
| | The former carrying amounts | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost | |
| Derivative assets | - | 3,342 | - | - | 3,342 |
| Other current assets | 3,097 | - | - | 3,097 | 3,097 |
| Restricted bond | 11,000 | - | - | 11,000 | 11,000 |
| Other non-current financial assets | 551,564 | - | 720,217 | - | 720,217 |
| Other non-current assets | 198 | - | - | 198 | 198 |
| Total financial assets | 791,623 | 3,342 | 720,217 | 236,528 | 960,087 |

(Unit: Thousand Baht)

Separate financial statements

| | Classification and measurement in accordance with TFRS 9 | | | | Total |
|--|--|-----------------------------------|---|----------------|----------------|
| | The former carrying amounts | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost | |
| Financial assets as at 1 January 2020 | | | | | |
| Cash and cash equivalents | 112,366 | - | - | 112,366 | 112,366 |
| Trade and other receivables | 113,398 | - | - | 109,867 | 109,867 |
| Derivative assets | - | 3,342 | - | - | 3,342 |
| Other current assets | 3,097 | - | - | 3,097 | 3,097 |
| Restricted bond | 11,000 | - | - | 11,000 | 11,000 |
| Other non-current financial assets | 162,209 | - | 720,217 | - | 720,217 |
| Other non-current assets | 198 | - | - | 198 | 198 |
| Total financial assets | 402,268 | 3,342 | 720,217 | 236,528 | 960,087 |

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax.

Rendering of service

Service revenue is recognised at a point in time upon completion of the service.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Expense

Expense recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and chemicals are valued at the lower of cost (first-in, first-out method) and net realisable value, while spare parts and factory supplies are valued at the lower of average cost and net realisable value. They are charged to production costs whenever consumed.

5.4 Investments in associate

Investments in associate is accounted for in the financial statements in which the equity method is applied using the equity method net of allowance for impairment loss (if any).

Investments in associate is accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties which is a plant for use in investment is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the properties is recognised in profit or loss in the period when the asset is derecognised.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

| | |
|--|-----------------|
| Buildings and building improvement | 20 years |
| Machinery and equipment | 5, 10, 20 years |
| Furniture, fixtures and office equipment | 3, 5, 10 years |
| Motor vehicles | 5, 10 years |

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

Accounting policies adopted since 1 January 2020

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying assets to a lessee. Lease receivables from operating leases are recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.9 Foreign currencies

The financial statements, in which the equity method is applied, and the separate financial statement of the Company are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and the investment properties whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

5.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and resignation fund plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Defined benefits liability (asset) is the present value of the defined benefit obligation less the fair value of plan assets.

Plan assets are assets held by a long-term employee benefit fund. They are not available to the Company's creditors and cannot be returned to the Company. The Company measures the fair value of plan assets by using market price and; in case that plan assets are debt instruments in active market the Company measures them by using quoted price.

5.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.13 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.14 Financial instruments

Accounting policies adopted since 1 January 2020

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives and equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The weighted average method is used for computation of the cost of investments.

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

5.15 Derivatives

The Company uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental

costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next one year and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment recognised by the Company. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are disclosed and further explained in Note 15 to the financial statements.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

7. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | 2020 | 2019 | Pricing policy |
|--|------|------|------------------|
| Transactions with parent company | | | |
| Purchases of raw materials | 35 | 297 | Cost plus margin |
| Transactions with related companies | | | |
| Sales of goods | 2 | 2 | Cost plus margin |
| Purchase of goods and raw materials | 1 | 1 | Cost plus margin |
| Rental income | 18 | 18 | Contract price |
| Other income | 1 | 1 | Contract price |

As at 31 December 2020 and 2019, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | 2020 | 2019 |
|---|-------|-------|
| Trade and other receivables - related parties (Note 9) | | |
| Related companies (Has common shareholders) | 19 | 1,137 |
| Related company (Held by the Company) | 125 | 83 |
| Others | 4 | 6 |
| Total trade and other receivables - related parties | 148 | 1,226 |
| Trade and other payables - related parties (Note 17) | | |
| Parent company | 4,298 | 5,272 |
| Associated company | 629 | 629 |
| Related companies (Has common shareholders) | 158 | 651 |
| Total trade and other payables - related parties | 5,085 | 6,552 |

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses of management and directors' remuneration as below.

| | (Unit: Thousand Baht) | |
|-----------------|-----------------------|---------------|
| | 2020 | 2019 |
| Short-term | 11,819 | 11,823 |
| Post-employment | 472 | 907 |
| Total | <u>12,291</u> | <u>12,730</u> |

8. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|------------------|-----------------------|----------------|
| | 2020 | 2019 |
| Cash | 48 | 32 |
| Bank deposits | 107,275 | 2,539 |
| Short-term bonds | - | 109,795 |
| Total | <u>107,323</u> | <u>112,366</u> |

As at 31 December 2020, bank deposits in saving accounts carried interests between 0.13 to 0.63 percent per annum (2019: bank deposits in saving accounts and short-term bonds carried interests between 0.38 to 1.40 percent per annum).

9. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|----------------|
| | 2020 | 2019 |
| <u>Trade receivables - related parties</u> | | |
| Age of receivables | | |
| Not yet due | - | 948 |
| Total trade receivables - related parties | <u>-</u> | <u>948</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Age of receivables | | |
| Not yet due | 73,328 | 95,336 |
| Past due up to 3 months | 5,158 | 13,852 |
| Total trade receivables - unrelated parties | <u>78,486</u> | <u>109,188</u> |
| Total trade receivables - net | <u>78,486</u> | <u>110,136</u> |
| <u>Other receivables</u> | | |
| Other receivables - related parties | 148 | 278 |
| Other receivables - unrelated parties | 1,352 | 2,984 |
| Total | <u>1,500</u> | <u>3,262</u> |
| Total trade and other receivables | <u>79,986</u> | <u>113,398</u> |

10. Inventories

| | (Unit: Thousand Baht) | | | | | |
|-----------------------------|-----------------------|---------|-------------------------------------|---------|-----------------|---------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Finished goods | 30,593 | 48,993 | (469) | (4,232) | 30,124 | 44,761 |
| Work in process | 11,467 | 14,531 | - | - | 11,467 | 14,531 |
| Raw materials and chemicals | 25,908 | 149,434 | - | - | 25,908 | 149,434 |

(Unit: Thousand Baht)

| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|----------------------------------|---------------|----------------|-------------------------------------|----------------|-----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Spare parts and factory supplies | 268 | 325 | (263) | (263) | 5 | 62 |
| Total | 68,236 | 213,283 | (732) | (4,495) | 67,504 | 208,788 |

Movements in the reduction of cost of inventories to net realisable value during the year are summarised below.

(Unit: Thousand Baht)

| | 2020 | 2019 |
|--|------------|--------------|
| Balance as at 1 January | 4,495 | 1,390 |
| Add: Reduce cost to net realisable value increase (decrease) during the year | (3,763) | 3,105 |
| Balance as at 31 December | 732 | 4,495 |

11. Other current financial assets

As at 31 December 2020, other current financial assets which was 7-month fixed deposit at bank totaling Baht 200 million, carrying the interest at rates of 0.625% and 0.750% per annum and due in July 2021 and derivative assets of Baht 1 million.

12. Other non-current financial assets / other long-term investments

12.1 Other non-current financial assets

As at 31 December 2020, the Company had other non-current financial assets which are summarised below.

(Unit: Thousand Baht)

| Company | Shareholding percentage | Investment value | |
|---|-------------------------|------------------|----------------|
| | | Cost | Fair value |
| Equity investments designated at FVOCI | | | |
| Listed equity investment | | | |
| Saha-Union Plc. | 0.33 | 16,191 | 33,000 |
| Total | | 16,191 | 33,000 |
| Non-listed equity investments | | | |
| Unifibre Co., Ltd | 19.63 | 412,915 | 342,072 |
| Union Business Management Co., Ltd. | 19.00 | 94,999 | 218,732 |
| Union Micronclean Co., Ltd. | 13.00 | 650 | 6,720 |
| Total | | 508,564 | 567,524 |
| Total equity investments designated at FVOCI | | 524,755 | 600,524 |
| Total other non-current financial assets | | 524,755 | 600,524 |

12.2. Other long-term investments

As at 31 December 2019, the Company had other long-term investments which are summarised below.

(Unit: Thousand Baht)

| | Shareholding percentage % | Investment value | |
|--|---------------------------------|--|---------------------------------|
| | | Financial statements in which the equity method is applied | Separate financial statement |
| Investment in available-for-sale securities | | | |
| Saha-Union Plc. | 0.33 | 16,191 | 16,191 |
| Add: Unrealised gain from change in value of investment | | 26,809 | 26,809 |
| Investment in available-for-sale securities - net | | 43,000 | 43,000 |
| Investments in other companies | | | |
| Unifibre Co., Ltd | 19.63 | 412,915 | 23,560 |
| Union Business Management Co., Ltd. | 19.00 | 94,999 | 94,999 |
| Union Micronclean Co., Ltd. | 13.00 | 650 | 650 |
| Total investments in other companies | | 508,564 | 119,209 |
| Total other long-term investments - net | | 551,564 | 162,209 |

During the current year, the Company received dividends Baht 0.7 million from Union Micronclean Co., Ltd and Baht 1.5 million from Saha-Union Plc. (2019: Baht 1 million from Union Micronclean Co., Ltd and Baht 2 million from Saha-Union Plc.)

13. Investments in associated

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|-----------------------------|----------------------------|-------|--|----------|----------------------------------|-----------|
| | | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | | % | % | | | | |
| Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") | Production of work wear and safety wear fabric | Thailand | 49.35 | 49.35 | 16,950 | 16,950 | 190,000 | 190,000 |
| Total investments in associated company | | | | | 16,950 | 16,950 | 190,000 | 190,000 |
| Less: Allowance for impairment loss on investment in TCUA | | | | | (16,950) | (16,950) | (190,000) | (190,000) |
| Total investments in associated - net | | | | | - | - | - | - |

Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.

14. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

| | Land awaiting sales / Leased land | Plants for use in investment | Total |
|--------------------------------------|---|------------------------------------|---------------|
| 31 December 2020 | | | |
| Cost | 46,852 | 11,892 | 58,744 |
| <u>Less</u> Accumulated depreciation | - | (10,259) | (10,259) |
| Net book value | <u>46,852</u> | <u>1,633</u> | <u>48,485</u> |
| 31 December 2019 | | | |
| Cost | 46,852 | 11,892 | 58,744 |
| <u>Less</u> Accumulated depreciation | - | (7,981) | (7,981) |
| Net book value | <u>46,852</u> | <u>3,911</u> | <u>50,763</u> |

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

| | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| Net book value at beginning of year | 50,763 | 53,042 |
| Depreciation charged | (2,278) | (2,279) |
| Net book value at end of year | <u>48,485</u> | <u>50,763</u> |

As at 31 December 2020, the fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices Baht 732 million (2019: Baht 670 million), while that of the plant for rent has been determined using the income approach Baht 14 million (2019: Baht 7 million). Key assumptions used in the valuation include yield rate, long-term vacancy rate and rental rates.

15. Property, plant and equipment

(Unit: Thousand Baht)

| | Land | Buildings and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Total |
|---------------------------------------|--------|--|-------------------------------|---|-------------------|-----------|
| Cost | | | | | | |
| As at 1 January 2019 | 29,873 | 197,861 | 1,487,269 | 20,745 | 16,282 | 1,752,030 |
| Additions | - | - | 2,560 | 99 | - | 2,659 |
| Disposals / write-off | - | - | (28,246) | (2,172) | (1,813) | (32,231) |
| As at 31 December 2019 | 29,873 | 197,861 | 1,461,583 | 18,672 | 14,469 | 1,722,458 |
| Additions | - | - | 10 | 40 | - | 50 |
| Disposals / write-off | - | (1,087) | (225,696) | (1,059) | (725) | (228,567) |
| As at 31 December 2020 | 29,873 | 196,774 | 1,235,897 | 17,653 | 13,744 | 1,493,941 |
| Accumulated depreciation | | | | | | |
| As at 1 January 2019 | - | 187,409 | 1,396,770 | 19,395 | 15,052 | 1,618,626 |
| Depreciation for the year | - | 2,842 | 20,222 | 483 | 316 | 23,863 |
| Depreciation on disposals / write-off | - | - | (28,246) | (2,163) | (1,814) | (32,223) |
| As at 31 December 2019 | - | 190,251 | 1,388,746 | 17,715 | 13,554 | 1,610,266 |
| Depreciation for the year | - | 2,512 | 18,114 | 343 | 72 | 21,041 |
| Depreciation on disposals / write-off | - | (931) | (221,795) | (1,054) | (724) | (224,504) |
| As at 31 December 2020 | - | 191,832 | 1,185,065 | 17,004 | 12,902 | 1,406,803 |

| | Land | Buildings and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | and under Total |
|---|--------|------------------------------------|-------------------------|--|----------------|-----------------|
| Net book value | | | | | | |
| 31 December 2019 | 29,873 | 7,610 | 72,837 | 957 | 915 | 112,192 |
| 31 December 2020 | 29,873 | 4,942 | 50,832 | 649 | 842 | 87,138 |
| Depreciation for the year | | | | | | |
| 2019 (Baht 21 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | 23,863 |
| 2020 (Baht 19 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | 21,041 |

As at 31 December 2020, the Company has net book value of machinery and equipment for rental Baht 2 million (2019: 3 million).

As at 31 December 2020, certain plant, machinery and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,185 million (2019: Baht 1,392 million).

The Company has undertaken not to dispose of or transfer or create any obligations to its immovable properties as specified in the credit facilities agreement, unless a 30 days notice prior consent has been in writing to the bank.

During the year 2020, The Company has determined the recoverable amounts of its asset unit based on value in use using cash flow projections from financial estimation approved by management. Key assumption used in value in use calculation are pre-tax discount rate at 8% per annum.

The management believes that changes in key assumption used in determining the value in use that might occur will not cause the carrying amount of the asset unit to be higher than the recoverable amounts.

16. Other non-current assets

The balances of other non-current assets above include account receivables of Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") amounting to Baht 39 million. There is uncertainty about the recoverable amount of this receivable because TCUA has filed for deregistration with the Ministry of Commerce and is in the process of liquidation. At the present, it still not finalised the net asset value. For prudent reasons, the Company has therefore set aside full allowance for doubtful debts for this receivable.

17. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|--------|
| | 2020 | 2019 |
| Trade accounts payable - related parties | 4,740 | 6,207 |
| Trade accounts payable - unrelated parties | 9,394 | 9,477 |
| Other payable - related parties | 345 | 345 |
| Accrued expenses | 20,171 | 14,823 |
| Total trade and other payables | 34,650 | 30,852 |

18. Trade and other receivables

Provision for long-term employee benefits as at 31 December 2020 and 2019, which is compensations on employees' retirement, was as follows:

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------|
| | 2020 | 2019 |
| Present value of defined benefit obligation | 98,744 | 78,554 |
| Fair value of plan assets | (25,783) | (29,808) |
| Net defined benefit liability | 72,961 | 48,746 |
| Due within one year portion | (66,786) | - |
| Net defined benefits liability net of due within one year portion | 6,175 | 48,746 |

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------|
| | 2020 | 2019 |
| Defined benefit obligation at beginning of year | 78,554 | 65,615 |
| Included in profit or loss: | | |
| Past service cost | 32,294 | 12,070 |
| Current service cost | 3,226 | 3,372 |
| Interest cost | 1,557 | 1,575 |
| Included in other comprehensive income: | | |
| Actuarial gain (loss) arising from | | |
| Demographic assumptions changes | (8,284) | - |
| Financial assumptions changes | 2,296 | - |
| Experience adjustments | (1,929) | (289) |
| Benefits paid during the year | (8,970) | (3,789) |
| Defined benefit obligation at end of year | 98,744 | 78,554 |
| Fair value of plan assets at beginning of year | 29,808 | 29,200 |
| Included in profit or loss: | | |
| Changes in fair value | (1,982) | 907 |
| Contribution by the Company | 1,598 | 2,135 |
| Paid during the year | (3,641) | (2,434) |
| Fair value of plan assets at end of year | 25,783 | 29,808 |

Plan assets comprise bank deposits, government bonds, and equity and debt instruments in active market.

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the year 2019.

The Company classified portion of employee benefit as short-term liabilities under "Provision for long-term employee benefit - due within one year portion" in statements of financial position due to the Company has a plan to cease the textile operations (spinning and weaving) within year 2021 and is considering and studying the feasibility of investing in new business which the Company expects to pay Baht 67 million during the next year.

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2019: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

| | 2020 (% per annum) | 2019 (% per annum) |
|--|-----------------------|-----------------------|
| Discount rate | 1.4 | 1.6 |
| Future salary increase rate | 3.0 | 2.0 - 3.0 |
| Turnover rate (depending on age of employee) | 0.0 - 30.0 | 0.0 - 40.0 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

| | % | 2020 | | 2019 | |
|-----------------------------|-------|----------|----------|----------|----------|
| | | Increase | Decrease | Increase | Decrease |
| Discount rate | 1.00 | (3,452) | 3,201 | (3,345) | 3,686 |
| Future salary increase rate | 1.00 | 3,706 | (3,422) | 5,020 | (4,606) |
| Turnover rate | 20.00 | (870) | 960 | (1,642) | 1,785 |

19. Preference shares

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 14 percent of the paid up value of the preference shares each year, before the ordinary shareholders. In years in which the Company is unable to pay any dividend due, the unpaid dividend may be accumulated for up to 7 years. In addition, if ordinary shareholders receive a dividend in excess of 14 percent of the par value of the shares in any year, the preference shareholders are entitled to receive a dividend at the same rate. Upon dissolution of the Company, the preference shareholders are entitled to return of capital before the common shareholders. Other than the aforementioned rights, ordinary and preference shareholders have the same rights.

The cumulative unpaid dividend to the preference shares as of 31 December 2020 totalled Baht 147 million (2019: Baht 147 million).

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income 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.

However, the Company's regulations require the Company to set aside to a statutory reserve at least 10 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 25 percent of the registered capital.

As at 31 December 2020, the statutory reserve was Baht 150 million (equivalent to 25 percent of its registered share capital) had reached the minimum amount as stipulated in the Company's regulations.

21. Sales and service income

Revenue from sales and service income mainly comprises revenue from textile distribution. Moreover, there is revenue from shipping service as the Company has an obligation to ship goods sold to customers in accordance with conditions of contracts and other service income. The revenue from shipping service and other service income is immaterial to the Company's financial statements.

22. Expenses by nature

Significant expenses by nature are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------|
| | 2020 | 2019 |
| Salary and wages and other employee benefits | 151,613 | 139,526 |
| Depreciation | 23,320 | 26,142 |
| Utilities expenses | 72,248 | 92,389 |
| Raw materials and consumables used | 217,704 | 328,237 |
| Changes in inventories of finished goods and work in process | 17,701 | 707 |

23. Income tax

Income tax expenses (income) for the years ended 31 December 2020 and 2019 are made up as follows:

| | (Unit: Thousand Baht) | |
|--|-------------------------------|---------------|
| | For the years end 31 December | |
| | 2020 | 2019 |
| Current income tax: | | |
| Current income tax charge | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (6,426) | 34,265 |
| Income tax expenses (income) reported in the profit or loss | (6,426) | 34,265 |
| Income tax expense (income) | | |
| from continuing operations | (35) | 34,562 |
| from discontinued operations | (6,391) | (297) |
| | (6,426) | 34,265 |

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2020 and 2019 are as follows:

| | (Unit: Thousand Baht) | |
|--|-------------------------------|--------------|
| | For the years end 31 December | |
| | 2020 | 2019 |
| Deferred tax on: | | |
| Loss on changes in value of available-for-sale securities | - | (500) |
| Loss on changes in value of equity instruments designated at fair value through other comprehensive income | (23,939) | - |
| Actuarial gains | 1,583 | 58 |
| | (22,356) | (442) |

Reconciliation between accounting profit (loss) and income tax expense (income) is shown below.

| | (Unit: Thousand Baht) | | | |
|--|--|----------------|---------------------------------|-----------------|
| | Financial statements in which the equity method is applied | | Separate financial statement | |
| | 2020 | 2019 | 2020 | 2019 |
| Accounting profit (loss) before tax | | | | |
| - from continuing operations | 10,786 | 194,929 | 10,786 | 33,698 |
| - from discontinued operations | (54,936) | (64,801) | (54,936) | (64,801) |
| Total of accounting profit (loss) before tax | (44,150) | 130,128 | (44,150) | (31,103) |

| | (Unit: Thousand Baht) | | | |
|---|--|---------------|---------------------------------|--------------|
| | Financial statements in which the equity method is applied | | Separate financial statement | |
| | 2020 | 2019 | 2020 | 2019 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by applicable tax rate | (8,830) | 26,026 | (8,830) | (6,221) |
| Effects of: | | | | |
| Non-deductible expenses | 409 | 639 | 409 | 639 |
| Tax-exempt dividend income | (430) | (634) | (430) | (634) |
| Share of profit from investment in associate | - | (88) | - | - |
| Recognised share of profit to net with gain on sale of investment in associate | - | 2,633 | - | - |
| Other comprehensive income classified to profit and loss from changes in status of investment | - | (72) | - | - |
| Temporary differences and unused tax losses | 2,425 | 5,761 | 2,425 | 5,761 |
| Total | 2,404 | 8,239 | 2,404 | 5,766 |
| Income tax expenses (income) reported in the profit or loss | <u>(6,426)</u> | <u>34,265</u> | <u>(6,426)</u> | <u>(455)</u> |

The components of deferred tax assets and liabilities in statement of financial position as at 31 December 2020 and 2019 are as follows:

| | (Unit: Thousand Baht) | | | |
|--|--|-----------------|---------------------------------|--------------|
| | Financial statements in which the equity method is applied | | Separate financial statement | |
| | 2020 | 2019 | 2020 | 2019 |
| Deferred tax assets | | | | |
| Provision for long-term employee benefits | 14,592 | 9,749 | 14,592 | 9,749 |
| Deferred tax liabilities | | | | |
| Unrealised gain from changes in fair value of investments | (93,025) | (40,082) | (93,025) | (5,362) |
| Others | - | (651) | - | (651) |
| Total deferred tax assets (liabilities) | <u>(78,433)</u> | <u>(30,984)</u> | <u>(78,433)</u> | <u>3,736</u> |

As at 31 December 2020, the Company has deductible temporary differences and unused tax losses totaling Baht 254 million (2019: Baht 272 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 24 million will expire by 2024.

24. Operating result of discontinued operation

As mentioned in Note 1.2 to the financial statements, on 22 December 2020, the Company submitted the notification on the Resolutions of the Board of Directors' Meeting No. 12/2020 to The Stock Exchange of Thailand related to the cessation of textile operations (spinning and weaving) and the seeking of a new business. The Company has a plan to cease the textile operations (spinning and weaving) within year 2021. This is mainly due to if the Company

continues to operate in the textile business in the future, this will pose a major risk to the shareholders. Therefore, the textile operations are classified as a discontinued operation in income statements.

Other comprehensive income from discontinued operations consisted actuarial gain - net of income tax which was disclosed in the statement of comprehensive income.

Net cash flow as at 31 December 2020 and 2019 of textile operations are as follows:

| | (Unit: Thousand Baht) | |
|--|--|-----------------|
| | Financial statement in which the equity method is applied/Separate financial statement | |
| | For the year ended 31 December | |
| | <u>2020</u> | <u>2019</u> |
| Net cash flows from (used in) operating activities | 177,548 | (45,148) |
| Net cash flows from (used in) investing activities | 3,441 | (2,091) |
| | <u>180,989</u> | <u>(47,239)</u> |

25. Basic earnings per share

Basic earnings (loss) share is calculated by dividing profit (loss) for the year (excluding other comprehensive income), after deducting the dividend payable to the preference shareholders, by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings (loss) per share:

| | Financial statements in which the equity method is applied | | | | | |
|--|--|---------------|--|-----------------|---------------------------------|-------------|
| | Profit (loss) | | Weighted average number of ordinary shares | | Basic earnings (loss) per share | |
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Profit from continuing operations | 10,822 | 160,367 | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |
| Profit (loss) from continuing operations attributable to ordinary shares | (10,178) | 139,367 | 45,000 | 45,000 | (0.23) | 3.09 |
| Loss from discontinued operations | (48,546) | (64,504) | 45,000 | 45,000 | (1.08) | (1.43) |
| Total profit (loss) attributable to ordinary shares | <u>(58,724)</u> | <u>74,863</u> | | | <u>(1.31)</u> | <u>1.66</u> |

| | Separate financial statements | | | | | |
|-------------------------------------|-------------------------------|---------------|--|-----------------|---------------------------------|-------------|
| | Profit (loss) | | Weighted average number of ordinary shares | | Basic earnings (loss) per share | |
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Profit from continuing operations | 10,822 | 33,856 | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |

| | Separate financial statements | | | | | |
|--|-------------------------------|-----------------|--|-----------------|---------------------------------|---------------|
| | Profit (loss) | | Weighted average number of ordinary shares | | Basic earnings (loss) per share | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Profit (loss) from continuing operations attributable to ordinary shares | (10,178) | 12,856 | 45,000 | 45,000 | (0.23) | 0.28 |
| Loss from discontinued operations | (48,546) | (64,504) | 45,000 | 45,000 | (1.08) | (1.43) |
| Total (loss) attributable to ordinary shares | (58,724) | (51,648) | | | (1.31) | (1.15) |

26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged in the manufacture and distribution of textiles. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits or losses and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Geographic information

Revenue from external customers is based on locations of the customers.

| | (Unit: Million Baht) | |
|---------------------------------|----------------------|------------|
| | 2020 | 2019 |
| Revenue from external customers | | |
| United Kingdom | 129 | 131 |
| Italy | 132 | 161 |
| Thailand | 64 | 65 |
| Others | 108 | 154 |
| Total | 433 | 511 |

Major customers

For the year 2020, the Company has revenue from two major customers in totaling amount of Baht 261 million (2019: Baht 292 million).

The Company has a plan to cease such segment within 2021 and is considering and studying the feasibility of investing in new businesses. However, the Company still has other income from the lease of land and partial factory buildings.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic

salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 2 million (2019: Baht 2 million) were recognised as expenses.

28. Commitment and contingent liabilities

28.1 Purchase of raw material commitment

As at 31 December 2020, the Company had commitment of USD 0.07 million, relating to purchase of raw materials.

As at 31 December 2019, the Company had commitment of USD 0.04 million, relating to purchase of raw materials.

28.2 Guarantees

As at 31 December 2020, the Company pledge BOT bond of Baht 11 million with Metropolitan Electricity Authority to guarantee the usage of electricity (2019: 11 million).

As at 31 December 2020, the Company had bank guarantees issued by a bank on behalf of the Company as a security for the purchases and sales of natural gas of Baht 1.6 million (2019: Baht 1.6 million).

29. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 December 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| Assets measured at fair value | | | | |
| Derivatives | 1 | - | - | 1 |
| Financial assets at fair value through other comprehensive income | 33 | 568 | - | 601 |
| Liability measured at fair value | | | | |
| Derivatives | 2 | - | - | 2 |
| Assets for which fair value are disclosed | | | | |
| Investment properties | - | 732 | 9 | 741 |

(Unit: Million Baht)

As at 31 December 2019

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Asset measured at fair value | | | | |
| Available-for-sale securities | 43 | - | - | 43 |
| Assets for which fair value are disclosed | | | | |
| Investment properties | - | 670 | 7 | 677 |

30. Financial instruments

30.1 Derivatives

| | (Unit: Thousand Baht) | |
|--|-----------------------|----------|
| | 2020 | 2019 |
| Derivative asset | | |
| Derivative assets not designated as hedging instruments - Foreign exchange forward contracts | 1,271 | - |
| Total derivative asset | 1,271 | - |
| Derivative liability | | |
| Derivatives liabilities not designated as hedging instruments - Foreign exchange forward contracts | 1,856 | - |
| Total derivative liability | 1,856 | - |
| Derivatives not designated as hedging instruments | | |

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 to 12 months

30.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk. The Company enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods.

Foreign currency risk

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets denominated in foreign currencies are summarised below.

| Foreign currency | Financial assets | | Average exchange rate | |
|------------------|-------------------|-------------------|--|---------|
| | 2020 (Million) | 2019 (Million) | 2020 (Baht per 1 foreign currency unit) | 2019 |
| US dollar | 0.78 | 1.70 | 29.7749 | 29.8855 |
| Euro | 1.18 | 1.42 | 36.3751 | 33.2713 |

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's loss before tax to a reasonably possible change in US dollar and Euro exchange rates, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020.

| Currency | Change in FX rate (%) | Effect on loss before tax |
|-----------|--------------------------|--|
| | | increase (decrease) (Thousand Baht) |
| US dollar | +10 | (2,329) |
| | -10 | 2,329 |
| Euro | +10 | (4,303) |
| | -10 | 4,303 |

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Company's exposure to the low level of interest rate risk. Most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2020

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|-----------------------------------|--|------------------------------|-------------------------|------------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | - | 107 | - | 107 | 0.13 - 0.63 |
| Trade and other receivables | - | - | 80 | 80 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Other current financial assets | 200 | - | 1 | 201 | 0.63 - 0.75 |
| | <u>211</u> | <u>107</u> | <u>81</u> | <u>399</u> | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 34 | 34 | - |
| Other current financial liability | - | - | 2 | 2 | - |
| | <u>-</u> | <u>-</u> | <u>36</u> | <u>36</u> | |

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2019

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|------------------------------|--|------------------------------|-------------------------|------------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | 110 | 2 | - | 112 | 0.38 - 1.40 |
| Trade and other receivables | - | - | 113 | 113 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Other long-term investments | - | - | 552 | 552 | - |
| | <u>121</u> | <u>2</u> | <u>665</u> | <u>788</u> | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 31 | 31 | - |
| | <u>-</u> | <u>-</u> | <u>31</u> | <u>31</u> | |

(Unit: Million Baht)

Separate financial statements
as at 31 December 2020

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|-----------------------------------|--|------------------------------|-------------------------|------------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | - | 107 | - | 107 | 0.13 - 0.63 |
| Trade and other receivables | - | - | 80 | 80 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Other current financial assets | 200 | - | 1 | 201 | 0.63 - 0.75 |
| | <u>211</u> | <u>107</u> | <u>81</u> | <u>399</u> | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 34 | 34 | - |
| Other current financial liability | - | - | 2 | 2 | - |
| | <u>-</u> | <u>-</u> | <u>36</u> | <u>36</u> | |

(Unit: Million Baht)

Separate financial statements
as at 31 December 2019

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|------------------------------|--|------------------------------|-------------------------|------------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | 110 | 2 | - | 112 | 0.38 - 1.40 |
| Trade and other receivables | - | - | 113 | 113 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Other long-term investments | - | - | 162 | 162 | - |
| | <u>121</u> | <u>2</u> | <u>275</u> | <u>398</u> | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 31 | 31 | - |
| | <u>-</u> | <u>-</u> | <u>31</u> | <u>31</u> | |

The change in interest rate did not have any significant impacts on the Company's profit (loss) before tax.

30.3 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.19:1 (2019: 0.11:1) and debt to equity ratio in the separate financial statements was 0.19:1 (2019: 0.12:1).

32. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 23 February 2021.

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The Investor may find more information of the Company from Annual Registration Statement (Form 56-1) at www.sec.or.th or the Company's website, www.ut.co.th



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