

Annual Report 2019

Union Textile Industries Public Company Limited.



Integrity Quality Service

www.ut.co.th

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Highlights of Financial Performance

(Unit: Thousand Baht)

| Financial Statement | 2019 | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|---------|
| Total assets | 1,163,366 | 1,082,749 | 1,010,174 | 992,402 |
| Total liabilities | 111,371 | 124,490 | 97,244 | 137,120 |
| Total shareholders' equity | 1,051,995 | 958,259 | 912,930 | 855,282 |
| Total revenues | 750,273 | 820,405 | 815,312 | 791,938 |
| Total expenses | 619,836 | 799,208 | 782,224 | 761,527 |
| Share of profit (loss) from investments in associated companies | 439 | 84,228 | 10,549 | 3,687 |
| Finance costs | (748) | (499) | (487) | (605) |
| Profit before income tax expenses | 130,128 | 104,926 | 43,151 | 33,493 |
| Income tax income (expenses) | (34,265) | (1,278) | (242) | 2,728 |
| Net Profit (Loss) | 95,863 | 103,648 | 42,909 | 36,221 |

| Financial Ratio | | 2019 | 2018 | 2017 | 2016 |
|--------------------------------------|---------|-------|-------|-------|-------|
| Earnings per share | (Baht) | 1.66 | 1.84 | 0.49 | 0.34 |
| Dividends per share | (Baht) | 0 | 0 | 0 | 0 |
| Total Shareholders' equity per share | (Baht) | 17.53 | 15.97 | 15.22 | 14.25 |
| Return on sales | (%) | 12.78 | 12.63 | 5.26 | 4.57 |
| Return on Equity (ROE) | (%) | 9.54 | 11.08 | 4.85 | 4.34 |
| Return on Assets | (%) | 8.54 | 9.90 | 4.29 | 3.75 |
| Debt/Equity ratio | (Times) | 0.11 | 0.13 | 0.11 | 0.16 |
| Current Ratio | (Times) | 13.83 | 5.54 | 7.63 | 4.27 |

The Board of Directors' Report

In 2019, the textile industries had been contracting in the wake of the global economic slowdown, an outcome of the severe trade-war conflicts. The negative effects from our trade-partner countries' economies, i.e. the stagnations of production, consumption and investment, the increases in global cotton and synthetic fiber prices, the stronger Baht in relation to our trade-partners' and competitors' currencies, all affected our competitive performance. Our international trade volumes, under pressures from the above shortcomings, had been significantly reduced. The Company, nevertheless, had been monitoring the situation very closely. We had laid down financial measures to reduce the risk from currency exchange rate fluctuation and step up revenue. We geared our productions to higher productivity and conformity with international recognized standards at agreeable prices. All of which enabled us to keep our major customers.

Regarding our operation's performance for 2019, we have recorded combined revenue of Baht 589 million, a reduction of Baht 231 million, or 28.17 %, from the previous year, this consists of sales revenue Baht 511 million, a decrease of Baht 249 million from 2018, and other income of Baht 78 million, an increase of Baht 18 million from 2018. The Company has total expenditure of Baht 620 million, a decrease of Baht 179 million, comprised of a decrease in the of cost of sales amount Baht 184 million, and an increase in sales and administration expenses of Baht 5 million. This led to a net loss of Baht 30.65 million. Regarding the operation performance as shown in the separate financial statement which shows investment under the equity method, the Company made a net profit of Baht 95.86 million; with total assets value Baht 1,163.37 million, total liabilities of Baht 111.37 million, and a shareholder's equity of Baht 1,052 million. This gives a liabilities to capital ratio of 0.11, and a liquidity ratio of 13.83 This indicates that the financial position of the company is in a state of high liquidity.

The global economic trend for 2020 is that growth is expected to continue to slow down, with a gradual recovery. The major risk factor for this recovery is the progress of the trade negotiations, notably between the United States, China and Europe, and also the Brexit situation in the UK. The Chinese economy is expected to continue to slow down due to the "Covid-19" Coronavirus epidemic, which will have an impact on the global economy. As for the Thai textile industry the slowdown is expected to continue but shows some improvement over 2019. The Thai Baht exchange rate is likely to be stable at a strong level. In any case, the Company is intent on solidifying the competitive potential as well as driven the administration towards on extremely effective level while upholding high liquidity. The business will consequently be able to move ahead steadily.

The Company's Board of Directors wish to thank all shareholders, trade partners and stake-holders who always place their trusts and render their supports for the Company. It has always been our intention to run the business in a transparent, cautious, and verifiable manners. We firmly uphold the principles of good governance, social responsibility, defying dishonesty, according to the Company's business ethical policy, in order to reach the accomplishment target and everlasting growth.



Miss Dalad Saphavichaiikul

Chairman

Board of Directors



Miss Dalad Saphavichaikul
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. Chantormtree Darakananda
Director /
Nomination and Remuneration Committee



Capt. Supich Sankhagowit RTN
Assistant Managing Director



Mrs. Saranya Darakananda
Director

Board of Directors



Miss Dalad Saphthavichaikul

Chairman
Age: 63 years
Years of Directorship 25 years
(since 1995)

Education:

- Master's Degree in Computer Science, University of Illinois at Urbana - Champaign, USA.
- Bachelor's Degree (First class honor) in Economics, Chulalongkorn University

IOD's Training:

- Director Certification Program (DCP) Class 9/2001
- Finance for Non-Finance Director (FN) Class 1/2005
- Audit Committee Program (ACP) Class 10/2005
- Director Diploma Examination Class 4/2001
- Ethical Leadership Program (ELP) Class 13/2018

Experience:

- 1999 - 2007 Executive Director and Vice President, Saha-Union Public Company Limited.
- 1999 - 2011 Director, Saha-Union Public Company Limited.
- 1995 - May 2015 Director, Union Textile Industries Public Company Limited
- 2011 - May 2014 Director, Union Plastic Public Company Limited.
- 2012 - May 2012 Director, Union Pioneer Public Company Limited.
- 2012 - 2016 President, Saha-Union Public Company Limited.
- 2012 - July 2019 Chairman of the Risk Management Committee, Saha-Union Public Company Limited
- 2017 Vice President, Saha-Union Public Company Limited
- January 2017 - October 2018 Chairman, Saha-Union Holding Co., Ltd.

Current Positions

Listed Companies

- 2018 - Present Chairman, Saha-Union Public Company Limited.
- May 2015-Present Chairman, Union Textile Industries Public Company Limited.
- May 2014-Present Chairman, Union Plastic Public Company Limited.
- June 2012 - Present Chairman, Union Pioneer Public Company Limited.

Saha-Union Group Companies

- 2012 - Present Chairman, Union Nifco Co., Ltd.
- 2012 - Present Chairman, Union Garment Co., Ltd.
- 2013 - Present Chairman, Union Zojirushi Co., Ltd.
- 2013 - Present Chairman, Union Micronclean Co., Ltd.
- 2013 - Present Chairman, Union Stainless Steel Products Co., Ltd.
- March 2014-Present Chairman, Union Thai-Nichiban Co., Ltd.
- May 2014-Present Director, The Royal Hotel Co.,Ltd.
- 2017-Present Chairman, Computer Union Co., Ltd.
- Present Chairman and Director, Other Companies in Saha-Union Group

Other Companies

- 1989 - Present Director, Processing Center Co., Ltd.
- August 2015-Present Director, The Sukhumvit 62 Medical Limited.
- December 2017-Present Vice Chairman, Navavej International Hospital Public Company Limited



Mrs. Oranuj Soongswang

Chairman of the Audit Committee / Independent Director
Age: 68 years
Years of Directorship 1 years
(since 1 January 2019)
Years of Independent Directorship 1 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, Union Textile Industries PLC.

Saha-Union Group Companies

- None -

Other Companies

- 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



Dr. Pilastpong Subsermsri

Audit Committee / Independent Director / Chairman of the Nomination and Remuneration Committee
Age: 69 years
Years of Directorship 9 years
(since 1 January 2011)
Years of Independent Directorship 9 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/ Current Positions:

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

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: 67 years
Years of Directorship 4 years 7 months
(since 20 May 2015)
Years of Independent Directorship 4 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

Experience:

- 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 -



Mrs. Pimporn Chotirattanakul
Managing Director
Age: 69 years
Years of Directorship 6 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 -



Mr. Chutindhon Darakananda
Director
Age: 60 years
Years of directorship 6 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.
- 2019 Managing Director, The Royal Hotel Co., Ltd

Current Positions

Listed Company

- 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. Chantorntree Darakananda

Director / Nomination and Remuneration Committee
Age: 56 years
Years of directorship 5 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.
- May 2014 – March 2017 Director, The Royal Hotel Co., Ltd

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



Mrs. Chadaporn Jeamsakultip

Company Secretary
Age: 57 years
Years of secretary position 11 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)
- CGR Workshop 1/2018 "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),



Capt. Supich Sankhagowit RTN

Assistant Managing Director
Age: 70 years
Years of directorship 12 years 8 months (since 24 April 2007)

Education:

- MS in Industrial Engineering, University of Pittsburgh, U.S.A.
- Certificate in Naval Staff Course, Naval Staff College
- BSc in Marine Mechanical Engineering, Royal Thai Naval Academy

IOD's Training:

- Director Accreditation Program (DAP) Class 63/2007

Experience:

- 1994 - 2005 Internal Audit Manager, Union Textile Industries Public Company Limited.
- 2006 Managing Director, Union Stainless Steel Products Co., Ltd.

Current Positions:

Listed Companies

- 2007-Present Assistant Managing Director, Union Textile Industries Public Company Limited.

Saha-Union Group Companies - None -

Other Companies - None -



Mrs. Saranya Darakananda

Director
Age: 44 years
Years of directorship 4 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 Consul,
- July 2004 – June 2006 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.

Saha-Union Group Companies

- February 2017 – Present Project Manager, Union Zojirushi Company Limited.
- 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

Other Companies

- None -

- Thai Listed Companies Association
- Smart Disclosure Program (SDP), The Stock Exchange of Thailand
- CSR for Corporate Sustainability (Pre-liminary Course) (P01) CSR Reporting Sustainability Risk and Materiality Analysis (S04) CSR Evaluation and Data Management (S05) Sustainability Reporting (S06) SR Center and Sustainable Business De-velopment Institute, The Stock Exchange of Thailand
- Customs Professional

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 Phra Khanong, Bangkok 10260 Tel.: 0-2311-5111-9 Fax.: 0-2323-3123 | No.205 Moo 4 Sukhumvit Road., (km.39.5) Bangpoomai, Muang Samut Prakarn, Samut Prakarn 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:

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

As of 31 December 2019, 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 in services and consulting in other services | 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. 93 Ratchadapisek Road, Din Dang, Bangkok 10400
Telephone : 0-2009-9000 Fax : 0-2009-9991

Auditor:

Mrs. Poonnard Paocharoen, CPA No. 5238 (Company auditor year 5) or.
Mr. Khitsada Lerdwana, CPA No. 4958 or.
Mr. Termpong Opanaphan, CPA No. 4501 or.
Miss Vissuta Jariyathanakorn, CPA No. 3853

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

- The Company does not disclose other significant information that might affect an investor's decision.

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. The Company, on 30 March 1994, 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.

Because of the continual world economic crisis for many years impact the textile market lessened, the Company had scale down its productions according to the sales decreased. On 16 August 2008, the Company ceased its dyeing and finishing operation and used these assets: buildings, machinery, and equipment as capital invested with Ten Cate Advanced Textiles BV, a listed company registered in the Netherland set up a joint venture company, namely Ten Cate-Union Protective Fabrics Asia Ltd (TCUA), manufacturing of dyeing and finishing fabrics. But the operation results had shown the return on equity less than 5 percent for 4 consecutive years since 1 January 2009. And the TCUA had accumulated losses over 50 percent of its registered capital, which was the condition stated in the joint venture agreement to be discussed whether or not discontinue the joint-venture. As a result, on 11 March 2013, TCUA held an Extraordinary General Shareholders Meeting resolved to dissolve TCUA's business operations. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At present, TCUA is in the process of liquidation.

At present, the Company has been operating its main business of manufacturing and distribution of greige fabrics according to customers' orders, having headquarter at No 1828 Sukhumvit Road, Khwaeng Phrakhanong Tai, Khet Prakhanong, Bangkok 10260. And branch at No.205 Moo 4, Sukhumvit Road (km.39.5), Bangpu Mai, Muang Samut Prakarn District, Samut Prakarn Province 10280.

UT Vision, Mission, Objectives and Strategies

The Board of Directors has considered, reviewed and agreed on the defined vision and mission, covering business operations that focus on continual and sustainable growth, including corporate social responsibility.

Vision:

A textile company that has gained trust in terms of quality and delivery. Having a good corporate governance practice able to achieve business on-going and sustainable.

Mission:

- Operate a textile business to achieve a satisfactory yield and increase revenue from existing resources.
- Strengthening stakeholder relationships for mutual benefits.
- Being attentive, sincere, accountability, and responding to customers' requirements.
- Keep business confidentiality, strengthening relationships and satisfaction of the customer.
- Practice to employees fairly and equally and provide appropriate compensation, including training and competence development continuously.
- Commit to doing business with social responsibilities, not involving violations of human rights, preserve the environment that might be caused by business operations under international standards, rules, and regulations and participate in the activities of the community and society.

Objectives

- Normal financial status and liquidity.
- Effective asset management.

Goals

- Long-term
 - ROE \geq 5% Annually
 - Short-term
 - Profitability
 - Current ratio $>$ 1.0
-

Strategies

- Keep current business operation with competitive capability.
- Increase revenue from existing resources.

Significant Changes and Development

- In the past year, there was not any change concerning controlling the power and nature of business operations.
- Over the past 3 years, the Company had no significant changes neither capital structure, management nor business operations. the Company procured machines, accessories for production amounted to 19 million Baht to upgrade or replaced obsolete machines and equipment to maintain the quality standard of the product, reduce costs and the cost per unit, as well as improve the working environment.

Shareholding structure of group of company

As of 31 December 2019, the Company hold shares in associated and related companies as follows;

| Company | Nature of Business | % held by UT | % held in UT | Associates |
|--|---|--------------|--------------|------------|
| Ten Cate-Union Protective Fabrics Asia Ltd. ⁽¹⁾ | Manufacturing of Dyeing and Finishing Fabrics | 49.35 | - | ✓ |
| Saha-Union Public Com-pany Limited. | Investment, distribution of raw materials and products manufactured by group companies | 0.33 | 49.88 | |
| Uni-Fibre Co., Ltd. | Investment / Agency and Service business / Distribution of tex-tile products and other mate-rials | 19.63 | - | |
| Union Business Manage-ment Co., Ltd | Investment | 19.00 | 17.10 | |
| Union Micron Clean Co., Ltd. | Manufacturing of cleanroom 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 is in the process of liquidation. The Company has 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, related transactions are regarded as a normal business practice of companies, with general trading conditions and no conflict of interest. Details of the related transaction disclosed under Item Related Party Transaction.

Nature of Business Operation

The Company doing business on weaving fabrics through the yarn spinning process and fabric weaving process. The Company has one product line, weaving fabric by using cotton and synthetic fiber as the main raw materials. The main products are 100% cotton fabrics and cotton-polyester blended fabrics. The Company may have its incomes from work-in-process products, such as production and sale of yarn if there is a requirement from a customer need and having available machines after allocated as planned.

About invested in associated companies, the Company recognized share of profit (loss) by the equity method.

Income structure

Unit: Million Baht

| Product Line / Business Group | Operated by | % of Share hold by UT | Income 2019 | % | Income 2018 | % | Income 2017 | % |
|--|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Company : Manufacturer and distributor of weaving fabrics, yarn and services | Union Textile Industries PLC. | | 511.06 | 68.08 | 760.57 | 83.45 | 756.26 | 91.57 |
| Associates : Investment / Agency and Service business / Distribution of textile products and other materials | Uni-Fibre Co., Ltd. | 20.83 (1) | 0.44 | 0.06 | 84.23 | 9.98 | 10.55 | 1.28 |
| Manufacturing of Dyeing and Finishing | Ten Gate-Union Protective Fabrics Asia Co., Ltd. | 49.35 | - | - | - | - | - | - |
| Other incomes | Union Textile Industries PLC. | | 239.21 | 31.86 | 59.83 | 6.57 | 59.05 | 7.15 |
| Total: | | | 750.71 | 100.00 | 904.63 | 100.00 | 825.86 | 100.00 |

Note:

(1) The Company disclosed to SET dated 25 June 2019, regarding sold some of the ordinary shares invested in Uni-Fibre Co., Ltd., resulted in a decrease in the Company's shareholding in Uni-Fibre Company Limited from 20.83% to 19.63%; resulted in changes in the status of investment from investment in the associated company to other long-term investment. The Company then recognized a gain (loss) from invest in Uni-Fibre Co., Ltd., up to the second quarter of 2019.

The operating results of 2019, the Company had sales and services income amounted to 511.06 Million Baht decreased from 2018 amounted to 249.51 million Baht or 33 %, divided into export sales amounted to 443.20 million Baht, decreased by 32% and local sales amounted to 67.86 million Baht, decreased by 38%.

Refer to the financial statements in which the equity method is applied, the Company recognized its share of profit from investments in an associated company amounted 0.44 million Baht; and other incomes amounted to 239.21 million Baht, comprising recognized gain from sold some of the shares invest in the associated company amounted to 10.63 million Baht, recognized gain on fair value measurement from changes in the status of investment amounted to 173.96 million Baht, and others amounted 54.62 million Baht totally which came from sold of scrap, rental income, and dividend from other long-term investments and gain from exchange rates.

Types of Products and Services.

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

The Company has not depended 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. At present, the Company has a good relationship with 10 major customers: local and overseas, such as Japan, England, and Italy. In 2019, the Company had sales proportion in value was 13% local and 87% export.

Over the past 3 years, the Company earned more than 30% of the total sales from one customer but the Company did not rely on any customer that might affect company survival.

Competition:

In 2019, the competition within the textile industry still focused on sales price as a priority. The company has 14 competitors: 8-local and 6-overseas, but the Company's potential of competitiveness still bring confidence to customers on quality and delivery, in which the Company set measures able to be in competitiveness, as follows;

- Cost control management: raw material, cost of the product, and selling and administrative expenses.
- Develop employees to be ready and able to adapt to meet changes.
- Improve the quality level and increase production efficiency.
- Production control management: on-time delivery, and reduce the production lead time.
- Keep good relationship with customers, continuously.

Competition/marketing strategies:

In 2020, trends of the textile industry, fibers, and fabrics section expected still slowdown, reflecting the impact from world economics and finance slowdown, the Chinese's economic slowdown, and trade issue between US and China which need to monitor closely on risk factors that affect customers and the Company's business operation. Besides, sales prices still being a key factor for customers to make an order, although the Company's products gain the advantage in terms of quality and on-time delivery, but the disadvantage to a competitor that has the right on the Generalized System of Preferences (GSP). Thus, to be able to competitiveness, the Company still set measures on marketing and sales practices as follows;

- Elevate sales and marketing capabilities.
- Retain existing customers and increase sales volume both domestic and export markets.
- Awareness of quality, on-time delivery, and good service mind.

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; Having production capacity about 1.5 to 1.7 million meters per month, about medium size compared to most competitors. As shown in a table below, the production capacity and actual production of 2019 compared to those of 2018 and 2017 as follows;

| Productions | | 2019 | 2018 | 2017 |
|-----------------------|----------------|--------|--------|--------|
| 1. Spinning Mill | | | | |
| • Production Capacity | (1,000 pounds) | 14,400 | 14,400 | 14,400 |
| • Actual Production | (1,000 pounds) | 9,242 | 13,062 | 13,433 |
| 2. Weaving Mill | | | | |
| • Production Capacity | (1,000 meters) | 20,400 | 20,400 | 20,400 |
| • Actual Production | (1,000 meters) | 12,705 | 17,179 | 16,606 |

The Company has set a production policy by 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 mostly purchased from local manufacturers and import some. In 2019, the Company purchased raw materials from 5 suppliers. The proportion purchase value of raw material between domestic and import was 33:67 percent. However, the Company has not depended on any supplier being a significant role in the survival of the Company.

Limitations of raw materials procurement;

- Procurement of cotton, an agricultural product depended on weather conditions, which fluctuate according to grow season, each year, and must be imported, including the fluctuation of world market cotton price and also exchange rates.
- 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 are not project works or manufacturing of high-value products



Risk Factors

Risk from Raw Materials

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 fluctuated both price and quantity which may differ from expected. World market cotton prices might be fluctuated due to the various factors, such as; weather conditions that affect the cotton harvesting each year; speculation of the hedge fund; the remaining cotton inventories in the world markets; and China's cotton policy. For Polyester, its prices varied according to U.S. Exchange rates, affecting the limit of order quantity and delivery time. The Company needs to procure a proper quantity of raw materials in advance able to produce according to customers' requirements and short lead-time delivery. Therefore, the Company might be unavoidably affected by the fluctuation of cotton and polyester prices, as above mentioned, which may impact to 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 2019, the Company exported its products about 87% 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 execute currency futures sale agreements covering the value of products as per the purchase orders of customers in each period, including the matching of incomes and expenses in U.S. dollars, which helped mitigate the risks in terms of import of raw materials and export sales.

Risk Accumulated Losses of the Company

As of 31 December 2019, the Company, in the Separate Financial Statements, had its cumulated losses of 74.09 million Baht which increased from the past year amounted to 30.42 million Baht. The main cause came from lessened sales and the continual of stronger Thai Baht. Such accumulated losses made the Company unable to pay dividends to its shareholders as per the Dividend Payment Policy as prescribed. Therefore, shareholders had potential risks of not receiving dividends soon because the Company had its main incomes from textile sale and services which still slowed down and had considerably high competitions in terms of pricing; and since this business had low rates of profits, therefore, it might affect the Company's profitability in the future.

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 2 April 2019

| Rank | Major Shareholders | No. of Ordinary 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 | 1,021,900 | | 1,021,900 | 1.70 |
| 5. | Bangkok Insurance Public Company Limited. | 672,900 | 233,000 | 905,900 | 1.51 |
| 6. | Mr.Bunyong Apiruklaoskul | 511,000 | | 511,000 | 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 | 38,668,320 | 14,981,660 | 53,649,980 | 89.42 |

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 | | 2019 | | 2018 | | increased (decreased) |
|----------------------|-----------------|--------------|-------|--------------|-------|--------------------------|
| | | Shareholding | % | Shareholding | % | |
| 1. Miss Dalad | Sapthavichaikul | 45,000 | 0.075 | 45,000 | 0.075 | 0 |
| 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. Capt. Supich | Sankhagowit RTN | None | | None | | - |
| 9. Mrs. Saranya | Darakananda | None | | None | | - |
| Total | | 640,700 | 1.068 | 640,700 | 1.068 | 0 |

Note: * included connected persons

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 2014 - 2018

| Year | | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|----------------|-------|-------|-------|-------|---------|
| Dividend payment | (Million Baht) | 0.00 | 0.00 | 0.00 | 0.00 | 00 |
| Net profit (loss) | (Million Baht) | 19.42 | 32.36 | 32.53 | 24.71 | (27.32) |
| Dividend per net profit | (Percent) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

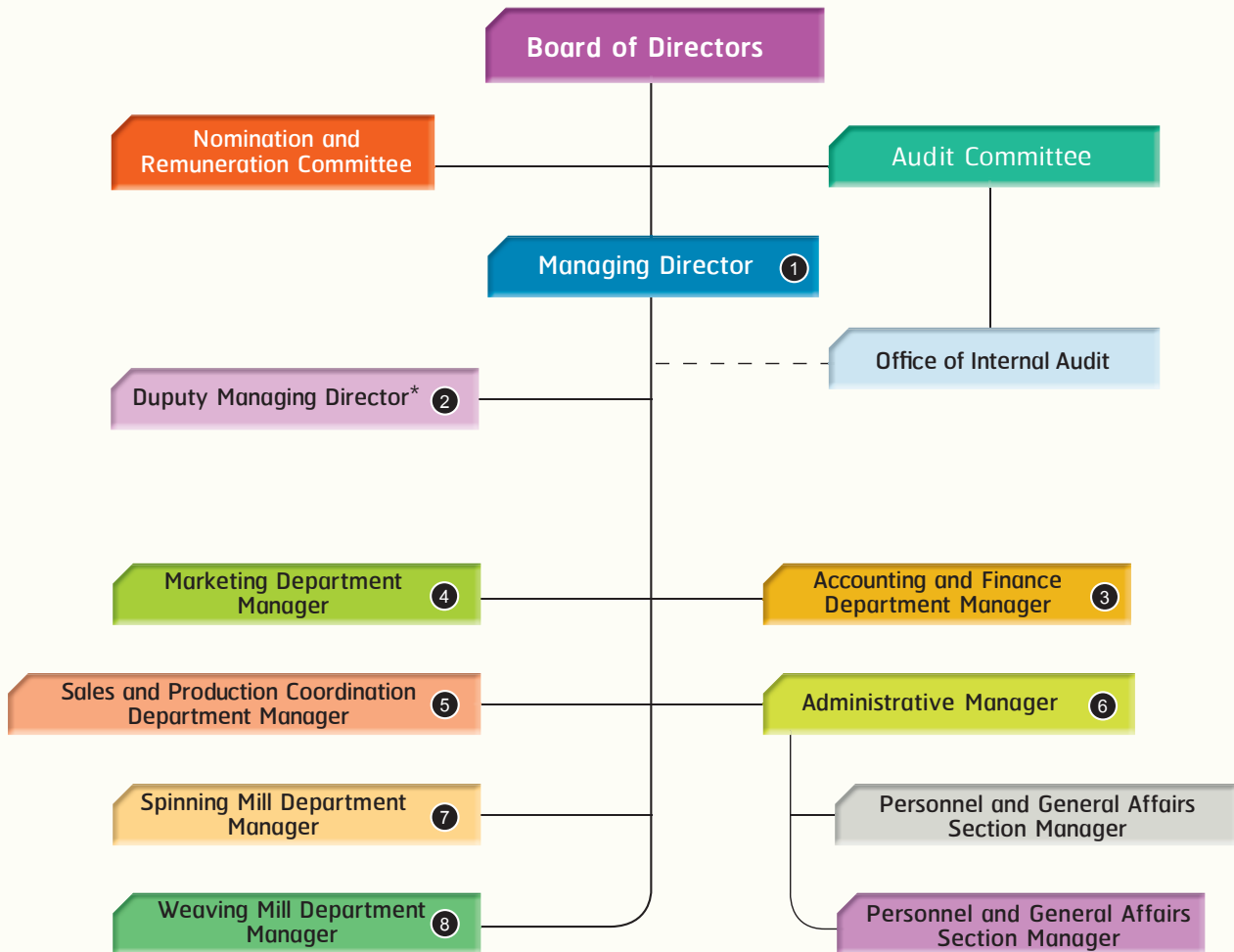
Integrity
Quality
Service



Structure of Management

Company Organization chart

As of 1 January 2020



① – ⑧ is executives as defined by SET

Note:

* Capt. Supich Sankhagowit, RTN, Assistant Managing Director, resigned effective on 1 January 2020 and Mr.Peravudh Lowhaphandu replaced the position, and of the Deputy Managing Director, effective on 1 January 2020

Board of Directors

1. According to the company's Article of Association; the board of directors must have not less than 5 members; more than half of the board must have a residence in the Kingdom of Thailand, and at least 3 of 4 of the total number of the board must be Thai nationality.

At present, the Board of Directors has 9 members, comprising;

- Non-executive directors 4 persons
- Executive directors 2 persons
- Independent directors 3 persons (one-third of the total number of the Board)

List name and positions of the Board of Directors as of 31 December 2019;

| Director Name | | Position |
|---------------------|-----------------|---|
| 1. Miss Dalad | Sapthavichaikul | Chairman |
| 2. Mrs. Oranuj | Soongsawang | Independent director / Chairman of Audit Committee |
| 3. Mr. Pilastpong | Subsermsri | Independent director / Audit Committee and Chairman of Nomination and Remuneration Committee |
| 4. Mr. Preecha | Wattanasaranont | Independent director / Audit Committee and Nomination and Remuneration Committee |
| 5. Mrs. Pimporn | Chotirattanakul | Managing Director |
| 6. Capt. Supich | Sankhagowit RTN | Assistant Managing Director |
| 7. Mr. Chutindhon | Darakananda | Director |
| 8. Mrs. Chantortree | Darakananda | Director and Nomination and Remuneration Committee |
| 9. Mrs. Saranya | Darakananda | Director |

Note:

Capt. Supich Sankhagowit RTN, Assistant Managing Director, resigned effective from 1 January 2020 and Mr. Peravudh Lowhaphandu replaced the position by positioning the Deputy Managing Director, effective on 1 January 2020

- Details of educations and work experience of the board of directors are shown on page 4-6
2. 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 appropriately and transparently responded.

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 it's 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 also disclose concerned information completely and accurately.
- (6) Set up an internal control system and 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 Jiemsakultip 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 6

Executives

As of 31 December 2019, executives defined by SET, as follows;

| Name | Position |
|-----------------------------------|--|
| 1. Mrs. Pimporn Chotirattanakul | Managing Director |
| 2. Capt. Supich Sankhagowit RTN | Assistant Managing Director |
| 3. Mr. Peravudh Lowhaphandu | Deputy Managing Director ⁽¹⁾ |
| 4. Mr. Warong Vilaihong | Administrative Manager |
| 5. Miss Prayoon Sripraram | Accounting and Finance Department Manager. |
| 6. Mr. Weeratham Poochinya | Marketing Department Manager |
| 7. Miss. Napaporn Kreinggaivanich | Sales and Production Coordination Department Manager |
| 8. Mrs. Pimporn Chotirattanakul | Acting Spinning Mill Department Manager. |
| 9. Mr. Somchai Loaruengtakul | Weaving Mill Department Manager |

Note: ⁽¹⁾ Mr. Peravudh Lowhaphandu took on Deputy Managing Director on 1 November 2019 and is a director, effective on 1 January 2020.

Managing Director

Scopes of authorities, duties, and responsibilities:

- Responsible for the Board of Directors, taking duties actions and carry out the resolutions of the Board of Directors, and the board's assigned.
- Approve and sign documents using a payment limit and based on signed documents approving the spending of money and credit, as defined.
- Responsible for providing the company with a valid account and financial reports that disclose the accuracy.
- Responsible for the physical count of inventory and inventory control, appropriate.
- Monitor and control account receivable repayment of the outstanding receivable, repayment schedule, as appropriate.
- Prepare a master plan, annual budget plan with return target.
- Reporting the Board of Directors on business operating results including monthly income statement and quarterly income statement (if any).
- Having approval by the Board of Directors, carry out various duties as follows;
 - (1) To open an account for different types of credit lines from banks and financial institutions.
 - (2) To provide loans. Write down the mortgage and pledge to guarantee the legal entity or person.
 - (3) The legal entity and/or third-party rental company's assets and/or.
 - (4) 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.

Refer the Shareholders' Annual General Meeting No 26 dated 23 April 2019, the meeting approved the remuneration of directors for the year 2019 in the amount not exceeding 1,500,000 Baht per year (the same as 2018) which passed the consideration of the Nomination and Remuneration Committee and assigned the board to consider the allocation as appropriate that the Company paid the remuneration 2019 compared to that of 2018, as follows:

(1) Board of Directors

| Name | Position | Meeting allowances (Baht) | |
|----------------------------------|----------------------|---------------------------|----------------|
| | | 2019 | 2018 |
| 1. Miss Dalad Saphavichaikul | Chairman | 96,000 | 96,000 |
| 2. Mrs. Oranuj SoongSwang | Independent director | 96,000 | 96,000 |
| 3. Mr. Pilastpong Subsermsri | Independent director | 96,000 | 96,000 |
| 4. Mr. Preecha Wattanasaranont | Independent director | 96,000 | 96,000 |
| 5. Mrs. Pimporn Chotirattanakul | Managing Director | 96,000 | 96,000 |
| 6. Capt. Supich Sankhagowit RTN | Director | 96,000 | 96,000 |
| 7. Mr. Chutindhon Darakananda | Director | 96,000 | 96,000 |
| 8. Mrs. Chantorntree Darakananda | Director | 96,000 | 96,000 |
| 9. Mrs. Saranya Darakananda | Director | 96,000 | 96,000 |
| Total | | 864,000 | 864,000 |

(2) Audit Committee

| Name | Position | Meeting allowances (Baht) | |
|--------------------------------|----------|---------------------------|----------------|
| | | 2019 | 2018 |
| 1. Mrs. Oranuj Soongswang | Chairman | 132,000 | 132,000 |
| 2. Mr. Pilastpong Subsermsri | Member | 120,000 | 120,000 |
| 3. Mr. Preecha Wattanasaranont | Member | 120,000 | 120,000 |
| Total | | 372,000 | 372,000 |

(3) Nomination and Remuneration Committee

| Name | Position | Meeting allowances (Baht) | |
|----------------------------------|----------|---------------------------|---------------|
| | | 2019 | 2018 |
| 1. Mr. Pilastpong Subsermsri | Chairman | 12,000 | 12,000 |
| 2. Mr. Preecha Wattanasaranont | Member | 12,000 | 12,000 |
| 3. Mrs. Chantorntree Darakananda | Member | 12,000 | 12,000 |
| Total | | 36,000 | 36,000 |

In 2019, the Company paid the directors' remunerations amounted to 1,272,000 Baht in total, which is under the approved budget.

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 2019, the Company paid 10.04 million Baht in terms of salaries and bonuses for 8 members of the management.

Other Remuneration**Other remuneration of the directors**

None

Other remuneration of executives

- 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 4 executives, the Company paid to the fund in total amounted 110,624 Baht.

Policy and fixing the remuneration

Unit: Baht

| Monetary Remunerations | 2019 | 2018 |
|--|--------|--------|
| Board of Directors: monthly meeting allowance | | |
| • Chairman of the Board of Directors | 8,000 | 8,000 |
| • Executive directors | 8,000 | 8,000 |
| • Non-executive directors | 8,000 | 8,000 |
| • Independent directors | 8,000 | 8,000 |
| Audit Committee: monthly remuneration | | |
| • Chairman of the Audit Committee | 11,000 | 11,000 |
| • The Audit Committee member | 10,000 | 10,000 |
| Nomination and Remuneration Committee: allowance per meeting | | |
| • Chairman of the Nomination and Remuneration Committee | 6,000 | 6,000 |
| • The Nomination and Remuneration Committee member | 6,000 | 6,000 |

Personnel

As of 31 December 2019, the Company had 520 employees decreased by 77 persons from 2018.

(a) The number of employees in each department

| | |
|-------------------------------|-------------|
| (1) Spinning and Weaving mill | 461 persons |
| (2) Finance and Accounting | 8 persons |
| (3) General Affairs | 44 persons |
| (4) Sales and Marketing | 7 persons |

(b) Type of total employees' remunerations:

(Unit: million Baht)

| | 2019 | 2018 | 2017 |
|---------------------------------|--------|--------|--------|
| (1) Salary and labor cost | 98.67 | 102.59 | 104.46 |
| (2) Bonuses | 10.68 | 11.06 | 11.45 |
| (3) Social Securities | 3.18 | 3.38 | 3.60 |
| (4) Provident fund contribution | 2.14 | 2.23 | 2.39 |
| Total | 114.67 | 119.26 | 121.90 |

(c) Over the past 3 years, no labor dispute or no policy regarding changes number of employees, significantly.

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. In the year 2019, the company provided training as planned, internal and external, for a total of 13 courses, as follows

| | Training course | Hour |
|-----|---|-------|
| 1. | Continuing Professional Development course for accounting | 12 |
| 2. | Financial Statement Reporting | 6 |
| 3. | PRG programming | 40 |
| 4. | Succession plan | 512 |
| 5. | Provident Fund Committee, Class 13 | 23 |
| 6. | The project to promote health, prevent disease and disseminate knowledge on social security | 168 |
| 7. | Understanding of legal compliance in the employment of persons with disabilities. | 6 |
| 8. | Firefighting Intensive class. | 192 |
| 9. | Basic belts | 186 |
| 10. | Student Loan Fund (SLF), B.E. 2560 | 8 |
| 11. | Process innovation and business preparation to support industrial changes and increase business competitiveness | 12 |
| 12. | Eco-industrial town development | 6 |
| 13. | On-The-Job training for 13 functional job titles | 2,706 |

Corporate Governance

1. Corporate Governance Policy

The Company 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. And to apply the Corporate Governance Code for listed companies 2017 (CG Code) 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.

Therefore, providing a communication channel to take the policy into actions, including follow-up, evaluating and reviewing the practices when the company's business situation has changed significantly.

The Company prepared practices according to the principles and disclosed on the Company's website, <http://www.ut.co.th>.

In 2019, the Company has practiced as following:

Shareholders' Rights and Equitable Treatment;

1. Before the AGM No.26 convene on 23 April 2019, 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 was disseminated on the Company website <http://www.ut.co.th> from 1 October 2018 until 31 December 2018. Finally, there was no matter submitted.
2. The Company disclosed the invitation for attending the Annual General Meeting of Shareholders No.26, including supporting documents, both in Thai and English, on the Company website, <http://www.ut.co.th>, since 22 March 2019 and sent, through Thailand Securities Depository Co., Ltd., to all shareholders appeared in the Register of Shareholders as of the closing date of the Register of Shareholders in advance on 22 March 2019, before the shareholders' meeting dated 23 April 2019. The enclosed supporting documents were as follows;
 - (1) Copy of the Minutes of the 25th Annual General Meeting of Shareholders on April 24, 2018.
 - (2) Annual Report, Balance Sheet and Statements of Profit and Loss or Financial Statements for the year ending December 31, 2018, in the form of QR Code
 - (3) C.V. of the candidates ⁽¹⁾ proposed for appointments as Directors and list of the Company's Directors.
 - (4) The definition of Independent Director.
 - (5) Criteria and procedures for the nomination of the Directors.
 - (6) Articles of Association of the Company in respect of the Meeting of Shareholders.
 - (7) Proxy Form (Form B). ⁽²⁾
 - (8) Map of the venue for the Meeting.

Remarks

- (1) The curriculum vitae of the candidates proposed for appointments as director consisting of name-surname, educations, work history, experience/directorship, type of directors to be appointed; and in case of proposing the retired director to be re-elected, information about the number of the board meetings attendance in the past year, and the number of terms/years in the office of the Company's directorship will be provided.
- (2) The Company facilitates a shareholder who is unable to attend the meeting, by providing a proxy form together with the list of independent directors for consider to be a proxy attend the meeting instead, whereby, rights of the vote of each agenda are along with the intention of the shareholder; moreover, the shareholder may download a Proxy Form on the Company website: www.ut.co.th.

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3. The Invitation for the 26th Annual General Meeting of Shareholders;
 - (1) Stated objective and reason of each propose agenda by referring to the related criteria, rules, regulations or the Public Limited Companies Act;
 - (2) Provide opinions of the Board of Directors in each meeting agenda;
 - (3) Note on documents/evidence used for registration in the meeting, both the shareholders attending the meeting in person or by proxy.
 4. On agenda Approving the appropriation of profit allocation, the Company has clarified its policy and details of dividend payment during 2016 - 2018 for the shareholders' consideration.
 5. In the 26th Annual General Meeting of Shareholders dated Tuesday, 23 April 2019, at 10.30 hr:
 - (1) The Meeting convened at the Meeting Room, 9th Floor, Saha-Union Head Office Building, No.1828 Sukhumvit Road, Bangchak Sub-district, Phra Khanong District, Bangkok;
 - (2) All 9 directors consisting of the Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee and the Board of Directors, attended the Meeting. Besides, the auditor, Finance and Accounting Manager and Company Secretary attended the meeting to report the operating results and answered shareholders' questions.
 - (3) The Chairman of the Meeting clarified the voting rights under the Company's Article of Association prescribed that all shareholders shall be entitled to cast their votes in each agenda on the one share, one vote system, and provided opportunity to ask questions or make comments.
 - (4) On agenda, the Appointing the new Directors, under the Company's Article os Association prescribed that at each of the annual general meetings of shareholders, one-third of the total number of directors shall be released from office by rotation. The Chairman of the Meeting provided shareholders the opportunity to determine a method of directors' election either voting individually or as a whole, if the Meeting may think appropriate.
 - (5) On agenda the Fixing the Directors' Remuneration, the Chairman of the Meeting clarified the policy and criteria for consideration of the Nomination and Remuneration Committee and the board, having guidelines to review each year; by considering the comparison with similar listed companies; duties and responsibilities of the board; the Company's operating results; and current situation to the existing economic condition. As such, information of remuneration of the Board of Directors and subcommittee, by the person, disclosed under item "Remuneration of Directors and Executives";
 - (6) On agenda Appointment of the Auditors for 2019 and Fixing their Remunerations, there were specified with details relating to names-surnames of all auditors, the audit office, experiences, abilities, and independence of the auditors. For audit fees, provided the comparison with the past audit fees, including no other services.
 - (7) The Meeting proceeded completely according to the agendas, no reshuffle or added other agenda unspecified in the Invitation for the Annual General Meeting of Shareholders.
 - (8) Have notified the resolutions of the Annual General Meeting of Shareholders to the SET as required
 6. Minutes of the 26th Annual General Meeting of Shareholders convened on 23 April 2019.
 - (1) Recorded the notification of method of vote casting and counting of votes to shareholders before starting the Meeting according to the meeting agendas, and all votes shall be cast in ballots prepared for all shareholders and provided at the register and collected all the ballots when finished the meeting.;
 - (2) Recorded Issues relating to shareholders' inquiries or opinions as well as questions and answers so that shareholders who failed to attend the Meeting shall be acknowledged;
 - (3) For agenda that needs a meeting resolution shall pass through vote cast and recorded. The Chairman of the meeting summarised the results of the votes: in favor, objection, abstention, and voided ballots to the meeting for acknowledged
 - (4) Submitted Minutes of the Meeting to SET and disclosed on the Company's website on 2 May 2019, within 14 days after the date of the AGM held
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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.0-2323-1085-87
 - For Whistleblowing or complaints, please notify the Secretary to the Board of Directors for inspection via Telephone No.0-2323-1085-87 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 regarding 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. And assign Personnel and General Affairs Section Manager responsible for collecting and 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 2019, no such complaints issued.

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 Finance and Accounting Manager, Miss Prayoon Sripharam, Tel: 0-2323-9343; and the Company Secretary, Mrs. Chadaporn Jiemsakultip, Tel: 0-2311-5111 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. Also, 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 Sripharam, the Finance and Accounting Manager, Tel. No.0-2323-1085-87 Ext.1113.
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Responsibilities of the Board of Directors:

1. The board's meeting

Each year, 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.

At each of the Board of Directors' meetings:

- (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 top 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, etc. 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; the results of such meetings to be informed by the Managing Director.
- (7) The meeting attendances of the board and the AGM meeting;

(Number of Attendings/Number of meetings)

| Director Name | | Position | Board of Directors | | Shareholders Meeting |
|--|-------------------------------|-------------------------|--------------------|------|----------------------|
| 1. | Miss Dalad Saphvichaikul | Chairman | 12/12 | 100% | 1/1 |
| 2. | Mrs. Oranuj Soongswang | Independent director | 12/12 | 100% | 1/1 |
| 3. | Mr. Pilastpong Subsermsri | Independent director | 11/12 | 92% | 1/1 |
| 4. | Mr. Preecha Wattanasaranont | Independent director | 12/12 | 100% | 1/1 |
| 5. | Mrs. Pimporn Chotirattanakul | Managing Director | 12/12 | 100% | 1/1 |
| 6. | Capt. Supich Sankhagowit RTN | Asst. Managing Director | 12/12 | 100% | 1/1 |
| 7. | Mr. Chutindhon Darakananda | Director | 10/12 | 83% | 1/1 |
| 8. | Mrs. Chantorntree Darakananda | Director | 11/12 | 92% | 1/1 |
| 9. | Mrs. Saranya Darakananda | Director | 10/12 | 83% | 1/1 |
| % Meeting attendance of the board 2019 | | | | 94% | |

2. 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 2019, the Board of Directors and committees 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 scored results of each criterion are well to excellent perform.

- 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 scored results of each criterion are well to excellently conduct.

- 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 criterion are excellently performing.

- 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 scored results of each criterion are excellently performed.

3. Executives recruiting

The Company has its criteria and methods of recruitment of executives, by providing the succession plan; whereas, the Managing Director shall consider persons who have appropriate qualifications, knowledge, skills, abilities and past performances to the vacant positions; and shall then propose the board for consideration and approval.

4. Development of Directors and Executives;

- The Board of Directors has promoted and facilitated the organization of training and provision of knowledge to the related personnel such as DAP Course for the Board of Directors; ACP Course for the Audit Committee; and risk management courses for executives, etc.

| 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 | | FN | AACP | ELP |
| 1. Miss Dalad | Sapthavichaikul | - | 9/2001 | - | 10/2005 | 4/2001 | 1/2001 | - | 13/2018 |
| 2. Mrs. Oranuj | Soongswang | - | 22/2002 | 5/2007 | 19/2007 | - | - | - | - |
| 3. Mr. Pilastpong | Subsermsri | 89/2011 | - | - | 35/2011 | - | - | - | - |
| 4. Mr. Preecha | Wattanasaranont | 7/2004 | - | - | - | - | - | 23/2016 | - |
| 5. Mrs. Pimporn | Chotirattanakul | 5/2003 | - | - | - | - | - | - | - |
| 6. Capt. Supich | Sankhagowit RTN | 63/2007 | - | - | - | - | - | - | - |
| 7. Mr. Chutindhon | Darakananda | 17/2004 | - | - | - | - | - | - | - |
| 8. Mrs. Chantorntree | Darakananda | 5/2003 | - | - | - | - | - | - | - |
| 9. Mrs. Saranya | Darakananda | 126/2016 | - | - | - | - | - | - | - |

- The Management and the Company Secretary prepare documents and information in favor of the performance of the duties of new directors; including clarifying to the nature of businesses and guidelines for the business operation of the Company.
- The Managing Director oversight the executive development and succession plan, including the preparation of acting person, is unable to perform the duties.

2 Subcommittee

(1) Structure of the committee

- The Board of Directors set up two subcommittees: Audit Committee, and Remuneration and Nomination Committee.
- Scope of authorities and responsibilities

The Audit Committee

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.

- List of the Audit Committee

| Name | 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 under the Company's audit committee charter
 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 Audi 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. Take other actions assigned by the Board;
- In 2019, the Independent/audit directors have no related business transaction or provide any service on professional activity to the Company.
 - In 2019, The Audit Committee has 5 meetings, as follows;

(Number of attending/Number of meetings)

| Name | Position | Attending |
|--------------------------------|---------------------------------|-----------|
| 1. Mrs. Oranuj Soongswang | Chairman of the Audit Committee | 5/5 |
| 2. Mr. Pilastpong Subsermsri | Audit Committee member | 4/5 |
| 3. Mr. Preecha Wattanasaranont | Audit Committee member | 5/5 |

The Nomination and Remuneration Committee

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

| 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 of the nomination and Remuneration Committee
 - (1) Determine criteria and guidelines for nominating of directors;
 - (2) Nomination and selection appropriate qualified person; presented the Board for approval and propose the shareholders for considering elected replace the resigned or retired director (as the case might be)
 - (3) Considering criteria of fixing the directors remuneration;
 - (4) Considering the fixing remuneration of directors and presented to the board meeting for proposing the Shareholders meeting for approval;
- In 2019, the Nomination and Remuneration Committee has 2 meetings;

(Number of attending/Number of meetings)

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

3 The nomination and appointment of Directors and Managing Director:

3.1 Independent director

Criteria for selection of independent director

Having the full qualifications according to the criteria of the Stock Exchange of Thailand, Public Limited Company Act, B.E. 2535, Securities and Exchange Act, and the Company's qualification

- (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 has been a director with management participation of employees, consultant with regular salary or authorized person of the Company, holding company, subsidiary, affiliate, subsidiary in 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.

3.2 The nomination of Directors and Top Executive

Nomination of Director

The Nomination and Remuneration Committee is responsible for considering, selecting, and scrutinizing candidates who have complete qualifications under the Public Limited Company Act, B.E. 2535 and must have qualifications and prohibitions, as follows.

- (1) Having the qualifications and prohibitions according to the Public Limited Company Act, Securities and Exchange Act and the Good Corporate Governance of listed companies.
- (2) Having knowledge, competency, and independence; able to perform duties of care and duty of loyalty; able to fully dedicated to the Company; having appropriate qualifications and maturity; having strong health and completely mind; giving creativities in the meeting directly, including giving courage opinions; and/or being well-known business persons of work history, and excellent ethics; and accepted in society.
- (3) Having significant knowledge and capability at least in the following; the Company's business operation, accounting and finance, strategy management, good corporate governance, and laws and regulations.

The Nomination and Remuneration Committee will consider the person who meet such above qualifications and no prohibit and present to the Board of Directors for approval before proposing to the annual shareholders meeting, agenda the Appointing the new Directors, which proceeded under the Company's Articles of Association, as follows:

- One shareholder shall have one vote per share.
- In the election of directors agenda, nominated directors may be elected individually or wholly, subject to the shareholders' meeting may deem expedient; provided that, in each passing of the resolution, shareholders must cast their total votes 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 Top Executive

Chairman of the board considers a nominee for the position of Managing Director who has suitable qualifications, knowledge, competency, skill, and experience to the benefits for the Company business operation with a good understanding of the Company business and capable to manage to meet the defined targets and objectives; and present to The Board of Directors for approval.

4 Oversight the subsidiary and associated company

As of 31 December 2019, the Company has one associated company, TenCate-Union Protective Fabrics Asia Ltd. (TCUA)*, but ceased its operation and filed for deregistration with the Ministry of Commerce on 22 March 2013. At present, TCUA is in the process of liquidation

5 Use of Inside Information

The company has the policy to prevent the use of inside information by issued the Company's rules and regulations which employees, management, and directors acknowledge not to use its 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. Therefore, the Company has determined the degrees of punishments, in case, the above-mentioned disciplines are violated.

Each year, the Company will inform the directors and management to avoid securities trading of the Company during the period before the disclosure of the annual or quarterly financial report and after disclosing to SEC.

The Company has defied 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.

In 2019, not found such violation and no cases of the Company's directors/executives have traded securities by using the inside information.

6 Auditor Remuneration.

- (1) Audit Fee.

The Company paid audit fee to the auditor: Mrs. Poonnard Paocharoen, or Mr. Khitsada Lerdwana, or Mr. Termpong Opanaphan, or Miss Vissuta Jariyathanakorn of EY Office Limited; the annual fees for review financial statements, including 3-quarter interim, were 1,190,000 Baht.

- (2) Non-audit Fee;

The Company has not paid any non-audit fee, and there was no other incomplete service for which the auditor or such audit office shall be paid in the following year.

7 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 considered and reviewed applying the principles of the CG Code suitably with the Company's business context, which some of the practices still divert, as follows

| Practices that divert from the CG Code | Explain |
|--|--|
| <p>1. The company does not set policy for independent directors to hold office for not more than 9 years</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. 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. |
| <p>2. The chairman of the board is not an independent director</p> | <p>The board appointed a non-executive director being the Chairman because of knowledge, skill, and expertise in the business of the Company; and performed duties independently and straightforward for the highest interest of the Company</p> |
| <p>3. The company does not set the criteria for limiting the number of director positions in other companies</p> | <p>The Company has some limitations of knowledge and expertise in the nature and types of textile business, and the board has demonstrated its performance effectively and conscientious, and allocate their time adequacy</p> |

8 Other practices according to the Corporate Governance Code.

1. The Company has participated in the AGM Organizing Quality Assessment Program of the Thai Investor Association; the results of the 26th AGM of Shareholders 2019, the Company received a 95 percent score, while the average score of the listed companies was 93.70 percent.
2. 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 assessment results, the Company received 81 percent point, very good level, while the overall average CG score is 82 percent.

Corporate Social Responsibility

Doing the textile business over the past years, the Company commit and aware of corporate social responsibility to sustainable growth under the core values of the Saha-Union group of companies, "Integrity, Quality Service". The Company promote employees had an opportunity expressed their definitions regarding such core values that accepted and practices continuously, becoming the company's culture, 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.

The Board of Directors has reviewed the vision and mission properly to the current business situation as shown under Item "Policy and Business Operation Overview".

1 Policy Overview

The Board of Directors has reviewed and approved the corporate social responsibility policy to be used as a guidance operation 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, it is 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 which 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 prepare 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 parties 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 its production processes and operations continuously to prevent any potential undesirable impacts; including consume the natural resources with an awareness of their value and lessen any unnecessary losses.

2 Operation and reporting

2.1 Reporting process

The Company has been in the textile business, using cotton and polyester as the main raw materials to produce fabrics through the yarn spinning and fabric weaving process. As the textile industry is labor-intensive and a lot of energy consumptions - running machines and accessories, such as air compressor systems, cooling tower to control air condition system, the Company has committed to promote doing business with corporate social responsibility that employees keep in mind in doing their jobs, such as energy conservation, cost reduction, improve production efficiency, and improve working place conditions, etc.

Stakeholder engagement

The Company has aware of its effect from its operations and concerned issues raised by stakeholders. As shown below, the summary of stakeholder engagement and respond to the expectations.

| Stakeholder | Aspect | Engagement | Respond |
|-------------------------------------|---|---|---|
| Shareholders | <ul style="list-style-type: none"> Return on Investment Company sustainable growth Good Corporate Governance | <ul style="list-style-type: none"> AGM Company website Telephone | <ul style="list-style-type: none"> Fair Operating Practices Anti-Corruption |
| Employee | <ul style="list-style-type: none"> Appropriated wages and benefits Job securities Good working conditions | <ul style="list-style-type: none"> Suggestion box Hot line E-mail Welfare committee Company Activities | <ul style="list-style-type: none"> Human Rights Labor Practices Innovation and Diffusion |
| Customers | <ul style="list-style-type: none"> Prices Quality Cost reduction | <ul style="list-style-type: none"> Satisfactory survey Visiting Telephone Fax E-mail | <ul style="list-style-type: none"> Customers Issues Innovation and Diffusion |
| Supplier and Trade Account payables | <ul style="list-style-type: none"> Fair treatment Adhere to contract or agreement | <ul style="list-style-type: none"> Visiting Telephone Fax E-mail | <ul style="list-style-type: none"> Fair Operating Practices |
| Community and Social | <ul style="list-style-type: none"> Environment protection | <ul style="list-style-type: none"> Visiting Telephone | <ul style="list-style-type: none"> Community Involvement and Development Environment |

2.2 Corporate Social Initiatives

Economic 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) Responsible political involvement.
 - 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) 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 wast materials
 - Arrange an auction every 6 months.
 - Check the weight of the goods 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 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, no report of such misconduct received.

● **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 Indicators

| Indicator | Unit | 2017 | 2018 | 2019 |
|--|------------|--------|--------|--------|
| Sales and service revenues | MBht | 756.26 | 760.57 | 511.06 |
| Net Profit | MBht | 42.91 | 103.65 | 95.86 |
| Return on Equity | MBht | 4.85 | 11.08 | 9.54 |
| Employee benefits | MBht | 121.90 | 119.26 | 114.67 |
| Taxes paid to the government and local government agencies such as corporate income tax, local maintenance tax, and property tax | MBht | 1.70 | 1.76 | 1.59 |
| Costs of arrangement regarding social and community development | Baht | 44,885 | 87,652 | 21,939 |
| The organization contribution rate paid into the provident fund. | % of wages | 3 | 3 | 3 |
| Percentage of supplier /service/outsource) | % | 36 | 35 | 38 |
| Percentage of managers being a local residence. | % | 52 | 52 | 42 |

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, no such complaint received.

● **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 of the workplace (SHE committee) comprising 11 members of the committee: one representative of the employer in management level acting as the Chairman of the Committee, four representatives of the employer 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 2019, 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 are-as.
- 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 measures; in 2019, there were 11 - accident-at-work, and 5 of them absent for more than 3 days.
- Organizing Safety Week
- Annual health check.

The company received the highest honor award for the outstanding work with labor relations and welfare for the year 2019, counted for 15 consecutive years (2005 - 2019).

| Indicator | Unit | 2017 | 2018 | 2019 |
|--|---------|-------|-------|--------|
| Number of Employees by Type | | | | |
| • Full time | person | 519 | 487 | 458 |
| • Part time | person | 95 | 110 | 62 |
| Number of Employees by Gender | | | | |
| • Male | person | 205 | 198 | 168 |
| • Female | person | 409 | 399 | 352 |
| Number of employees by level | | | | |
| • Operation | person | 341 | 335 | 276 |
| • Middle management/Supervisor | person | 250 | 241 | 222 |
| • Managers | person | 23 | 21 | 22 |
| Percentage of employees to be retired | | | | |
| • Within 5 years (55-60 years old) | % | 33.88 | 28.14 | 22.88 |
| • Within 10 years (50-60 years old) | % | 56.18 | 47.24 | 43.27 |
| Turn Over Rate | % | 29.40 | 21.30 | 28.29 |
| 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 | persons | 2 | 2 | 2 |
| • Employee representatives | persons | 9 | 9 | 9 |
| Injury Frequency Rate(IFR) (per million working hours) | ppm | 11 | 10 | 8.74 |
| Injury Severity Rate (ISR) (per million working hours) | ppm | 0 | 0 | 0 |
| Incidence of over-3-day absence injury | persons | 5 | 7 | 5 |
| Absentee Rate(AR) (per working hours) | persons | 0.013 | 0.056 | 0.0015 |
| Fatal injuries | persons | 0 | 0 | 0 |
| Average training hours per employee per year | Hr/Yr | 6.34 | 6.00 | 5.35 |
| Percentage of employees receiving regular performance and career development reviews | % | 100 | 100 | 100 |
| Proportional wages between female and male employees | | 62:38 | 62:38 | 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, no significant legal abuse or breaking regulations in connection with the usage of the company's goods or services.

| Indicator | Unit | 2017 | 2018 | 2019 |
|--------------------------------|-------|------|------|------|
| Customers' satisfaction survey | % | 90 | 95 | 92 |
| Customers' claim or complaint | Times | 15 | 10 | 5 |

● **Community Involvement and Development**

The company supports and participates in activities for local community development.

Over the past year, the operation has no negative impact or tendency to create such an impact on the local community.

| Indicator | Unit | 2017 | 2018 | 2019 |
|---|-------|------|------|------|
| Percentage of new employee learned about policy and direction regarding anti-corruption | % | 100 | 100 | 100 |
| Number of environmental issues received and correction | Times | 0 | 0 | 0 |

Economis dimension

● **Environment**

The company is located at 205 Moo 4 Sukhumvit Road k.m. 39.5, Bangpoomai, Muang Samut Prakan, Samut Prakan 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

Having been doing business for years, the Company participated in activities run by government agencies and nearby communities regarding environmental protections, such as;

- Joint the project for monitoring pond network for monitoring groundwater level and quality, Union Textile Industries Public Company;



to evaluate environmental situation regarding soil and groundwater following the Ministerial Regulation on Soil and Groundwater Contamination Control in Factory Area and criteria of groundwater quality standards of Pollution Control Department and Department of Groundwater Resources; and useful for remedy planning on soil and groundwater resources and monitoring.

- Participated with Klong Tumru community organized mangrove forest planting activities to mitigate land erosion on the coast at the mouth of the Klong Tumru area.



2016

2019

Over the past year, no instance of environmental or legal abuse, such as wastewater industrial waste or leakage.

| Indicator | Unit | 2017 | 2018 | 2019 |
|--|-------|-------------|-------------|-------------|
| Main raw materials | | | | |
| • Cotton | ton | 3,473 | 3,530 | 2,153 |
| • Polyester | ton | 3,342 | 3,338 | 1,975 |
| Fossils used | | | | |
| • Diesel | MJ | 147,865 | 156,606 | 82,800 |
| • NGV | MJ | 29,840,411 | 32,822,105 | 20,597,251 |
| Electrical used | MJ | 131,852,580 | 135,411,462 | 103,584,413 |
| Water used by sources | | | | |
| • Tap water | cu.m. | 162,387 | 152,314 | 132,778 |
| • Deep water | cu.m. | 101 | 1,124 | 51 |
| Percentage of RO reused | % | 14.57 | 11 | 15.76 |
| Waster water discharge | cu.m. | 162,000 | 153,438 | 133,076 |
| Solid waste | | | | |
| • hazardous waste | Ton | 0 | 0 | 0 |
| • municipal waste | Ton | 800 | 800 | 792 |
| Number of significant leakage | Times | 0 | 0 | 0 |
| Expenses and investment for environmental protection | MBht | 2.73 | 0 | 0 |
| Waste treatment expenses | Baht | 120,000 | 120,000 | 120,000 |

3 Business Operations Affecting the 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.

4 CSR and Environmental Protection Activities:

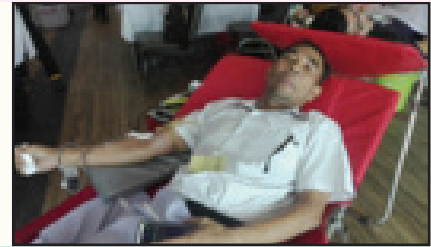
Refer to the Announcement of the Department of Labor Protection and Welfare Subject: Rules and procedures for the election of the workplace welfare committee, the Company arrange the welfare committee by-election of employees. The welfare committee responsible for oversight welfare activities, such as shuttle bus, dormitory, nurse service, sports, entertain and knowledge. Besides, the Company has a policy on engaging activities for the benefits of the social community and environment. In 2019, the Company participated in social and environmental activities, as follows:



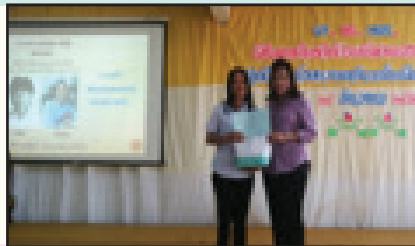
- Candle Offering at Wat Panprasit and Wat Tumru, Bang Pu Mai, Samut Prakan;
- Participated with the Samut Prakan Industrial in Royal Kathina Robe Offering 2019 at Wat Bowon Mongkhon Ratchaworawihan; and with the Bangpoo Municipality Office at Wat Asokaram, Bang Pu Mai, Samut Prakan.
- Joined annual Kathin Kathin Ceremony at Wat Pa Pichaiwattanamongkol, Bang Pu Mai, Muang Samut Prakan, Samut Prakan



- Donated gifts, candy and food on the occasion of children's day at nearby schools.



- Blood donation to Samut Prakan Red Cross Chapter



- Annual merit-making activity, including providing ceremony to honor certificate and souvenir for employees who took their work 2019 and ones who have worked 10-year completely

5 Prevention of Corruption Involvements:

(1) Anti-corruption policy.

The Company set up the prevention of corruption involvements policy which passed the consideration and approved by the board, as follows;

The Company's 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; do not any bribes paid to any persons involved.

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

(2) 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;

- Promote and inspire 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.
- Provide a system of internal controls sufficient and appropriate to prevent the company's business operations related to fraud corruption.
 - 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.
 - 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

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

In the Board of Directors' Meeting No.12/2019 convened dated 17 December 2019, the Board of Directors, including the Audit Committee, acknowledged the explanation of the management to support the adequacy evaluation of the internal control system and risk management into consideration, given an opinion that the Company has taken action under the structure of five key components, having personnel operate their duties adequacy and appropriate to the situation of business operations, as follows;

Part 1: Control Environment.

The Company commits to honesty and ethics in business operations, documented the UT corporate governance policy and prepared UT Corporate Governance and Business Code of Conducts Manual to guide for executives and employees to practice their duties. Regarding related party transactions, the board and management will consider related conflicts of interests with care and reasonable and for the benefits of the Company. The company also informed and disseminated the company work rules, compliance with the business code of conduct, and assign an internal auditor to monitor and evaluate the performance.

The Company has defined roles and duties of the board having independence from management; oversight of setting a clear and measurable target of the business operation; considered, review and approve the annual operating plan proposed by the management under various changed situations of business operations; and not to have the 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 the 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 notified person.

Part 2: Risk Management.

The Company prepared financial statements under the Thai Financial Reporting Standards, audited by Certified Public Accountant (Thailand), and the Independent Auditor's report is a part of this Annual Report.

The Company prepared a risk management manual used for guidelines to identify and analyze 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, management attended the meeting to clarify matters that the committee's enquired. In 2019, no significant issue indicating any malfeasance.

Part 3: Control Activities.

The Company has set internal control measures to cover all activities and processes as documented in the form of orders, announcements, regulations, guidelines, or instruction manual appropriate for the processes or activities. The Company has set very clear, separate duties for responsibilities concerning authorization, recording, and supervision of assets; including limiting the authority and budget of the management of each level documented.

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

In 2019, The Company has no 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 an 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.

For the Board of Directors' meeting, the company secretary will send invitation letter, including attachments related meeting agenda to directors in advance at least 7 days before the meeting. The management is responsible for preparing information, details, and arrange responsible person about items to be presented in details to the Board of Directors for consideration including answering questions, clarifying any issues; having the opinion or suggestion of the directors recorded in the Minutes of the Board of Directors' Meeting. The company secretary is responsible for keeping the minutes of the board meeting and the Financial and Accounting Manager is responsible for keeping financial documents for a period under the Regulations defined.

The Company has an internal communication process, using bulletin boards, computer networks and notify the shift workers as communication channels. The Personnel and General Affair Section is responsible for collecting comments or other information from a suggestion box, including from hotline telephone, and forward to concerned unit considered. For a matter that might be fraud or corrupt behaviors in the workplace, the internal auditor will report to the audit committee. For external communication, the administration will oversee such as meeting with the community around the company regarding a complaint or arranging jointly activities. In 2019 there was no complaint or report of fraud or corruption

Part 5: Monitoring Activities.

In the board meeting, the management reports the monthly results of business operation, including clarification 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 the duty of reviewing the practice and report the result of the internal auditing directly to the audit committee for consideration and advice useful suggestion for management and report to the board quarterly.

The Company has a policy for the management to report to the board immediately if there is a situation or suspicion of serious malfeasance, unlawful activities or unusual activities which may significantly affect the reputation and financial standing of The Company. In 2019 there was no such situation.

2 Opinions of the Audit Committee on the Internal Control.

In the Audit Committee meeting No. 3/2019 dated Thursday 8, August 2019, the Audit Committee has discussed with the independent auditor, without the attendance of management, to acknowledge the audit observations and to give audit opinion to ensure that the financial report preparation and disclosure of the financial information is correct, complete and reliable; whereas, the auditor has given an opinion that the Company has sound internal control system.

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

Refer to the adequacy assessment result of the internal control system and risk management for the year 2019, the committee gives an opinion that the Company has personnel operate to cover the 5-key component of the internal control framework and risk management that adequate and appropriate to the business environment of the Company.

3 Internal Audit Supervisor and the Compliance Supervisor.

(1) The Audit Committee has approved, proposed by the management, appointing Miss Wanida Chokmoh, Head of internal audit section, as being an internal audit supervisor. Miss Wanida Chokmoh has qualifications in education, training, and experience in internal audit jobs and understands the activities and business operations of the Company; appropriate to perform such duties.

(2) The Company has assigned Miss Prayoon Sripraram, the Finance and Accounting 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.

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Related Party Transactions

1. In 2019, the Company had transactions with connected persons, as follows;

| Connected person/relationship | Transaction | Value (million Baht) | | Reason and needs |
|--|---|----------------------|------|--|
| | | 2019 | 2018 | |
| Saha-Union Plc. (SUC) • Company's major shareholder holding 49.88 % • Common directors. | Purchases of cotton and synthetic fibers. | 297 | 371 | Common procurement for the group company to ease of negotiation with suppliers regarding price and quantity |
| | Trade account payable | | | |
| | • Beginning | 53 | 21 | |
| | • Ending | 5 | 53 | |
| | Sold some shares of Uni-Fibre Co., Ltd. | 25 | - | Reduce expense and redundancy of work system related to the preparation of the financial report |
| | Trade receivables | | | |
| | • Beginning | - | - | |
| | • Ending | - | - | |
| Union Garment Co., Ltd. (UG) • SUC holds 99.99 % of UG's shares • UT and UG have common directors | Sales of fabrics. | 2 | 3 | Support normal doing business such supply chain. Economic benefits of a property that has not been used Joint uses |
| | Rental parts of building | 3 | 5 | |
| | Provide utilities | 1 | 1 | |
| | Trade receivables | | | |
| | • Beginning | 1 | 1 | |
| | • Ending | 1 | 1 | |
| Union Micron Clean Co.,Ltd. (MRC) • SUC holds 25.00% of MRC's shares • UT and MRC have common directors. | Rental parts of Building | 2 | 2 | Economic benefits of a property that is not in use or not suitable for the company's current production. |
| | Trade receivables | | | |
| | • Beginning | - | - | |
| | • Ending | - | - | |
| 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 machineries | 1 | 2 | Economic benefits of a property that is not in use or not suitable for the company's |
| | Trade receivables | | | |
| | • Beginning | - | - | |
| | • Ending | - | - | |
| Union Zojirushi Co., Ltd. (UZ) • SUC holds 51.00% of UZ's shares • UT and UZ have common directors. | Rental some land | 12 | 12 | Economic benefits of a property that is not in use |
| | Trade receivables | | | |
| | • Beginning | - | - | |
| | • Ending | - | - | |

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, land, and un-operated 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 2019, in which the equity method is applied, of the Company, could be 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, that might be 100% cotton or cotton blend fabrics.

Over the past 3 years, the Company has no significant changes neither capital structure, management nor business operations.

1.1 Factors that affect business operations.

In 2019, world economic slowdown, textile export status decreased, risen of cotton and polyester prices because of world market cotton prices higher, including continual higher of stronger Thai baht, compared with last year; resulting export value decreased impact the Company operating results due to the Company has a major ratio in export.

1.2 Summary of operating results.

As of 31 December 2019, the Company had net profit amounting to 95.86 million Baht, decreased 7.79 million Baht compared to 2018 had a net profit of 103.65 million Baht. The comparative of operating results between the year 2019 and 2018 are summarized as follows:

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|--|---------------------------------|--------|-----------------------|----------|
| | Year | | Increased (decreased) | |
| | 2019 | 2018 | Amount | % |
| Total revenues | 750.27 | 820.40 | (70.13) | (8.55) |
| Total expenses and finance cost | 620.58 | 799.70 | (179.12) | (22.40) |
| Share of profit from investments in associated companies | 0.44 | 84.23 | (83.79) | (99.48) |
| Income (expense) tax revenue | (34.27) | (1.28) | 32.99 | 2,577.34 |
| Net Profit (loss) | 95.86 | 103.65 | (7.79) | (7.51) |

2. Results of Operations

2.1 Revenue

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|---------------------------|---------------------------------|--------|-----------------------|---------|
| | Year | | Increased (decreased) | |
| | 2019 | 2018 | Amount | % |
| Sales and services income | 511.06 | 760.57 | (249.51) | (32.81) |
| - Export sales | 443.20 | 651.33 | (208.13) | (31.95) |
| - Local sales | 67.86 | 109.24 | (41.38) | (37.88) |
| Other income | 239.21 | 59.83 | 179.38 | 299.82 |
| Total revenues | 750.27 | 820.40 | (70.13) | (8.55) |

1) Sales and services income

In 2019, the Company had sales and services income 511.06 Million Baht decreased 249.51 million Baht or 32.81 % compared to 2018, divided into export sales decreased 208.13 million Baht or 31.95%, and local sales decreased 41.38 million Baht or 37.88%. As a result of continual stronger Thai baht; orders from main customers in Europe decreased since the economy of the trading country slowdown. Regarding the local market, customers lessen their orders, caused by the local textile industry slowdown; having high competitiveness; and customers imported cheaper textile goods from India, Pakistan, and Vietnam.

2) Other income

In 2019, the Company had other income 239.21 million Baht increased from 2018 amounted to 179.38 million Baht or 299.82%. The main cause came from recognized gain, in which the equity method is applied, on the sale, some of the ordinary shares of its investment in Unifibre Company Limited amounted to 10.63 million Baht and gain on fair value measurement from changes in the status of investment amounted to 173.96 million Baht.

2.2 Costs and expenses

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|-------------------------|---------------------------------|--------|-----------------------|---------|
| | Year | | Increased (decreased) | |
| | 2019 | 2018 | Amount | % |
| Total cost of sales | 554.14 | 738.66 | (184.52) | (24.98) |
| Selling expenses | 8.36 | 8.69 | (0.33) | (3.80) |
| Administrative expenses | 57.34 | 51.85 | 5.49 | 10.59 |
| Financial Cost | 0.74 | 0.50 | 0.24 | 48.00 |

- Cost of sales decreased by 184.52 million Baht or 24.98%, corresponding to the decreased in sales and strictly control of expenses
- Selling expenses decreased by 0.33 million Baht or 3.80%, corresponded to the export sales decreased.
- Administrative expenses increased 5.49 million Baht or 10.59%, the main reason came from the increased provision for long-term employee benefits amounted to 3.42 million Baht, under the Labor Protection Act (No. 7) B.E. 2562

2.3 Net profit (loss)

The Company had a net profit of 95.86 million Baht, in which the equity method is applied, profit decreased 7.79 million Baht compared with that of 2018. In the Separate financial statement, the Company had a net loss of 30.65 million Baht decreased from the year 2018 which was 50.07 million Baht, the main reason came from lessening sales and stronger Thai Baht.

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. Then, the Company had a net profit of 1.66 Baht per ordinary share.

2.4 Profitability

| Description | Unit | For the year ending 31 December | |
|--------------------------|-------|---------------------------------|--------|
| | | 2019 | 2018 |
| Gross Profit Margin | % | (8.43) | 2.88 |
| Net Profit (Loss) Margin | % | 12.78 | 12.63 |
| Debt to Equity ratio | Times | 0.11:1 | 0.13:1 |
| Return On Equity | % | 9.54 | 11.08 |

Gross Profit Margin

In 2019, the Company had gross loss 43.08 million Baht, making gross loss margin 8.43% of sales, compared with the year 2018 which had gross profit 21.91 million Baht, then, gross profit margin 2.88% of sales. The decreased of gross profit margin came from the effect of sales decrease, price of raw material increased making the higher cost of goods sold, and having additional of provision for long-term employee benefits as per the Labor Protection Act (No. 7) B.E. 2562

Net Profit (Loss) Margin

The Company had net profit margin, in which the equity method is applied, amounted to 95.86 million Baht or 12.78% of total income compared with the year 2018 showed net profit margin 103.65 million Baht or 12.63% of total income. The main cause that makes the net profit margin of the year 2019 decreased came from cost of goods sold increased and added of provision for long-term employee benefits as per the Labor Protection Act (No. 7) B.E. 2562

Debt to Equity Ratio

The Company had a D/E ratio of 0.11 times, slightly lower than that of the year 2018 showed 0.13 times, indicated the ratio of liabilities still at the lower level compared to shareholders' equity.

Return on Equity (ROE)

The Company had net profit, in which the equity method is applied, amounted to 95.86 million Baht equal to 9.54% of shareholders' equity, lower than that of the year 2018 showed 11.08%.

3. Asset management

3.1 Financial position

As of 31 December 2019, 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) | |
| | 2019 | 2018 | Amount | % |
| Total Assets | 1,163.37 | 1,082.75 | 80.62 | 7.45 |
| Total Liabilities | 111.37 | 124.49 | (13.12) | (10.54) |
| Total Shareholders' equity | 1,052.00 | 958.26 | 93.74 | 9.78 |

(1) Assets

As of 31 December 2019, the Company had total assets amounting to 1,163.37 million Baht, comprising, in proportion, 37.62% current assets and 62.38% non-current assets, compared with the year 2018 having the total assets amounted 1,082.75 million Baht, increased 80.62 million Baht or 7.45%. Changes are as follows;

- Current assets decreased 49.98 million Baht, comprising cash and cash equivalents decreased 8.31 million Baht, trade receivable, other receivable decreased 72.38 million Baht, inventories increased 31.47 million Baht and others current assets decreased 0.76 million Baht.
- Non-current assets increased 130.60 million Baht, comprising investment in associate companies, long-term investment increased 156.93 million Baht; Investment property: property, plant, and equipment decreased 23.49 million Baht; deferred tax assets and other non-current assets decreased 2.84 million Baht.

(2) Liabilities

The Company had total liabilities of 111.37 million Baht, decreased 13.12 million Baht or 10.54%; main changes came from trade and others account payables decreased 56.83 million Baht; provision for long-term employee benefits increased 12.33 million Baht, tax liability and other current liabilities increased 31.38 million Baht.

(3) Shareholders' equity

The Company accounted for shareholders' equity amounting 1,052 million Baht, increased by 93.74 million Baht or 9.78%, resulting from the Company had net profit 95.86 million Baht, actuarial gains 0.23 million Baht, and from the adjustment of the market value of the stocks invested in the Stock Exchange of Thailand which was not the actual profit decreased 2 million Baht and reclassify other comprehensive income of associate to profit and loss from change in status of investment amounted to 0.35 million Baht.

3.2 Analysis of financial status

As of 31 December 2019, the Company's capital structure comprises of total liabilities amounting to 111.37 million Baht and total shareholders' equity amounting to 1,052 million Baht. The Company had a debt-to-capital ratio of 9.57%, indicating a strong financial status.

4. Liquidity and capital adequacy

4.1 Capital sources

Analysis of changes in capital sources

As of 31 December 2019, the Company had cash and cash equivalent amounted to 112.37 million Baht decreased 8.31 million Baht compared with the previous year. Details of net cash flow from (used in) were as follows:

(Unit: million Baht)

| Description | For the year ending 31 December | | | |
|--|---------------------------------|---------|---------|----------|
| | Year | | Changes | |
| | 2019 | 2018 | Amount | % |
| Net cash flows from (used in) operating activities | (34.53) | 54.83 | (89.36) | (162.98) |
| Net cash flows from (used in) investing activities | 26.22 | (14.64) | 40.86 | 279.10 |
| Net cash flows from (used in) financing activities | - | - | - | - |
| Cash and cash equivalent increased (decreased) | (8.31) | 40.19 | (48.50) | (120.68) |
| Cash and cash equivalent - beginning | 120.68 | 80.49 | 40.19 | 49.93 |
| Cash and cash equivalent - ending | 112.37 | 120.68 | (8.31) | (6.89) |

- Net cash flows from operating activities decreased because the Company had trades and other account payables decreased due to payments on purchased raw materials.
- Net cash flows used in investing activities increased since the Company sold some of the ordinary shares of its investment in the associated company.
- No net cash flows used in financing activities in 2019, as did the year 2018.

The optimal capital structure

The Company had Debt to Equity ratio 0.11:1 time, lower than that of 2018, indicating a low relative proportion of debt and shareholders' equity.

4.2 Capital expenditure

In 2019, the Company had capital expenditure for machinery and accessories amounted to 3 million Baht.

4.3 Liquidity adequacy

| Description | Unit | As at 31 December | | Increased (decreased) |
|-------------------------|-------|-------------------|------|-----------------------|
| | | 2019 | 2018 | |
| Current Ratio | Times | 13.83 | 5.54 | 8.29 |
| Quick ratio | Times | 7.23 | 3.52 | 3.71 |
| Inventory turn over | Times | 2.87 | 4.30 | (1.43) |
| Average debt collection | days | 102 | 83 | 19 |

-
- The current ratio is higher due to current liabilities decreased due to payments on trade and other payables.
 - The quick ratio increased 3.71 times compared to the year 2018.
 - Inventory turnover decreased 1.43 times because of lessening sales.
 - Average debt collection was slightly longer, about the same period of the Company's credit term.

4.4 The ability to procure additional sources of capital.

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

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

In the past, the Company has been able to repay debts and doing business as per the commitment.

5. Contractual Obligations and Off-Balance Sheet Arrangements

Please see Note to Financial Statements for the year ended 31 December 2019 Item 25 Commitment and contingent liabilities.

6. Forward looking

The Company has not yet any project or research and development that will affect the operating result and financial position within one year ahead.

At present, the Company can carry out business operations continuously. However, in preparing the financial statements under the Thai Financial Reporting Standards, the Company must make judgments and estimates regarding inherently uncertain matters. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

- Allowance for doubtful accounts.
 - Allowance of diminution in value of inventories.
 - Property, plant and equipment/Depreciation.
 - Deferred tax assets.
 - Post-employment benefits under defined benefit plans.
-

Audit Committee Report

To Shareholders:

The Audit Committee of Union Textile Industries Public Company Limited comprises of three independent directors, holding qualifications in accordance with criteria of the Stock Exchange of Thailand. Chaired by Dr.Oranuj Soongswang and the Audit Committee members: Dr. Pilastpong Subsermsri and Mr. Preecha Wattanasaranon.

The Audit Committee has performed its duties as prescribed in the Company's Chapter of the Audit Committee. In 2019, there have been 5 meetings in total, having management, internal auditor, and the external auditor participated; and held 1 meeting, agenda for discussing with the external auditor, without management attended. The committee reported the meetings' results and provided remarks to the board of directors every meeting, summarized as follows:

1. Review of Financial Statement reports:

The committee reviewed the interim and annual financial statements regarding the external auditor reported, including basis for the preparation of financial statements and financial reporting standards that became effective and explain of the management to ensure that the financial statements prepared in accordance with the Generally Accepted Accounting Standards and with the criteria of the Stock Exchange of Thailand. The committee, then, accept such the financial reports for the benefits of investors or users of financial statements.

2. Review of Good Corporate Governance:

The committee has assigned internal auditor reviewed and report that the company's business operations are compliant with the Company's Corporate Governance and Business Code of Conduct Manual; laws related to doing business of the Company. Including awareness of the code of business conduct and anti-corruption measures.

3. Review of the Risk Management:

The committee has reviewed the risk management of the Company, acknowledged risk factors that might affect the business operation, which management reported in the board of directors' meeting. And discussed in order to set up practice guidelines and assign management being responsible for the operation and report the progress of the implementation and results. In addition, the committee has assigned an internal auditor to do a risk assessment at the operational level, used as information for making into an internal audit plan.

4. Review of Internal Control and Internal Audit:

The committee has reviewed, considered and approved the annual internal audit plan and evaluated the adequacy of the internal control system and risk management, having the opinion that the Company's internal control has been adequate and effective. In addition, the committee has provided recommendations that are beneficial to the improvement of the efficiency of the internal control system and risk management.

5. Review of Related Party Transactions:

The committee considered and gave opinion that the concerned related party transactions have been taken into account of the Company's benefits, transparency and equitable treatment to all shareholders in order to ensure that the Company has operated in accordance with the normal business conditions and has disclosed concerned information completely and adequately.

6. Self-assessment:

The committee made self-assessment, on an individual basis, regard to the Company's audit committee charter and the audit committee's best practices. The evaluation results show that the performance of the audit committee is complete according to the scope of duties and the best practices guidelines of the Stock Exchange of Thailand.

7. Appointment of the Independent Auditor:

The committee has considered qualifications of the external auditors, including audit fees and recommend the Board of Directors for consideration proposing in the Annual Shareholders' meeting the appointment of the Company auditor.

The Audit Committee performed its duties with prudence and express opinions freely. Such opinions are that the Company commits to good corporate governance policy; effective and adequate internal control system and risk management; practices in compliance with the law, rules, and regulations relating to the Company's business operation. The financial statement for the year ending 31 December 2019 indicated that financial status being of fairness in accordance with Thai Financial Reporting Standards, and adequate disclosure.

On behalf of the Audit Committee



(Dr.Oranuj Soongswang)

Chairman of the Audit Committee

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 2019

On behalf of the Board of Directors.



(Miss Dalad Saphavichaikul)
Chairman



(Mrs. Pimporn Chotirattanakul)
Managing Director

Report and Financial statements

31 December 2019

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 2019, 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 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit 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 76 million which is material to the statement of financial position as at 31 December 2019. Since today's textile industry is highly competitive, 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.

Fair value measurement on investment in Unifibre Co., Ltd.

As discussed in Note 10.1 to the financial statement, the Company sold its investment in ordinary shares of Unifibre Co., Ltd. and reclassified such investment from investment in associated company to other long-term investment. The Company recognised gain on fair value measurement from changes in status of investment in financial statement in which the equity method is applied of Baht 173.6 million. Management was required to exercise substantial judgement when measuring the fair value of investment which impact the fair value of the investment.

I gained an understanding of management consideration process on measuring fair value of investment and assessed the fair value of assets under such investment which had been prepared by the management and an independent valuation specialist, by considering the methods and significant assumptions used and evaluating the expertise, ability and integrity of the independent valuation specialist.

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.



Poonnard Paچارoen

Certified Public Accountant (Thailand) No. 5238

EY Office Limited

Bangkok: 25 February 2020

Statements of Financial position

As at 31 December 2019

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|-------------------------------------|------|---|----------------------|-------------------------------|--------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 112,365,933 | 120,681,102 | 112,365,933 | 120,681,102 |
| Trade and other receivables | 8 | 113,398,208 | 185,779,895 | 113,398,208 | 185,779,895 |
| Inventories | 9 | 208,788,032 | 177,318,351 | 208,788,032 | 177,318,351 |
| Other current assets | | 3,097,249 | 3,854,578 | 3,097,249 | 3,854,578 |
| Total current assets | | <u>437,649,422</u> | <u>487,633,926</u> | <u>437,649,422</u> | <u>487,633,926</u> |
| Non-current assets | | | | | |
| Restricted bond | 25.3 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Investments in associated companies | 10 | - | 253,482,089 | - | 25,000,100 |
| Other long-term investments | 11 | 551,563,613 | 141,149,300 | 162,209,400 | 141,149,300 |
| Investment properties | 12 | 50,763,292 | 53,041,780 | 50,763,292 | 53,041,780 |
| Property, plant and equipment | 13 | 112,191,681 | 133,403,738 | 112,191,681 | 133,403,738 |
| Deferred tax assets | 21 | - | 2,838,842 | 3,735,797 | 2,838,842 |
| Other non-current assets | 14 | 197,500 | 199,750 | 197,500 | 199,750 |
| Total non-current assets | | <u>725,716,086</u> | <u>595,115,499</u> | <u>340,097,670</u> | <u>366,633,510</u> |
| Total assets | | <u>1,163,365,508</u> | <u>1,082,749,425</u> | <u>777,747,092</u> | <u>854,267,436</u> |

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

Statements of Financial position (continued)

As at 31 December 2019

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|------|---|----------------------|-------------------------------|--------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 15 | 30,851,684 | 87,677,947 | 30,851,684 | 87,677,947 |
| Other current liabilities | | 789,126 | 397,008 | 789,126 | 397,008 |
| Total current liabilities | | 31,640,810 | 88,074,955 | 31,640,810 | 88,074,955 |
| Non-current liabilities | | | | | |
| Provision for long-term employee benefits | 16 | 48,746,331 | 36,415,245 | 48,746,331 | 36,415,245 |
| Deferred tax liabilities | 21 | 30,983,812 | - | - | - |
| Total non-current liabilities | | 79,730,143 | 36,415,245 | 48,746,331 | 36,415,245 |
| Total liabilities | | 111,370,953 | 124,490,200 | 80,387,141 | 124,490,200 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 15,000,000 preference shares of Baht 10 each | 17 | 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 |
| | | 600,000,000 | 600,000,000 | 600,000,000 | 600,000,000 |
| Issued and fully paid | | | | | |
| 15,000,000 preference shares of Baht 10 each | 17 | 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 | 18 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| Unappropriated | | 280,546,955 | 184,452,930 | (74,087,649) | (43,670,364) |
| Other components of shareholders' equity | | 21,447,600 | 23,806,295 | 21,447,600 | 23,447,600 |
| Total shareholders' equity | | 1,051,994,555 | 958,259,225 | 697,359,951 | 729,777,236 |
| Total liabilities and shareholders' equity | | 1,163,365,508 | 1,082,749,425 | 777,747,092 | 854,267,436 |

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

Income Statements

For the year ended 31 December 2019

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|------|---|--------------------|-------------------------------|--------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | |
| Sales and service income | | 511,058,999 | 760,573,167 | 511,058,999 | 760,573,167 |
| Other income | | | | | |
| Gain on sales of investment in associate | 10.1 | 10,632,333 | - | 23,797,440 | - |
| Gain on reclassification of other comprehensive income of associate | 10.1 | 359,475 | - | - | - |
| Gain on fair value measurement from changes in status of investment | 10.1 | 173,598,046 | - | - | - |
| Sales of scrap | | 16,138,627 | 23,900,749 | 16,138,627 | 23,900,749 |
| Rental income | | 18,544,413 | 20,969,572 | 18,544,413 | 20,969,572 |
| Dividend income from other long-term investments | 11 | 3,170,000 | 3,170,000 | 3,170,000 | 3,170,000 |
| Gains on sales of machinery and equipment | | 461,718 | 1,457 | 461,718 | 1,457 |
| Exchange gains | | 9,185,655 | 6,032,112 | 9,185,655 | 6,032,112 |
| Others | | 7,124,362 | 5,757,452 | 7,124,362 | 5,757,452 |
| Total revenues | | 750,273,628 | 820,404,509 | 589,481,214 | 820,404,509 |
| Expenses | | | | | |
| Cost of sales and service | | 551,031,008 | 738,131,793 | 551,031,008 | 738,131,793 |
| Allowance for diminution in value of inventories | 9 | 3,105,441 | 532,245 | 3,105,441 | 532,245 |
| Total cost of sales and service | | 554,136,449 | 738,664,038 | 554,136,449 | 738,664,038 |
| Selling and distribution expenses | | 8,361,891 | 8,693,356 | 8,361,891 | 8,693,356 |
| Administrative expenses | | 57,337,857 | 51,850,808 | 57,337,857 | 51,850,808 |
| Total expenses | | 619,836,197 | 799,208,202 | 619,836,197 | 799,208,202 |
| Profit (loss) before share of profit from investments in associated companies, finance costs and income tax expense | | | | | |
| Share of profit from investments in associated companies | 10.2 | 438,505 | 84,227,680 | - | - |
| Profit (loss) before finance cost and income tax expense | | 130,875,936 | 105,423,987 | (30,354,983) | 21,196,307 |
| Finance costs | | (748,125) | (498,532) | (748,125) | (498,532) |
| Profit (loss) before income tax expenses | | 130,127,811 | 104,925,455 | (31,103,108) | 20,697,775 |
| Income tax (expenses) income | 21 | (34,264,880) | (1,277,785) | 454,729 | (1,277,785) |
| Profit (loss) for the year | | 95,862,931 | 103,647,670 | (30,648,379) | 19,419,990 |
| Basic earnings per share (Baht) | | | | | |
| Profit (loss) for the year | 22 | 1.66 | 1.84 | (1.15) | (0.04) |

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

Statements of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|---|---------------------|-------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Profit (loss) for the year | <u>95,862,931</u> | <u>103,647,670</u> | <u>(30,648,379)</u> | <u>19,419,990</u> |
| Other comprehensive income: | | | | |
| <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 investments | | | | |
| Available-for-sale securities of the Company - net from income tax | (2,000,000) | 1,600,000 | (2,000,000) | 1,600,000 |
| Available-for-sale securities of the associated company - net from income tax | <u>22,750</u> | <u>(63,179,149)</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | <u>(1,977,250)</u> | <u>(61,579,149)</u> | <u>(2,000,000)</u> | <u>1,600,000</u> |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Actuarial gain-net of income tax | <u>231,094</u> | <u>3,260,767</u> | <u>231,094</u> | <u>3,260,767</u> |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods- net of income tax | <u>231,094</u> | <u>3,260,767</u> | <u>231,094</u> | <u>3,260,767</u> |
| Other comprehensive income for the year | <u>(1,746,156)</u> | <u>(58,318,382)</u> | <u>(1,768,906)</u> | <u>4,860,767</u> |
| Total comprehensive income for the year | <u>94,116,775</u> | <u>45,329,288</u> | <u>(32,417,285)</u> | <u>24,280,757</u> |

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

Statements of changes in shareholders' equity

For the year ended 31 December 2019

Financial statements in which the equity method is applied

(Unit: Baht)

| | Issued and paid-up share capital | | Retained earnings | | Other components of equity | | | Total shareholders' equity |
|---|----------------------------------|-----------------|----------------------------------|----------------|---|--|---------------------------------------|----------------------------|
| | Preference shares | Ordinary shares | Appropriated - statutory reserve | Unappropriated | Surplus on changes in value of available-for-sale investments | Available-for-sale investments of the associated company | | |
| | | | | | | Investments of the Company | Investments of the associated company | |
| Balance as at 1 January 2018 | 150,000,000 | 450,000,000 | 150,000,000 | 77,544,493 | 21,847,600 | 63,537,844 | 912,929,937 | |
| Profit for the year | - | - | - | 103,647,670 | - | - | 103,647,670 | |
| Other comprehensive income for the year | - | - | - | 3,260,767 | 1,600,000 | (63,179,149) | (58,318,382) | |
| Total comprehensive income for year | - | - | - | 106,908,437 | 1,600,000 | (63,179,149) | 45,329,288 | |
| Balance as at 31 December 2018 | 150,000,000 | 450,000,000 | 150,000,000 | 184,452,930 | 23,447,600 | 358,695 | 958,259,225 | |
| 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 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 | |

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

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

Separate financial statements

(Unit: Baht)

| | Issued and paid-up share capital | | Retained (deficit) earnings | | Other components of equity | Total shareholders' equity |
|---|----------------------------------|-----------------|--------------------------------|----------------|----------------------------|----------------------------|
| | Preference shares | Ordinary shares | Appropriated statutory reserve | Unappropriated | | |
| Balance as at 1 January 2018 | 150,000,000 | 450,000,000 | 150,000,000 | (66,351,121) | 21,847,600 | 705,496,479 |
| Profit for the year | - | - | - | 19,419,990 | - | 19,419,990 |
| Other comprehensive income for the year | - | - | - | 3,260,767 | 1,600,000 | 4,860,767 |
| Total comprehensive income for the year | - | - | - | 22,680,757 | 1,600,000 | 24,280,757 |
| Balance as at 31 December 2018 | 150,000,000 | 450,000,000 | 150,000,000 | (43,670,364) | 23,447,600 | 729,777,236 |
| Balance as at 1 January 2019 | 150,000,000 | 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 | 150,000,000 | (74,087,649) | 21,447,600 | 697,359,951 |

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

Cash flow Statement

For the year ended 31 December 2019

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|-------------------|-------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | 130,127,811 | 104,925,455 | (31,103,108) | 20,697,775 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 26,141,933 | 28,160,438 | 26,141,933 | 28,160,438 |
| Gains on write off/sale of machinery and equipment | (461,718) | (1,457) | (461,718) | (1,457) |
| Allowance for diminution in value of inventories | 3,105,441 | 532,245 | 3,105,441 | 532,245 |
| 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) | - | - | - |
| Share of profit from investments in associated companies | (438,505) | (84,227,680) | - | - |
| Dividend income | (3,170,000) | (3,170,000) | (3,170,000) | (3,170,000) |
| Unrealised loss on exchange | 5,220,514 | 759,177 | 5,220,514 | 759,177 |
| Provision for long-term employee benefits | 16,109,859 | 3,640,961 | 16,109,859 | 3,640,961 |
| Profit (loss) from operating activities before changes in operating assets and liabilities | (7,954,519) | 50,619,139 | (7,954,519) | 50,619,139 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 67,161,173 | (12,009,056) | 67,161,173 | (12,009,056) |
| Inventories | (34,575,122) | (11,208,325) | (34,575,122) | (11,208,325) |
| Other current assets | 1,867,681 | 1,007,322 | 1,867,681 | 1,007,322 |
| Other non-current assets | 2,250 | 4,500 | 2,250 | 4,500 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (56,826,263) | 32,815,298 | (56,826,263) | 32,815,298 |
| Other current liabilities | 392,118 | (461,379) | 392,118 | (461,379) |
| Provision for long-term employee benefits | (3,489,905) | (4,672,904) | (3,489,905) | (4,672,904) |
| Cash flows from (used in) operating activities | (33,422,587) | 56,094,595 | (33,422,587) | 56,094,595 |
| Cash paid for income tax | (1,110,352) | (1,257,544) | (1,110,352) | (1,257,544) |
| Net cash flows from (used in) operating activities | (34,532,939) | 54,837,051 | (34,532,939) | 54,837,051 |

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

Cash flow Statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|---------------------|-------------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from investing activities | | | | |
| Acquisition of machinery and equipment | (2,659,121) | (17,815,563) | (2,659,121) | (17,815,563) |
| Proceeds from sales of machinery and equipment | 469,451 | 1,701 | 469,451 | 1,701 |
| Proceeds from sales of investment in associate | 25,237,440 | - | 25,237,440 | - |
| Dividend income | 3,170,000 | 3,170,000 | 3,170,000 | 3,170,000 |
| Net cash flows (used in) investing activities | <u>26,217,770</u> | <u>(14,643,862)</u> | <u>26,217,770</u> | <u>(14,643,862)</u> |
| Cash flows from financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (8,315,169) | 40,193,189 | (8,315,169) | 40,193,189 |
| Cash and cash equivalents at beginning of year | 120,681,102 | 80,487,913 | 120,681,102 | 80,487,913 |
| Cash and cash equivalents at end of year | <u>112,365,933</u> | <u>120,681,102</u> | <u>112,365,933</u> | <u>120,681,102</u> |

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

Notes to Financial statements

For the year ended 31 December 2019

1. General information

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 Phraakanong Sub District, Phraakanong District, Bangkok

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

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 period

During the period, the Company have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. 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:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

| | |
|-------------------------|--|
| TAS 11 (revised 2017) | Construction contracts |
| TAS 18 (revised 2017) | Revenue |
| TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate |
| TFRIC 18 (revised 2017) | Transfers of Assets from Customers |

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects

to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised 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 except the following new standards which involve 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 entities' 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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company believes that adoption of these standards to result in the followings:

Classification and measurement of investments in equity instruments of non-listed companies

The Company is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable. The Company decided to classify the investments as financial assets at fair value through other comprehensive income. From the initial measurement, the fair value of such investments is approximately Baht 230 million - Baht 280 million, which has increased from the cost method by Baht 108 million - Baht 148 million (net from impact of income tax). However, the Company's management is currently evaluating the final impact of these standards on the financial statements in the year they are adopted.

Recognition of credit losses

The Company is to 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.

The Company's management believes that the recognition of credit loss under this standards does not have any significant impact on the Company's financial statements.

Recognition of forward contracts

The Company is to initially recognise 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 believes that the recognition of forward contracts under this standards does not have any significant impact on the Company's financial statements.

TFRS 16 Leases

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

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

The Company's management believes that this standards does not have any significant impact on the Company's financial statement.

4. Significant accounting policies

4.1 Revenue 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.

Rental income

Rental income is recognised on an accrual basis based on the contract period.

4.2 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.

4.3 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 experiences and analysis of debt aging.

4.4 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.

4.5 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).
- c) Investments in associated companies are accounted for in the financial statements in which the equity method is applied using the equity method less allowance for loss on impairment (if any).
- d) Investments in associated companies are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (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.

4.6 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

4.7 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, assets under installation and under construction.

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.

4.8 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.

4.9 Long-term leases

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.

4.10 Foreign currencies

The financial statements, in which the equity meted 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, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.12 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 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.

4.13 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.

4.14 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.

4.15 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.

5. 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:

Fair value of investment in equity securities

In determining the fair value of investment in equity securities that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models which include many of factors and assumptions used in such models. Change in assumptions about these factors could affect the fair value disclosed in the financial statement.

Allowance of diminution in value of inventories

In determining an allowance of diminution in value of inventories, the management makes judgement and estimates net realisable value of inventories. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

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.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit 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.

6. 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)

| | 2019 | 2018 | Pricing policy |
|--|------|------|---------------------------------------|
| Transactions with parent company | | | |
| Purchases of raw materials | 297 | 371 | Cost plus margin of parent company |
| Transactions with related companies | | | |
| Sales of goods | 2 | 3 | Cost plus margin |
| Purchase of goods and raw materials | 1 | 2 | Cost plus margin of related companies |
| Rental income | 18 | 21 | Contract price |
| Other income | 1 | 1 | Contract price |

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | 2019 | 2018 |
|---|-------|--------|
| Trade and other receivables - related parties (Note 8) | | |
| Related companies (Has common shareholders) | 1,137 | 614 |
| Related company (Held by the Company) | 83 | 100 |
| Others | 6 | 7 |
| Total trade and other receivables - related parties | 1,226 | 721 |
| Trade and other payables - related parties (Note 15) | | |
| Parent company | 5,272 | 53,339 |
| Associated company | 629 | 629 |
| Related companies (Has common shareholders) | 651 | 83 |
| Total trade and other payables - related parties | 6,552 | 54,051 |

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

| | 2019 | 2018 |
|------------------------------|--------|--------|
| Short-term employee benefits | 11,823 | 11,786 |
| Post-employment benefits | 907 | 151 |
| Total | 12,730 | 11,937 |

7. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|------------------|-----------------------|---------|
| | 2019 | 2018 |
| Cash | 32 | 34 |
| Bank deposits | 2,539 | 40,726 |
| Short-term bonds | 109,795 | 79,921 |
| Total | 112,366 | 120,681 |

As at 31 December 2019, bank deposits in saving accounts and short-term bonds carried interests between 0.38 to 1.40 percent per annum (2018: 0.38 to 1.04 percent per annum).

8. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------|
| | 2019 | 2018 |
| <u>Trade receivables - related parties</u> | | |
| Age of receivables | | |
| Not yet due | 948 | 305 |
| Total trade receivables - related parties | 948 | 305 |
| <u>Trade receivables - unrelated parties</u> | | |
| Age of receivables | | |
| Not yet due | 95,336 | 165,605 |
| Past due up to 3 months | 13,852 | 11,552 |
| Past due 3 - 6 months | - | 200 |
| Total trade receivables - unrelated parties | 109,188 | 177,357 |
| Total trade receivables - net | 110,136 | 177,662 |
| <u>Other receivables</u> | | |
| Other receivables - related parties | 278 | 416 |
| Other receivables - unrelated parties | 2,984 | 7,702 |
| Total | 3,262 | 8,118 |
| Total trade and other receivables | 113,398 | 185,780 |

9. Inventories

| | (Unit: Thousand Baht) | | | | | |
|----------------------------------|-----------------------|---------|-------------------------------------|---------|-----------------|---------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 48,993 | 31,536 | (4,232) | (1,127) | 44,761 | 30,409 |
| Work in process | 14,531 | 29,590 | - | - | 14,531 | 29,590 |
| Raw materials and chemicals | 149,434 | 117,209 | - | - | 149,434 | 117,209 |
| Spare parts and factory supplies | 325 | 373 | (263) | (263) | 62 | 110 |
| Total | 213,283 | 178,708 | (4,495) | (1,390) | 208,788 | 177,318 |

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|-------|
| | 2019 | 2018 |
| Balance as at 1 January | 1,390 | 858 |
| Add: Reduce cost to net realisable value increase during the period | 3,105 | 532 |
| Balance as at 31 December | 4,495 | 1,390 |

10. Investments in associated companies**10.1 Details of associated companies**

(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 | |
|---|--|--------------------------|-------------------------|-------|--|----------|-------------------------------|-----------|
| | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | % | % | | | | |
| Unifibre Co., Ltd. | Investment Agency and service business, Distribution of textile products and other materials | Thailand | - | 20.83 | - | 253,482 | - | 25,000 |
| 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 companies | | | | | 16,950 | 270,432 | 190,000 | 215,000 |
| Less: Allowance for impairment loss on investment in TCUA | | | | | (16,950) | (16,950) | (190,000) | (190,000) |
| Total investments in associated companies - net | | | | | - | 253,482 | - | 25,000 |

Unifibre Co., Ltd.

On 25 June 2019, the Board of Directors' Meeting of the Company passed a resolution approving the sale of 14,400 ordinary shares of its investment in Unifibre Company Limited to Saha-Union Public Company Limited at a price of Baht 1,752.6 per share, or for a total of Baht 25.2 million. The shares were transferred on 28 June 2019. The Company recognised a gain on the sale of this investment of Baht 10.6 million in the income statement under the equity method and Baht 23.8 million in the separate income statement.

Taking into account that the sale of investment resulted in a decrease in the Company's shareholding in Unifibre Company Limited to 19.63%, and the Company does not take part in management of such company since then. The Company decided that the sale resulted in a reclassification of the investment from investment in associated company to other long-term investment, and recognised a gain on reclassification of other comprehensive income of such associate of Baht 0.4 million in the income statement under the equity method.

In addition, the Company recognised gain on fair value measurement from changes in status of investment in the financial statement in which the equity method is applied of Baht 173.6 million.

Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA")

The joint venture agreement between the Company and Ten Cate Advanced Textiles BV, a company incorporated in the Netherlands, for the establishment of TCUA contains certain conditions and restrictions, including a restriction on the transfer of shares of TCUA unless prior consent has been obtained in writing from the other party.

The agreement also describes material events in case of which either shareholder may request TCUA's board of directors to call a shareholders' meeting to decide whether to dissolve and liquidate TCUA. Such material events are as follows:

- 1) The return on equity (ROE) of TCUA is less than 5 percent for any 3 consecutive years, commencing from 2009, or
- 2) TCUA has accumulated losses in excess of 50 percent of its registered capital.

As at 31 December 2012, the return on equity of TCUA had been less than 5 percent for 4 consecutive years, commencing from 1 January 2009, and TCUA has accumulated losses in excess of 50 percent of its registered capital. In view of above-mentioned contractual requirement, there is uncertainty as to whether TCUA will be able to continue as a going concern especially when it had lost one major customer in the fourth quarter of 2012. For prudent reasons, the Company has set aside full allowance for impairment of its investment in TCUA.

Subsequently on 11 March 2013, TCUA held an Extraordinary General Shareholders Meeting and this meeting resolved to dissolve TCUA's business operations. TCUA filed for deregistration with the Ministry of Commerce on 22 March 2013. At the present, TCUA is in the process of liquidation.

10.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of comprehensive income from investments in associated companies in the financial statements in which the equity method is applied as follows:

(Unit: Thousand Baht)

| Company's name | Financial statements in which the equity method is applied | | | |
|--------------------|--|--------|--|----------|
| | Share of profit from investments in associated companies during the year | | Share of other comprehensive income from investments in associated companies during the year | |
| | 2019 | 2018 | 2019 | 2018 |
| Unifibre Co., Ltd. | 439 | 84,228 | 23 | (63,179) |
| Total | 439 | 84,228 | 23 | (63,179) |

The Company ceased recognising its share of profit/loss from Ten Cate-Union Protective Fabrics Asia Ltd. ("TCUA") because the Company has set aside full allowance for impairment of its investment in TCUA, as discussed in Note 10.1 to financial statements.

The Company had no dividend received from associated companies in years 2019 and 2018.

10.3 Summarised financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

| | Unifibre Co., Ltd. | |
|--|--------------------|-------|
| | 2019 | 2018 |
| Current assets | - | 227 |
| Non-current assets | - | 1,148 |
| Current liabilities | - | 156 |
| Non-current liabilities | - | 3 |
| Net assets | - | 1,216 |
| Shareholding percentage (%) | - | 20.83 |
| Share of net assets | - | 253 |
| Carrying amounts of associate based on equity method | - | 253 |

Summarised information about comprehensive income

(Unit: Million Baht)

| | Unifibre Co., Ltd. | |
|----------------------------|--------------------------------|------|
| | For the year ended 31 December | |
| | 2019 | 2018 |
| Revenue | - | 528 |
| Profit | - | 404 |
| Total comprehensive income | - | 101 |

As at 31 December 2019 investment in Unifibre Co., Ltd. was reclassified to other long-term investment as discussed in Note 10.1 to the financial statements

11. Other long-term investments

| | Shareholding percentage | | Investment value | | | |
|---|-------------------------|-----------|--|---------------|------------------------------|---------------|
| | 2019 | 2018 | Financial statements in which the equity method is applied | | Separate financial statement | |
| | | | 2019 | 2018 | 2019 | 2018 |
| | % | % | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| | | (Audited) | | (Audited) | | (Audited) |
| Investment in available-for-sale securities | | | | | | |
| Saha-Union Plc. | 0.33 | 0.33 | 16,191 | 16,191 | 16,191 | 16,191 |
| Add: Unrealised gain from change in value of investment | | | 26,809 | 29,309 | 26,809 | 29,309 |
| Investment in available-for-sale securities, net | | | 43,000 | 45,500 | 43,000 | 45,500 |
| Investment in other companies | | | | | | |
| Unifibre Co., Ltd | 19.63 | - | 412,915 | - | 23,560 | - |
| Union Business Management Co., Ltd. | 19.00 | 19.00 | 94,999 | 94,999 | 94,999 | 94,999 |
| Union Micronclean Co., Ltd. | 13.00 | 13.00 | 650 | 650 | 650 | 650 |
| Total investments in other companies | | | 508,564 | 95,649 | 119,209 | 95,649 |
| Total other long-term investments - net | | | 551,564 | 141,149 | 162,209 | 141,149 |

During the year, the status of the investment in Unifibre Company Limited changed from investment in associate to other long-term investment, as discussed in Note 10.1 to the financial statements.

During the current year, the Company received dividends Baht 1 million from Union Micronclean Co., Ltd and Baht 2 million from Saha-Union Plc. (2018: Baht 1 million from Union Micronclean Co., Ltd and Baht 2 million from Saha-Union).

12. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

| | (Unit: Thousand Baht) | | |
|--------------------------------------|-----------------------------------|------------------------------|-----------|
| | Land awaiting sales / Leased land | Plants for use in investment | Total |
| 31 December 2019 | | | |
| Cost | 46,852 | 179,430 | 226,282 |
| <u>Less</u> Accumulated depreciation | - | (175,519) | (175,519) |
| Net book value | 46,852 | 3,911 | 50,763 |
| 31 December 2018 | | | |
| Cost | 46,852 | 179,430 | 226,282 |
| <u>Less</u> Accumulated depreciation | - | (173,240) | (173,240) |
| Net book value | 46,852 | 6,190 | 53,042 |

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

| | (Unit: Thousand Baht) | |
|-------------------------------------|-----------------------|---------|
| | 2019 | 2018 |
| Net book value at beginning of year | 53,042 | 55,320 |
| Depreciation charged | (2,279) | (2,278) |
| Net book value at end of year | 50,763 | 53,042 |

As at 31 December 2019, 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 670 million, while that of the plant for rent has been determined using the income approach Baht 7 million. Key assumptions used in the valuation include yield rate, long-term vacancy rate and rental rates.

13. Property, plant and equipment

(Unit: Thousand Baht)

| | Land | Buildings and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Assets under installation and under construction | Total |
|---|--------|------------------------------------|-------------------------|--|----------------|--|-----------|
| Cost | | | | | | | |
| As at 1 January 2018 | 29,873 | 195,101 | 1,484,743 | 20,208 | 15,648 | 190 | 1,745,763 |
| Additions | - | - | 2,028 | 602 | 650 | 14,536 | 17,816 |
| Disposals / write-off | - | - | (11,468) | (65) | (16) | - | (11,549) |
| Transfer between classes of accounts | - | 2,760 | 11,966 | - | - | (14,726) | - |
| As at 31 December 2018 | 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 |
| Accumulated depreciation | | | | | | | |
| As at 1 January 2018 | - | 184,446 | 1,386,199 | 18,879 | 14,769 | - | 1,604,293 |
| Depreciation for the year | - | 2,963 | 22,039 | 581 | 299 | - | 25,882 |
| Depreciation on disposals / write-off | - | - | (11,468) | (65) | (16) | - | (11,549) |
| As at 31 December 2018 | - | 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 |
| Net book value | | | | | | | |
| 31 December 2018 | 29,873 | 10,452 | 90,499 | 1,350 | 1,230 | - | 133,404 |
| 31 December 2019 | 29,873 | 7,610 | 72,837 | 957 | 915 | - | 112,192 |
| Depreciation for the year | | | | | | | |
| 2018 (Baht 22 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | 25,882 |
| 2019 (Baht 21 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | 23,863 |

As at 31 December 2019, the Company has net book value of machinery and equipment for rental Baht 3 million (2018: 4 million).

As at 31 December 2019, certain plant 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 1,392 million (2018: Baht 1,401 million).

14. 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.

15. Trade and other payables

(Unit: Thousand Baht)

| | 2019 | 2018 |
|--|---------------|---------------|
| Trade accounts payable - related parties | 6,207 | 53,685 |
| Trade accounts payable - unrelated parties | 9,477 | 16,428 |
| Other payable - related parties | 345 | 366 |
| Accrued expenses | 14,823 | 17,199 |
| Total trade and other payables | 30,852 | 87,678 |

16. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2019 and 2018, which is compensations on employees' retirement, was as follows:

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------------|
| | 2019 | 2018 |
| Present value of defined benefit obligation | 78,554 | 65,615 |
| Fair value of plan assets | (29,808) | (29,200) |
| Net defined benefit liability | <u>48,746</u> | <u>36,415</u> |

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

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------|
| | 2019 | 2018 |
| Defined benefit obligation at beginning of year | 65,615 | 71,524 |
| Included in profit or loss: | | |
| Past service cost | 12,070 | - |
| Current service cost | 3,372 | 3,199 |
| Interest cost | 1,575 | 1,285 |
| Included in other comprehensive income: | | |
| Actuarial gain (loss) arising from | | |
| Demographic assumptions changes | - | (182) |
| Financial assumptions changes | - | 2,323 |
| Experience adjustments | (289) | (6,217) |
| Benefits paid during the year | (3,789) | (6,317) |
| Defined benefit obligation at end of year | <u>78,554</u> | <u>65,615</u> |
| Fair value of plan assets at beginning of year | 29,200 | 30,001 |
| Included in profit or loss: | | |
| Change in fair value | 907 | 843 |
| Contribution by the Company | 2,135 | 2,230 |
| Paid during the year | (2,434) | (3,874) |
| Fair value of plan assets at end of year | <u>29,808</u> | <u>29,200</u> |

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 of Baht 12.1 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current period.

The Company expects to pay Baht 9.3 million of long-term employee benefits during the next year (2018: Baht 7.0 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2018: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

| | 2019 | 2018 |
|--|---------------|---------------|
| | (% per annum) | (% per annum) |
| Discount rate | 1.6 | 2.6 |
| Future salary increase rate (depending on age of employee) | 2.0 - 3.0 | 3.5 - 5.5 |
| Turnover rate | 0.0 - 40.0 | 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 2019 and 2018 are summarised below:

| | % | 2019 | | 2018 | |
|-----------------------------|-------|----------|----------|----------|----------|
| | | Increase | Decrease | Increase | Decrease |
| Discount rate | 1.00 | (3,345) | 3,686 | (3,503) | 3,874 |
| Future salary increase rate | 1.00 | 5,020 | (4,606) | 3,782 | (3,491) |
| Turnover rate | 20.00 | (1,642) | 1,785 | (759) | 834 |

17. 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 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 2019 totalled Baht 147 million (2018: Baht 147 million).

18. 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 2019, 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.

19. Expenses by nature

Significant expenses by nature are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------|
| | 2019 | 2018 |
| Salary and wages and other employee benefits | 139,526 | 139,461 |
| Depreciation | 26,142 | 28,160 |
| Utilities expenses | 92,389 | 119,946 |
| Raw materials and consumables used | 328,237 | 469,294 |
| Changes in inventories of finished goods and work in process | 707 | 574 |

20. 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.

21. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

| | (Unit: Thousand Baht) | |
|---|-------------------------------|--------------|
| | For the years end 31 December | |
| | 2019 | 2018 |
| Current income tax: | | |
| Current income tax charge | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 34,265 | 1,278 |
| Income tax expenses reported in the profit or loss | 34,265 | 1,278 |

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2019 and 2018 are as follows:

| | (Unit: Thousand Baht) | |
|---|-------------------------------|--------------|
| | For the years end 31 December | |
| | 2019 | 2018 |
| Deferred tax on change in value of available-for-sale investments | (500) | 400 |
| Actuarial gain | 58 | 815 |
| | (442) | 1,215 |

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

| | (Unit: Thousand Baht) | | | |
|---|--|----------|---------------------------------|---------|
| | Financial statements in which the equity method is applied | | Separate financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting profit before tax | 130,128 | 104,925 | (31,103) | 20,698 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by applicable tax rate | 26,026 | 20,985 | (6,221) | 4,140 |
| Effects of: | | | | |
| Non-deductible expenses | 639 | 122 | 639 | 122 |
| Tax-exempt dividend income | (634) | (634) | (634) | (634) |
| Share of profit from investment in associate | (88) | (16,485) | - | - |
| 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 | 5,761 | (2,350) | 5,761 | (2,350) |
| Total | 8,239 | (19,707) | 5,766 | (2,862) |
| Income tax expenses reported in the profit or loss | 34,265 | 1,278 | (455) | 1,278 |

The components of deferred tax assets in statement of financial position as at 31 December 2019 and 2018 are as follows:

| | (Unit: Thousand Baht) | | | |
|---|--|--------------|---------------------------------|--------------|
| | Financial statements in which the equity method is applied | | Separate financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | | | | |
| Provision for long-term employee benefits | 9,749 | 7,238 | 9,749 | 7,283 |
| Unused tax losses | - | 2,379 | - | 2,379 |
| Deferred tax liabilities | | | | |
| Unrealised gain from revaluation of investments | (40,082) | (5,682) | (5,362) | (5,862) |
| Others | (651) | (961) | (651) | (961) |
| Total deferred tax assets (liabilities) | (30,984) | 2,839 | 3,736 | 2,839 |

As at 31 December 2019, the Company has deductible temporary differences and unused tax losses totaling Baht 272 million (2018: Baht 269 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 42 million will expire by 2019.

22. Basic earnings per share

Basic earnings share is calculated by dividing profit 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 per share:

| | Financial statements in which the equity method is applied | | | | | |
|---|--|------------------|--|--------------------|-----------------------------|---------------|
| | Profit | | Weighted average number of ordinary shares | | Basic earnings per share | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Profit | 95,863 | 103,648 | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |
| Profit attributable to ordinary shares | 74,863 | 82,648 | 45,000 | 45,000 | 1.66 | 1.84 |
| | Separate financial statements | | | | | |
| | Profit | | Weighted average number of ordinary shares | | Basic earnings per share | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht |
| Profit (Loss) | (30,648) | 19,420 | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |
| Loss attributable to ordinary shares | (51,648) | (1,580) | 45,000 | 45,000 | (1.15) | (0.04) |

23. 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 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) | |
|---------------------------------|----------------------|------------|
| | 2019 | 2018 |
| Revenue from external customers | | |
| United Kingdom | 131 | 191 |
| Italy | 161 | 352 |
| Thailand | 65 | 105 |
| Others | 154 | 113 |
| Total | <u>511</u> | <u>761</u> |

Major customers

For the year 2019, the Company has revenue from two major customers in totaling amount of Baht 292 million (2018: Baht 543 million).

24. 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 2019 amounting to approximately Baht 2 million (2018: Baht 2 million) were recognised as expenses.

25. Commitment and contingent liabilities

25.1 Purchase of raw material commitment and capital commitment

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

As at 31 December 2018, the Company had capital commitments of Baht 0.3 million, relating to purchase the electrical equipment.

25.2 Operating lease commitment

The Company has entered into operating leases relating to car rental and other agreements, with terms generally averaging 1 to 3 year.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit: Million Baht)

| | 2019 | 2018 |
|-----------------------------|------|------|
| In up to 1 year | 1 | 1 |
| In over 1 and up to 3 years | 1 | - |

25.3 Guarantees

As at 31 December 2019, the Company pledge BOT bond of Baht 11 million with Metropolitan Electricity Authority to guarantee the usage of electricity (2018: 11 million).

As at 31 December 2019, 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 (2018: Baht 1.6 million).

26. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets and liabilities that were measured at fair value using different levels of inputs except for investments in other companies which discussed in Note 3 (b) to the financial statements, as follows:

(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 property | - | 670 | 7 | 677 |

(Unit: Million Baht)

As at 31 December 2018

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Asset measured at fair value | | | | |
| Available-for-sale securities | 46 | - | - | 46 |
| Assets for which fair value are disclosed | | | | |
| Investment property | - | 670 | 9 | 679 |

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, and trade and other payables. 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 accounts receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivables, as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and investment in BOT bonds. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Company is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates 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 reprising date if this occurs before the maturity date.

(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 | - |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 31 | 31 | - |

(Unit: Million Baht)

Financial statements in which the equity method is applied
as at 31 December 2018

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|-------------------------------------|--|------------------------------|-------------------------|-------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | 80 | 41 | - | 121 | 0.38 - 1.40 |
| Trade and other receivables | - | - | 186 | 186 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Investments in associated companies | - | - | 253 | 253 | - |
| Other long-term investments | - | - | 141 | 141 | - |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 88 | 88 | - |

(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 | - |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 31 | 31 | - |

(Unit: Million Baht)

Separate financial statements
as at 31 December 2018

| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% p.a.) |
|-------------------------------------|--|------------------------------|-------------------------|-------|--|
| Financial assets | | | | | |
| Cash and cash equivalents | 80 | 41 | - | 121 | 0.38 - 1.40 |
| Trade and other receivables | - | - | 186 | 186 | - |
| Restricted bond | 11 | - | - | 11 | 1.62 |
| Investments in associated companies | - | - | 25 | 25 | - |
| Other long-term investments | - | - | 141 | 141 | - |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 88 | 88 | - |

Foreign currency risk

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

As at 31 December 2019 and 2018, the balances of financial assets denominated in foreign currencies are summarised below.

| Foreign currency | Financial assets | | Average exchange rate | |
|------------------|-------------------|-------------------|--|--|
| | 2019 (Million) | 2018 (Million) | 2019 (Baht per 1 foreign currency unit) | 2018 (Baht per 1 foreign currency unit) |
| US dollar | 1.70 | 2.59 | 29.8855 | 32.1924 |
| Euro | 1.42 | 2.03 | 33.2713 | 36.6577 |

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2019

| Foreign currency | Sold amount (Million) | Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit) | Contractual maturity date |
|------------------|--------------------------|--|------------------------------|
| US dollar | 2.04 | 29.78 - 31.62 | 27/03/20 - 18/12/20 |
| Euro | 1.34 | 33.50 - 37.20 | 10/01/20 - 11/12/20 |

As at 31 December 2018

| Foreign currency | Sold amount (Million) | Weighted average contractual exchange rate to sell (Baht per 1 foreign currency unit) | Contractual maturity date |
|------------------|--------------------------|--|------------------------------|
| US dollar | 3.70 | 31.81 - 32.98 | 02/07/19 - 24/12/19 |
| Euro | 2.25 | 37.45 - 39.55 | 17/01/19 - 27/12/19 |

27.2 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. Fair value of long-term investments in non-listed securities is disclosed in Note 3 to the financial statements

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

28. 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 2019, debt to equity ratio in the financial statements, in which the equity method is applied, was 0.11:1 (2018: 0.13:1) and debt to equity ratio in the separate financial statements was 0.12:1 (2018: 0.17:1).

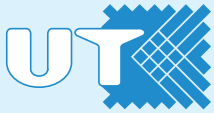
29. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 25 February 2020.

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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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