



Thiensurat Public Company Limited

2019

Annual Report

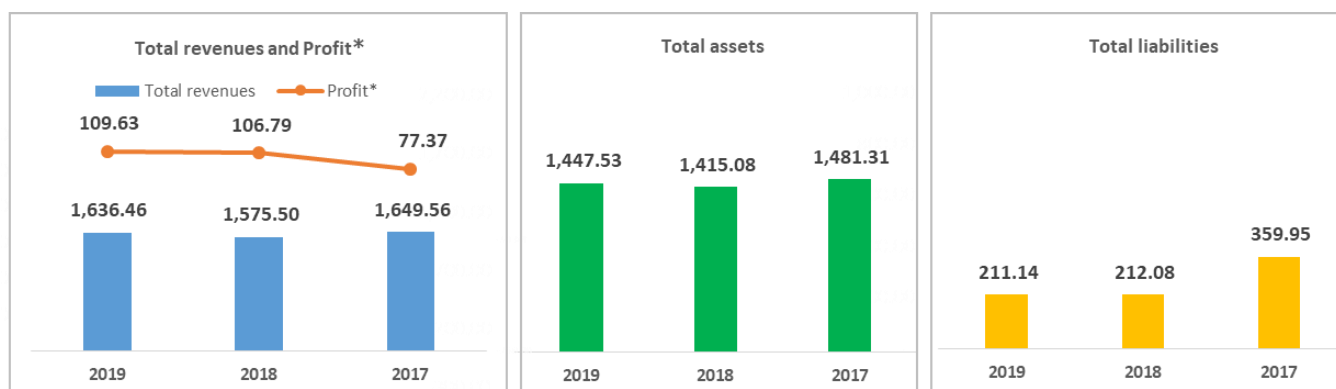
Financial Highlights

Thiensurat Public Company Limited and its subsidiaries

Financial Highlights

Consolidated financial statements (Unit: Million Baht)	2019	2018	2017
Sales	1,456.36	1,378.50	1,431.69
Total revenues	1,636.46	1,575.50	1,649.56
Gross profit	1,227.33	1,186.98	1,249.14
Cost of sales	(409.12)	(388.52)	(400.42)
Selling and distribution expenses	(593.67)	(537.19)	(595.00)
Administrative expenses	(401.86)	(387.30)	(427.89)
Profit*	109.63	106.79	77.37
Total assets	1,447.53	1,415.08	1,481.31
Total liabilities	211.14	212.08	359.95
Total shareholders' equity	1,236.39	1,203.00	1,121.36
Financial ratio			
Net profit margin (%)	6.69	6.66	4.51
Return on equity (%)	8.98	9.03	7.08
Return on assets (%)	7.65	7.24	4.45
Dividend payout (%)	76.15	91.35	82.75
Debt to equity (Time)	0.17	0.18	0.32
Earnings per share (Baht)	0.20	0.21	0.16
Dividend per share (Baht)	0.14	0.16	0.14
Book value per share (Baht)	2.24	2.18	2.16

Remark: *Profit attributable to Equity holders of the Company



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Message from Board of Directors

2019 is another challenging year for the company. Amid the country's economic slowdown and the digital disruption that influence consumption behavior change. The company has adjusted strategic plans and improved operational efficiency in many areas to support stable and sustainable growth in the future by fine-tuning its business plan to enhance operating results.

The company has adapted its sales strategy and operation plan to generate sales growth by analyzing the factors that affect various sales channels such as direct sales group, which is the group that generates the most revenue of the company. The company not only increased the number of sales teams, but also managed to maintain salespersons and reduce the turnover rate. To illustrate, 2019 saw a lower resignation rate of new employees than previous years. As a result, the company has maintained experienced salespersons whom could help contribute to a higher sales rate. Furthermore, the company organized marketing activities to support distribution to be more convenient and able to reach a wider range of customers. In doing so, 'SAFE' brand awareness was created among consumers such as using a celebrity as presenter and advertising through various media and channels.

Over the past few years, the company had developed and implemented information technology systems, both in sales and operations support. In 2019, the company had applied information technology tools to enhance the ability to manage the sales team to be more efficient such as the use of GIS to manage sales areas. This helped the management to monitor sales routes and work practices as well as the sales data of each vehicles team in real time. This enabled the company to boost sales each day. In addition, the company had increased the convenience for customers to pay for product installments via Direct Payment, Counter Service and using QR Code. These methods reduced the collection costs of the company, which is one of the expense management policies.

The company had increased the efficiency of operations by working with companies in the group to make their operations more concise and efficient. Some personnel were appointed/transferred to support the company's sales. This included the use of various measures to manage operating costs such as reduction of unnecessary administrative expenses. In addition, the resolution of the Board of Directors approved the closure of the Fadder Thai Company Limited, a subsidiary, in order to cut the expenditures. However, the closure of said company will not have any significant impact on the company's operations in any way.

As for the performance in 2019, the company and its subsidiaries generated total revenue including interest from hire purchase and income from loans of the subsidiary (total revenue) of 1,636.46 million baht. This was an increase of 3.87 percent from the previous year due to the effective and efficient management of the sales team. The group's net profit was 109.63 million baht, an increase of 2.66% from the previous year. The group has doubtful accounts and bad debts in the amount of 134.20 million baht, a decrease of 20.37 percent from the previous year. This decrease was attributable to the company's stricter measures for credit approval and debt quality management, along with appropriate review of its strategies, plans and measures to be suitable for the current situation. In addition to generating more sales, the company also focused on cost management and control through the remuneration structure adjustment in order to be more in line with the current cost structure of the company. The information technology systems for sales systems, inspection and various operations support were also introduced and implemented to enhance operational efficiency.

For 2020, the company remains committed to building the capability and capacity of the sales team in all channels, direct sales and O2O (Online to Offline), which is marketed via online channel. The company uses the strengths of long-established direct sales to enable sales for online group customers. The service team, considered one of the strengths of the company, has also been developed and strengthened to spread in almost all major cities throughout Thailand. In addition, the company is still committed to delivering good quality to customers by researching and developing new

products including water filters and electrical appliances in order to meet the needs of more diverse customers with impressive services.

The company operates business with transparency and good governance in accordance with good corporate governance principles. In the past year, it was a year that proved our commitment to sustainable business. The company received an 'excellent' corporate governance assessment of the listed Thai companies for 2019 from the Thai Institute of Directors (IOD). This reflects better performance comparing to the previous years, that had been assessed 'very good' for 3 consecutive years. In addition, to promote better social responsibility, the company has prepared "Sharing Clean Water from the Safe Project", which is a project to donate drinking water filters to schools to provide good health to students and school personnel. This is a continuous project and in 2019, the company donated approximately 3,800 water filters to 400 schools under the Bangkok Metropolitan Administration.

The Board of Directors would like to thank all shareholders, customers, business partners and all stakeholders for their trust and support in the company's operations as well as thank you for the cooperation, collaboration and dedication of the work of the management team and all staff. The company is committed to conducting business in accordance with the principles of good corporate governance, honesty, prudence, along with its continued commitment on various operations concerning social and environmental responsibility. This included taking into account the highest interests of all stakeholders to build business growth towards sustainability and stability.

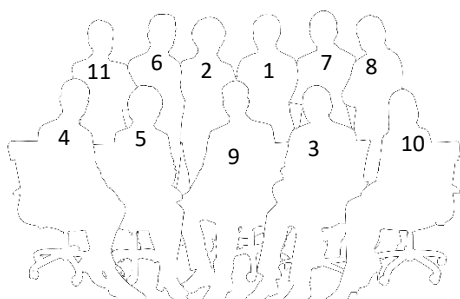


(Mr. Sahas Treetipbut)
Chairman of the Board of Directors



(Mr. Ekarat Changyoo)
Chief Executive Officer

Board of Directors



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

Policy and business overview

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

Since 1976, or for 42 years thus far, the Company has been operating a water purifier sale and distribution business through single-level direct-sales channel. The Company's customer network consists of customers in Bangkok and its vicinity as well as those in big cities in the provinces. To further expand its business, the Company is opening provincial branches across the country to better serve its customers. Moreover, its distribution new channels were expanded to outlets of modern trades and Online

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

In 2019, the company launched a new service titled "SAFE MAN" with Mr. Methanee Buranasiri (Nino) as a presenter to develop the sales team and service to be of high quality, suitable and modern. Various services were offered such as free delivery and installation, repair and filter replacement, alternative choices to credit card for payment methods and installments, as well as water consultation services and demonstration of the products at customers' homes.

1.1 Vision and Mission statements

The company proposed the vision and mission to the Board of Directors' meeting No.13/2019, held on 17 October 2019. This vision and mission has been published on company's website and organizing a meeting in order for the business to have a goal in the same direction.

Vision

To be a leader of water purifier in Thailand and in CLMV countries

Mission

- Provide quality and modern product.
- Fulfill Customers' relationship satisfaction and commitment
- Expand business base to CLMV countries
- Provide shareholders sustainable return
- Enhance greater capacity, stability and quality of life to uphold employee engagement.
- Be responsible towards social and environment

TSR Core Value

We are SAFE: SAFE are We

S (Satisfaction)	Satisfaction of customers, employees and the Company
A (Adaptation)	Continuous adaptation and improvement
F (Firm Company)	Firm organization with good management
E (Excellent Service)	Excellence in services, both internally and externally

Company Codes of Conduct

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

TSR Core Competency SMARTs

S	(Service Mind)
M	(Moral)
A	(Achievement)
R	(Responsibility)
T	(Teamwork)
S	(Self-Learning)

1.2 Important milestones

- 2013** - The Company was registered as a public company as Thiensurat Public Company Limited and raised its registered capital to Baht 344.00 million. Out of this amount, Baht 258.00 million was paid-up capital.
- 2014** - The Company's first day of trading on the Stock Exchange of Thailand symbol "TSR".
- 2015** - On 12 May, the Company increased the registered capital from Baht 344.00 million to Baht 602.00 million. The paid-up capital was Baht 344.00 million.
- On 18 June, paid-up capital of the Company increased from Baht 344.00 million to Baht 401.33 million. As a result of the partial dividend payment in terms of ordinary shares.
 - The Company purchased ordinary shares of Fedders Thai Company Limited ("Fedders") from the existing shareholders. The Company holds 59.99% of Fedders.
 - On 21 December, The Company issued and allocated free warrants no.1 (TSR-W1) in the amount of 200,666,316 units. TSR-W1 is valid for 3 years from the date of issuance.
 - The Company launched 3 new models of water purifiers which were ROMA Alkaline Plus, a notable feature of filtering water with RO System (Reverse Osmosis). UV Alkaline, a notable feature disinfection with UV radiation and i-Life with high filtration efficiency and has a compact format with UF water filtration system.
 - In late November, the Company launched water heater under brand "Safe Electrics" and sold through Modern Trade and website (www.safealkaline.com).
- 2016** - On 2 June, the Company increased the registered capital from Baht 401.33 million to Baht 467.18 million as a result of the partial dividend payment in terms of ordinary shares on 19 May and a result of exercise warrants (TSR-W1) on 31 May.
- 11 July, the Company has registered a new subsidiary, Thiensurat Leasing Company Limited ("TSRL"), registered capital Baht 50 million and the Company holds 100%.

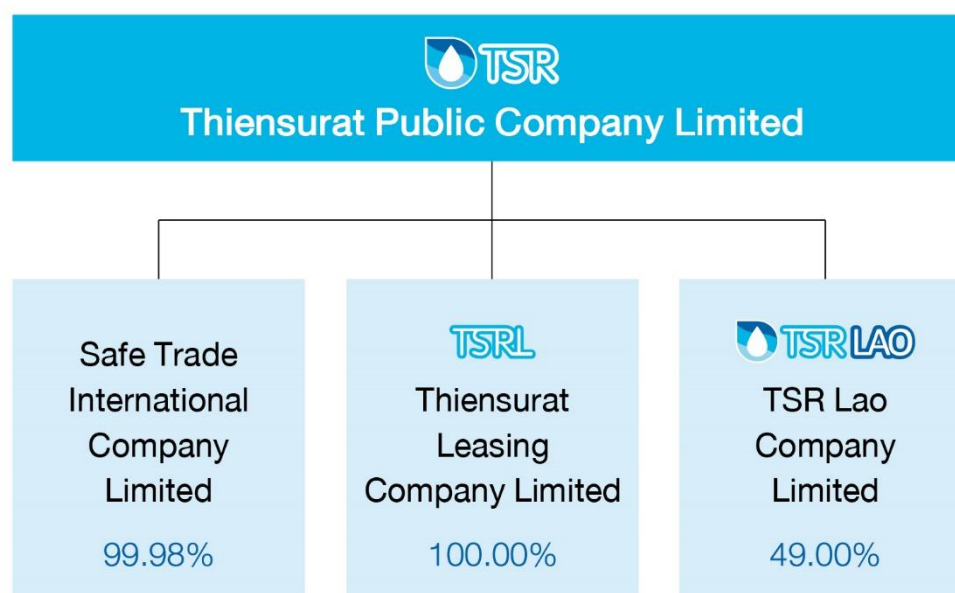
In November, TSRL has been granted by the Ministry of Finance to operate the personal loan business under supervision.

- On 16 December, the Company registered TSR Lao Company Limited (“TSR Lao”) in Lao People’s Democratic Republic which is a joint venture with JB Group to sell and distribute water purifier and related products and electric appliances. The Company holds share in the proportion of 49%, Laos Kip 3,920 million or approximately Baht 17.05 million.
 - The Company launched 2 new models of water purifiers which were and 1) ROMA Plus, a notable feature of filtering water with RO System (Reverse Osmosis) with intelligent control system, “SMART CONTROL”, it can operate even low pressure and has LED status display, with a warning sign when malfunction. 2) UF Alkaline, a notable feature disinfection with PVDF radiation with high filtration efficiency (0.01 Micron) and
 - 5 models of water purifiers, 1) SAFE Super Alkaline 2) SAFE Alkaline Mini 3) SAFE ROMA Alkaline Plus 4) SAFE UV Alkaline 5) SAFE UF Alkaline have been passed the AS/NZS 4020:2005 standard test of Eurofins AMS Laboratories Pty Ltd (AMS Australia)
- 2017**
- On 21 March, The opening ceremony of the TSR Lao Co., Ltd. was officially opened in Vientiane.
 - On 2 June, the company changed its paid-up capital from Baht 467.18 million to 516.73 million Baht, resulting from the 2nd exercise of securities of TSR-W1 on 31 May.
 - The company has a petty patent for Alkaline Mineral, which has been tested in accordance with AS/NZS 4020:2005 standard by the Eurofins AMS Laboratories Pty Ltd, a leading Australian Institution (AMS). In addition, the company is registered on the website of the NSF Product and Service Listings for the Spun Polypropylene Filter Cartridge under the NSF/ANSI42 standard.
 - The Company providing the full range of the service through continually expand new branches and services center across the nation. At the end of the year 2017, there were 22 branches and 2 customer service centers compared to 20 branches and 3 customer service centers in year 2016.
- 2018**
- On 5 June, the Company changed its paid-up capital from Baht 516.73 million to Baht 521.84 million from the third warrants exercise of ordinary shares (TSR-W1) on 31 May
 - On 20 September, the Company signed a cooperation agreement to produce products for Successmore or Successmore Being Company Limited, which is a Thai company. The company conducts its business of selling consumption and supplements products both domestically and internationally.
 - On 27 December, the Company changed its paid-up capital from Baht 521.84 million to Baht 549.68 million from the fourth (the last) warrants exercise of ordinary shares (TSR-W1) on 20 December.
 - The Company has developed a new model of water purifier products, namely, safe water purifier model lite using Fibredyne, which is a technology imported from America. With outstanding features, it can filter sediment and contaminants than regular carbon blocks. It has 0.5-micron filtration resolution, which can filter germ, cysts, and bacteria. It also can inhibit bacterial growth (bacteriostatic). The Fibredyne Standard filter is certified to NSF / ANSI42, including the Activated Carbon filter, which is certified to NSF / ANSI61 and the KDF-55 filter, which is certified to NSF / ANSI42,61.

- 2019**
- The company had expanded its business model in distributing products through online and TV shopping channels in order to be in line with the current consumer behavior. By launching the D-Lite model for a modern family target that is a smaller size with limited living space residence. This product can also be easily self-installed (DIY).
 - The company launched a new service titled "SAFE MAN" with Mr. Methanee Buranasiri (Nino) as a presenter to develop the sales team and service to be of high quality, suitable and modern. Various services were offered such as free delivery and installation, repair and filter replacement, alternative choices to credit card for payment methods and installments, as well as water consultation services and demonstration of the products at customers' homes.
 - The company has continuously expanded branches in order to reach more customers and provide services in all region of the country. As of 2019, there are 23 branches (end of 2018 there were 22 branches).
 - The Company's Annual General Meeting approved a reduction of the Company's registered share capital from Baht 662,198,922 (662,198,922 ordinary shares of Baht 1.00 each) to Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 each), by cancelling 112,516,789 unissued ordinary shares.
 - On 22 July 2019, the Board of Directors approved the closing of Fadders Thai Company Limited, a subsidiary in which the company holds 59.99% shares. This was to reduce the company's expenses due to the said subsidiary company no longer produced the "Fedders" air conditioners brand. The dissolution of the company was registered on 30 September 2019.

1.3 Shareholding structure

The shareholding structure of the Thiensurat Public Company Limited
As of 30 December 2019



Products

Company	Flagship products	Business area	% of Shareholding
Safe Trade International Company Limited	- Water purifier - Water filter jug	Selling water purifiers, water filter jug and mineralized drinking water through Giffarine Skyline Unity Co.,Ltd.	99.98%
TSR Leasing Company Limited	- Electric Appliances - Personal Loan under supervision - Auto Title Loan	Selling electric appliances with installment program, Personal Loan (Obtained the Supervised Personal Loan Business License from Ministry of Finance) and Auto Title Loan	100.00%
TSR Lao Company Limited	- Water Purifier and related products - Electric Appliances	Selling water purifiers, related products and electric appliances in Lao People's Democratic Republic	49.00%

Type of Business and Nature of Operation

Revenue Structure

Thiensurat Public Company Limited and its subsidiaries

Sales revenues are categorized into 3 major types as follows:

- **Revenues from direct sales (Door to Door):** These are primary revenues from sales of water purifier and water filter under “SAFE” brand. Until late 2014, the Group started selling air-conditioner by using the Company’s customer database and then has expanded use of product to other electric appliances, e.g., water heater, television, washing machine, etc., in order to satisfy customers’ demand. A substantial increase in electric appliance sale caused the Company to launch a new subsidiary company named Thiensurat Leasing Company (TSRL) to operate sales of electric appliances under hire purchase scheme in the third quarter of 2017.
- **Revenues from distribution through the other company:** The Group distributes products through Giffarine Skyline Unity Co., Ltd., (Giffarine brand) Addwell Beauty (Thailand) Co., Ltd., (Adwell brand) and Successmore Being Public Co., Ltd., (Alkamag brand) which are direct selling companies (MLM).
- **Revenue from distribution through Online Marketing:** From the growth of technology development, the company started to run sales of electric appliances through Online Marketing in the end of 2017 under the name of “PONSABAY” (Easy to pay) and got more experience to develop it to **Online to Offline (O2O)** for sales of water purifier in 2018

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

Sales	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and credit	216.15	14.84	214.80	15.58	202.33	14.13
Hire purchase	1,240.21	85.16	1,163.70	84.42	1,229.36	85.87
Total sales	1,456.36	100.00	1,378.50	100.00	1,431.69	100.00


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




1. Product






1.1 Products of the Thiensurat Public Company Limited and its subsidiary

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

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Alkaline Plus</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: RO Mineral Plus</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: UV Plus</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: Super Alkali</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Power Health (P-Health)</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: Alkaline Mini</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: i-Life</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: lite</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.safealkaline.com www.shopee.co.th - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model:D-lite</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.safealkaline.com www.shopee.co.th - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline - TV Shopping
<p>- Water filter jug, Safe Model: Ecomize</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>2 Water Dispenser (UV and UF) Hot&Cold Water dispenser Temperatures control by Thermostat and Water purifier by UF membrane system Filter resolution 0.01 micron</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.officemate.co.th - Corporate Customer - Dealer

	Products of the Company and its subsidiary	Distribution Channel
3	<p>Electric Appliance</p> <p>3.1 Water Heater</p> <p>House brand of water heater name “SAFE Electrics” in 2 models as follows:</p> <p>1) SAFE Electrics Model: P-Series 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>P-Series WH 3.8</p>  </div> <div style="text-align: center;"> <p>P-Series WH 4.5</p>  </div> </div>	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - Telesales - E-commerce via the website : www.safealkaline.com - Social Media via Facebook, Line Official : “PONSABUY” and www.ponsabuy.com
	<p>2) SAFE Electrics Model: Q-Series: 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Q-Series WH 3.8</p>  </div> <div style="text-align: center;"> <p>Q-Series WH 4.5</p>  </div> </div>	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website : www.safealkaline.com - Social Media via Facebook, Line Official : “PONSABUY” and www.ponsabuy.com
	<p>3.2 Air Conditioner</p> <p>The Company is Daikin dealer, selling 2 models as follows:</p> <p>Daikin Model: FT SMASH II R32</p> <div style="text-align: center;">  </div>	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official : “PONSABUY” and www.ponsabuy.com

Products of the Company and its subsidiary	Distribution Channel
<p>Daikin Model: INVERTER R32 Super Smile</p> 	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official : "PONSABUY" and www.ponsabuy.com
<p>Shareholding in Fedders Thai Co., Ltd., selling air conditioner under brand "Fedders"</p> 	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official : "PONSABUY" and www.ponsabuy.com
<p>4 Other Electric Appliance The Company is Dealer of Other Electric Appliance well - know brand:</p>   	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official : "PONSABUY" and www.ponsabuy.com

Products of the Company and its subsidiary	Distribution Channel
<div data-bbox="279 241 478 376">  </div> <div data-bbox="279 448 470 772">  </div> <div data-bbox="550 504 893 728">  </div> <div data-bbox="271 862 534 985">  </div> <div data-bbox="279 1041 571 1243">  </div> <div data-bbox="614 1041 917 1243">  </div> <div data-bbox="343 1310 507 1691">  </div> <div data-bbox="630 1332 861 1668">  </div>	

Products of the Company and its subsidiary	Distribution Channel
<div data-bbox="279 241 630 324">  </div> <div data-bbox="331 392 485 683">  </div> <div data-bbox="641 342 866 730">  </div> <div data-bbox="316 741 501 1055">  </div> <div data-bbox="624 781 895 1046">  </div> <div data-bbox="279 1214 614 1321">  </div> <div data-bbox="327 1471 533 1814">  </div> <div data-bbox="655 1348 839 1821">  </div>	

Remark: From the third quarter of 2017, the sale of electric appliances in the installment system sold by Thiensurat Leasing Co., Ltd.

1.2 Products of Safe Trade International Company Limited

The main products of Safe Trade International Co., Ltd. are water purifiers and water filter jugs. At present, there are water purifiers that only manufactured for the Giffarine Skyline Unity Co., Ltd., who is the main contractor and major client of the subsidiary company over the past years. And currently, there are 5 types of water purifiers and water filter jugs products.

2. Market and Competition

2.1 Industry Conditions

Overall, the ongoing economic slowdown since 2017 effected the market growth during 2018, together with changes in consumer behavior. This had resulted in a high market competition, as well as several emerging distribution channels. The healthier lifestyle trend makes consumers drink water instead of other beverages. Therefore, this is the contributing factor in promoting the bottled water market to expand. According to the market data, the bottled water market is continuously growing. In 2019 the market is worth more than 45.3 billion baht, with 12.97% growth from last year (Source: marketeeronline 2019). Together with consumer behavior change, this has resulted in consumers choosing to buy drinking water filters installed at home for more consumption.

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

2.2 Overview of water purifier market for household use

Overall, the water purifier market is likely to continue to grow. As a result of the expansion of accommodation in Bangkok and its vicinity including areas in major provinces across the country. There were 161,457 new units (Source: Government Housing Bank) With consumers being more conscious in living a healthier and greener lifestyle – do more exercise and reduce the use of plastic. People pay more attention in a sustainable consumption. Also, sports activities are continuously organized such as running, cycling, etc. These are all factors that motivate people to pay more attention to health.

Together with a changing consumer behavior in choosing and buying products via online channels, as a result, new distribution channels were created. The Company can easily access to customers through the online channel, which can generate higher sales. Consequently, a digital media has played a role in daily life, where customers can access to product information and can make their decisions in buying products easier and faster. The Company has convenient and quick ready-to-install shipping system and service, covering all regions of the country. This created confidence for our customers to order products through such channels. The Company subsequently focuses on continuously strengthening its marketing capacity through online channels in order to support future market expansion.

2.3 Analyze and compare competitive conditions

The overview of the water purifier industry during the past year had seen a significant brand building competition through the media, both television and billboard media, as well as online channels. This enabled consumers to easily access information to make their purchasing decisions. Consequently, there were competitions in creating content to gain an advantage in building better understanding and confidence for customers in choosing their products. This is a factor resulting from the current health care trend and another supporting factor is the expansion of both horizontal housing, single houses and various housing villages, and the high-rise condominiums and apartments, etc. with demand for water filters. The Company focuses on products that are of the high standard and offers a guarantee of up to two years for its products. Services include, but not limited to, the 'On Site Service' (home service for customers) to build confidence in products and customer service throughout the lifetime of products.

In addition, the Company distributes products through Addwell Beauty (Thailand) Co., Ltd., (Adwell brand) and Successmore Being Public Co., Ltd., (Alkamag brand) And the subsidiary is the distributor of products to the Giffarine Skyline Unity Co., Ltd., which is one of the leading direct sales companies in Thailand. The company sells water purifier products under its brand "Giffarine" through members of direct sales networks. This is another distribution channel for the Company. (through subsidiaries)

Customer satisfaction survey results

The Company has surveyed customer satisfaction annually. The Customer Relations and Service Department is assigned to inquire information from customers and summarize the information. The evaluation of the Company's performance revealed that the annual customer satisfaction survey in 2019 averaged 91.65%. The Company is determined to continuously improve its service to better serve customers.

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

2.4 Marketing Strategy

Changing of consumer behavior is a great contributing factor to the expansion of online channels. The Company has continuously adjusted its strategy during the past few years and has developed a marketing strategy to support the current market conditions.

The nation-wide sales and customer service teams are the strength of the Company. This is linked to the expansion of the online channel. The Company adopted the Multi-Channel and O2O (Online to Offline) as the marketing strategies, which have been applied and created as a proactive approach of the sales team to increase opportunities and business advantage in reaching the targeted consumer groups quickly. In the past year, the Company was able to continuously generate sales and growth rates in online channels and subsequently attached its importance to expand various units to support future growth. This includes the recruitment of digital marketing specialists who have knowledge and expertise in this area to support future growth.

In 2020, the Company has focused on building confidence through branding and brand awareness by using the strengths of product and service quality, which has more than 44 years of expertise. In addition, the Company has researched and developed products to meet the needs of today's consumers, focusing on designing beautiful, modern, and compact products that are easy to install, use and maintain. This includes continuously creating knowledge and better understanding about water filtration systems through various media such as knowledge about "Alkaline Water" which is a distinctive feature and is the selling point of the Company. Furthermore, being a domestic manufacturer in Thailand, the Company has most popular filtration technology as listed below.

UV (Ultraviolet Light)

UF (Ultrafiltration Membrane)

RO (Reverse Osmosis Membrane)

With the natural materials used for water filtration and quality equipment that are of the National Sanitation Foundation (NSF) standards, the Company continuously develop new products to meet the needs of consumers.

In order to gain a competitive advantage from competitors, the Company has developed goods and products to meet the targeted consumer groups as well as suitable for consumption and usage in each area because the quality of tap water or water that used to fill in the water purifier of each area is different. Therefore, there is a need to design a water filter system that is specific and suitable for each area. The company has collected water data from each area in the past to analyze and develop strategies and present the water filter model that is most suitable for customers.

There were more than one million units of water purifier and filtration materials sold accumulatively to the customers. (Source: Customer database of Thiensurat Public Co., Ltd.). The Company then expanded its business to electrical appliance products under the brand "Easy Install", which has continued to grow and expanded the customer base over the past few years. The Company facilitated the convenience for its customers by enabling instalment payment for electrical appliance products without using a credit card. Customers can choose to install their payment directly with the Company. This method of payment is well received from both old and new customers during the past few years.

Direct Sales Channel

Direct sales are the main sales channels of the Company. And in order to adapt to the current competitive situation, the Company therefore focuses continuously on building capacity of its personnel through training and capacity development, which focusing on reaching the target customers all forms, both Push and Pull Strategy. Product knowledge and customer service will be provided in order to build confidence in purchasing decisions. The Company has implemented its main strategy and marketing tools to create a new customer base, increase sales opportunities and support future sales through various channels.

Modern Trade Channel

The company has carefully considered the advantages and disadvantages of selling through modern trade channel. The company then decided to stop selling through HomePro and instead focusing on selling through online media, in accordance to the current consumer behavior.

Online Channel

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

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

(1) Focusing on Product Quality

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

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

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

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

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

In 2019, the company aims to develop and expand the water filter, the RO (Reverse Osmosis) system, by researching the RO High Flowrate system, in order to respond to a higher demand of customers for drinking water. As a result, drinking water production rate had increased in accordance with the demand. To illustrate, water production rates previously were in the range of 50-75 GPD (gallons per day) or about 190-283 liters per day. This was increased to 400 GPD (gallons per day) or about 1,512 liters per day. This enabled to stop the use of the RO Tank and reduce the installation space (for placing the RO Tank) as well as lessen the installation process to be more convenient and faster.

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

The Company has developed a variety of products that suit consumption, usage and preferences of consumers, including UV (killing germs by UV ray) RO (Reverse Osmosis) filtration systems by developing new products, this enabled to filter the salinity of the water supply, in order to maintain good health for customers during the time that the water supply was brackish and had the salinity above the standard that caused by a saline intrusion and UF (Ultrafiltration). It offers small-sized products to fit single families living in condominiums and

apartments or families with few members. The Company has products of different price levels which customers can choose depending on their affordability. For example, in 2016, the Company has launched the product model UF Alkaline for customers who use tap water and want fine water filtration system at the medium price. The Company has also launched dual water dispenser for hot and cold water with high quality with a built-in filtering system, it has mineral supplementation and the filtered pH water that help our bodies metabolize nutrients. Applicable for both within the office and in the household. Moreover, the Company has offered “Water Mate” water filtration system for household usage which enhances safety quality of water for consumption.

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

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



(3) Giving importance to worthiness and convenience of customers

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

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

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

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

The Company has expanded distribution channels, basing on the Company's strength in the channel of Single Level Direct Sales which has sales and service staff about 1,100 persons throughout the country.

The Company has 23 branches to cover major cities of the nation as a network. This raises convenience in presenting, selling and servicing customers. The Company has also number of telemarketers to become about 100. There were 40 additional telephone sales representatives from 2 outsourcing companies, a total of 140 seats and a sales channel via Modern Trade (HomePro). In the 4th quarter, the company considered the advantages and disadvantages of sales through the modern trade channel carefully, the company then decided to stop distributing through HomePro and instead focusing on selling via online channel.

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

The Company has increased channels for customers to get to know its products and effective services. This is done through advertisements via television channels (digital TV) and online media and Out of Home Media (Billboard) The Company has contracted an artist, "Nino Maethanee Buranasiri" as a presenter for the Company, which has broadcasted on digital TV channels such as 3HD, 3 SD Channel, One Channel, Workpoint Channel and other channels. The Company has also provided other campaign channels for the Presenter such as "Out of home" media, radio spots and various events throughout 2019 to 2020 in order to allow the Company's products to reach the target group and generate confidence in the Company's products and services.

(5) Creating good relationship with customers sustainably

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

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

2.5 Distribution Channel

2.5.1 Single Level Direct Sales

Single Level Direct Sales is the main distribution channel of the Company. We believe that such channel will enable our salespersons to clearly present the product features and build a good relationship with the target customers in order to create an opportunity for future sales of other company's products. The number of executive for sales, sales and service staff of the Company about 1,100 persons every region throughout the country. Most of them are based at the head office in Nonthaburi province with sales coverage in Bangkok and the surrounding provinces. Moreover, groups of salespersons work in other provinces in 23 main branches to promote and support the sales of water purifiers and replacement filter as well as to provide after-sales service in the regions as follows:

Details of 23 Branches

Region	Branch	Address	Telephone
Northern	Chiang Rai	866/10-11 Tangluangpandin 1, Weing sub-district, Mueang district, Chiang Rai 57000	053-719-288
	Chiang Mai	221/7-8 Chang Klan Road, Chang Klan sub-district, Meung district, Chiang Mai 50100	053-271-378
	Lampang	357/34-35 Bun Wat Rd., Suandok Sub-district, Muang Lampang district, Lampang 52100	054-222-901
	Phitsanulok	298 / 2-3 Mittraphap Road, Nai Mueang sub-district, Mueang district, Phitsanulok 65000	055-005-000
	Nakhonsawan	95 / 15-16 Moo 9, Wat Sai Sub-district , Mueang district, Nakhonsawan 60000	099-380-3886
	Kamphaeng Phet	57/12, 57/13 Municipal Road, Nai Mueang sub-district, Mueang district, Kamphaeng Phet 62000	055-021-989
Eastern	Rayong	349/1 Sukhumvit Road, Noenphar Sub-district, Mueang district, Rayong 21000	038-621-277
	Chonburi	600/23-24 Sukhumvit Road, Sean Suk Sub-district, Chonburi district, Chonburi 20130	038-110-083
Central	Nakhonpathom	667/2 Phetchakasem Road, Huai Chorakhe Sub-district, Mueang district, Nakhonpathom 73000	034-275-383
	Phetchaburi	585/17 Moo 5 Banmor Sub-district, Mueang district, Phetchaburi 76000	032-401-629
	Samut Prakan	42/24, 42/25 Moo 9 Bang Pla Sub-district Bang Phli District, Samut Prakan 10540	02-002-2052
Northeast	Khon Kaen	118/9 Laonadi Road, Nai Mueang Sub-district, Mueang Khon Kaen district, Khon Kaen 40000	043-043-500

Region	Branch	Address	Telephone
	Udon Thani	289 / 13-14 Udon dutsadi Road, Mak Khaeng Sub-district, Muang district Udon Thani 41000	042-223-448
	Ubon Ratchathani	265/4-5 Upaleesan Road, Nai Mueang Sub-district, Mueang district, Ubon Ratchathani 34000	045-243-495
	Nakhon Ratchasima	901/7 Mittraphap Road, Nai Mueang Sub-district, Mueang district, Nakhon Ratchasima 30000	044-262-900
	Roi Et	426 Moo 23 Nuea Mueang Sub-district, Mueang district, Roi Et 45000	043-515-027
	Buriram	999/13 Moo 1 I-san Sub-district, Muang Burirum district, Buri Ram 31000	044-613-899
	Mukdaharn	122/4-5 Wiwittha Surakan Rd., Mukdahan Sub-district, Muang Mukdahan district, Mukdahan 49000	042-042-000
Southern	Nakhon Si Thammarat	180/26-27 Moo 5 Pakphoon Sub-district, Mueang District, Nakhon Si Thammarat 80000	075-806-877-8
	Surat Thani	20/1 Moo 10 Wat Pradu Sub-district, Mueang district, Surat Thani 84000	077-964-000
	Phuket	32/4 Poonpon Road, Talat Nuea Sub-district, Mueang district, Phuket 83000	076-619-111
	Songkhla	1502, 1504 Moo 3 Airport-Lopburiramate Road, Khun Lang sub-district, Hatyai district, Songkhla 90110	074-250-420
	Trang	236/23, Kantang Road, Thap Thiang Sub-district, Mueang district, Trang, 92000	075-290-539

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

2.5.2 Telesales & Telemarketing

The Company has developed its capacity for product distribution through telephone by linking the Customer Relation Management (CRM) software with the Cisco-IP Telephony, and the customer database. This system is used alongside with the regular salespersons channel to distribute filters. Subsequently, the telesales channel became the main channel for the sale of electrical appliances. The Company has expanded its sales channels by telephone to accommodate future sales. By the end of 2019, there are approximately 140 sales staff members. Customers can communicate with sales office for more information and services by contacting the Call Center 1210 and 02-819-8888, 150 lines. The Company has recruited more staff to support customers from various online channels such as Facebook and Line to provide services through new channels with increased coverage and efficiency there are approximately 20. Sales staff members In order to facilitate and speed up the service, which more than 90% is a new customer database. Which is a new customer database to respond to services through new channels that are more comprehensive and effective. We have added a category to customers. In addition to the main products are water purifiers and filter sets, the Company also sells Daikin air conditioners, Fedders air conditioners, Safe Electrics water heaters and other brands of electrical appliances such as Toshiba, LG, Panasonic, Masterkool Media and Samsung, etc. The telesales management will enable the sales to target customers and able to manage expenditures. The cost structure is relatively low compared to other sales channels.

2.5.3 Sales of Products through Other Companies

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

3. Product and Service Supply

(A) Manufacture

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

The factory has a total production capacity of 25,000 water purifiers and filter kits per month, which currently using 80% of the total production capacity per 8 hours of operation.

(B) Workflow of the Company

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

The Company's water purifiers manufacturing processes

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

Materials and Components

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

Replacement Filter

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

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

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

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

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

- 1) Telesales or salespersons present information of products to customers. By stating that both cash and installment are available.
- 2) In case of installment payment, contract staff check customer information and supporting documents such as financial documents to assess the ability of customers to pay installment before entering the lease contract. And customers are required to sign a letter of consent to verify credit information.
- 3) Credit officers check the credit bureau information and review together with other factors in accordance with the Company's requirements. If the qualifications meet the requirement criteria, the Company will proceed to issue contract.
- 4) Contract staff proceed with installment contract and collect the down payment from the customer.
- 5) Product delivery with installation service.
- 6) In the event that customers unable to pay installments. The Company will follow up on customer debt obligations and debt collection by relevant departments according to the stipulated regulations. For the case that the Company has sent a collection letter to the customer twice and the customer has not paid. The Company will take the product back and may begin legal proceedings.

Accounting Policy

About 75.0% of revenues from sales are installment sales. Therefore, the Group is aware of the significant of accounting policies, and set up the related policies as follows:

1. Revenue recognition
2. Allowance for doubtful accounts and bad debt write-off
3. Allowance for goods return according to customer satisfaction guarantee policy
4. Allowance for product warranty according to warranty policy

No.	Policy	Details																													
1.	Revenue recognition	<p>Sales of goods Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.</p> <p>Hire purchase interest income Interest income under hire purchase agreement is recognized over the period of agreement based on the effective interest rate. The Group ceases accruing income for receivables which installment payment has been defaulted for more than three installments and six installments past the due date for water purifier and electric appliances respectively.</p>																													
2.	Allowance for doubtful accounts and bad debt write-off	<p>Allowance for doubtful accounts Allowance for doubtful accounts will be set up for uncollectible debts as follows:</p> <p><u>Credit sales:</u> Allowance for doubtful accounts is considered based on aging of receivables. 100% allowance will be set up for overdue debts of more than 3 months.</p> <p><u>Installment sales:</u> Allowance for doubtful accounts is set up in a percentage of outstanding receivables (net of deferred interest and deferred output tax). Percentage of the allowance by account receivable aging are presented in the following table:</p> <table border="1"> <thead> <tr> <th rowspan="2">Account receivable status</th><th colspan="2">Allowance for doubtful accounts (%)</th></tr> <tr> <th>Water purifier</th><th>Electric appliances***</th></tr> </thead> <tbody> <tr> <td>Current</td><td>2.5</td><td>1</td></tr> <tr> <td>Overdue 1 installment</td><td>6</td><td>2</td></tr> <tr> <td>Overdue 2 installments</td><td>30</td><td>10</td></tr> <tr> <td>Overdue 3 installments</td><td>50</td><td>20</td></tr> <tr> <td>Overdue 4 installments</td><td>50 and 100*</td><td>30</td></tr> <tr> <td>Overdue 5 installments</td><td>50 and 100*</td><td>40</td></tr> <tr> <td>Overdue 6 installments</td><td>50 and 100*</td><td>50</td></tr> <tr> <td>Overdue exceeding 6 installments</td><td>50 and 100*</td><td>50 and 100*</td></tr> </tbody> </table> <p>*Receivables-water purifier: 50% is for non-consecutive delinquency over 3 installments and 100% for consecutive delinquency over 3 installments. **Receivables-electric appliances: 50% is for non-consecutive delinquency over 6 installments and 100% for consecutive delinquency over 6 installments.</p>	Account receivable status	Allowance for doubtful accounts (%)		Water purifier	Electric appliances***	Current	2.5	1	Overdue 1 installment	6	2	Overdue 2 installments	30	10	Overdue 3 installments	50	20	Overdue 4 installments	50 and 100*	30	Overdue 5 installments	50 and 100*	40	Overdue 6 installments	50 and 100*	50	Overdue exceeding 6 installments	50 and 100*	50 and 100*
Account receivable status	Allowance for doubtful accounts (%)																														
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Current	2.5	1																													
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Overdue 5 installments	50 and 100*	40																													
Overdue 6 installments	50 and 100*	50																													
Overdue exceeding 6 installments	50 and 100*	50 and 100*																													

No.	Policy	Details
		<p>***Allowance for doubtful accounts of electric appliances receivables calculated based on receivables less deferred interest and output tax, and net from residual value of returned electric appliances which considered from usage time, condition and market price of second hand electric appliances. Subsequently, these returned units will be sold as second hand items.</p> <p>Bad debt write-off The debtors will be contacted by the Group's staff and will receive 2 warning notices from the Group before the accounts are written off and recorded as bad debts.</p>
3.	Allowance for goods return	The Company has a customer satisfaction guarantee policy; a customer can return the goods within 30 days from the installation date. The allowance was set up based on statistic data of returned products in the previous year.
4.	Allowance for product warranty	The Company has product warranty policy to change and repair goods for customers within 1-2 years since the installation date.

4. Materials Procurement

4.1 Materials for production

The key important materials for the production of the company's water purifier are the external structure of the water filter ('Housing') and the filter ('Filter Media'). As for the external structure made of plastic, the company designs and hires a partner company to produce. The company procures most materials for filter media through several domestic distributors. Some parts are also imported from overseas distributors, whom many of them have more than five-year business relationships. The company has a policy to reserve materials for production of not less than 15 - 20 days, depending on the production process for each type of material. And the company has tested the quality of the materials delivered each time.

4.2 Salespersons

The company has a selection procedure for salespersons by choosing from qualified applicants and passionate sellers. The company facilitates capacity building for new employees to ensure a better understanding of the products, increase sales skills and understand sales psychology. The company's sales manuals were developed for all sales staff to use as guidelines for selling products. Furthermore, the company regularly holds workshops and seminar activities to increase sales skills. For salespersons who exceed sales targets, the company has provided an incentive award to motivate salespersons and increase commitment as well as to support competent salespersons to work with the company in the long term.

(C) The Environmental Impact of the Manufacturing Process.

Environmental Management and Safety.

Environmental Management

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

Safety and Security Management

The safety of employees is a key factor in which the Company has always emphasized. Putting together safety procedures in a work instruction manual so the employees can abide by giving out personal safety equipment that is suitable to each employee's duty. In addition, the Company has organized a safety committee in the work place according to the standard of the labor law. There were serious incidents that occurred to 5 personnel. (serious incidents shall mean a number of incidents in case of death, disability, loss of some organs, absence from work for more than 3 days).

4. An unassigned work

-None-

Risk Factors

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

Business Operating Risks

Risks in regard to changes in state regulations

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

Risks in regard to heavy dependency on the direct sales channel

The Company distributes its products mostly through the single level direct sales channel, by teams with their long expertise in the single level direct sales, the Company strongly believes that this sale channel remains an appropriate channel. To sell water purifiers, sales personnel are required to provide detailed technical explanations about product specifications, and conduct product demonstration to highlight advantages of the products in order to stimulate customers' buying decisions and ensure that the sale is successfully. These sales techniques are unique ability of each salesperson. Therefore, talented salespersons are attractive as well as are interested by other companies, and may be bought by any company that have higher attractive benefits package. To retain our talented sales personnel, the Group is committed to offering attractive remuneration packages and benefits as well as training in order to engage sale staff, and enhance the sales teams' efficiency.

However, the Group is aware of risk regarding heavy dependency on the direct sales channel. They also have distributed products via other channels, to broaden its customer coverage, e.g., modern trade, telesales & telemarketing, E-commerce and online media including Facebook, Line, Lazada and etc. Furthermore, the Group has also appointed sales representatives to present products and services, covering all target customer groups. Finally, there are other sale method, e.g., producing and distribution on an OEM basis for other direct sales operator. By the end of 2019, the company has carefully considered the advantages and disadvantages of distributing through Modern Trade. The company then decided to stop distributing through HomePro.

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

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

after studying relevant factors and marketing possibilities. The company has started to sell products in the Lao People's Democratic Republic. Distributed through dealer in Cambodia. We are also studying to bring the products to other countries.

Production Risks

Risks in regard to fluctuation in raw material prices

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

Risks in regard to the operating license

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

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

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

Financial Risks

Risks in regard to the sale on credit

The Group's water purifiers and electric appliances are sold mostly through the direct sale channel on a hire purchase basis. The quality of hire purchase receivables is a key factor for the recognition of revenue. As of 31 December 2019, the hire purchase receivables with outstanding balance overdue for three months accounted for 3.46% of total hire purchase receivables from sales of water purifier. For electric appliances, outstanding balance overdue for six months accounted for 2.84% of total hire purchase receivables from sales of electric appliance. The major customers of the Group are in the medium to low-end market segments. The Group has established sales policies that enable those two customer segments to reach the Group's products and services. To mitigate the credit risk, the Group has strict policies to review and control debts. In terms of overdue receivables, the Group set allowances for doubtful accounts at a sufficient level, taking into account the history data of bad debts. In case a receivable has outstanding balance overdue more than three months, the Group will stop recognizing the full amount of interest income from that particular hire purchase account before taking legal actions. In light of this, the Group will send two warning notices and wait until the amount of allowances for doubtful accounts covered with net balance of those hire purchase accounts before writing off the accounts. Given that the Group's gross profit margin was rather high at 75.00 % in 2019, the Group still enjoyed impressive operating profit from installment sales even after the deduction of sales expenses and bad debt and doubtful debt expenses. In 2019, the net profit margin of the Group was 6.69%.

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

- Clearly indicate basic qualification of targeted customers so that the sales teams can use as a guideline; sales staff preliminarily approve the qualification of potential customers and team leaders review the qualification once again before the hire purchase contract is signed. Then, the Credit Department examines the quality of receivables: the Credit Department meets with customers in order to evaluate each customer's creditability against the installment plan and inspects whether the product is completely installed, and ascertains the repayment capacity of clients afterwards. Electrical appliances, which distributed via instalment payment, will be sold through the subsidiary company, Thiensurat Leasing Company Limited (TSRL). All customers will be checked through the Credit Bureau and the checker staff will review the customer information in accordance with the rules of the TSRL company, in order to provide supplementary information to consider whether to approve or disapprove.
- Offer remunerations to sales members based on the quality of debt collection. In case of bad debt, the sales members and the relative sales management team are required to share losses in accordance with the Company's policy about bad debts.
- In case customer fails on the conditions stated in the hire purchase contract, the collection actions will be assigned to the Debt Collection Department and the Legal Department. In addition, the Group will take back the water purifier from that particular customer. Returned water purifier that remain in good conditions will be sent for refurbishing at the plant and resold at cheap prices as Grade B products to the Group's employees, except the sales personnel. Meanwhile, inferior one will be disassembled and sold as plastic scrap. Repossessed electric appliances will be sold as second handed items. For take back electrical appliances, the company will sell them as secondhand products by Thiensurat Leasing Co., Ltd. (Subsidiary company which 100% of the shares owned by the company.)

Risks in regard to the fluctuation in the interest rates

As the Group's main business be hire purchase, it involves with the Group's working capital management raised from both Equities and Loans from financial institutions to be proper and efficiency with the prudent consideration about the risks in regard to the fluctuation in the interest rates and the Group's liquidity under the uncertainty of financial market. Consequently, the Group has the agreements with the financial institutions like banks for the banks' credit facilities to serve with the expansion of the Company's growth and also has to take the consideration about the term loans from the banks be matching with the term of the funds provided to the customers in the Hire purchase agreements that will help the Group to avoid the risk from the fluctuation in the interest rates and the uncertainty of financial market. For the year of 2019, the Group had a few loans from the banks due to the efficiency of Group's management funds with the granted credit facilities from the banks without any guarantee like the Clean Loans Basis for the Group's business expansion.

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

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

The Changyoo family is the Company's major shareholder group (further details can be obtained from Part: Listing Securities and Shareholding Structure). As of 30 December 2019, Changyoo group held 353,248,654 shares or 64.26% of issued shares. As a result, the Changyoo group is able to control almost all resolutions of shareholders' meeting, including the appointment of directors or any matters that require the majority votes of shareholders. The power of the major shareholder, however, does not include the issues related to laws or regulations, for which three-fourths of the shareholders are required. Given the control power of the major shareholder, other shareholders are unable to gain votes enough to balance the power of the major shareholder group for some particular issues proposed by the major shareholder. Being aware of this risk factor, the Company arranges the management structure, consisting of the Company's Board of Directors and the Audit Committee. The members of these committees are those with high experiences. 6, out of 11, are independent directors from outside, of which four independent directors act as the members of the Audit Committee. These members provide comments in regard to connected transactions prior to proposing to the Company's Board of Directors and shareholders' meeting.

General Information and The other Information

General Information

Company

Name of the issuer : Thiensurat Public Company Limited
 Registration : 0107556000213
 Business type : Production and distribution of household water purifier
 Listing Securities : Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 per share)
 Paid-up Capital : Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 per share)
 Head Office : 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad
 Sub-district, Pakkred District, Nonthaburi 11120
 Telephone : 02-819-8899
 Call Center : 1210 and 02-819-8888
 Fax : 02-962-6675
 Website : www.thiensurat.co.th
 Investor Relations : 02-819-8899 Ext. 1536 and 1591
 E-mail : ir@thiensurat.co.th

An entity that owns 10 percent or more

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

Company name / Address And Detail	Business type	Shareholding (%) of the company	Shareholding (%) of the other shareholder (s)	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)
TSR Lao Co., Ltd. Kamphaengmeuang Road, Thatluang Tai Village, Saysettha District, Vientiane Capital, the Lao PDR Joint Venture : JB Group	Selling Water Purifier and related products and Electric Appliances	49.00	51.00	34.80 (Lao Kip 8,000 million)	27.83 ^{1/}

Remark: ^{1/}Payment on 17 January 2016 (FX rate Baht 1: Laos Kip 230)

Other Reference

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

Tel. : 02-009-9999

Fax. : 02-009-9991

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

Listing Securities and Shareholding Structure

Listing Securities

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

Shareholders

List of Top 10 major Shareholders As of 30 December 2019

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Changyoo Group :	353,248,654	64.26
	1.1 Changyoo Family	351,469,754	63.94
	- Better Dreams Co., Ltd ^{1/}	144,107,715	26.22
	- Mr. Werawat Changyoo	100,490,825	18.28
	- Mrs. Kanittha Changyoo	5,133,332	0.93
	- Ms. Savita Changyoo	34,433,796	6.26
	- Ms. Theinvanee Changyoo	33,695,673	6.13
	- Mr. Ekarat Changyoo	33,608,413	6.11
	1.2 Watcharatum's Family	1,778,900	0.32
	- Mr. Watcharin Watcharatham	1,778,900	0.32
2	Mr. Monchai Leesirikun	17,533,437	3.19
3	Ms. Darunee Leesirikun	12,253,620	2.23
4	Mr. Touchchon Leesirikun	5,136,900	0.93
5	Mr. Asawin Changyoo	4,700,000	0.86
6	Mr. Paitoon Homchan	4,495,532	0.82
7	Thai NVDR	4,107,602	0.75
8	Mr. Witoon Cheanwachisiri	4,012,665	0.73
9	Mr. Jumphon Worawongpitak	3,900,000	0.71
10	Mr. Woraphong Latsaina	3,558,100	0.65
Total the 10 shareholders		412,946,510	75.12
Other		136,735,623	24.88
Total		549,682,133	100.00

Remark: ^{1/}Better Dreams Co., Ltd. holding company. The shareholding structure of Better Dreams is as of 28 January 2020 as follows;

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

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

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Changyoo Family	351,469,754	63.94
1.1	Better Dreams Co., Ltd ^{1/}	144,107,715	26.22
1.2	Mr. Werawat Changyoo	100,490,825	18.28
1.3	Mrs. Kanittha Changyoo	5,133,332	0.93
1.4	Ms. Savita Changyoo	34,433,796	6.26
1.5	Ms.Theinvanee Changyoo	33,695,673	6.13
1.6	Mr. Ekarat Changyoo	33,608,413	6.11
2	Watcharatum Family	1,778,900	0.32
2.1	Mr. Watcharin Watcharatham	1,778,900	0.32
Total		353,248,654	64.26

Policy of Divided Payment

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

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

In 2019, the company had profit of Baht 101.07 million (in the separate financial statements), which the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders on 22 April 2020 to approve the dividend payment at the rate of Baht 0.08 including the interim dividends paid on 12 September 2018, 0.06 Baht per share. The dividend payment for 2019 was Baht 0.14 per share or 76.15% of net profit for the year 2019, or 80.24% of net profit after corporate income tax and legal reserve. This is higher than the company's dividend payment policy of not less than 40%.

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

Details of Dividend Payment	2019	2018	2017
1. Profit for the year (Separate financial statement) (Million Baht)	101.07	93.84	87.42
2. Number of Shares (Million shares)			
2.1 Amount of shares for the Interim Dividend Payment	549.68	521.85 ^{2/}	516.73 ^{1/}
2.2 Amount of shares for the Final Dividend Payment	549.68	549.68 ^{2/}	516.73 ^{1/}
3. Dividend per share (Baht)			
3.1 Interim Dividend Payment	0.06	0.08	0.06
3.2 Final Dividend Payment	0.08	0.08 ^{3/}	0.08
Total Dividend per share	0.14	0.16	0.14
4. Total of Dividend Paid (Million Baht)			
4.1 Interim Dividend Payment	32.98	41.75	31.00
4.2 Final Dividend Payment	43.98	43.97	41.34
Total Dividend per share	76.96	85.72	72.34
5. Proportion of dividends to net profit for the year on separate financial statements (%)	76.15	91.35	82.75
6. Proportion of dividends on net profit for the year (separate financial statements) after deduction of corporate income tax and legal reserves.(%)	80.24	96.16	87.10

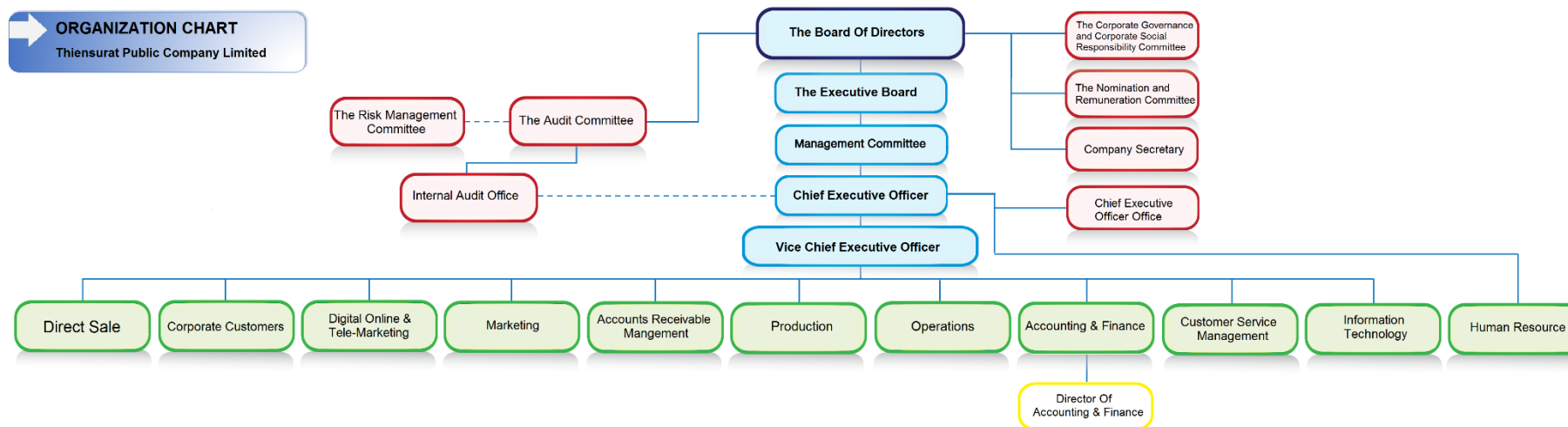
Remark : ^{1/} On 2 June 2017, the company registered the amendment of paid-up share capital to Baht 516.73 million.

^{2/} On 5 June 2018, the company registered the amendment of paid-up share capital to Baht 521.85 million and On 26 December 2018, the company registered the amendment of paid-up share capital to Baht 549.68 million.

^{3/} The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders on 22 April 2020 to approve the payment of the final dividend for the year 2019 at the rate of Baht 0.08 per share.

Management Structure

Organization Chart as of 2 January 2020



Vice chief Executive officer / Chief Executive officer Assistant

Management in accordance with the notification of SEC

1. Board of Directors

As of 2 January 2019, the company's Board of Directors consists of 11 members, comprising of 6 independent directors, representing 54.55% of the Board of Directors.

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

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

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

Authorized Director of the Company

On 7 January 2020 The authorized signatories of the Company are any two of the following four directors can sign jointly with the Company’s seal affixed: (1) Ms. Theinvanee Changyoo, (2) Ms. Savita Changyoo and (3) Mr. Ekarat Changyoo.

Audit Committee

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

Composition of the Audit Committee

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

The Internal Audit Office reports directly to the Audit Committee. The independent auditors, advisers and legal and accounting experts are consulted on a regular basis. The Audit Committee will meet separately with the independent auditors, without management present, at least once a year to discuss the results of their examinations. As of 2 January 2020, the Audit Committee comprises 4 directors as follows:

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

Risk Management Committee

As of 2 January 2020, Risk Management Committee comprise 6 directors as follows:

Name	Titles
1. Dr. Supree Wongdeeprom Ph.D.	Chairman of the Risk Management Committee
2. Mr. Ekarat Changyoo	Member of the Risk Management Committee
3. Mr. Viruch Wongnirund	Member of the Risk Management Committee
4. Ms. Theinvanee Changyoo ^{1/}	Member of the Risk Management Committee
5. Ms. Savita Changyoo ^{2/}	Member of the Risk Management Committee
6. Mr. Paitoon Homchan	Member of the Risk Management Committee

Executive Committee

As of 2 January 2020, The Executive Committee comprise 3 directors as follows:

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

Management Committee

As of 2 January 2020, The Management Committee comprise 7 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo	Chairman of the Management Committee / Chief Executive Officer
2. Ms. Theinvanee Changyoo ^{1/}	Member of the Management Committee / Vice Chief Executive Officer
3. Ms. Savita Changyoo ^{2/}	Member of the Management Committee / Vice Chief Executive Officer
4. Mr. Paitoon Homchan	Member of the Management Committee / Vice Chief Executive
5. Mr. Watcharin Watcharatham	Member of the Management Committee / Vice Chief Executive
6. Mr. Siam Uralwong	Member of the Management Committee / Vice Chief Executive
7. Mr. Paitoon Sukhanaphorn	Member of the Management Committee / Chief Financial Officer

Nomination and Remuneration Committee

As of 2 January 2020, The Nomination and Remuneration Committee comprise 3 directors as follows:

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

Corporate Governance and Corporate Social Responsibility Committee

As of 2 January 2020, The Corporate Governance and Corporate Social Responsibility Committee comprise 3 directors as follows:

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

Meeting of the Board of Directors

The Board of Directors is due to hold a meeting quarterly and can hold additional extraordinary meetings as necessary. In 2018, the Company held 14 Board of Directors meetings.

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

2. Management

As of 2 January 2020, The Management comprise 9 individuals as follows:

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

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

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

3. Company Secretary

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

4. Remuneration for Directors and Management

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

4.3 Monetary compensation

4.3.1 Remuneration

According to the minutes of the Annual General Meeting of Shareholders 2019 held on 26 April 2019, the shareholders approved the remuneration for the Board of Directors, the Audit Committee and subcommittees not exceeding Baht 5.20 million. The quarterly meeting fees, meeting allowances, and rewards are allocated. The Nomination and Remuneration Committee and the Chairman of the Board of Directors will proceed to allocate these remunerations in detail, which has no compensation and other benefits other than those requested at the meeting.

Remuneration of the directors for year 2019

(Unit : Baht)

Positions	2019	
	Allowances (Quarter)	Meeting allowances*
Board of Directors		
Chairman of the Board	35,000	15,000
Non-Executive Director	30,000	12,000
Executive Director	25,000	5,000
Audit Committee		
Chairman of the Audit Committee	30,000	15,000
Audit Committee Member	25,000	12,000
Executive Committee		
Chairman of the Board	30,000	15,000
Non-Executive Director	25,000	12,000
Executive Director	10,000	5,000
Other committees appointed by the Board of Directors		
Chairman	-	15,000
Non-Executive Director	-	12,000
Executive Director	-	5,000

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

Remuneration of Directors in 2019, totaling Baht 5.20 million (including meeting allowance and pension). The payment was based on directors' participant.

(Unit: Baht)

Name of Directors	Meeting allowances						Pension	Total
	Board of Directors	Audit committee	Executive* Committee	Nomination and Remuneration Committee	Corporate Governance and Corporate Social Responsibility Committee	Risk Management Committee		
1. Mr. Sahas Treetipbut	275,000	-	0	-	-	-	120,000	395,000
2. Mr. Ekarat Changyoo	145,000	-	0	-	15,000	55,000	90,000	305,000
3. Mr. Viruch Wongnirund	228,000	-	0	-	-	132,000	110,000	470,000
4. Ms. Theinvanee Changyoo ^{1/}	140,000	-	-	-	-	45,000	90,000	275,000
5. Ms. Savita Changyoo ^{2/}	145,000	-	-	65,000	-	50,000	90,000	350,000
6. Assoc. Prof. Boonserm Vimuktanandana	204,000	240,000	-	-	-	-	110,000	554,000
7. Supree Wongdeeprom Ph.D.	228,000	196,000	0	-	36,000	165,000	110,000	735,000
8. Asst. Prof. Krit Umpote	228,000	196,000	-	-	45,000	-	110,000	579,000
9. Ms. Sumana Vonggapan	216,000	-	0	195,000	-	-	110,000	521,000
10. Prof. Porntep Siriwanarangsun, MD., MPH., PhD	228,000	196,000	-	156,000	-	-	110,000	690,000
11. Surat Wongrattanapassorn Ph.D.	216,000	-	-	-	-	-	110,000	326,000
Total	2,253,000	828,000	0	416,000	96,000	447,000	1,160,000	5,200,000

Remark: * In 2019, there is not Executive committee meeting.

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

4.1.2 Management Remuneration

The remuneration of the Management consists of salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of equity rewards to its Management. Remuneration of Management for the year 2017, 2018 and 2019 were Baht 34.36 million, Baht 30.19 million and Baht 34.13 million, respectively. The remuneration of the Management the company with the definition as prescribed in the Notification of the Capital Market Supervisory Board TorChor 23/2008 has 9 people.

4.1.3 Policy and Remuneration Criteria

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

5. Personnel

Number of personnel or employees

As of 31 December 2019, the Company has 1,610 employees. The number of employees in each key function is as follows:

(Unit: Person)	
Key function	Number of Employees
Sales and Service staff	995
Operating staff	597
Management	18
Total	1,610

Employee Remuneration

In 2019, the Company paid remuneration to employees in form of salary, overtime, bonus, Social Security contributions and other payment (not including remuneration for the Board of Directors and managements) in the total amount of Baht 607.16 million.

Provident Fund

The Company established a provident fund on 1 January 2013. The provident fund was established with an aim to offer benefits for and boost the morale of employees in the long term. In year 2017, 2018, and 2019, Company contributions to the provident fund in the amount of Baht 4.20 million, Baht 3.10 million and Baht 2.60 million, respectively.

Personnel development policy

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

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

In 2019, the Training Institute has developed an annual training plan, taking into account the participation of direct line supervisors. This is done through the survey process and training need survey, which is used as a guideline for personnel development in 3 phases, as below;

Development and short-term training

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

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

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

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

The Company organized trainings for employees from the operational level, retail level sales and customer service and management level. The in-house trainings, total of 26,094 hours, public trainings, total of 2,571 hours, totaling 28,665 hours. These capacity development trainings were well received by the Company's personnel from all levels. In 2019, the company has average training hours / person / year equal to 23 hours.

Mid-term development and training

Continuous development to improve the professional performance and upgrade the standard of service for agencies/units as appropriate. In 2019, the company had developed the sales and service courses for sales office in headquarter, management branch office and telesales. These courses consist of mentor curriculum and telesales academy.

Long-term development and training

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

Performance evaluation

In 2019, the company implemented the Performance Review System, which consists of key performance indicators and competencies used to evaluate employee performance. This aims to measure the performance of employees in the organization on the success factors of the work in accordance with the organization's annual policy and work-related behavior that fosters accomplishment. The results of the evaluation were used in the management and administration, salary and payment, training and development, and career advancement.

Development of attitudes and social cohesion

In addition to the capacity building to staff members to work effectively, the company has cultivated and adjusted the performance of employees to operate in selfless and generous manner. The company also promotes peaceful harmony in working and living together in a society or organization by conducting various activities such as blood donation, activities relating to religious holidays, water purifiers donations and renewal of purifiers/filters to schools.

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

- None -

Corporate Governance

In 2019, the Company was given a “Excellent” ranking (five-star) by an assessment for the Corporate Governance Report of Thai Listed Companies 2019. The Company is one in 193 listed companies that scored Excellent, from a total of 677 companies, from the assessment by the Corporate Governance Report of Thai Listed Companies 2019 organized by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the Thai Institute of Directors.

Corporate Governance Policy

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

The Board of Directors and Sub-Committees

Structure of the Board Directors

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

The Board of Directors

Duties and responsibilities of the Board

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

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

4. Appoint the Executive Committee, in the discretion of the Board, to perform duties as assigned by the Board. The Board shall elect a member of the Executive Committee as Chairman of the Committee;

5. Appoint Chief Executive Officer/ Managing Director or delegate any authorities to any other person(s) to conduct the Company's business subject to the control of the Board, or delegate the authorities to any person within the specified timeframe, in the Board's discretion, whereby such appointment or delegation of authorities may, at any time, be cancelled, revoked, modified or amended. In the case where the Board has delegated the authorities Chief Executive Officer/ Managing Director or any appointed person(s), to operate the Company in normal course of business, such delegation shall be in accordance with resolutions of the Board's meeting, which requires the attendance of independent directors or members of the Audit Committee, and if, the delegation of authorities is opposed by the independent director(s) or member(s) of the Audit Committee, the objection must be explicitly stated in the minutes. The delegation of authorities shall be defined clearly duties and responsibilities delegated, and shall not be made in the manner that the delegate be able to approve any transaction that he/she may have conflicts of interest with the Company or the subsidiaries.

6. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee. The Board of Director will monitor and evaluate the effectiveness of risk management regularly through the Audit Committee.

7. The Board of Directors must provide a Corporate Governance Policy, Code of Conduct Handbook, Anti-Corruption Policy and the Company's policy to receive complaints and clues of misconduct and fraud (Whistle Blowing) for use as guidelines in the organization.

8. Board of Directors must not undertake any business of the same nature as and competing with that of the Company or become a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or become a director of a private company or any other company undertaking any business of the same nature as and competing with that of the Company, unless such fact has been notified to the meeting of shareholders prior to the resolution electing such director.

9. A director shall notify to the Company without delay if having any direct or indirect interest in any contract made by the Company or holding the increasing or decreasing number of shares or securities in the Company or an affiliated company.

10. The Committee must support and encourage the management to create innovations that bring value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

Term of Office

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

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

The Audit Committee

Duties and responsibilities of the Audit Committee

1. Review the Company's financial reporting system and disclosure of information in its financial statements in accordance with the financial reporting standards and related laws, with transparency, accuracy and adequate disclosure;

2. Review and provide opinion on the disclosure of quarterly financial statements to the Stock Exchange of Thailand;

3. Review the appropriateness and effectiveness of the Company's internal control and internal audit to meet internationally accepted methods and standards;

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

18.8 any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board of Directors;

19. Perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee;

20. If the Audit Committee finds or suspects the following cases, which may cause a significant impact to the financial status and performance of the Company, the Audit Committee shall report the case to the Board of Directors for action to be taken within the timeframe agreed by the Audit Committee:

20.1 Transactions which lead to a conflict of interest;

20.2 Fraud, irregularities, or significant deficiencies in the internal control system;

20.3 Violation of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, any other laws relevant to the business operation of the Company;

Term of Office

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

Executive Committee

Duties and responsibilities of the Executive Committee

1. Manage the Company in accordance with applicable laws, its objects and the Articles of Association and resolutions of meetings of shareholders.

2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders.

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

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

3. Review and approve purchase requisition and order in accordance with the objectives of the Company.

- Credit limit not exceeding 6,000,000 baht for fixed assets (Excluding land)
- Credit limit of not more than 2,000,000 baht for non-fixed assets
- Credit limit of up to 45,000,000 baht for distributed products and manufacturing materials used in production
- Credit limit of not more than 2,000,000 baht for fuel

Term of Office

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

The Management Committee

Duties and responsibilities of the Management Committee

1. Manage the Company in accordance with applicable laws, its objectives and the Articles of Association and resolutions under the law of shareholders' meetings;
2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the operations are performed in accordance with the Company's policies, except the following matters which, required by laws, resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital, issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.;
4. Put in place an effective internal control system and internal auditing by arranging internal auditor to monitor, perform and coordinate with the Audit Committee.
5. Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Boards of Management and employees to guide consistent internal compliance; The authority of the Executive Committee shall exclude an approval of any transaction in which members of the Executive Committee or their related persons have conflicts of interest with the Company or subsidiary companies, as specified in the regulations of SET. An approval of the transaction mentioned must be submitted to the meeting of the Board of Directors and/or the meeting of the shareholders for consideration and approval, in accordance with the Company's Articles of Association, and relevant laws. The Executive Committee shall not be authorized to approve any other transaction, unless approved by the Board of Directors on a case-by-case basis;
6. Review and approve purchase requisition and order in accordance with the objectives of the Company.
 - Credit limit not exceeding 5,000,000 baht for fixed assets (Excluding land)
 - Credit limit of not more than 1,000,000 baht for non-fixed assets
 - Credit limit of up to 40,000,000 baht for distributed products and manufacturing materials used in production
 - Credit limit of not more than 1,000,000 baht for fuel
7. Consider and enter into contracts, as assigned, concerning business operation of the Company. Each transaction must be within the amount not exceeding 5 million baht, but not exceeding the budget approved by the Board of Directors for an important investment spending specified in the annual expenditure budget.
8. Approve loans, credit facilities, or credit application of the Company under an amount not exceeding to Baht 100 million per item. Assets of the Company shall not be secured as collateral without prior approval of the Board of Directors;
9. Approve adjustment of salaries, remuneration and bonuses for employees but not for the members of the Executive Committee.
10. Create innovations that brings value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

Term of Office

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

Risk Management Committee

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

Duties and responsibilities of the Risk Management Committee

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

Term of Office

Member of the Risk Management Committee shall hold office for a term of 3 years. The Risk Management Committee member whose term has expired may be re-elected to the position. The Risk Management Committee vacates office after resigning from being a Director of the Company or resigning from being the Company's employee.

The Nomination and Remuneration Committee

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

Duties and responsibilities of the Board are as follows:

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

Term of Office

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

Corporate Governance and Corporate Social Responsibility Committee

The Corporate Governance and Corporate Social Responsibility Committee are set forth in accordance with the resolutions adopted at the Board of Directors' meeting no. 2/2015 dated 27 February 2015. The Corporate Governance and Corporate Social Responsibility Committee play an important role in determine, review, communicate and supervise good corporate governance policies. It is a guideline for operating its business as well as guiding practices of executives and employees to build confidence of shareholders, investors and stakeholders. It is also important to communicate to

relevant people both inside and outside the organization to be aware of the Company's good corporate governance practices. The Corporate Governance Committee has responsibilities to manage the operation of the Company and the performance of the management and employees to be in accordance with the corporate governance principles. This include the duty to oversee the Company as required to be in line with international standards and good corporate governance principles as approved by the authorities.

Duties and responsibilities of the Board are as follows:

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

Term of Office

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

Chairman of the Board

Duties and responsibilities of the Chairman of the Board

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

Chief Executive Officer

Duties and responsibilities of the Chief Executive Officer

1. To lead, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board. This includes oversee and monitor any changes in the budget and operational plan.

2. To make decisions on matters as determined by the company, in compliance with relevant laws, orders or resolutions of the Board. The Chief Executive Officer shall take reasonable steps to ensure that the company operates and develops its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.

3. To set the organizational structure by making a proposal to the Nomination and Remuneration Committee for approval, and then to the Board for approval and to ensure management. This includes the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company.

4. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, in accordance with the Authorization Policy Manual.

5. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.

6. To monitor and evaluate the performance of the company and report on progress and performance to the Executive Board, the Audit Committee, and the Board of Directors.

7. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.

8. To build and maintain a competent team of executives to enable it to achieve the strategy and goals of the company effectively.

9. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

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

Managing Director

Duties and responsibilities of the Managing Director

1. To ensure the company's management and administration, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board and/or the Chief Executive Officer.

2. To develop business policy and goals, business and operation plans, business strategy, budget and annual performance indicator and propose to the Chief Executive Officer, Executive Board, The Management Committee and the Board in accordance, according to the guidelines set by the company.

3. To ensure day-to-day operation and management of the company.

4. To determine the organizational structure by presenting to the Chief Executive Officer for approval before submitting to the Nomination and Remuneration Committee for approval and then proposing to the Board of Directors for approval. And to ensure management including the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company as assigned by the Chief Executive Officer.

5. To make decisions on various matters and shall take reasonable steps to enable the company to operate and develop its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.

6. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, as assigned the Chief Executive Officer, in accordance with the Authorization Policy Manual.

7. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.

8. To monitor and evaluate the performance of the company as well as oversee the progress in line with the budget and operation plan and report to the Chief Executive Officer, the Executive Board, the Audit Committee, and the Board of Directors.

9. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.

10. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

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

Nomination of Directors and Senior Management

1) Nomination of Directors

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

1. The shareholders must appoint directors in the following manners:

- Each shareholder shall have one vote for each share held by him/her;
- Each shareholder shall exercise his/her voting right to elect one person or several persons as directors or any other means as deemed appropriate but each shareholder must submit all of his/her votes at the time and is not entitled to divide the votes proportionately for a particular candidate or group of candidates;
- The persons shall be elected by a majority of the shareholders voting. If an equal number of votes, the Chairman shall cast a deciding vote;
- The persons receiving the highest votes in descending order shall be elected as directors equal to the permissible number of directors to be elected at the time. In the event that persons in subsequent order who have an equal number of votes exceed the number of vacancies available for election at the time, the Chairman shall cast a deciding vote

2. At every annual general meeting of shareholders, one-third of the directors must vacate from their office. If the number of directors cannot be divided exactly into the number corresponding to one-third, directors to vacate office in the first year and the second year after registration of the company shall draw lots. In subsequent years, the directors who remained in office for the longest time shall vacate office.

3. A retiring director is eligible for re-election.

4. In the case of a vacancy of directorship for reason other than expiration of term of office, the Board of Directors shall elect a person possessed of qualifications and not possessed of disqualifications under the Limited Public Company Act and the Securities and Exchange Act as the replacement director in the next meeting of Board of Directors, unless the remaining term of office of the director is less than two months. The replacement director may hold only for the remainder of term of office of the director whom be replaced. And the resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.

5. In the case where the whole Board of Directors vacate office, such Board of Directors shall remain in office as long as necessary to operate business of the Company until the new Board of Directors assume office, unless otherwise ordered by the court in the case the court issuing an order to remove. The board of directors vacating office must make arrangements to hold a meeting of shareholders for election of a new board of directors within one month from the date on which it vacated office, by dispatching a notice of meeting to the shareholders not less than fourteen days in advance of the date of the meeting. The notice of meeting shall also be announced in a newspaper for not less than three consecutive days before the date of the meeting.

6. The nomination committee should give consideration to diversity and establish a formal recruitment policy. The Board of Directors established a recruitment policy concerning the diversity of board members with reference to the competencies required for the board. Consideration will be given to required and complimentary competencies of directors. This includes professional expertise and specialization. There is no restriction on gender to serve as a director in order to strengthen the capacity of the board.

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

2) Nomination of Independent Directors

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

The Company requires that independent directors shall be made up no less than one-third of the Board of Directors. At least three directors require to be independent as of December 31, 2019. The Company has six independent directors. The criteria and qualifications of independent directors are in accordance with the notifications of the Capital Market Supervisory Board and all independent directors of the Company have met the requirements as follows:

1. Holding shares not exceeding 1 per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director by definition, independent directors are equal to the minimum requirements of the SEC and the SET.

2. Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;

3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary (if any);

4. Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his or her independent judgment, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment; Thus such business relationship aforementioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or the counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the notifications of the Capital Market Supervisory Board with regard to the disclosure of Information and act of listed companies concerning the connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;

6. Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than Baht 2 million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities

7. Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company;

8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;

9. Not having any characteristics which render him or her incapable of expressing independent opinion regarding the Company's business operation;

10. Not being a director assigned by the Board of Directors to operate any business of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest with the Company;

11. Independent Director has a term of office of not more than 9 years from the date of being appointed as independent director in the first term. If the renewal appointment of independent director is to take place, the Board of Directors shall reasonably consider such necessity.

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

3) Nomination of the Audit Committee

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

4) Nomination of Managing Director/ Chief Executive Officer

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

5) Nomination of Senior Management

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

Corporate Governance of subsidiaries and joint venture

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

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

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

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

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

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

8.5 Use of Insider Information

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

Require directors and the management who have duty to report the change of their securities pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within three business days from the date of transaction and send a copy to the Company on the same day that the report is sent to the SEC. During the year 2019 the directors and management of companies reported their shareholdings by comparing the increase (decrease) during the period from 10 January 2019 and 30 December 2019 as follows.

No.	Name	Number of shares				Shares Increase (decrease) during the year (Shares)
		30 December 2019		10 January 2019		
		Own	Spouse or Underage Children	Own	Spouse or Underage Children	
1.	Mr. Sahas Treetipbut Treetipbut	0	0	0	0	0
2.	Mr. Ekarat Changyoo	33,608,413	0	33,408,413	577,275	(377,275)
3.	Mr. Viruch Wongnirund	1,062,498	0	1,062,498	0	0
4.	Ms. Theinvanee Changyoo ^{1/}	33,695,673	0	33,695,673	0	0
5.	Ms. Savita Changyoo ^{2/}	34,433,796	0	34,433,796	0	0
6.	Assoc. Prof. Boonserm Vimuktanandana	0	0	0	0	0
7.	Dr. Supree Wongdeeprom Ph.D.	0	0	0	0	0
8.	Asst. Prof. Krit Umpote	0	0	0	0	0
9.	Ms. Sumana Vonggapan	0	0	0	0	0
10.	Prof.Porntep Siriwanarangsun, MD., MPH., PhD	0	0	0	0	0
11.	Surat Wongrattanapassorn Ph.D.	260,000	0	0	0	260,000
12.	Mr. Paitoon Homchan	1,778,900	0	1,778,900	0	0
13.	Mr. Watcharin Watcharatham	260,000	0	0	0	260,000
14.	Mr. Siam Uralwong	611,500	0	580,000	0	31,500
15.	Mr. Paitoon Sukhanaphorn	33,000	0	33,000	0	0
16.	Mr. <u>Naret</u> Charoonwittayakul ^{3/}	0	0	0	0	0
17.	Mr. Kiratat Jirachit ^{4/}	0	0	-	-	0

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

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

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

Remuneration for Auditors

The Audit Committee of Thiensurat Public Company Limited has considered and selected auditors in accordance with assessment and requirements of the Company. In selecting Auditors, the Audit Committee shall take into account quality, standard operating procedure, and requirements of independence without a business relationship or professional services with the Company. KPMG Phoomchai Audit Ltd. is the auditor for year of the year 2019, of the company the auditors are as follows:

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

In the year 2018, the Company paid audit fees of Baht 2.20 million, no remuneration for other services.

Other principles of good corporate governance

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

- Evaluation of the corporate governance survey of listed companies in 2019 at the level of "Excellent", the overall average score of 90 percent, higher than the average score of overall listed companies at 82 percent.
- Quality assessment of the Annual General Meeting of Shareholders for 2019 from Thai Investors Association full scored 100.

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

(1) Code of Conduct

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

1. Operate business with fair and honesty. Carry out business with responsibility for society as a whole, both legally and ethically. Commit to ensure good treatment of individuals, communities, societies and environment.
2. Treat customers fairly in terms of products and services under the principle of non-discrimination.
3. Operate a business with a standardized and well-monitored operating system by using full knowledge and capacity and exercising due diligence with adequate and reliable information and evidence. It also strictly adheres to the relevant laws and regulations.

4. Adhere to confidential and non-disclosure principles for customers. Unless, it is required as duties and responsibilities by law.
5. Enable a grievance mechanism for customers to complain about the incompleteness of products and services.
6. Disclose product information and service accurately.
7. Comply with all terms and conditions that agreed with customers fairly. If the terms and conditions cannot be fulfilled, customers must be notified, without delay, to find a solution together.

(2) Conflict of interest

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

(3) Internal Control

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

(4) Risk management

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

(5) Report of the Board of Directors

The Audit Committee will be responsible for reviewing the financial report. The finance and accounting departments as well as auditors shall attend a meeting together and report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for the financial statements of Company and the financial information (report of the board of directors'

responsibility for the financial reports) as appeared in the annual report. Such financial statements are prepared in accordance with the accounting principles certified and audited with prudence by the Company's auditors. The disclosure of significant financial-related and non-financial related information is completely and regularly done on the factual basis.

(6) Board of Directors' Meeting

In accordance with the Company's Articles of Association, the Board of Directors' meeting will be held at least every 3 months. The schedule of the Board of Directors' meetings and sub-committees is set in advance all the year. However, an extraordinary meeting can be convened if deemed necessary. The meeting notification must be prepared and circulated to the Board of Directors at least 7 days in advance of the meeting date, unless there is an overriding necessity or urgent matter. The agenda items must be clear and specific. All directors, including the management, can propose matters that are beneficial to the Company into the meeting agenda. Sufficient supporting documents must be prepared for the meeting and shared with the Board prior the meeting. The Board of Directors should study the information and review the details before attending the meeting. In the meeting, the Board must consist of not less than one-half of the total number of Directors to constitute a quorum. In 2019, the Company held 13 regular meetings of the Board of Directors, and one joint meeting with the management to review the budget and annual operation plan.

The company has arranged for Non-Executive Directors to have a meeting among themselves at least once a year to discuss various management issues with no presence from the management team. The results of the meeting were reported to the Chief Executive Officer/Managing Director. In 2019, the Company arranged one internal meeting for Non-Executive Directors as specified.

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

Name	Number of attendance / Total number of the meetings in 2019 Directors as of 2 January 2020						
	Board of Directors	Audit Committee	Executive Committee	Annual General Meeting 2019	Risk Management Committee	Corporate Governance and Corporate Social Responsibility Committee	Nomination Of Remuneration Committee
1. Mr. Sahas Treetipbut	13/13	-	0/0	1/1	-	-	-
2. Mr. Ekarat Changyoo	13/13	-	0/0	1/1	11/11	3/3	-
3. Mr. Viruch Wongnirund	13/13	-	-	1/1	11/11	-	-
4. Ms. Theinvanee Changyoo ^{1/}	12/13	-	-	1/1	9/11	-	-
5. Ms. Savita Changyoo ^{2/}	13/13	-	-	1/1	10/11	-	13/13
6. Assoc. Prof. Boonserm Vimuktanandana	11/13	12/12	-	1/1	-	-	-
7. Dr. Supree Wongdeeprom Ph.D.	13/13	12/12	-	1/1	11/11	3/3	-
8. Asst. Prof. Krit Umpote	12/13	-	0/0	1/1	-	3/3	13/13
9. Ms. Sumana Vonggapan	13/13	12/12	-	1/1	-	-	13/13
10. Prof. Porntep Siriwanarangsun, MD., MPH., PhD	12/13	-	-	-	-	-	-
11. Surat Wongrattanapassorn Ph.D.	13/13	-	0/0	1/1	-	-	-

Remark: ^{1/} Ms .Theinvanee Changyoo was resign as the Company Secretary on 31 March 2019

^{2/} Ms. Savita Changyoo was appointed as the Vice Chief Executive Officer on 7 October 2019

^{3/} Mr. Naret Charoonwittayakul was appointed as the Chief Executive Officer Assistant on 2 January 2019

^{4/} Mr. Kiratat Jirachit was appointed as the Chief Executive Officer Assistant on 4 June 2019

(7) Directors Remuneration

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

(8) Orientation for new directors

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

When a new director is appointed, the Company provides an orientation for newly appointed directors by providing a briefing on vision, mission, values, strategies, goals, and business practices guidelines implemented by the Chairman, Chief Executive Officer Managing Director and/or Executive Committee. The Company also provides documents for newly appointed directors to perform their duties including memorandum of association, the Company regulations and annual reports. These documents contain important information namely the roles and responsibilities of the Board of Directors, the Corporate Governance Policy of the Company, the approval authority and the prohibition of the actions of the directors in accordance with the relevant laws, including the roles and duties of the various sub-committees. In 2019, the company does not have Nomination and appointment of new directors

(9) Development of Directors and the Management

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

Training of the Board of Directors and the Sub-Committees

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

In the Year 2019, the Board of Directors and Sub-Committee members attended courses provided by the IOD and other institutions as follows:

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

Name	Courses
Prof.Porntep Siriwanarangsun, MD., MPH., Ph.D.	Risk Management Program for Corporate Leaders (RCL) Class 116/2019
Ms. Savita Changyoo	Board Nomination and Compensation Program (BNCP) Class 6/2019

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

Name of Directors	Courses provided by the IOD
1. Mr. Sahas Treetipbut	- DAP 28/2004 - HMS 2/2013 - SFE 7/2013
2. Mr. Ekarat Changyoo	- DAP SET/2012 - FBS 1/2014 - DCP 263/2018
3. Mr. Viruch Wongnirund	- SFE 11/2010 - DCP 135/2010 - APC 37/2011
4. Ms. Theinvanee Changyoo	- DAP 98/2012 - CSP 68/2016 - ACPG 31/2016
5. Ms. Savita Changyoo	- DAP 99/2012 - FBS 1/2014 - BNCP 6/2019
6. Associate Professor. Boonserm Vimuktanandana	- DAP 100/2013 - ACP 42/2013
7. Dr. Supree Wongdeeprom Ph.D.	- DAP SET/2012 - RCL 14/2018
8. Mr. Suthee Tripornchaisak	- DAP 103/2013
9. Asst. Prof. Krit Umpote	- DCP 0/2000 - AACP 3/2010

Name of Directors	Courses provided by the IOD
10. Ms. Sumana Vonggapan	- DAP 47/2005
11. Prof.Porntep Siriwanarangsun, MD., MPH., Ph.D.	- DCP 212 - FSD 28/2015 - RCL 116/2018
12. Surat Wongrattanapassorn Ph.D.	- DCP 233/2017

Board Committee Evaluation

Board committee performs this process annually with committee evaluation and self-assessment process. Evaluation criteria consist of 6 areas which are structure and qualification of the board directors, roles duties and responsibilities of board of directors, board of director's meeting, directors' prosecution, relation of board to executives, and self - development. The 5 performance levels are: 4 = Excellence; 3 = Good; 2 = Moderate; 1 = Small; 0 = No action. The summation of points in each question will be calculated in percentage from total points. The score ranges are: above 85% = Excellence; 75% - 85% = Good; 65% - 75% = Fair; 50% - 65% = Moderate; under 50% = should be improved. The Board Committee Evaluation outcome from committee survey collected and reported by company secretary in 2019 is 94.20% in average or Excellence.

The Board of Directors also allows each director to evaluate individual performance by using self-assessment methods in accordance with assessment criteria in various aspects, including the Company's performance, performance of each director, scope of duties and responsibilities, Board meetings and ethics compliance. The criteria for self-assessment evaluation is the same format as the evaluation of the entire board. In 2019, the Company Secretary summarized of the assessment results of each individual director and reported to the Board of Directors' meeting. The assessment results are at 97.11 percent or are in excellent criteria.

Sub-Committee Evaluation

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

The evaluation form topics consist of structure and qualifications of the board, roles duties and responsibilities of the board, the meetings of Board. The evaluation results of the sub-committee in 2019 are as follows:

The Audit Committee received an average score of 98.78 percent and the individual Audit Committee member received an average score of 98.78 percent.

The Nomination and Remuneration Committee received an average score of 100 percent and the individual Nomination and Remuneration Committee member received an average score of 98.75 percent.

The Good Corporate Governance and Social Responsibility Committee received an average score of 98.28 percent, the individual Good Corporate Governance and Social Responsibility Committee member received an average score of 97.36 percent.

The Risk Management Committee received an average score of 94.38 percent and the individual Risk Management Committee member received an average score of 96.25 percent.

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

Chief Executive Officer and Managing Director Evaluation

Nomination and remuneration committee is responsible for annual Chief Executive Officer and Managing Director evaluation by implementing the stock exchange of Thailand's criteria. Those are leadership in strategy formulation, strategy procurement, financial and performance planning, relationship to committees and stakeholders, human resource management, succession plan, knowledge in company's products and service, and personal expertise. In 2019, the Chief Executive Officer has been evaluated by the Nomination and Remuneration Committee and the Board of Directors, with an average score of 100 percent.

Succession Plan

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

Compliance with the Principles of Good Corporate Governance

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

Category 1 the Rights of Shareholders

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

Guidelines

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

1. The Company will hold an annual general meeting. The board will determine the date, time and location of the meeting. The meeting is held within 4 months from the date of the last day of the Company's fiscal year. The meeting notification, the agenda items and relevant documents must be prepared and circulated to the shareholders at least 7 days in advance of the meeting date. Including disseminating such information on the company website at <http://www.thiensurat.co.th> At least 30 days before the meeting date and the meeting date shall be announced in a newspaper for 3 consecutive days in advance of the meeting date. Each agenda item shall objectives and reasons contain opinions or recommendations of the Board of Directors. In 2018, The Company sent the documents before the meeting for a period of 14 days.
2. Company shall disseminate relevant materials and information through the Company's website in advance. The Company shall provide adequate information with regard to the rights of shareholders in the shareholders' meeting including the right to vote of the shareholders.
3. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholder an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter.
4. Prior to the meeting, the Company shall provide opportunities for the shareholders to submit opinions, recommendations and questions in advance.
5. During the shareholder meeting, the Company The meeting will be conducted with integrity, transparency and efficiency and conducive to allowing shareholders to exercise their rights by using the technology to facilitate the Shareholders' Meeting, for the registration of shareholders, counting and showing results for the meeting to be conducted quickly accurately. Before the meeting start, the number and proportion of shareholders attending the meeting in person and by proxy, meeting method, voting and vote counting will be announced. the Company shall provide opportunities for shareholders to independently and

equally make inquiries, suggestions or expression of opinions. In the meeting, the directors and the executives shall attend to provide response and give detailed information for the shareholders.

6. The company selected the venue, which has a mass transit access and enough so shareholders can attend easily.
7. After the end of the Shareholders' Meeting, the Board of Directors will disclose the resolutions of the Shareholders' Meeting with voting results within the next business day through the news system of the Stock Exchange of Thailand and on the website of the Company and prepare accurate and complete Minutes of the Shareholders' Meeting. A copy of the Minutes of the Shareholders' Meeting will be sent to the Stock Exchange of Thailand within 14 days from the date of the Shareholders' Meeting.

Category 2 The Equitable Treatment of Shareholders

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

Guideline

1. The company will oversee the shareholders' meeting shall be convened and conducted in accordance with the Company's Articles of Association and agenda items. Each agenda items shall be considered with the supporting detailed information and relevant materials. There shall be no additional agenda item without notifying shareholders in advance, particularly, an important agenda item, which requires sufficient time to consider prior any decision-making. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholders an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter. The voting shall be casted in accordance with the sequence of agenda items in transparent manner. The Company shall provide the shareholders with an opportunity to exercise their rights to vote to appoint each director individually.
2. The company has a policy to facilitate the shareholders to nominate directors, and added to the agenda In advance, including proposing questions in advance in accordance with rules set by the Company, which publishes the details in website at <http://www.thiensurat.co.th>. Within for 1 months until the end of the fiscal year of the company.
3. The Company formulates measures designed to prevent the improperly use of inside information (insider trading) of related parties including directors, executives and employees involved in internal information as well as their spouse and minor children. The Company imposes non-trading periods on related parties during 1-month period preceding the announcement of quarterly and annual financial statements and such related parties shall wait at least 24 hours after the said information is accessible to the public. Such information shall not be disclosed to the third party.

4. The company requires informs the directors and management who trade their securities must report their securities holding in his/her company including their spouse and minor children pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within 3 business days to The SEC in order to subsequently disseminate such information to the public.

Category 3 The Role of Stakeholders

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

Guidelines

- | | | |
|-----|--------------------------|--|
| (A) | Shareholders | The Company focuses on the development and continued growth, which will result to greater revenues and profit for the Company. It adds value to the company and contributes to shareholders to receive the highest returns. |
| (B) | Customers | The Company realizes the quality and standard of products as well as customer service and responsibility towards customers with honest and fairness. |
| (C) | Business Partner | The Company's policy is to treat business partner fairly, in accordance with terms of trading and/or the terms of the agreed contracts, to ensure the good business relationship, which will benefit all parties. |
| (D) | Creditors of the Company | The Company will comply strictly comply with conditions of business to creditors as well as monitor the payment of loans and interest to all types of creditors in accordance with the agreed schedule and strictly comply with conditions of the loan under the agreement without using the loan in a way that is contrary to the purpose of the loan. In addition, the Board of Directors will ensure that the company operates to safeguard confidence of creditors in their financial status and ability to pay debts as well as supervise the reporting of correct and complete information to creditors. |
| (E) | Competitors | The Company promotes free and fair competition policy and shall comply with a good competition framework. |
| (F) | Employees | The Company has a policy to treat all employees equally by complying with relevant laws and standards fairly and respecting human rights. The Company provides appropriate remuneration and welfare not less than the minimum wage rate set out by the relevant laws, including support to the staff for their skills and knowledge development. |
| (G) | Community and Society | The Company places importance and commitment to community and society. The Company operates its business ethically and provides creative and beneficial activity support to society as appropriate. |

(H) Environment	The Company strictly complies with applicable environmental laws and regulations. And it establishes the guidelines, which continuously minimize impact to environment.
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The Company will comply with applicable laws and regulations to ensure the rights of stakeholders have been well protected and treated.

Anti-Corruption

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

1. Objectives

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

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

2. Definition

- **Corruption** means any form of bribery including an offer, promise, commitment, request, or acceptance of inappropriate money, assets or other benefits that are in appropriate for government officials, government organizations, private organizations, or any relevant persons in charge either directly or indirectly, in order that they perform or refrain from performing their duties so as to acquire or preserve a business, or introduce a business to any particular organization, or to acquire or preserve inappropriate business benefits. However, the exemption can only apply in cases where the permission of law, order, notification, regulation, local tradition, or trade custom is granted.
- **Anti-Corruption** means to perform or refrain from performing duties. This includes use of authority in all positions, whether to give or receive a bribe, offer, promise, commitment, request, or acceptance of remuneration, assets, money, goods, entitlements or any other benefits to businesses that operate with the company or its subsidiaries in order to obtain benefits or preserve inappropriate entitlements and business benefits for organization, oneself, or involved people either directly or indirectly.
- **Taking bribes** means receiving/accepting money, goods, services or one or more of them. An employee is involved in soliciting of money, gifts or other benefits for themselves and/or relevant people.
- **State official** means a person holding a political position, Government official or local official assuming a position or having permanent salaries, official or person performing duties in a State enterprise or a State agency, local administrator and member of a local assembly who is not a person holding a political position, official under the law on local

administration and shall include a member of a Board, Commission, Committee or of a sub-committee, employee of a Government agency, State enterprise or State agency and person or group of persons exercising or entrusted to exercise the State's administrative power in the performance of a particular act under the law, whether established under the governmental bureaucratic channel or by a State enterprise or other State undertaking.

- **Political contribution** means assistance on behalf of the company, whether financial, asset or any other forms to help, support, or any other purposes, to political activities, politicians or persons with political affiliations either directly or indirectly. Financial aid can also include loans. In-kind assistance, such as providing items or services, advertising or supporting political parties, fundraising, or donations to organizations with close ties to political parties, etc. Unless such support is for the democratic process that is required by law.
- **Charitable donation** refers to activities related to spending money without tangible rewards. Public donation is to spend money on projects and activities that benefit the community, society and the people. The company may not receive tangible returns.
- **Relevant person** refers to spouse, children, parents, siblings or close relatives as well as friends and acquaintances of the Board of Directors, management and staff at all levels of the company.

3. Scopes and guidelines

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

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

- (9) The Company's policy is to be politically neutral. All directors, executives, and staffs have political rights and freedom under the laws. However, they must realize not to operate, to do any activities or to use the Company's resources for political activities which can cause the Company to lose neutrality or to be harmed by political engagement and contributions.

4. Duties and responsibilities

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

5. Measures and operation guideline

- (1) The Company supports and promotes directors, executive and staffs of every level to realize importance and to be conscious of anti-corruption. The Company sets up the internal control to prevent corruptions and bribery in all forms and all countries which the Company enters to invest.
- (2) This guideline of the anti-corruption covers the process of personnel administration ranging from recruitment or selection, promotion, training, performance evaluation to remuneration to staffs. It is determined that supervisors in every level must communicate and make the subordinate staffs to understand and follow when doing business operations in their responsibilities. They must control and oversee the operations to be efficient and in compliance with this guideline.
- (3) The Company will give justice and protection to staffs or any whistle-blowers/reporters of the evidence of corruptions related to the Company, including the staffs that refuse to act. It will use the measures to protect persons who report or cooperate in reporting corruptions as stated in the Policy of whistle-blowing and protection for whistle-blower
- (4) Staff's corruptions are regarded as misconducts according to the work-related regulations of personnel administration. They will get disciplinary penalty as determined and may get legal penalty if applicable.
- (5) The Company will check the practice guideline and measures on regular basis to be in compliance with changes of laws and business-operating conditions.

6. Complaint handling and channels

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

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

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

7. Related policies and Handbook

- (1) Corporate Governance Policy
- (2) Code of Conduct Handbook
- (3) Regulations governing the operation of the company
- (4) Whistle Blowing

Whistle-blowing or reporting

1. Objectives

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

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

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

2. Clues Or complaint

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

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

3. Whistleblower and complaint procedure listed as follows:

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

4. Complaint mechanism policy and procedure

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

5. Punishment measures to offenders

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

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

6. Protection measures for whistle blowers and informants

The company encourages management and staff at all levels to operate business in a proper, transparent, fair and accountable manners, in conjunction with good corporate governance and business code of conduct. To ensure confidentiality for whistle blowers and informants who have made a complaint in good faith, they will be protected by the company in accordance with the following measures:

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

7. Policies and relevant manuals are listed as follows.

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

8. Definitions

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

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

Category 4 Disclosure and Transparency

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

Guidelines

1. Internal Control and Transactions with Potential Conflicts of Interest

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

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

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

2. Disclosure of Information

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

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

1) Perform investor relations with full knowledge and capability, with responsibility and professionalism as well as ensure honesty in the profession and maintain on the basis of the principles of correctness and equality without discrimination.

2) Comply with the laws, notifications, rules and regulations of the relevant authorities, such as the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the regulations and policies of the company.

3) Disclose important and necessary information for investment decisions that are accurate, clear, accurate, complete, timely and fairly by using extreme care to avoid misunderstandings or misinterpretations and refusing to disclose information which is a trade secret or confidential information that may cause the company to be disadvantaged or lose its competitiveness.

4) Providing equal opportunities for stakeholders to access information.

5) Keep confidentiality, do not reveal and not use any inside information of the company and its subsidiaries/group which has not been disclosed to the public in order to seek benefits for themselves and/or others wrongfully.

6) Answer questions and concerns to shareholders, investors, analysts and all stakeholders by organizing various company visits as well as provide response to analysts and investors directly via email and telephone.

7) Refrain from holding meetings or clarifying information to analysts and investors (Quiet Period) at least 14 days before disclosing financial statements.

8) Refrain from trading the company's securities during the Blackout Period according to the policy to prevent the use of inside information of the company.

9) Organize various activities for directors and executives to regularly meet with investors and analysts by presenting the performance, financial statements, financial status, management discussion and analysis as well as participating in the listed companies' meetings with investors (Opportunity Day) to present the company's operating results and its future business trends.

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

Investor Relations

E-mail: ir@thiensurat.co.th

Telephone 02-819-8899 Ext. 1536 and 1591

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

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

Information presentation activities	Number	location
Opportunity Day	2	The Stock Exchange of Thailand
Company visit	1	Thiensurat Public Company Limited
Analyst Meeting	1	Thiensurat Public Company Limited

Category 5 Responsibilities of the Board of Directors

Structure of the Board

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

The Board takes part in determining the vision, mission, strategy, policy and business direction. The Board oversees the management of the Company in accordance with applicable laws, purposes, regulations and resolutions adopted at the shareholders' meeting. In order to closely oversee the business operation, the Board has also appointed 6 series of sub-committee. Those are Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, Nomination Remuneration Committee and The Management Committee to perform specific duty and submitted to the Board of Directors for consideration or acknowledgment. Sub-committees have rights and duties as determined in the authority of each committee. The company has clarified the separated roles and responsibilities

between the Board and the management. The Board of Directors is responsible for policy oversight and implementation of executive policies. The company executives operate activities in accordance with the executive policies. The president of board of director and the president of executive management is not the same person. Both persons are the most qualified persons recruited by Board Director Committee.

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

Roles and duties of the Board

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

Report of the Audit Committee

Dear shareholders of Thiensurat Public Company Limited,

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

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

Ms. Jarunee suesawad who is Manager of Internal Audit Office is on Secretary of the audit committee duty. Ms. Jarunee suesawad the head of Internal Audit Office, effective on 4 April 2019.

The Audit Committee performs its duties in accordance with the Charter of the Audit Committee approved by the Board of Directors. This is in line with the requirements of the Stock Exchange of Thailand (SET) for the Audit Committee to meet at least 4 times per year. In 2019, the Audit Committee convened 12 meetings and reported the results of all meetings to the Board of Directors each fine of the meeting. There were the Internal Audit Office and the auditor attended in each meeting. The results can be summarized as follows.

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

Reviewing the company's internal control system and internal audit system including considering the independency of the Internal Audit Office. In 2019, the company appointed Ms. Jarunee suesawad as the Internal Auditor, on 4 April 2019 to review the internal control system. The Audit Committee considered and approved the annual internal audit plan in accordance with the corporate environment to ensure that the company has an appropriate internal control system and to monitor and evaluate it as part of the good corporate governance process. The Audit Committee found that the company has adequate internal controls and no significant defects were found.

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

Considering selection of qualified auditors including proposing the appointment and remuneration of auditors to the Board of Directors to propose to the 2019 Annual General Meeting of Shareholders for further approval of the appointment of auditors of the KPMG Phoomchai Audit Ltd. to be the company's auditors for the fiscal year of 2019. The Audit Committee is of the opinion that the auditors of the nominated company have satisfactory performance and audit standards, in accordance with generally accepted auditing standards. In addition, the KPMG Phoomchai Audit Ltd. is internationally accepted. They also have the ability to perform as professionals. The Audit Committee recommends the auditors of the KPMG Phoomchai Audit Ltd. to be the company's auditor for 2019.

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

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

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

On behalf of the Audit Committee
Thiensurat Public Company Limited



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

Report of the Nomination and Remuneration Committee

Dear shareholders of Thiensurat Public Company Limited,

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

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

The Nomination and Remuneration Committee performs duties in accordance with the Charter of the Nomination and Remuneration Committee, which requires the committee to convene 12 meetings and report the results of each meeting to the Board of Directors. The key results can be summarized as follows.

1. Policy, Strategy and Strategic Plan

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

2. Supervision and Nomination

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

3. Supervision and Setting of Remuneration

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

4. Supervision of Human Resource Management

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

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

On behalf of the Nomination and Remuneration Committee



(Ms. Sumana Vonggapan)

Chairman of the Nomination and Remuneration Committee

Report of the Corporate Governance and Corporate Social Responsibility Committee

Dear shareholders of Thiensurat Public Company Limited,

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

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

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

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

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

On behalf of the Risk Management Committee



(Asst. Prof. Krit Umpote)

Chairman of the Corporate Governance and Corporate Social Responsibility Committee

Report of the Risk Management Committee

Dear shareholders of Thiensurat Public Company Limited,

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

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

The Risk Management Committee performs duties in accordance with the Charter of the Risk Management Committee, which requires the committee to convene 11 meetings and report the results of each meeting to the Audit Committee. It is concluded that the Risk Management Committee has reviewed the risk management framework of the company to ensure that the company has appropriate risk management system and measures to mitigate the risk to acceptable levels.

On behalf of the Risk Management Committee



(Dr. Supree Wongdeeprom Ph.D.)

Chairman of the Risk Management Committee

Report of the Executive Committee

Dear shareholders of Thiensurat Public Company Limited,

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

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

In 2019 The Executive Committee is not meeting. and The Management Committee has no urgent agenda to consider

On behalf of the Executive Committee



(Mr. Sahas Treetipbut)
Chairman of the Executive Committee

Corporate Social Responsibility: CSR

Please see Corporate Social Responsibility in “Sustainable Development Report” by visit:
[http://www.thiensurat.co.th/investor relations > Publications > Sustainable Development Report](http://www.thiensurat.co.th/investor%20relations%20>Publications%20>Sustainable%20Development%20Report)

Internal Control and Risk Management

Internal Control System

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

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

The Audit Committee supervises the independence of the Internal Audit Office to monitor and evaluate the internal control system and review the company's compliance with the government authorities rules and regulations. Various recommendations have been made to continue to improve the internal control system.

In the Audit Committee's meeting No.2/2020 held on 24 February 2019 in the presence of all four independent directors who were also members of the Audit Committee, the Company's internal control system was evaluated through the inquiries with the management as well as the outside independent auditors. The evaluation results showed that the Company's internal control was comprised of five key areas, which were significant to the efficiency and effectiveness of the internal control system:

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

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

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

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

The Company's internal control system

The company has the Internal Audit Office, which is under the supervision of the Audit Committee. The office operates independently, fairly, and ethically in line with the Code of Conduct for the Internal Auditors (IIA), which is responsible for reviewing internal operations of the company and its subsidiaries and submitting a report to the Audit Committee at every meeting. The independent internal auditor is also in charge of completing an internal control report to be presented to the Audit Committee in each meeting. The Audit Committee reviews the internal report, together with the independent internal auditor and provides suggestions about necessary points for improvement of the independent internal auditor's policies of as well as for enhancement of the Company's internal control system. The Audit Committee convenes at least four times a year and the audit report is submitted for the Board of Directors' review and, once reviewed, the audit report is publicized in the Company's annual report.

The head of internal control and the head of corporate governance

The Audit Committee's meeting No.8/2018 held on 9 August 2018 appointed Ms. Pichayaporn Kongsomnamis was duties of the company's Internal Auditor and The Audit Committee's meeting No.4/2019 held on 4 April 2019 appointed Ms. Jarunee suesawad the head of Internal Audit Office, effective on 4 April 2019. She is primarily responsible for performing the duties of the company's Internal Auditor for 2018 to closely monitor and evaluate the internal control system. The Audit Committee has considered the qualifications of Ms. Jarunee suesawad and is of the opinion that it is appropriate to appoint her to perform the duties of the Internal Auditor.

Related Party Transactions

Related party transactions between the Company ("TSR") and its subsidiaries or among subsidiaries occurred in 2018 and 2019, are presented in the notes to the consolidated financial statements of the Company. Major related party transactions between TSR and its subsidiaries, with persons/companies who/that may have conflict of interest are summarized as follows:

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

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
1. Better Dreams Co., Ltd.	Holding company	<p>As at 31 December 2019</p> <ul style="list-style-type: none"> • Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Better Dreams Co., Ltd. • Better Dreams Co., Ltd. was a major shareholder of TSR, held 26.22% of registered and paid up share capital of TSR. • Had three directors in common, i.e., Ms. Theinvanee Changyoo, Ms. Savita Changyoo and Mr. Ekarat Changyoo.
2. Ideal Water Co., Ltd.	Manufacture and distribute drinking water	<p>As at 31 December 2019</p> <ul style="list-style-type: none"> • Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Ideal Water Co., Ltd. • Had two directors in common, i.e., Ms. Theinvanee Changyoo and Ms. Savita Changyoo.
3. Mr. Sahas Treetipbut	-	<ul style="list-style-type: none"> • Chairman of the Board of Directors of TSR**/Chairman of Executive Committee • Advisor of TSR (Information Technology)
4. Mr. Werawat Changyoo	-	<ul style="list-style-type: none"> • A major shareholder of TSR <p>As at 31 December 2018, Mr. Werawat Changyoo held 18.28%, and Changyoo Group* held 64.26% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> • Advisor of TSR (Innovation) appointed on 22 July 2019
5. Ms. Theinvanee Changyoo	-	<ul style="list-style-type: none"> • A shareholder of TSR <p>As at 31 December 2019, Ms. Theinvanee Changyoo held 6.13%, and Changyoo Group* held 64.26% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> • Director/Member of the Risk Management Committee / Member of the Executive Committee/ Vice Chief Executive Officer**

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
6. Ms. Kanittha Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR and spouse of Mr. Werawat Changyoo As at 31 December 2018, Ms. Kanittha Changyoo held 0.93%, and Changyoo Group* held 64.26% of registered and paid up share capital of TSR.
7. Ms. Savita Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR As at 31 December 2019, Ms. Savita Changyoo held 6.26%, and Changyoo Group* held 64.26% of registered and paid up share capital of TSR. Director/ Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Member of the Executive Committee/ Vice Chief Executive Officer**
8. Mr. Ekarat Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR As at 31 December 2019, Mr. Ekarat Changyoo held 6.11%, and Changyoo Group* held 64.26% of registered and paid up share capital of TSR. Director/Member of the Corporate Governance and Corporate Social Responsibility Committee/ Member of the Risk Management Committee /Chairman of the Executive Committee /Chief Executive Officer**
9. Ms. Sumana Vonggapan	-	<ul style="list-style-type: none"> Director/Chairman of the Nomination and Remuneration Committee/Member of the Executive Committee Advisor of TSR (Human Capital, Performance Evaluation of Management, Administration and Management Techniques)
10. Dr. Supree Wongdeeprom Ph.D.	-	<ul style="list-style-type: none"> Director/ Chairman of Risk Management Committee/Member of Audit Committee/ Member of the Corporate Governance and Corporate Social Responsibility Committee Advisor of TSR (Marketing Strategy Development, Sales Strategies, Marketing and Sales Management Techniques, Market Growth and Maintaining Market Share Strategies)
11. Dr.Porntep Siriwanarangsun, MD., MPH., Ph.D.		<ul style="list-style-type: none"> Director/Member of Audit Committee/ Member of the Nomination and Remuneration Committee Advisor of TSR (Cost, selling & administrative and bad debt saving, process improvement)
12. Mr. Paitoon Sukhanaphorn		<ul style="list-style-type: none"> Vice Chief Executive Officer in Finance & Accounting

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
13. COL Public Company Limited	Stationery and office equipment retail store	As at 31 December 2019 • Had a director in common, i.e., Mr. Sahas Treetipbut
14. Internet Thailand Public Company Limited	Provide internet and information technology service, distribute computer equipments and devices	As at 31 December 2019 • Had a director in common, i.e., Mr. Sahas Treetipbut
15. S.S. Air Services Co., Ltd.	Provide service and distribute air conditioners, equipments and spare parts	As at 31 December 2019 • A shareholder of Fedders Thai Co.,Ltd. (TSR's subsidiary) S.S. Air Services Co., Ltd. held 40% of registered and paid up share capital of the subsidiary.
16. TSR Lao Co., Ltd.	Distribute water purifier, equipments and electric appliances	As at 31 December 2019 • A joint venture between TSR and J.B. Group, in which TSR held 49% shareholding.
17. WESU SALE Co., Ltd.	Distribute air conditioner	As at 31 December 2019 • Had a common director between WESU Sale Co., Ltd. and a shareholder of Fedders Thai Co., Ltd. (TSR's subsidiary).

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

** Additional information is available in "Management Structure"

2. Related party transactions between TSR and its subsidiaries with related persons/companies for the years ended 31 December 2017 and 2018

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

2.1.1 Purchase/sales of goods and services

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
1. Better Dreams Co., Ltd.	<u>Revenues from information system service</u>	0.06	0.13	0.24	Proportionate price based on actual cost incurred
	TSR provided information system service to Better Dreams Co., Ltd. <u>Outstanding Balances</u>	-0-	-0-	-0-	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
2. Ideal Water Co., Ltd.	<u>2.1 Expenses from purchase of water</u> Safe Trade International Co., Ltd. was appointed by Ideal Water Co., Ltd. as a distributor to sale water to TSR's customers. Safe Trade International Co., Ltd. purchased water from Ideal Water Co., Ltd. for selling to TSR's customers.	0.16	0.20	0.29	Cost plus margin
	<u>Outstanding Balances</u>	0.02	0.01	0.01	
	<u>2.2 Expenses from purchase of water</u> TSR purchased water from Ideal Water Co., Ltd. for its internal use and selling to its employees. <u>Outstanding Balances</u>	0.44 0.05	0.40 0.03	0.40 0.01	Regular price as Ideal Water Co., Ltd. normally charged to Safe Trade International Co., Ltd.
3. Mr. Sahas Treetipbut	<u>Expenses on consulting services for information technology</u> TSR hired Mr. Sahas Treetipbut to provide advices on information technology management, human resources and marketing management.	2.40	2.40	2.40	Contract price which is regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
4. Mr. Werawat Changyoo	<u>Expenses on Advisory for the Innovation</u> TSR hired Mr. Werawat Changyoo as an advisor of the Innovation.	1.25	0.46	2.76	Contract price which is regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
5. Ms. Sumana Vonggapan	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Ms. Sumana Vonggapan to provide advice on: 1) Human Capital Development 2) Performance Evaluation of Management 3) Administration and Management Techniques	0.60	0.55	0.08	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
6. Dr. Supree Wongdeeprom Ph.D.	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Dr. Supree Wongdeeprom Ph.D. to provide advice on: 1) Marketing Strategy Development 2) Sales Strategy Development 3) Marketing and Sales Management Techniques 4) Market Growth and Maintaining Market Share Strategies	0.60	0.43	0.08	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
7. Dr.Porntep Siriwanarangsun, MD., MPH., Ph.D.	<u>Expenses on Advisory for the Management Committee</u> Upon request, TSR hired Dr. Porntep Siriwanarangsun, MD.,MPH., Ph.D. to provide advice on cost , selling & administrative and bad debt saving including process development	0.60	0.43	-0-	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
8. COL Public Company Limited	<u>Purchase of office equipment</u> TSR purchased office equipment and stationery used for its operation.	0.08	0.04	0.12	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	-0-	0.01	0.01	
	<u>Advertising expenses</u> TSR used catalogue advertising to advertise products.	-0-	-0-	0.15	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
	<u>Revenues from sales of goods</u> TSR sold water purifiers to COL Public Company Limited.	-0-	-0-	0.05	Cost plus margin
	<u>Outstanding Balances</u>	-0-	-0-	0.05	
9. Internet Thailand Public Company Limited	<u>Internet and device expenses</u> TSR leased the Internet and related devices from Internet Thailand Public Company Limited.	7.41	7.46	5.95	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.37	0.29	0.28	
	<u>Revenues from sales of goods</u> TSR sold water purifiers to Internet Thailand Public Company Limited.	-0-	-0-	0.03	Cost plus margin
	<u>Outstanding Balances</u>	-0-	-0-	0.03	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
10.. TSR Lao Co., Ltd.	<u>Revenues from sales of goods</u> TSR sold water purifiers to TSR Lao Co., Ltd.	9.72	8.31	9.17	Cost plus margin
	<u>Outstanding Balances</u>	2.68	1.63	2.34	
11. WESU SALE Co., Ltd.	<u>Revenues from sales of goods</u> Fedders Thai Co., Ltd. sold water purifiers to WESU SALE Co., Ltd.	12.84	1.05	5.10	Cost plus margin
	<u>Outstanding Balances</u>	3.18	0.6	-0-	

2.1.2 Acquisition and disposal of fixed assets

-None-

2.1.3 Land and building rental

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
1. Better Dreams Co., Ltd.	<u>1.1 Revenues from office rental</u> TSR gave its head office for rent to Better Dreams Co., Ltd.	0.04	0.09	0.16	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
	<u>1.2 Revenues from factory rental</u> TSR gave its factory for rent to Better Dreams Co., Ltd.	0.08	0.08	0.08	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
2. Ideal Water Co., Ltd.	<u>Revenues from factory rental</u> TSR gave its factory for rent to Ideal Water Co., Ltd.	0.12	0.12	0.12	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	-0-	
	<u>Revenue from utilities</u> TSR will charge all the utilities used as the actual payment.	0.09	0.09	0.08	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	-0-	

2.2 Transactions that will no longer arise in the future

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

2.2.1 Guarantees for borrowings from financial institutions/loan creditors

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

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2019	2018	2017	
1. Ms. Theinvanee Changyoo	TSR's hire purchase agreements for vehicles were guaranteed by Ms. Theinvanee Changyoo. (Principal amount at the agreement date)	1.12	1.12	1.12	Under regular terms and conditions of borrowings from financial institutions. The director did not receive any compensation for such guarantees.

2.2.2 Borrowings

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)			Pricing Policy
		2018	2017	2017	
1. S.S. Air Services Co., Ltd.	Borrowings	-0-	-0-	0.40	Interest rate as stated in the agreement which is similar to regular terms and conditions of borrowings from financial institutions.
	(Unit: Million Baht)				
	1 Jan 2018			0.40	
	Additional borrowings				
	Repayment			(0.40)	
	31 Dec 2017			0.00	
	Interest expenses	-0-	-0-	-0-	

4. Necessity of and justification for connected transactions

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

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

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

4. Measurement or procedure for approval of connected transactions

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

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

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

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

- Normal transactions or transactions aimed at supporting the Company's core business, with general trade terms and conditions, include services, sale and purchases of products. The Company has a policy to set terms and conditions of connected transactions based on the normal trading at the market prices. The prices are comparable to the prices offered to third parties and all parties seriously follow the terms and conditions in the agreement. The pricing and conditions are transparently and fairly set, not enabling anyone to exchange or transfer benefits. The internal auditor is in charge of reviewing the information and completing a report to be submitted to the Audit Committee. The report shall indicate the appropriateness of the prices and the justification of the transactions on a quarterly basis.
- Normal transactions and transactions aimed at supporting the Company's core business, without general trade terms, and other related transactions include leases of offices and financial support, e.g., borrowing, guaranteeing and etc. The Company has a policy to propose such transactions to the Board of Directors' meetings for approval. The Audit Committee shall present in the meeting and provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions. In addition, the Company shall comply with relevant laws about securities and the stock market and the rules, notifications, orders or regulations of the Stock Exchange of Thailand. The Company also follows the rules relating to disclosure of connected transactions and the acquisitions and disposal of major assets of the Company or subsidiaries (if any). The Company also complies with the accounting standard in regard to the disclosure of information relating to individuals or connected transactions; the accounting standard is announced by Federation of Accounting Professions. The Company discloses the connected transactions in the note to financial statements of the Company as well as in the 56-1 form and the annual report.

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

Board of Directors' Responsibilities for the Financial Statements

Dear shareholders of Thiensurat Public Company Limited,

The Board of Directors of Thiensurat PCL. is responsible for and has provided the Consolidated Financial Statements and those for its Subsidiaries together with the associated information relating to their respective financial status as presented in this Annual Report. These Financial Statements and reports on the performance results for the financial year 2019 are prepared in accordance with generally accepted accounting principles and through the use of appropriate accounting policies that are consistently applied by the Company together with the use of careful consideration and best estimates. Further, all important and relevant information are adequately disclosed within the Notes to the Financial Statements.

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

The Board of Directors is of the opinion that the overall internal controls system of the Company has functioned satisfactorily and, thus, has provided reliable, accurate and adequate information for the Consolidated and Financial Statements and those for its Subsidiaries for the financial year ending 31 December 2019.



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



(Mr. Ekarat Changyoo)
Chief Executive Officer

Financial Highlight

Financial Statements

Auditor's opinion

Auditor's report on financial statements of Thiensurat Public Company Limited and its subsidiaries for the year ended 31 December 2019 is presented below.

Financial Statements for the Year Ended 31 December 2019

Auditor

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

Opinion

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Financial Summary

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

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

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

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

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

Consolidated financial statements of the Group for the years ended 31 December 2017 – 2019 are presented as follows:

(1) STATEMENTS OF FINANCIAL POSITION

Assets	Consolidated financial statements as of 31 December					
	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets						
Cash and cash equivalents	59.44	4.1	47.59	3.4	32.57	2.2
Trade and other receivables	19.70	1.4	27.24	1.9	23.77	1.6
Current portion of hire purchase receivables	666.02	46.0	599.77	42.2	611.21	41.3
Current portion of loan receivables	0.43	0.0	0.90	0.1	1.35	0.1
Current portion of receivables under right transfer agreements	1.72	0.1	1.90	0.1	3.47	0.2
Inventories	133.73	9.2	142.99	10.1	158.51	10.7
Short-term loan to related party	0.17	0.0	-	-	-	-
Other current assets	20.99	1.5	26.17	1.8	27.69	1.9
Total current assets	902.20	62.3	846.56	59.6	858.57	58.0
Non-current assets						
Restricted bank deposits	-	-	1.07	0.1	2.89	0.2
Hire purchase receivables - long-term portion	22.88	1.6	4.03	0.3	9.04	0.6
Loan receivables - long-term portion	0.36	0.0	0.33	0.0	1.06	0.1
Receivables under right transfer agreements – long-term portion	0.62	0.0	2.59	0.2	4.16	0.3
Investments in subsidiaries	13.74	0.9	15.07	1.1	13.78	0.9
Investment in joint venture	58.56	4.1	58.63	4.1	58.70	4.0
Investment properties	393.56	27.2	427.74	30.1	471.03	31.8
Property, plant and equipment	33.63	2.3	37.24	2.6	35.84	2.4
Intangible assets	16.87	1.2	20.74	1.5	17.99	1.2
Deferred tax assets	5.11	0.4	5.84	0.4	8.25	0.5
Total non-current assets	545.33	37.7	573.28	40.4	622.74	42.0
Total assets	1,447.53	100.0	1,419.84	100.0	1,481.31	100.0

Liabilities and shareholders' equity	Consolidated financial statements as of 31 December					
	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities						
Short-term loans from financial institutions	-	-	29.50	2.1	129.91	8.8
Short-term loan from related party	-	-	-	-	0.40	0.0
Trade and other payables	127.91	8.8	83.52	5.9	97.30	6.6
Current portion of liabilities under finance lease agreements	12.82	0.9	20.70	1.5	28.65	1.9
Current portion of long-term loans	-	-	6.37	0.4	12.27	0.8
Income tax payable	19.90	1.4	13.08	0.9	8.44	0.6
Other current liabilities	24.54	1.7	19.28	1.4	16.39	1.1
Total current liabilities	185.17	12.8	172.45	12.2	293.36	19.8
Non-current liabilities						
Liabilities under finance lease agreements, net of current portion	2.79	0.2	15.79	1.1	36.56	2.5
Long-term loans, net of current portion	-	-	3.33	0.2	9.70	0.7
Provision for long-term employee benefits	23.18	1.6	20.07	1.4	16.88	1.1
Deferred tax liability	-	-	5.20	0.4	3.45	0.2
Total non-current liabilities	25.97	1.8	44.39	3.1	66.59	4.5
Total liabilities	211.14	14.6	216.84	15.3	359.95	24.3
Shareholders' equity						
Registered						
662 million ordinary shares of Baht 1 each			662.20		662.20	
549 million ordinary shares of Baht 1 each	549.68					
Issued and fully paid share capital						
550 million ordinary shares of Baht 1 each	549.68	38.0	549.68	38.7		
517 million ordinary shares of Baht 1 each					516.73	34.9
467 million ordinary shares of Baht 1 each						
Share premium	295.29	20.4	295.29	20.8	268.34	18.1
Premium on share-based payments	10.25	0.7	10.25	0.7	10.25	0.7
Difference of changes in investment proportion in a subsidiary	(1.35)	(0.1)	(1.35)	(0.1)	(1.35)	(0.1)
Retained earnings						
Appropriated - statutory reserve	35.85	2.5	30.69	2.2	26.00	1.7
Unappropriated	341.52	23.6	313.18	22.0	294.33	19.9
Equity attributable to owners of the Company	1,231.24	85.1	1,197.74	84.3	1,114.30	75.2
Non-controlling interests of the subsidiaries	5.15	0.3	5.26	0.4	7.06	0.5
Total shareholders' equity	1,236.39	85.4	1,203.00	84.7	1,121.36	75.7
Total liabilities and shareholders' equity	1,447.53	100.0	1,419.84	100.0	1,481.31	100.0

(2) STATEMENTS OF COMPREHENSIVE INCOME

Performance	Consolidated financial statements as of 31 December					
	2019		2561		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Sales	1,456.36	89.0	1,378.50	87.5	1,431.69	86.8
Hire purchase interest income	179.89	11.0	196.40	12.5	217.63	13.2
Income from loan receivables	0.21	0.0	0.60	0.0	0.24	0.0
Total revenues	1,636.46	100.0	1,575.50	100.0	1,649.56	100.0
Cost of sales	(409.12)	(25.0)	(388.52)	(24.7)	(400.42)	(24.3)
Gross profit	1,227.33	75.0	1,186.98	75.3	1,249.14	75.7
Other income	40.32	2.5	37.59	2.4	43.82	2.7
Profit before expenses	1,267.65	77.5	1,224.57	77.7	1,292.96	78.4
Expenses						
Selling and distribution expenses	(593.67)	(36.3)	(537.19)	(34.1)	(595.00)	(36.1)
Administrative expenses	(401.86)	(24.6)	(387.30)	(24.6)	(427.89)	(25.9)
Bad debts and doubtful accounts	(134.20)	(8.2)	(168.52)	(10.7)	(159.45)	(9.7)
Finance cost	(1.02)	(0.1)	(5.60)	(0.3)	(16.03)	(1.0)
Total expenses	(1,130.75)	(69.2)	(1,098.61)	(69.7)	(1,198.37)	(72.7)
Profit before share of profit from investment in joint venture and income tax expenses	136.90	8.3	125.96	8.0	94.59	5.7
Share of profit from investment in joint venture	(0.35)	(0.0)	1.29	0.1	0.01	-
Profit before income tax expenses	136.55	8.3	127.25	8.1	94.60	5.7
Income tax expenses	(27.03)	(1.6)	(22.26)	(1.4)	(20.14)	(1.2)
Profit for the year	109.52	6.7	104.99	6.7	74.46	4.5
Other comprehensive income:						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	0.82	0.1	(0.17)	(0.0)	5.50	0.3
Actuarial gains (loss) - net of income tax						
Total comprehensive income for the year	110.34	6.8	104.82	6.7	79.96	4.8

Performance (continued)	Consolidated financial statements as of 31 December		
	2019	2018	2017
	Million Baht	Million Baht	Million Baht
Profit attributable to:			
Equity holders of the Company	109.63	106.79	77.37
Non-controlling interests of the subsidiaries	(0.11)	(1.80)	(2.91)
Total comprehensive income attributable to:			
Equity holders of the Company	110.45	106.62	82.87
Non-controlling interests of the subsidiaries	(0.11)	(1.80)	(2.91)
Basic earnings per share			
Profit attributable to equity holders of the Company	0.20	0.21	0.16
Number of weighted average of ordinary shares (Million shares)*	549.68	520.59	496.10
Diluted earnings per share			
Profit attributable to equity holders of the Company	0.20	0.21	0.13
Number of weighted average of ordinary shares (Million shares)*	549.68	520.59	602.51

Remarks: In 2017, the Company increased registered share capital as a result of warrants exercise in May 2017 totaling 49.55 million shares.
In 2018, the Company increased registered share capital as a result of warrants exercise in May and December 2018 totaling 5.12 million shares and 27.84 million shares respectively.
Therefore, the Company retroactively adjusted number of weighted average of ordinary shares for earnings per share calculation of 2017 and 2018

(3) STATEMENTS OF CASH FLOWS

Operating Activities	Consolidated financial statements as of 31 December		
	2019	2018	2017
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit before tax	136.55	127.25	94.60
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	54.55	54.33	52.39
Bad debt and doubtful accounts	139.35	168.52	159.45
Reduce cost of inventories to net realizable value	5.47	4.94	1.02
Reversal of allowance for goods returned	(0.23)	(0.56)	(0.36)
Share of (gain)/Lose from investment in joint venture	0.35	(1.29)	(0.01)
Allowance for impairment loss on investment in subsidiary	(5.29)	(0.88)	(1.06)
Gain on sales of equipment	-	0.07	-
Allowance for impairment loss on equipment	-	0.04	-
Allowance for impairment loss on intangible assets	1.99	3.26	(1.59)
Allowance for goods warranty (reversal)	4.64	3.12	1.72
Provision for long-term employee benefits	(0.50)	(0.05)	-
Interest income	1.02	5.60	16.03
Profit from operating activities before changes in operating assets and liabilities	337.90	364.35	322.19
Operating assets (increase) decrease			
Trade and other receivables	7.32	(5.06)	0.62
Hire purchase receivables	(223.65)	(149.91)	134.84
Loan receivables	0.44	1.17	(2.41)
Receivables under right transfer agreements	2.15	3.13	0.92
Inventories	3.79	10.18	1.49
Other current assets	4.31	1.52	(10.31)
Other non-current assets	(0.63)	2.41	(0.02)
Operating liabilities decrease			
Trade and other payables	45.36	(15.42)	(3.64)
Other current liabilities	3.05	(0.37)	(7.59)
Cash paid for long-term employee benefits	(0.49)	(0.15)	(0.24)
Cash from operating activities	179.55	211.85	435.85
Cash paid for interest expenses	(1.00)	(5.61)	(16.06)
Cash paid for income tax	(21.75)	(18.57)	(12.00)
Net cash flows from operating activities	156.80	187.67	407.79

Investing and Financing Activities	Consolidated financial statements as of 31 December		
	2019	2018	2017
	Million Baht	Million Baht	Million Baht
<u>Cash flows from investing activities</u>			
Decrease in restricted bank deposits	1.07	1.81	15.82
Cash paid for investment in joint venture	-	-	(13.77)
Cash paid for short-term loan to related party	(0.17)	-	-
Acquisition of property, plant and equipment	(25.25)	(8.15)	(15.70)
Acquisition of intangible assets	(1.49)	(5.30)	(13.45)
Proceeds from sales of equipment	17.08	2.71	1.51
Interest received	0.45	0.05	-
Net cash flows used in investing activities	(8.31)	(8.88)	(25.59)
<u>Cash flows from financing activities</u>			
Decrease in short-term loans from financial institutions	(29.50)	(100.41)	(467.01)
Cash receipt from short-term loan from related party	-	-	0.40
Repayment of liabilities under finance lease agreements	(20.87)	(28.71)	(22.17)
Repayment of long-term loans	(9.70)	(12.27)	(19.14)
Cash receipt from share capital issued as a result of warrants exercise	-	59.91	90.08
Cash received for dividends	0.89	-	-
Dividend paid	(77.46)	(82.29)	(33.19)
Net cash flows used in financing activities	(136.64)	(163.77)	(451.03)
Net increase (decrease) in cash and cash equivalents	11.85	15.02	(68.83)
Cash and cash equivalents at the beginning of year	47.59	32.57	101.40
Cash and cash equivalents at end of year	59.44	47.59	32.57

(4) FINANCIAL RATIOS

Financial Ratios	Unit	Consolidated financial statements for the years ended 31 December		
		2019	2018	2560
<u>Liquidity Ratios</u>	-			
Liquidity ratio	Time	4.87	4.91	2.93
Quick ratio	Time	4.04	3.93	2.29
Liquidity of cash flow from operation	Time	0.88	0.81	0.76
Account receivable turnover	Time	2.28	2.27	1.89
Average collection period	Day	*160.34	*160.82	190.32
Inventory turnover	Time	7.02	5.84	6.31
Average sale period	Day	*52.01	*62.47	57.09
Account payable turnover	Time	22.79	17.56	11.41
Average payment period	Day	*16.02	*20.79	31.55
Cash cycle	Day	196.34	202.50	215.86
<u>Profitability Ratios</u>				
Gross profit margin	%	75.00	75.34	75.73
Operating profit margin	%	5.90	5.69	3.08
Cash to profitability	%	162.35	209.30	803.08
Realized interest under hire purchase ratio	%	28.41	32.44	28.73
Interest rate paid (Borrowings)	%	2.23	3.82	3.42
Interest spread	%	26.18	28.61	25.31
Net profit margin	%	6.69	6.66	4.51
Return on equity	%	8.98	9.03	7.08
<u>Efficiency Ratios</u>				
Return on assets	%	7.65	7.24	4.45
Return on fixed assets	%	39.95	35.45	26.13
Asset turnover	Time	1.14	1.09	0.99
<u>Financial Ratios</u>				
Debt to equity	Time	0.17	0.18	0.32
Interest bearing debt to equity	Time	0.01	0.06	0.19
Interest coverage	Time	181.22	38.46	27.69
Cash flow coverage	Time	1.07	0.81	0.72
Dividend payout	%	76.15	91.35	82.75

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

Management Discussion and Analysis

Management Discussion and Analysis of Financial Position and Operating Results

Overview of Operating Results

The Group engages in manufacturing and distribution of water purifier business including water filters and distribution of home electric appliances of which the main distribution channel is direct sales. The direct sales include cash sales and installment sales. In addition, in 2017 Thiensurat Leasing Co., Ltd., a subsidiary, has started to operate retail loan business, and generated interest income from loan receivables for home electric appliances under PONSaBUY Program to the Company's customer based. Therefore, revenues of the Group can be categorized into 3 main types: revenues from sales, hire purchase interest income, and income from loan receivables. In 2019, total revenues of the Group increased by 3.87%; even, a decrease in the first half year due to the improvement of direct sale structure by increasing the number of direct sale team for water purifiers with canvassing trucks and using the valued information from IT (GIS) and Provincial Waterworks Authority for analyzing and planning direct sale canvassing efficiency since the third quarter. Whereas, interest income from hire-purchase contract and loans was lower than last year due to lower recognition of effective interest income from the hire-purchase contracts after sales drop before the third quarter from the Group's more stringent measures of credit approval policy to prevent the default risk caused by the impact of high public debt burden effected at the end of 2018. However, the concern in quality of drinking water and water for household use, health trends, as well as demands of electric appliances, the Group's products still on customers' demand. As a result, the Group's operations have been reported total revenues of Baht 1,636.46 million increased from last year by 3.87%, and the Group could generated net profit (Net Profit represents the net profit attributable to equity holders of the Company). of Baht 109.63 million increased by 2.66% due to higher sale of water purifiers from increasing direct sale teams and a significant decrease of bad debts and doubtful accounts from the efficiency improvement of hire purchase receivables' quality by more stringent credit approval and more monitoring overdue hire purchase receivables continuously.

In 2019, the Group continues its marketing strategy by expanding distribution channels for direct sale, online to offline through the digital marketing, dealers, and B2B except modern trade with higher operating expenses. The Group has deployed Mobile Application to be used in sale, collection and monitoring processes to increase the efficiency operation. In terms of products, the Group's drinking water purifiers are suitable for all customers' lifestyles and can be used for the treatment of all water quality. In addition to water purifier for household drinking water, the Group distributes water purifier for regular usage to satisfy customers' needs in order to cope with water quality problem. As for electric appliances namely air conditioner, water heater, television and washing machine, etc. A substantial increase in sales volume resulting from selling through telemarketing sales which focus on up-sell and cross-sell to existing customers. Moreover, the Group has increased market penetration through social network and digital marketing. Together with PONSaBUY Program, sales of electric appliances continuously increased. In addition, with the strong functions, the Group expands its business to financial services by investing in a new subsidiary, which obtained a supervised personal loan business license from Ministry of Finance in Quarter 4 of 2016, and started its operation in 2017. Furthermore, the Company expands its business to nearby countries by entering into a joint venture agreement with a group of companies in the Lao People's Democratic Republic. In 2019, due to the slowdown of the Economic in the Lao People's Democratic Republic and a change of the head of sales team in TSR Lao, sale of water purifier in Y2019 was dropped, but net profit was still reported.

In terms of products, the Company continues to invest in product research and development for improving our water purifier products by conditioning purified water into Alkaline water (the Company has registered patents and petty patents with the Department of Intellectual Property, Ministry of Commerce, eligible for 4 to 5-year term protection) and contains minerals which are necessary for body. The Company continually improve product quality as well as design, and utilize technology for comfort use.

In order to build the brand of “SAFE” in 2019, the Group commenced the plan to invest in the advertising budget through on line (Facebook) and advertising media through the engagement with Mr. Maethanee Buranasiri (Mr. Nino) to be a Precentor of water purifier branded “SAFE” under a new campaign of “SAFE MAN”.

In 2019, The Group developed the plan to invest new canvassing trucks to support the old and new direct sale teams for their safety and efficiency to canvass.

In view of cost saving after Fedders Thai Co., Ltd., had not distributed air conditioners branded “Fedders” anymore, the Group cancelled the registration of Fedders Thai Co., Ltd, one of the subsidiaries that the Company holding 59.99% of shares on 30th September 2019.

The Group has already cancelled all the bank facilities that need to have Banks’ guarantee, and go to new bank facilities without bank guarantee as **the clean loan basis** that will help the Company to diversify new banks to serve the Company’s liquidity for the Company’s Growth.

Analysis of Operating Results

Sales

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

For 2017, 2018 and 2019, the Group earned total revenues (revenues from sales of goods, hire purchase interest income and income from loan receivables) amounting to Baht 1,649.56 million, Baht 1,575.50 million, and Baht 1,636.46 million respectively. Comparing between 2018 and 2019, total revenues increased by Baht 60.96 million from previous year or increased by 3.87% year-on-year. Total revenues consisted of revenue from sales of goods amounting to Baht 1,456.36 million, an increase of Baht 77.86 million or 5.65%; whereas, hire purchase interest income including income from loan receivables of Baht 180.09 million, a decrease of Baht 16.92 million, or decreased by 8.41%. An increase of revenue from sales of goods came from the improvement of direct sale structure by increasing direct sale teams for water purifiers with the valued information from new IT technology of GIS and Provincial Waterworks Authority to manage the areas to sell water purifiers and to monitor sale team efficiency. A decrease of hire purchase interest income including income from loan receivables came from lower recognition of effective interest income from the hire-purchase contracts after sales drop before the third quarter from the Group’s more stringent measures of credit approval policy to prevent the default risk caused by the impact of high public debt burden effected at the end of 2018.

Sales by distribution channels are presented below.

Revenues	For the Years Ended 31 December					
	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales:						
Cash and credit	216.15	13.2	204.75	13.0	202.37	12.3
Hire purchase	1,240.21	75.8	1,173.75	74.5	1,229.32	74.5
Total sales	1,456.36	89.0	1,378.50	87.5	1,431.69	86.8
Hire purchase interest income	179.89	11.0	196.40	12.5	217.63	13.2
Income from loan receivables	0.21	0.0	0.60	0.0	0.24	0.0
Total revenues	1,636.46	100.0	1,578.50	100.0	1,649.56	100.0

Details of revenues from major distribution channels are as follows:

(1) Revenues from direct sales

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

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

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

(3) Revenues from distribution through Online Marketing

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

Comparing sales by product groups, revenues from sales of water purifier products in 2017, 2018 and 2019 were Baht 1,119.79 million, Baht 1,026.15 million and Baht 1,088.53 million respectively. For 2019, the revenue from sales of water purifier increased Baht 62.38 million from previous year or by 6.08% year-on-year due to the improvement of direct sale structure by increasing direct sale teams for water purifiers with the valued information from new IT technology of GIS and Provincial Waterworks Authority to analyze and plan the areas to sell water purifiers and to monitor sale team efficiency.

The revenues from sales of water filters in 2017, 2018 and 2019 were Baht 130.24 million, Baht 170.28 million, and Baht 139.12 million respectively. For 2019, the revenues from sales of the replacement filter decreased by Baht 31.16 million from previous year or decreased by 18.30% year-on-year, caused by the effect of transferring sales of water filters to Direct Sale Teams for helping them to earn more money income, but not in vain because they were not focused. Now sale of water filters has been transferred back to the duty of Telesales and Customer Retention (CRD) to remind the customers to replace new filters regarding to their family health.

In 2019, sale of home electrical appliances with brand name like television, refrigerator, washing machine, air conditioner, water heater, air cooler and air purifier was still increased with the campaign of easy payment named "PONSaBUY" through online marketing with total sale value amounting Baht 228.71 million

For 2019, revenues by products are shown below:

Revenues by Products	Amount (Million Baht)	%
Water purifier	1,088.53	74.8
Replacement filter	139.12	9.5
Electric appliances and others	228.71	15.7
Total	1,456.36	100.0

Cost of sales

Costs of sales consist of raw material costs, labor costs of production staff, manufacturing overhead and other costs. The costs of sales for 2017, 2018 and 2019 were Baht 400.42 million, Baht 388.52 million, and Baht 409.12 million respectively, and cost of sales to total revenues (“Cost to sales revenue ratio”) were 24.27%, 24.66% and 25.00%, respectively. Cost of sales for 2019 increased from previous year of Baht 20.60 million, or 5.30%, in line with sales increase. Cost to sales revenue ratio increased from previous year due to increases in sales proportion of electric appliances which have higher cost to sales revenue ratio compared to water purifier products of the Group.

Finance costs

Finance costs were interest expenses on loans. The Group utilized a working capital loan, as part of its funding, to operate its hire purchase business, together with funds from collections from customers. Therefore, in addition to the cost of sales, the finance costs were considered another main cost of the Group’s operations. Categorized by purposes of use, finance costs comprised costs of working capital loans for operating activities, and costs of long-term borrowings used for investing activities. Total finance costs of 2017, 2018 and 2019 were Baht 16.03 million, Baht 5.60 million, and Baht 1.02 million, respectively. Compared to 2017 and 2018, the finance costs of 2019 was very lower because the Group had more liquidity from the efficiency collection of hire purchase accounts as well as the prudent consideration of credit approval and investment under the risk of the economic downturn and high household debt. Therefore, the finance cost of 2019 decreased from those of 2018.

Selling expenses

Selling expenses were fundamental expenses to the Group’s business, which was driven by direct sales. Key items of selling expenses comprised of advertising and promotion expenses, employees’ compensation such as namely commission, travelling expenses, allowances, etc. The selling expenses of 2017, 2018 and 2019 were Baht 595.00 million, Baht 537.19 million and Baht 593.67 million, respectively. In order to build the brand of “SAFE” in 2019, the Group commenced the plan to invest in the advertising budget through on line (Facebook) and advertising media through the engagement with Mr. Maethanee Buranasiri (Mr. Nino) to be a Precentor of water purifier branded “SAFE” under a new campaign of “SAFE MAN”. The plan caused higher advertising expenses, but it supported higher sales of home electrical appliances through online channel under PONSaBAY, higher sales of water purifiers through Online to Offline (O2O) and also communicated the brand of “SAFE” to the public. The proportions of selling expenses to total revenues for 2019 was 36.28% (2017: 36.07%, 2018: 34.10%). Without advertising expense, it still showed the Company’s ability to efficiently maintain the selling expenses at appropriate level.

Doubtful accounts and bad debts

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

The Company set up allowance for doubtful accounts for delinquency, based on the estimation of uncollectible debts taking into account past experience in debt collection, management's consideration on analysis of each doubtful account. The basis for calculation of allowance for doubtful accounts was based on aging of receivables. (Additional information is available in the table of accounting policy on allowance for doubtful accounts of hire purchase receivable). The Company will record bad debts for overdue debts of more than 3 consecutive installments. The debtors will be contacted by the Company's staff and will receive warning notices from the Company's Legal Department before the accounts are written off and recorded as bad debts. The Company will then process for further legal actions against bad debtors.

Bad debts and allowance for doubtful accounts recorded for 2017, 2018 and 2019 were Baht 159.45 million, Baht 168.52 million and Baht 134.20 million, respectively. The amounts for 2019 was lower than last year by Baht 34.32 million or 20.37% due to more prudent and increased stringency in credit approval processes to ensure quality of debt management. The credit approval process was strictly monitored by the Company's Credit Department. In addition, according to the Company's policy, commissions will be recalled from sales staff on uncollectible debts. Such policy has been consistently reviewed on a regular basis and revised as necessary in order to suit current situations.

Other incomes

Other incomes were income derived from other sources than sales of main products. Majority of the other incomes was from sales of used assets like canvassing trucks, goods returned, plastic scrap, premium gift and bad debt recoveries. The Group has recorded other income for 2017, 2018 and 2019 at Baht 43.82 million, Baht 37.59 million and Baht 40.32 million, respectively. In 2019, the Company commenced to have income from sale of returned water purifiers (Activ) after refurbishing from the measurement to manage water purifiers returned from customers by grading the returned water purifiers into Grade A, B for cleansing and modifying the products ready to sell in lower price or to donate and Grade C for being plastic scrap.

Administrative expenses

Administrative expenses included employees' expenses, depreciation, utility expenses etc. Administrative expenses of the Group for 2017, 2018 and 2019 were Baht 427.89 million, Baht 387.29 million and Baht 401.86 million respectively. Compared with 2018, administrative expenses increased by Baht 14.57 million or 3.76% mainly due to higher donation expense from returned water purifiers Grade B donated to the schools in the Bangkok Metropolitan according to the Company's CSR for 2019 including with higher provision of long-term employee benefits caused by the impact of reduced discount rate. Whereas other administrative expenses are still under the Company's measurements to reduce and control all redundant administrative expenses by using IT technologies and outsourcings to support the operations and reduce employees' expenses.

Net profit

In 2017, 2018 and 2019, the Group generated net profits of Baht 77.37 million, Baht 106.79 million, and Baht 109.63 million respectively. Compared to 2018, the Group's net profit increased by Baht 2.84 million, or increased by 2.66%. An increase in net profit of 2019 was due to an increase of revenue from sale of goods and a significant decrease of doubtful accounts and bad debts even selling and administrative expenses increased from last year as the above explanation. The net profit ratios, calculated from the net profits presented in the consolidated financial statements, were 4.51%, 6.66% and 6.69%, for 2017, 2018 and 2019 respectively.

Financial Position Analysis

Assets

Total assets of the Group as at 31 December 2017, 2018 and 2019 were Baht 1,481.31 million, Baht 1,415.09 million and Baht 1,447.54 million, respectively. Majority of assets were hire purchase receivables, property, plant and equipment ("PPE"), and inventories. The accounts receivable from hire purchase came from customers of direct sales by installment payment, which was the main revenue of the Group. The PPE was from investment of manufacturing factory, office building, and intangible assets for preparation of business expansion. Inventories were procured and produced to store at the optimum level to satisfy the customers' demand. All measures as mentioned, are prepared for business expansion.

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

Assets (Million Baht)	2019	2018	2017
Total assets	1,4447.54	1,415.09	1,481.31
Current assets	902.20	847.01	858.57
Proportions of current assets to total assets (%)	62.33	59.86	57.96

The proportion of current assets to total assets of 2019 increased due to increases in hire purchase receivables and cash balance. The increases aligned with the hire purchase sales with short-term around 12-13 months increased with the efficient working capital management to control inventory agreed with sales, suppliers' credit term and proper investment.

Hire purchase receivables

Hire purchase receivables (net) were receivables from installment sales (net of deferred interest, deferred output tax, allowance for doubtful accounts and allowance for goods returned) which had the highest proportion in current assets. As at 31 December 2017, 2018 and 2019, the Group had net hire purchase receivables of Baht 620.25 million, Baht 604.21 million and Baht 688.91 million, respectively.

Adequacy of allowance for doubtful accounts

Major portion of the Group's accounts receivable was hire purchase receivables from sales of water purifiers and electric appliances. The Group's policy on allowance for doubtful accounts for uncollectible debts is as follows:

Water Purifier: Accounting policy on allowance for doubtful accounts of hire purchase receivables

Delinquency	% of Allowance for doubtful accounts		
	2019	2018	2017
Current	2.5	2.5	2.5
Overdue 1 installment	6	6	6
Overdue 2 installments	30	30	30
Overdue 3 installments	50	50	50
Overdue exceeding 3 installments	50 and 100*	50 and 100*	50 and 100*

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 3 installments and 100 percent for consecutive delinquency over 3 installments.

Electric Appliances: Accounting policy on allowance for doubtful accounts of hire purchase receivables

Delinquency	% of Allowance for doubtful accounts		
	2019	2018	2017
Current	1	1	1
Overdue 1 installment	2	2	2
Overdue 2 installments	10	10	10
Overdue 3 installments	20	20	20
Overdue 4 installments	30	30	30
Overdue 5 installments	40	40	40
Overdue 6 installments	50	50	50
Overdue exceeding 6 installments	50 and 100*	50 and 100*	50 and 100*

* Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 6 installments and 100 percent for consecutive delinquency over 6 installments.

Aging of hire purchase receivables (net of deferred interest and deferred tax) and allowance for doubtful accounts as at 31 December 2017 - 2019 are presented in the below table:

Water Purifier

Hire purchase receivables	Hire purchase receivable as at						Allowance for doubtful accounts					
	31 December 2018		31 December 2017		31 December 2016		31 December 2019		31 December 2018		31 December 2017	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	420.65	71.68	385.85	72.20	447.42	79.36	10.64	2.5	9.76	2.5	11.29	2.5
Overdue 1 installment	102.14	17.40	84.74	15.86	49.24	8.73	6.13	6	5.08	6	2.95	6
Overdue 2 installments	29.09	4.96	23.56	4.41	21.33	3.78	8.73	30	7.07	30	6.40	30
Overdue 3 installments	14.67	2.50	15.16	2.84	15.42	2.74	7.34	50	7.58	50	7.71	50
Overdue exceeding 3 installments	20.30	3.46	25.10	4.69	30.39	5.39	15.00	50 and 100*	20.35	50 and 100*	25.26	50 and 100*
Total	586.85	100.00	534.41	100.00	563.80	100.00	47.84		49.84		53.61	

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 3 installments and 100 percent for consecutive delinquency over 3 installments.

Electric Appliances

Hire purchase receivables	Hire purchase receivable as at						Allowance for doubtful accounts**					
	31 December 2019		31 December 2018		31 December 2017		31 December 2019		31 December 2018		31 December 2017	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	118.64	76.56	78.91	62.34	73.75	62.29	0.59	1	0.52	1	0.45	1
Overdue 1 installment	10.95	7.07	14.51	11.46	13.14	11.10	0.12	2	0.17	2	0.17	2
Overdue 2 installments	6.94	4.48	9.95	7.86	8.47	7.15	0.36	10	0.60	10	0.56	10
Overdue 3 installments	4.66	3.01	6.44	5.09	6.06	5.12	0.47	20	0.80	20	0.80	20
Overdue 4 installments	3.94	2.54	5.00	3.95	5.51	4.65	0.64	30	0.92	30	1.11	30
Overdue 5 installments	3.25	2.09	3.47	2.74	4.33	3.66	0.76	40	0.86	40	1.17	40
Overdue 6 installments	2.19	1.42	2.94	2.32	3.45	2.91	0.69	50	0.93	50	1.18	50
Overdue exceeding 6 installments	4.39	2.83	5.37	4.24	3.69	3.12	1.44	50 and 100*	2.14	50 and 100*	1.98	50 and 100*
Total	154.96	100.00	126.59	100.00	118.40	100.00	5.07		6.94		7.37	

* Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 6 installments and 100 percent for consecutive delinquency over 6 installments.

** Allowance for doubtful accounts for electric appliances receivables calculated based on receivables less deferred interest and output tax, and net from residual value of returned electric appliances which considered from usage time, condition and market price of second hand electric appliances. Subsequently, these returned units will be sold as second hand items.

From the comparison of accounts receivable as of 31 December 2019 to those as of 31 December 2018, there was no significant change in aging of accounts receivable from hire purchase. In 2019, except the quality of hire purchase receivables of water purifier in current period and overdue 1 instalments of 2019 that was higher in 2018 due to the grace period of 75 days that the Group allowed to the customers for their payment counted after the completed installation of water purifier, but in the Financial Aging Report, it was still counted from the calendar day. By the way, in 2017, the Group has revised rates and method of allowance for doubtful account calculation, by benchmarking with other companies in hire purchase industry. The Group consistently reviews policy of allowance for doubtful accounts on a regular basis by taking into consideration the conservative basis in accordance with Generally Accepted Accounting Principles, and current economic and industry conditions. Allowance for doubtful accounts of water purifier hire purchase receivables as at 31 December 2017, 2018 and 2019 were Baht 53.61 million, Baht 49.84 million and Baht 47.84 million respectively. Allowance for doubtful accounts of electric appliances hire purchase receivables as at 31 December 2017, 2018 and 2019 were Baht 7.37 million, Baht 6.94 million and Baht 5.07 million respectively.

Inventories

Inventories as at 31 December 2017, 2018 and 2019 amounting to Baht 158.51 million, Baht 142.99 million and Baht 133.73 million, respectively. The inventories were gradually reduced due to the Company's measures of inventory management to control all purchase of raw materials to maintain stock at the optimum inventory level including with the measure to control both slow movement and non- movement inventory closely.

Property plant and equipment (PPE), and intangible assets

As at 31 December 2017, 2018 and 2019, the Group had PPE amounting to Baht 471.03 million, Baht 427.74 million and Baht 393.56 million, respectively, and intangible assets of Baht 35.84 million, Baht 37.24 million and Baht 33.63 million, respectively. Most of the assets were land and building of head office and factories. The Group has acquired the PPE and intangible assets or computer software as a result of business expansion. The majority increases in 2017 and 2018 were from vehicles for additional sales teams, building and building improvement, office equipment and computer software including Call Center and Telesales System, for selling of replacement filter and electric appliances to the Group's existing customers, as well as the Mobile Application for sale and collection operations. In 2017, the Group invested in a new enterprise resource planning (ERP) in order to increase efficiency on operations and reporting. The modules that have been operated are inventory control (IC), purchase requisition (PR), purchasing order (PO), accounts payable (AP), general ledger (GL), and fixed asset (FA), but these modules still need to be adjusted as the business and process change. In 2019, PPE were reduced by sale-out of used canvassing trucks after completing operating term and turned to use the operating lease instead in order to avoid the maintenance cost, including an increase of accumulated depreciation.

Deferred tax assets and liabilities

The deferred tax caused by the differences in revenue and expense recognition between accounting and tax bases. As at 31 December 2017, 2018 and 2019, the Group recorded the deferred tax assets of Baht 17.99 million, Baht 20.74 million and Baht 22.23 million, respectively. The deferred tax liabilities were Baht 3.45 million, Baht 5.20 million and Baht 5.36 million, respectively. The deferred tax of the Group mainly derived from allowance for doubtful accounts and employee benefit obligations.

14.1.3.2 Liabilities

The Group's liabilities comprised loans from financial institutions, trade and other payables, long-term loans, liabilities under finance lease agreements, employee benefit obligations, tax payable income, and other liabilities. Total liabilities as at 31 December 2017, 2018 and 2019 amounting to Baht 359.95 million, Baht 212.08 million and Baht 211.14 million, respectively. In 2019, the Group's liabilities slightly decreased from the efficiency management of high liquidity.

Details of major liabilities are as follows:

- **Short-term loans from financial institutions** as at 31 December 2019 was nil.
- **Trade and other payables** as at 31 December 2019, the outstanding balance trade and other payables of the Group was Baht 127.91 million. The balance increased from 2018 by Baht 44.39 million or increased by 53.15% mainly due to an increase of accrued promotion expenses.
- **Liabilities under finance lease agreements** Most of the liabilities under finance lease agreements were for the acquisition of motor vehicles for sales teams. The outstanding balance of 2019 was Baht 15.62 million which decreased from 2018 of Baht 20.87 million or decreased by 57.19% due to the completed payment for finance lease agreements of motor vehicles for sales team.
- **Long-term loans** as of 31 December 2019 was nil.

- **Provision for long-term employee benefits** as at 31 December 2019, the Group recorded the provision for long-term employee benefits, based on the actuarial calculation, of Baht 23.18 million which increased from 2018 of Baht 3.12 million due to the number of employees increased for telesales and call center to serve the business expansion in online marketing; whereas, the number of employees in the back operation decreased after Group has deployed the mobile application in sales and collection operations including with the impact of the reduction of discount rate according to the present financial market situation.

Shareholders' equity

As at 31 December 2017, 2018 and 2019, the Group's shareholders' equity were Baht 1,114.30 million, Baht 1,197.74 million, and Baht 1,231.24 million, respectively. The shareholders' equity has risen continually from the steady flow of net profits which resulted in the Company's ability to pay dividend to the shareholders in accordance with the dividend payment policy. Major activities in 2019 regarding shareholders' equity, apart from annual profits, are as follows:

- **Dividend payment** The Company paid interim dividend totaling Baht 32.98 million, pursuant to the resolution of the Board of Directors' Meeting No. 8/2019, held on 13 August 2019. The dividend payment was made by cash.
- **Registered capital** At the Annual General Meeting of Shareholders held on 26 April 2019, the shareholders approved the decrease of registered capital of the Company from Baht 622,198,922 to Baht 549,682,133 by reduction of the registered capital of un-subscription shares amounting to 112,516,789 shares and approve to amend Clause 4 of the Memorandum of Association of the Company in accordance with the above details. The reduction of registered capital of the Company has been made on 14 May 2019. As a result, the issued and paid up share capital as at 31 December 2019 was Baht 549.68 million and the share premium was Baht 295.29 million.

Financial structure

As at 31 December 2017, 2018 and 2019, the Group's Debt to Equity ratios were 0.32, 0.18 and 0.17, respectively. The ratios of interest bearing debt to equity were 0.19, 0.06 and 0.01 respectively. The debt to equity ratio and interest bearing debt to equity ratio of 2019 decreased due to a high liquidity from short-term of hire-purchase agreements and the capable to utilize working capital efficiency.

Liquidity

Cash Flows

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

Unit : Million Baht	As at 31 December		
	2019	2018	2017
Operating Activities	156.80	187.67	407.79
Investing Activities	(8.31)	(8.88)	(25.59)
Financing Activities	(136.64)	(163.77)	(451.03)
Net cash increase (decrease)	11.85	15.02	(68.83)
Cash and cash equivalent, beginning of the year	47.59	32.57	101.40
Cash and cash equivalent, ending of the year	59.44	47.59	32.57

As a result of the efficiency in liquidity management, the Group had sufficient working capital and could pay the dividend in cash totaling of Baht 77.46 million during the year 2019 (2018: Baht 82.29 million).

Analysis of Return on Shareholders' Equity

Return on Shareholders' Equity (ROE) decreased from 9.03% in 2018 to 8.98% in 2019. Major factors affecting ROE are as follows:

- (1) **Cost management:** Net Profit Margin increased from 6.66% to 6.69% as a result of a significant decrease in doubtful accounts and bad debts as well as a reduction of finance cost; whereas, an increase in selling & administrative expenses as the above clarification.
- (2) **Asset turnover:** Asset Turnover of 2019 was at 1.14 times which was no significant change from 2018 (2018: 1.09 times) despite increasing in total assets of Baht 32.45 million in 2019. This showed the efficiency in asset management of the Group.
- (3) **Financial structure:** Debt to Equity Ratio dropped from 0.18 to 0.17 times as a result of a high liquidity from efficiency management of working capital for short-term hire purchase agreements and capable to have the collection for overdue hire-purchase receivable accounts.

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

The expansion of urban community and the proportions of sales

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

Effect from new accounting standards

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

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

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

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

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

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

1.	Name	Mr. Sahas Treetipbut
	Age	72
	Position	<ul style="list-style-type: none"> Chairman of the Board Chairman of the Executive Committee
	Shareholding (%)	None
	Education	<ul style="list-style-type: none"> Master of Science (Computer and Information Sciences), Syracuse University, New York, USA. Statistics Department Faculty of Commerce and Accountancy Chulalongkorn University. Director Accreditation Program (DAP) Class 28/2004 Thai Institute of Directors. Successful Formulation & Execution of Strategy (SFE) Class 7/2013 Thai Institute of Directors. How to Measure the Success of Corporate Strategy (HMS) Class 2/2013 Thai Institute of Directors. Academic seminar The Flagship Summit: Future Fast-Forward by the Faculty of Commerce and Accountancy Chulalongkorn University.
	Relations	- None
	Work Experience 5 Years up	
	2013 - Present	Chairman of the Board / Chairman of the Executive Committee Thiensurat Public Company Limited
	2014 - Present	Chairman of the audit Committee / Chairman of the Risk Management / Independent director / Member of Nomination and Remuneration Committee Origin Property Public Company Limited
	2013 - Present	Director / Member of Audit Committee MBK Resort Public Company Limited
	2008 - Present	Chairman of the Board / Member of Audit Committee / Independent director COL Public Company Limited
	2001 - Present	Director / Member of Nomination and Member of Remuneration Committee/ Member of Executive Committee Internet Thailand Public Company Limited
2.	Name	Mr. Ekarat Changyoo
	Age	36
	Position	<ul style="list-style-type: none"> Director Member of Corporate Governance and Corporate Social Responsibility Committee Member of Risk Management Committee Member of Executive Committee Chairman of the Management Committee Chief Executive Officer
	Shareholding (%)	6.11
	Education	<ul style="list-style-type: none"> Master of science, International Business& English, University of Portsmouth, Hampshire, UK. Bachelor Degree Accounting, Kasetsart University. Director Accreditation Program (DAP) Class SET/2012 Thai Institute of

	Directors.
	- Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.
	- Director Certification Program (DCP) Class 263/2018 Thai Institute of Directors.
Relations	- Son of the person No.16
	- Little brother of the person No.4 and No.5
Work Experience 5 Years up	
Feb 2018 - Present	Member of Executive Committee / Chairman of the Management Committee Thiensurat Public Company Limited
2016 - Present	Chief Executive Officer Thiensurat Public Company Limited
2016 - Present	Director Thiensurat Leasing Company Limited
2013 - Present	Director / Member of Corporate Governance and Corporate Social Responsibility Committee / Member of Risk Management Committee Thiensurat Public Company Limited
2014 - July 2016	Deputy Managing Director - New Sale Channel and Customer Service Group Thiensurat Public Company Limited
2014 - Sep 2019	Director Fedders Thai Company Limited
2013 - 2014	Deputy Managing-Customer Relations Management Group Thiensurat Public Company Limited
2013	Deputy Managing-Customer Relations Management Group Thiensurat Company Limited
2012 - 2013	Assistant Managing Director Thiensurat Company Limited

3. Name	Mr. Viruch Wongnirund
Age	68
Position	<ul style="list-style-type: none"> • Director • Member of Risk Management Committee
Shareholding (%)	0.19
Education	<ul style="list-style-type: none"> - Master of Business Administration (MBA) Florida International University, Miami, Florida, USA. - Certificate in Production and Manufacturing, Florida International University, Miami, Florida, USA. - Bachelor of Science in Industrial Technology (Honor) Florida International University, Miami, Florida, USA. - Associate Degree in Pre-Engineering, Miami- Dade Community College, Miami, Florida, USA. - Director Certification Program (DCP) Class 135/2010 Thai Institute of Directors. - Successful Formulation & Execution of Strategy (SFE) Class 11/2010 Thai Institute of Directors. - Audit Committee Program (ACP) Class 37/2011 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
2013 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
2016 - Jan 2018	Director Thiensurat Leasing Company Limited
Feb - Dec 2018	Member of Executive Committee / Member of Management Committee

2013 - 2018	Thiensurat Public Company Limited Managing Director
2014 - Feb 2017	Thiensurat Public Company Limited Director / Member of Risk Management Committee
2012 - 2013	Krungthai-AXA Company Limited Organizational Development and Systems
2011 - 2014	Thiensurat Company Limited Director / Chairman of the Audit Committee / Member of Executive Committee
2010 - 2016	Krungthai - AXA Company Limited Director / Chairman of the Audit Committee
	KTB Computer Services Company Limited

4. Name	Ms. Theinvanee Changyoo
Age	40
Position	<ul style="list-style-type: none"> • Director • Member of Risk Management Committee • Member of Management Committee • Vice Chief Executive Officer
Shareholding (%)	6.13
Education	<ul style="list-style-type: none"> - Master of Business Administration, (Banking & Finance) Denver University, USA. - Master of Science in Finance, Denver University, USA. - Bachelor of Economics Chulalongkorn University. - Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors. - Company Secretary Program (CSP) Class 68/2016 Thai Institute of Directors - Anti Corruption: The practical Guide (ACPG) Class 31/2016.Thai Institute of Directors - Enhancing Good Corporate Governance based on CGR Scorecard on 11 September 2018, Thai Institute of Directors - Certificate in investor on 3 -11 October 2018, The Stock Exchange of Thailand
Relations	<ul style="list-style-type: none"> - Daughter of the person No.16 - Older sister of the person in No.2 and No.5
Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Nov 2017 - Feb 2018	Deputy Managing Director Thiensurat Public Company Limited
July 2017 - Mar 2019	Company Secretary Thiensurat Public Company Limited
2017 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
2015 - Sep 2019	Director Fedders Thai Company Limited
2015 - Jan 2017	Company Secretary Thiensurat Public Company Limited
Mar 2013 - May 2016	Director Thiensurat Public Company Limited
2009 - Mar 2013	Director / Managing Director

2006 - Present	Thiensurat Company Limited Director
2005 - Present	Safe Trade International Company Limited Director
2005 - Present	Better Dreams Company Limited Director
2003 - Present	ThienTham Property Company Limited Director
	Ideal Water Company Limited

5. Name	Ms. Savita Changyoo
Age	38
Position	<ul style="list-style-type: none"> • Director • Member of Nomination Remuneration Committee • Member of Risk Management Committee • Member of Management Committee • Vice Chief Executive Officer (Date of appointment on 7 Oct 2019)
Shareholding (%)	6.26
Education	<ul style="list-style-type: none"> - Bachelor of Science Program in Home Economics, Kasetsart University. - Postgraduate Diploma in Marketing and Management, Loughborough university, the United Kingdom. - Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Development of executives and personnel. Innovation Management Program (Mini MBA 2) by Dhipaya Training Center Co., Ltd. - Board Nomination and Compensation Program (BNCP) Class 6/2019 Thai Institute of Directors. - Chief People Officer Program: CPO#14 by PIM HR Excellence Center.
Relations	<ul style="list-style-type: none"> - Daughter of the person No.16 - Older sister of the person in No.2 - Younger sister of the person in No.4
Work Experience 5 Years up	
7 Oct 2019 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Nov 2018 - May 2019	Managing Director Thiensurat Leasing Company Limited
Sep 2017 - Present	Advisor Evaluation, Monitoring, and Organization Development. Thiensurat Public Company Limited
2017 - March 2018	Acting Deputy Managing Director - Business Development Group Thiensurat Public Company Limited
2016 - Present	Director Thiensurat Leasing Company Limited
2013 - Present	Director / Member of Nomination Remuneration Committee / Member of Risk Management Committee / Member of Executive Committee Thiensurat Public Company Limited
2014 - Sep 2019	Director

2013 - 2017	Fedders Thai Company Limited Deputy Managing Director - Marketing Group
2005 - Present	Thiensurat Public Company Limited Director
2005 - Present	Safe Trade International Company Limited Director
2005 - Present	Better Dreams Company Limited Director
	Ideal Water Company Limited

6. Name	Assoc.Prof. Boonserm Vimuktanandana Assoc.Prof. Boonserm Vimuktanandana
Age	71
Position	<ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.B.A.(Accounting), Arizona State University, USA. - Master of Accountancy (M.A.), Chulalongkorn University. - Bachelor of Accountancy (B.A.), (2nd Honor) Faculty of Commerce and Accountancy, Chulalongkorn University. - Finance & Accounting Seminar Wharton School, University of Pennsylvania, USA. - Director Accreditation Program (DAP) Class 100/2013 Thai Institute of Directors. - Audit committee Program (ACP) Class 42/013 Thai Institute of Directors. - Risk Management (Basic) Class 1/2017 by the Federation of Accounting Professions under the Patronage of His Majesty the King. - Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand.
Relations	- None
Work Experience 5 Years up	
2012 - Present	Independent Director / Chairman of Audit Committee Thiensurat Public Company Limited
2013 - 2018	Director / Chairman of Audit Committee / Independent Director Union Textile Industries Public Company Limited
2012 - Present	Tax Auditor Examination Committee The Revenue Department
2011 - Present	Subcommittee Test, Practices pertaining to the audit
2008 - Present	The special lecturer Faculty of Commerce and Accountancy and Faculty of Law Chulalongkorn University.
2007 - Present	Special instructor Public and private universities
2007 - Present	Chairman and Director of the Training Projects Chulalongkorn University

7. Name	Dr. Supree Wongdeeprom Ph.D.
Age	66
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee

	<ul style="list-style-type: none"> • Member of Corporate Governance and Corporate Social Responsibility Committee • Chairman of the Risk Management
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Ph.D. Awards (2005) for Business Administration (General Management) granted by Professor Mom Luang Pin Malakul Foundation under the royal patronage of Her Royal Highness Princess MahaChakriSirindhorn. - Doctor of Organization Development and Transformation (DODT.), Cebu Doctors' University. - Master of Business Administration (M.B.A.), Ramkhamhaeng University. - Bachelor of Economics in Industrial Economics, Ramkhamhaeng University. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. - Risk Management Program for Corporate Leaders (RCL) Class 14/2018 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
May 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
May 2017 - Present	Chairman of the Risk Management Thiensurat Public Company Limited
Feb - May 2018	Member of Executive Committee Thiensurat Public Company Limited
2015 - Present	Member of Corporate Governance and Corporate Social Responsibility Committee Thiensurat Public Company Limited
2013 - Feb 2018	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
2018 - Present	Association President National Father's Association
2015 - Present	Luminaries Audit Committee to solicit public The Prime Minister
2015 - Present	Vice President National Medical Emergency at first
2013 - Present	Vice President Divinity Equity Association Under the Patronage of HRH the Princess Royal Mother minister
2012 - Present	President of Academic Affairs King Prajadhipok Institute's Society
2007 - Present	Special Advisor China Sanchi Ginseng Research Institute
2002 - Present	Special instructor Public and private universities

8. Name	Asst. Prof. Krit Umpote
Age	79
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee • Chairman of the Corporate Governance and Corporate Social Responsibility Committee
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Advanced Management Program, Harvard Business School. - Strategic Human Resource Management, Harvard Business School.

	<ul style="list-style-type: none"> - M.S.B.A Indiana University USA. - Master of Public Administration NIDA. - Bachelor of Accountancy, Thammasat University. Bachelor of Commerce, Thammasat University. - Director Certification Program (DCP) Class 0/2000 Thai Institute of Directors. - Advanced Audit Committee Program (AACP) Class 3/2010 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
2015 - Present	Independent Director / Member of Audit Committee / Chairman of the Corporate Governance and Corporate Social Responsibility Committee Thiensurat Public Company Limited
2015 - Present	Frequent lecturer Thailand Institute of Directors
2015 - Present	Independent Director / Chairman of the Audit Committee / Member of Nomination Remuneration Committee Thai British Security Printing Public Company Limited
2007 - 2014	Independent Director / member of Audit Committee / Member of Nomination Remuneration Committee MFC Asset Management Public Company Limited

9. Name	Ms. Sumana Vonggapan
Age	69
Position	<ul style="list-style-type: none"> • Independent Director • Chairman of the Nomination Remuneration Committee • Member of Executive Committee (Date of appointment on 28 Feb 2018)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.B.A, Southeastern Oklahoma State USA. (1975) - Bachelor of Communication Arts, (Honor) Chulalongkorn University. - Strategic Human Resource Management, Harvard Business School. Banking Management ADB. Japan. - Director Accreditation Program (DAP) Class 47/2005 Thai Institute of Directors. - The selected as 1 in 100 outstanding human resource executives from the Human Resources Institute, Thammasat University. - The selected as the outstanding personnel executive of the year 2009 from Personnel Management Association of Thailand (PMAT). - Received the outstanding resource conservation award from the Ministry of Science and Technology.
Relations	- None
Work Experience 5 Years up	
Feb 2018 - Present	Member of Executive Committee Thiensurat Public Company Limited
2015 - Present	Independent Director / Chairman of the Nomination Remuneration Committee Thiensurat Public Company Limited
2014 - Present	Chairman of the board Dhipaya Training Center Co., Ltd
2010 - Present	Advisory Executive Management Dhipaya Insurance Public Company Limited
2010 - 2015	Chairman of the board KTB General Services Co., Ltd

2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Leasing Co., Ltd
2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Advisory Company Limited

10. Name	Prof.Porntep Siriwanarangsun, MD., MPH., PhD
Age	64
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee • Member of Nomination Remuneration Committee
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.D., Chiang Mai University, Chiang Mai, Thailand. - M.P.H., Mahidol University, Bangkok, Thailand. - Certificate of Epidemiology, Medical Council, Thailand. - Ph.D (Health Planning and Financing), University of London, U.K. - Certificate of the Community Mental Health Programs, The Medical Council - Diploma, National Defence. - Directors Certification Program (DCP) Class 212 Thai Institute of Directors. - Financial Statement for Directors (FSD) Class 28/2015 Thai Institute of Directors. - Risk Management for Corporate Leader (RCL) Class 116/2019, Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
Feb 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
May 2018 - Present	Member of Nomination Remuneration Committee Thiensurat Public Company Limited
2018 - Present	Deans Faculty of Medicine, Western University
2016 - Present	Independent Director / Member of Audit Committee Srivichaivejvivat Public Company Limited
Present	Advisor to the Director The Dental Unit in the Royal Majesty
Present	Director Provincial Waterworks Authority
Present	The Board of Directors of the second plans Thai Health Promotion Foundation
Present	Member of the Medical Board Office Fund Social Security Office
2013 - 2015	Director-General Department of Health

11. Name	Surat Wongrattanapassorn Ph.D.
Age	53
Position	<ul style="list-style-type: none"> • Independent Director (Date of appointment on 27 April 2018)
Shareholding (%)	0.05
Education	<ul style="list-style-type: none"> - Ph.D. (Business Administration), Nova Southeastern University, U.S.A. - Master of Engineering (Computer), Assumption University. - Bachelor in Business Administration Major in Marketing, Assumption University. - Director Certification Program (DCP) Class 233/2017

Thai Institute of Directors.
 - IT Governance and Cyber Resilience Program (ITG) Class 3/2016 Thai Institute of Directors.

Relations

- None

Work Experience 5 Years up

April 2018 - Present	Independent Director Thiensurat Public Company Limited
2017 - Present	Director / Vice President Information Technology Division ICC International Public Company Limited
2016 - Present	Director Tiger Distribution & Logistics Co., Ltd.
2015 - Present	Director Eastern ICC Co., Ltd.
2014 - Present	Director Pan Asia Footwear Public Company Limited
2011 - Present	Director Thai Itokin Co., Ltd.

12.	Name	Mr. Paitoon Sukhanaphorn
	Age	61
	Position	<ul style="list-style-type: none"> • Member of Management Committee • Vice Chief Executive Officer • Chief Financial Officer
	Shareholding (%)	0.01
	Education	<ul style="list-style-type: none"> - Master Degree in Finance, Chulalongkorn University - Bachelor Degree in Accounting, Chulalongkorn University. - Bachelor Degree in Law, Ramkhamhaeng University. - Bachelor Degree in Law, Sukhothai Thammathirat University. - Director Certification Program (DCP) Class 110/2008. - TLCA Executive Development Program (EDP) Thai Institute of Directors. - Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand. - The impact of the new financial reporting standards regarding revenue recognition from contracts made with customers (TFRS 15) and lease agreements (TFRS 16) on the preparation of financial reports of listed companies, 2018 The Stock Exchange of Thailand. - FinTech Lending & Trend : INNOVATION OF THE FUTURE class 1, 2018 The Thai Institute of Banking and Finance Association. - IR Sharing 1/2019 "How to make the most of your IRO function?" by Thai Investor Relations Club, Thai Listed Companies Association. - TLCA CFO Professional Development Program (TLCA CFO CPD) 2019 "Automation & RPA (Robot Process Automation) for Accounting", Thai Listed Companies Association. - TLCA CFO Professional Development Program (TLCA CFO CPD) No. 3/2019 "Quarterly review of financial statements" , Thai Listed Companies Association. - TLCA CFO Professional Development Program (TLCA CFO CPD) No. 4/2019 "How important are intangible assets impairments?" and "How important of Employee Benefit Actuarial Valuation", Thai Listed Companies Association.
	Relations	- None
	Work Experience 5 Years up	

July 2018 - Present	Chief Financial Officer Thiensurat Public Company Limited
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Nov 2017 - 28 Feb 2018	Member of Executive Committee / Deputy Managing Director - Business Support Group Thiensurat Public Company Limited
Aug - Nov 2017	Independent Director Thiensurat Public Company Limited
Nov 2016 - July 2017	Executive Vice President Accounting and Financial Department Synnex (Thailand) Public Company Limited
2009 - Oct 2016	Director and Chief Financial Officer Singer Thailand Public Company Limited

13. Name	Mr. Paitoon Homchan
Age	59
Position	<ul style="list-style-type: none"> • Member of Risk Management Committee • Member of Management Committee • Vice Chief Executive Officer
Shareholding (%)	0.82
Education	<ul style="list-style-type: none"> - Bachelor of General Management, Valaya Alongkorn Rajabhat University. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Sep 2017 - 28 Feb 2018	Acting Deputy Managing Director - Marketing Group Thiensurat Public Company Limited
2013 - 28 Feb 2018	Executive Committee Member / Deputy Managing Director Administrative Management Group Thiensurat Public Company Limited
2013 - Present	Member of Risk Management Committee Thiensurat Public Company Limited
2013 - Present	Director Safe Trade International Company Limited
2005 - Present	Director Better Dreams Company Limited
2002 - Present	Director Ideal Water Company Limited

14. Name	Mr. Siam Uralwong
Age	51
Position	<ul style="list-style-type: none"> • Member of Management Committee • Vice Chief Executive
Shareholding (%)	0.11

Education	<ul style="list-style-type: none"> - Master Degree MBA Major International Business, Nova Southeastern University, Florida, USA. - Bachelor Degree of Business Administration, Department of Marketing Assumption University. - NUS International Degree of Business Executive Program Certificate Stanford University. - NUS, Certification General Management, NUS University. - Director Certification Program (DCP) Class 181/2013 Thai Institute of Directors. - Executive Development Program (EDP) Class 11/2013 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
1 June 2019 - Present	Managing Director Thiensurat Leasing Company Limited
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
June 2017 - Feb 2018	Deputy Managing Director-Accounts Receivable Management Group / Deputy Managing Director-Corporate Customers / Deputy Managing Director-Digital Online & Tele-Marketing Thiensurat Public Company Limited
Mar 2017- Feb 2018	Member of Executive Committee Thiensurat Public Company Limited
Feb 2017- Feb 2018	Chief Executive Officer Assistant Thiensurat Public Company Limited
2012 - 2016	Managing Director SG Capital Company Limited

15. Name	Mr. Watcharin Watcharatham
Age	43
Position	<ul style="list-style-type: none"> • Member of Management Committee • Vice Chief Executive Officer
Shareholding (%)	0.32
Education	<ul style="list-style-type: none"> - Bachelor of Public Health Faculty of Public Health Mahidol University. - Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors. - Mini MBA Chula Unisearch, Chulalongkorn University.
Relations	<ul style="list-style-type: none"> - Nephew of the person No.16 - Relative of the person No.2, No.4 and No.5
Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
2013 - Feb 2018	Deputy Managing Director Production Group Thiensurat Public Company Limited
2013	Director Production Thiensurat Public Company Limited
2011 - 2013	Director Marketing Department Thiensurat Company Limited

2005 - Present	Director Safe Trade International Company Limited.
2002 - Present	Director Ideal Water Company Limited.
2004 - Present	Director Better Dreams Company Limited.

16. Name	Mr. Werawat Changyoo
Age	70
Position	<ul style="list-style-type: none"> Chief Executive Officer Assistant (Date of resign effective on 1 June 2019)
Shareholding (%)	18.78% (shares of spouse 0.93%)
Education	<ul style="list-style-type: none"> - Master of Engineer (ENV) University Of Roorkee, India. - Bachelor of Science Program in Public Health Mahidol University. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. - The Boss Class 24, Management and Psychology Institute.
Relations	<ul style="list-style-type: none"> - The father of the person in No.2, No.4 and No.5 - The uncle of the person in No.15
Work Experience 5 Years up	
Mar 2018 - 1 June 2019	Chief Executive Officer Assistance Thiensurat Public Company Limited
Nov 2016 - Feb 2018	Advisor to the Executive Committee Thiensurat Public Company Limited
2013 - Nov 2016	Director / Chairman of the Executive Board /Member of the Corporate Governance and Corporate Social Responsibility Committee / Chairman of the Board Thiensurat Public Company Limited
2005 - 2013	Chairman of the Board Thiensurat Company Limited
Present	Chairman of the Board Safe Trade International Company Limited
Present	Director Ideal Water Company Limited
Present	Director Better Dreams Company Limited
2007 - Present	Director ThienTham Property Company Limited
17. Name	Mr. <u>Naret</u> Charoonwittayakul
Age	43
Position	<ul style="list-style-type: none"> Chief Executive Officer Assistant (Date of appointment on 2 January 2019)
Shareholding (%)	None

Education	<ul style="list-style-type: none"> - Bachelor of Electronic technology King Mongkut's University of Technology North Bangkok - Cisco UCCX 8.0 Features Training 2011, TH - Nice (Cybertech) Product Training 2011, SGP - Cisco APJC Contact Center Partner 2012, SGP - Cisco APJC Contact Center Partner 2013, TH - Cisco Contact Center Workshop 2013, TH - Development of executives and personnel. Innovation Management Program (Mini MBA) by Dhipaya Training Center Co., Ltd. Together with Chula Unisearch, Chulalongkorn University.
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Relations - None

Work Experience 5 Years up

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

18. Name	Mr. Kiratat Jirachit
Age	41
Position	• Chief Executive Officer Assistant (Date of appointment on 4 June 2019)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Master of Industrial Engineer, Kasetsart University. - Director Certification Program (DCP) Class 228/2016 Thai Institute of Directors. - IRDP LSP#5 Program by Thammasat University. - Business System Development Program (BSD#2) by Panyapiwat Institute of Management.
Relations	- None
Work Experience 5 Years up	
4 June 2019 - Present	Chief Executive Officer Assistant Thiensurat Public Company Limited
2016 - 2018	Managing Director Precise Digital Economy Co., Ltd.
2014 - 2016	Managing Director Precise Green Products Co., Ltd.
2011 - 2014	Managing Director Precise Green Technology & Service Co., Ltd.

19. Name	Mr. Narin Suwanaphan
Age	50
Position	• Finance and Accounting Director (Date of appointment on 25 March 2019)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Master of Business Administration (Marketing), Chiang Mai University. - Bachelor of Business Administration (Accounting), Ramkhamhaeng University. - Financial projection to evaluation the company value, 2018 - Insights IFRS for non-current assets, 2017 - Insights VAT Withholding tax and specific business tax, 2017 - Insights personal income tax and corporate income tax, 2016

Relations	- None
Work Experience 5 Years up	
25 Mar 2019 - Present	Finance and Accounting Director Thiensurat Public Company Limited
Jun 2013 - Mar 2019	Finance Manager Scan Inter Public Company Limited
Fab 2007 - May 2013	Accounting Manager Schaffner EMC Co., Ltd.
April 2002 - Jan 2007	Financial analysis and Budget Manager Singer Thailand Public Company Limited

20. Name	Ms. Jutamas Malai
Age	42
Position	• Company Secretary / Investor Relations Manager (Date of appointment on 1 April 2019)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Bachelor of Accounting Rambhai Barni Rajabhat University. - Fundamental Practice for Corporate Secretary Thai Listed Companies association - IR Fundamental Course, The Stock Exchange of Thailand.
Relations	- None
Work Experience 5 Years up	
1 April 2019 - Present	Company Secretary / Investor Relations Manager Thiensurat Public Company Limited
1 Aug 2018 - 31 Mar 2019	Assistant Company Secretary / Assistant Investor Relations Manager Thiensurat Public Company Limited
23 Dec 2015 - 31 July 2019	Assistant Company Secretary Thiensurat Public Company Limited
Mar 2013 - July 2015	Company Secretary T S FLOUR MILL PUBLIC COMPANY LIMITED

**Thiensurat Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Thiensurat Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Thiensurat Public Company Limited and its subsidiaries (the "Group"), and of Thiensurat Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of hire purchase receivables	
Refer to Note 4 and 7	
The key audit matter	How the matter was addressed in the audit
<p>The core business of the Group is hire-purchase water filter and electricity. The management is required to exercise considerable judgement in determining the assumptions to be used in estimating allowance for doubtful accounts for hire purchase receivables expected to be incurred when debtors are unable to repay the debt, and the timing of such recognition, through consideration of the current status of receivables, their ability to make payment, analysis of debt aging, collection experience and historical data on actual losses on collection. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Testing the controls designed in respect of the appropriate valuation of hire-purchase contract receivables and understanding the policies and procedures that the Group's management applied for estimating and recognising of the allowance for doubtful accounts and review consistency in mentioned policies and procedures used. • Testing the reliability and accuracy of arrears of hire-purchase contract receivables. • Testing the calculation of the allowance for doubtful accounts for hire purchase receivables. • Testing on a sampling basis items in the arrears report of overdue receivables and corroborating whether these items were classified in the appropriate arrears bracket. • Considering the reliability of the Group's debt allowance policy and analysing historical information and information after the reporting date, including testing the subsequent receipts of debtors after the period-end to consider whether the Group's estimate was reasonable. • Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.

The recognition of commission expenses	
Refer to Note 4 and 20	
The key audit matter	How the matter was addressed in the audit
<p>The Group's main distribution channel is single level direct sales, which the calculation of commission expenses is complex because there are a variety of calculation schemes and several factors are involved, such as sales volume and product category, quality of sales, and awards given to sales-persons exceeding sales targets. Moreover, the Group continually changes the commission rates in order to promote sales. Commission expenses are significant amount and the calculation is complex. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Testing the controls relevant to the calculation of commission expenses, the approval and recording of transactions by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. • Testing whether the calculations were compliant with the Group's policies in effect in each period. • Performing analytical procedures comparing commission expenses to revenue from sales. • Considering the recognition of the commission expense and analysing historical information and information after the reporting date, including testing the subsequent payments of commission after the period-end to consider whether the Group's estimate was reasonable. • Considering the adequacy of the Group's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 27 February 2019.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



(Thanyalux Keadkeaw)
 Certified Public Accountant
 Registration No. 8179

KPMG Phoomchai Audit Ltd.
 Bangkok
 26 February 2020

Thiensurat Public Company Limited and its subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents	5	59,435	47,587	34,969	26,087
Trade accounts and other receivable	6	19,701	27,274	62,165	37,021
Current portion of hire-purchase contract receivables	7	666,025	600,178	538,737	488,087
Current portion of loan receivables		432	900	-	-
Current portion of receivables under rights transfer agreements		1,724	1,906	1,723	1,906
Short-term loan to related parties	4	171	-	13,000	1,200
Inventories	8	133,729	142,993	130,792	126,815
Other current assets		20,987	26,169	15,801	17,741
Total current assets		902,204	847,007	797,187	698,857
Non-current assets					
Restructured bank deposits		-	1,073	-	1,073
Hire purchase receivables	7	22,883	4,033	551	2,031
Loan receivables		363	333	-	-
Receivables under rights transfer agreements		621	2,588	621	2,588
Investments in subsidiaries	9	-	-	110,778	110,778
Investments in joint venture	10	13,742	15,073	13,767	13,767
Investment properties	11	58,556	58,630	58,556	58,630
Property, plant and equipment	12	393,557	427,741	383,685	416,627
Intangible assets	13	33,627	37,236	32,694	36,506
Deferred tax assets	21	16,868	15,535	13,497	13,162
Other non-current assets		5,115	5,838	5,077	5,778
Total non-current assets		545,332	568,080	619,226	660,940
Total assets		1,447,536	1,415,087	1,416,413	1,359,797

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

Thiensurat Public Company Limited and its subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current liabilities					
Short-term loan from financial institution	14	-	29,500	-	-
Trade and other payables	15	127,908	83,519	130,802	81,893
Current portion of finance lease liabilities	14	12,823	20,697	12,588	20,470
Current portion of long-term loans	14	-	6,371	-	6,371
Income tax payable		19,901	13,086	17,826	12,726
Other current liabilities		24,538	19,724	24,738	19,177
Total current liabilities		185,170	172,897	185,954	140,637
Non-current liabilities					
Finance lease liabilities	14	2,793	15,793	2,674	15,439
Long-term loans from financial institutions	14	-	3,327	-	3,327
Provision for long-term employee benefits	16	23,181	20,065	19,024	16,744
Total non-current liabilities		25,974	39,185	21,698	35,510
Total liabilities		211,144	212,082	207,652	176,147
Equity					
share capital:					
Authorised share capital	17	549,682	662,199	549,682	662,199
Issued and paid-up share capital		549,682	549,682	549,682	549,682
share premium:					
Premium on ordinary shares		295,291	295,291	295,291	295,291
Surplus on share-based payments		10,249	10,249	10,249	10,249
Changes in ownership interests					
in subsidiary		(1,347)	(1,347)	-	-
Retained earnings					
Appropriated					
Legal reserve	19	35,849	30,691	35,849	30,691
Unappropriated		341,513	313,175	317,690	297,737
Equity attributable to owners of the Company		1,231,237	1,197,741	1,208,761	1,183,650
Non-controlling interests		5,155	5,264	-	-
Total shareholders' equity		1,236,392	1,203,005	1,208,761	1,183,650
Total liabilities and shareholders' equity		1,447,536	1,415,087	1,416,413	1,359,797

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

Thiensurat Public Company Limited and its subsidiaries

Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Income					
Revenue from sale of goods	22	1,456,364	1,378,498	1,397,098	1,355,807
Interest income from hire-purchase					
contract and loans		179,889	196,397	139,778	164,825
Income from loan receivables		205	606	-	-
Other income	22	40,318	37,586	36,603	37,761
Total income		1,676,776	1,613,087	1,573,479	1,558,393
Expenses					
Cost of sales	22	409,123	388,519	378,712	384,057
Selling and distribution expenses		593,669	537,184	586,862	527,008
Aministrative expenses	22	401,864	387,294	364,706	360,928
Bad debts and doubtful accounts		134,200	168,521	116,256	154,234
Finance cost	22	1,022	5,605	816	4,660
Impairment loss on investment in subsidiary		-	-	-	11,819
Total expenses		1,539,878	1,487,123	1,447,352	1,442,706
Share of profit (loss) in joint venture		(351)	1,291	-	-
Profit before income tax expenses		136,547	127,255	126,127	115,687
Tax expenses	21	27,028	22,262	25,057	21,849
Profit for the year		109,519	104,993	101,070	93,838
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasurements of defined					
benefit plans		1,028	(214)	1,246	(214)
Income tax relating to items that will not be reclassified		(205)	42	(250)	42
Other comprehensive income (expense) for the year, net of tax		823	(172)	996	(172)
Total comprehensive income for the year		110,342	104,821	102,066	93,666
Profit (loss) attributable to:					
Owner of the parent		109,628	106,790	101,070	93,838
Non-controlling interests		(109)	(1,797)	-	-
Profit for the year		109,519	104,993	101,070	93,838
Comprehensive income (loss) attributable to:					
Owner of the parent		110,451	106,618	102,066	93,666
Non-controlling interests		(109)	(1,797)	-	-
Total comprehensive income attributable to:		110,342	104,821	102,066	93,666
Earnings per share	23				
Basic earnings per share		0.199	0.205	0.184	0.180
Diluted earnings per share		-	0.205	-	0.180

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

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

Consolidated financial statements									
					Retained earnings				
	Issued and paid	Share	Surplus on	Changes in	Legal		Equity		Total
Note	share capital	premium	share-based	ownership	reserve	Unappropriated	attributable to	Non-controlling	shareholders'
			payments	interests in			owners of	interests	equity
				a subsidiary			the parent		
				(in thousand Baht)					
Year ended 31 December 2018									
Balance as at 1 January 2018	516,730	268,336	10,249	(1,347)	25,999	294,335	1,114,302	7,061	1,121,363
Issue of ordinary shares	17 32,952	26,955	-	-	-	-	59,907	-	59,907
Dividends	24 -	-	-	-	-	(83,086)	(83,086)	-	(83,086)
Comprehensive income for the year									
Profit or loss	-	-	-	-	-	106,790	106,790	(1,797)	104,993
Other comprehensive income	-	-	-	-	-	(172)	(172)	-	(172)
Total comprehensive income for the year	-	-	-	-	-	106,618	106,618	(1,797)	104,821
Transfer to legal reserve	19 -	-	-	-	4,692	(4,692)	-	-	-
Balance as at 31 December 2018	549,682	295,291	10,249	(1,347)	30,691	313,175	1,197,741	5,264	1,203,005
Year ended 31 December 2019									
Balance at 1 January 2019	549,682	295,291	10,249	(1,347)	30,691	313,175	1,197,741	5,264	1,203,005
Dividends	24 -	-	-	-	-	(76,955)	(76,955)	-	(76,955)
Comprehensive income for the year									
Profit or loss	-	-	-	-	-	109,628	109,628	(109)	109,519
Other comprehensive income	-	-	-	-	-	823	823	-	823
Total comprehensive income for the year	-	-	-	-	-	110,451	110,451	(109)	110,342
Transfer to legal reserve	19 -	-	-	-	5,158	(5,158)	-	-	-
Balance at 31 December 2019	549,682	295,291	10,249	(1,347)	35,849	341,513	1,231,237	5,155	1,236,392

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

Thiensurat Public Company Limited and its subsidiaries

Statement of changes in equity

		Separate financial statements					
					Retained earnings		
	Note	Issued and paid share capital	Share premium	Surplus on share-based payments (in thousand Baht)	Legal reserve	Unappropriated	Total shareholders' equity
Year ended 31 December 2018							
Balance as at 1 January 2018		516,730	268,336	10,249	25,999	291,849	1,113,163
Issue of ordinary shares	17	32,952	26,955	-	-	-	59,907
Dividends	24	-	-	-	-	(83,086)	(83,086)
Comprehensive income for the year							
Profit or loss		-	-	-	-	93,838	93,838
Other comprehensive income		-	-	-	-	(172)	(172)
Total comprehensive income for the year		-	-	-	-	93,666	93,666
Transfer to legal reserve	19	-	-	-	4,692	(4,692)	-
Balance as at 31 December 2018		549,682	295,291	10,249	30,691	297,737	1,183,650
Year ended 31 December 2019							
Balance at 1 January 2019		549,682	295,291	10,249	30,691	297,737	1,183,650
Dividends	24	-	-	-	-	(76,955)	(76,955)
Comprehensive income for the year							
Profit or loss		-	-	-	-	101,070	101,070
Other comprehensive income		-	-	-	-	996	996
Total comprehensive income for the year		-	-	-	-	102,066	102,066
Transfer to legal reserve	19	-	-	-	5,158	(5,158)	-
Balance at 31 December 2019		549,682	295,291	10,249	35,849	317,690	1,208,761

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

Thiensurat Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	109,519	104,993	101,070	93,838
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	27,028	22,262	25,057	21,849
Finance costs	1,022	5,605	816	4,660
Depreciation and amortisation	54,550	54,326	53,131	52,848
Provisions for employee benefits	4,641	3,125	4,020	2,901
Share of (profit) loss of investment in joint venture	351	(1,291)	-	-
Impairment loss on investment in subsidiary	-	-	-	11,819
Bad and doubtful debts expenses	139,346	168,521	116,316	154,234
Losses on inventories devaluation	5,475	4,940	2,660	1,626
Allowance of goods warranty	1,988	3,257	1,988	3,256
Reversal of allowance of goods returned	(226)	(564)	(226)	(564)
Gain on disposal of equipment	(5,294)	(883)	(5,310)	(900)
Impairment loss on investment in equipment	-	71	-	-
Impairment loss on investment in intangible asset	-	45	-	-
Dividend income	-	-	(980)	-
Interest income	(499)	(52)	(1,149)	(177)
	337,901	364,355	297,393	345,390
<i>Changes in operating assets and liabilities</i>				
Trade accounts and other receivable	7,317	(5,064)	(25,406)	2,246
Hire-purchase contract receivables	(223,648)	(149,912)	(165,091)	(64,792)
Loan receivables	438	1,173	-	-
Receivables under rights transfer agreements	2,150	3,136	2,150	3,136
Inventories	3,789	10,179	(6,636)	8,052
Other current assets	4,312	1,516	1,069	3,389
Other non-current assets	(626)	2,412	(648)	2,422
Trade accounts and other payable	45,356	(15,418)	49,911	(13,496)
Other current liabilities	3,051	(370)	3,798	(325)
Employee benefit paid	(495)	(152)	(495)	(152)
Net cash generated from operating	179,545	211,855	156,045	285,870
Interest paid	(997)	(5,614)	(824)	(4,683)
Tax paid	(21,751)	(18,567)	(20,542)	(17,725)
Net cash from operating activities	156,797	187,674	134,679	263,462

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

Thiensurat Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Restricted bank deposits	1,073	1,812	1,073	1,812
Interest received	450	52	1,105	173
Cash outflow from short-term loans to related party	(172)	-	(11,800)	-
Acquisition of property and equipment	(25,253)	(8,154)	(25,145)	(7,677)
Cash paid for investment in a subsidiary	-	-	-	(50,000)
Proceeds from sale of equipment	17,080	2,707	17,080	2,708
Acquisition of intangible assets	(1,489)	(5,305)	(1,199)	(4,917)
Net cash used in investing activities	(8,311)	(8,888)	(18,886)	(57,901)
<i>Cash flows from financing activities</i>				
Proceeds from exercise of share options	-	59,906	-	59,906
Proceeds from dividend	891	-	891	-
Dividends paid	(77,457)	(82,287)	(77,457)	(82,287)
Decrease in short-term borrowings from financial institutions	(29,500)	(100,407)	-	(129,907)
Repayment of liabilities under finance lease agreements	(20,874)	(28,714)	(20,647)	(28,485)
Repayment of long-term borrowings from financial institutions	(9,698)	(12,270)	(9,698)	(12,270)
Net cash used in financing activities	(136,638)	(163,772)	(106,911)	(193,043)
Net increase in cash and cash equivalents	11,848	15,014	8,882	12,518
Cash and cash equivalents at 1 January	47,587	32,573	26,087	13,569
Cash and cash equivalents at 31 December	59,435	47,587	34,969	26,087
<i>Non-cash transaction</i>				
Payables on purchase of equipment	352	843	352	843

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

Thiensurat Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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Thiensurat Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2020.

1 General information

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

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

The Company’s major shareholders during the financial year were Changyoo and Watcharatam families who held 63.87% shareholding.

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

Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 9.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3 (p).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 28.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except defined benefit liability present value of the defined benefit obligation.

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency.

Thiensurat Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

(d) Use of judgements and estimates

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

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 7	Measurement of allowance for doubtful accounts of hire-purchase receivable;
Note 16	Measurement of defined benefit obligations: key actuarial assumptions;
Note 21	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 26 - financial instruments

Thiensurat Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

(a) Basis of consolidation

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Interests in equity - accounted investees

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

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

Transactions eliminated on consolidation

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

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(b) Foreign currencies

Foreign currency transactions

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

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

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

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

(c) Cash and cash equivalents

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

(d) Accounts receivable and contract assets

Trade and other account receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and other account receivable and a contract asset are measured at value less allowance for doubtful accounts and impairment losses which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

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

(e) Inventories

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

Reverted inventories are repossessed inventories from the defaulted customers.

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

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

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

(f) Investments

Investments in subsidiaries and joint ventures

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

Disposal of investments

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

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

(g) Investment properties

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

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

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings	20 years
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No depreciation is provided on freehold land or assets under construction.

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings and building improvements	5,10 and 20	years
Tools and equipment	3 - 5	years
Furniture, fixtures and office equipment	5	years
Computer hardware	3 - 5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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(i) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	3 - 10 years
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No amortisation is provided on software during construction.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(k) Interest-bearing liabilities

Interest-bearing liabilities is stated at cost

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(n) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(p) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

Sale of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

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

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

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

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(q) *Hire purchase interest income and income from loan receivables*

Interest income under hire purchase agreement is recognised over the period of agreement based on the effective interest rate. The Group ceases accruing income for receivables which installment payment has been defaulted for more than three installments and six installments past the due date for water purifier and electric appliances respectively. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

The subsidiaries recognised interest income from loan receivables with vehicle collateral and short-term loan receivables as accrual basis by using the effective rate method along the contract period. After a customer has defaulted on 3 consecutive payments, the Subsidiary ceases to recognise the related earned interest income from loan.

(r) *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(s) *Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(t) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(u) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(w) *Related parties*

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

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(x) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related party transactions

Relationships with subsidiaries and joint ventures are described in notes 9 and 10. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Changyoo and Watcharatam families	Thailand	Major shareholders
Safe Trade International Company Limited	Thailand	Subsidiary of major shareholder
Fedders Thai Co., Ltd.*	Thailand	Subsidiary of major shareholder
Thiensurat Leasing Company Limited	Thailand	Subsidiary of major shareholder
TSR Lao Company Limited	Laos	Joint venture
Better Dreams Company Limited	Thailand	Common directors
Ideal Water Company Limited	Thailand	Common directors
Internet Thailand Public Company Limited	Thailand	Common director
COL Public Company Limited	Thailand	Common director
S.S. Air Service Co., Ltd.	Thailand	Common directors
Wesu Sale Co., Ltd.	Thailand	Common director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

*At the Board of Directors' meeting of Thiensurat Public Company Limited on 22 July 2019, the Board agree to approve for dissolution. The company has registered its dissolution with Ministry of Commerce on 30 September 2019 and in the process of liquidation.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods	Cost plus margin
Other income	Contract price
Purchase of goods and service	Cost plus margin or Market price
Purchase of asset	Cost plus margin or Market price
Rental and service	Contract price
Other expense	Contract price
Interest income	Contract rate
Consultant fee	Contract price

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	213,615	195,557
Management fee and other income	-	-	3,756	3,330
Interest income	-	-	744	177
Purchase of goods and service	-	-	10,450	3,342
Purchase of assets	-	-	86	1,378
Other expense	-	-	1,041	488
Joint venture				
Sales of goods	9,723	8,310	9,723	8,310
Dividend income	980	-	980	-
Other expense	202	199	202	199
Other related parties				
Sales of goods	12,848	1,046	-	-
Rental and service	379	510	379	510
Interest income	69	-	67	-
Purchase of goods	596	626	439	421
Other expense	7,769	7,663	7,490	7,513
Key management personnel				
Consulting fees	6,050	4,240	6,050	4,240
Key management personnel compensation				
Short-term employee benefit	46,783	48,003	39,337	40,724
Post-employment benefits	220	359	186	189
Total	47,003	48,362	39,523	40,913

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Subsidiaries	-	-	50,655	14,837
Joint venture	2,683	1,633	2,683	1,633
Other related parties	3,180	61	-	-
Total	5,863	1,694	53,338	16,470
Other receivables				
Subsidiaries	-	-	361	110
Joint venture	89	-	89	-
Other related parties	9	9	9	9
Total	98	9	459	119

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<i>Movement of loans to</i>	Interest rate	Consolidated financial statements			
	At 31 December (% per annum)	At 1 January	Increase (in thousand Baht)	Decrease	At 31 December
2019					
Other related parties	4.05 - 4.09	-	171	-	171
Total		<u>-</u>			<u>171</u>
2018					
Other related parties	5.00	398	-	(398)	-
Total		<u>398</u>			<u>-</u>

<i>Movement of loans to</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	At 1 January	Increase (in thousand Baht)	Decrease	At 31 December
2019					
Subsidiaries	3.50 - 4.75	1,200	96,000	(84,200)	13,000
Total		<u>1,200</u>			<u>13,000</u>
2018					
Subsidiaries	5.00	4,566	-	(3,366)	1,200
Total		<u>4,566</u>			<u>1,200</u>

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Trade accounts payable				
Subsidiaries	-	-	3,008	-
Other related parties	74	38	53	30
Total	<u>74</u>	<u>38</u>	<u>3,061</u>	<u>30</u>
Other payables				
Subsidiaries	-	-	3,309	103
Joint venture	186	199	186	199
Other related parties	371	309	371	296
Total	<u>557</u>	<u>508</u>	<u>3,866</u>	<u>598</u>

Contribution fee agreement

Thiensurat Public Company Limited (“TSR”) entered into a contribution fee agreement with Thiensurat Leasing Company Limited (“TSRL”), whereby TSR is committed to pay the contribution fees at the rate of 4-5% of cash collection from sales of electronic appliances in accordance with the conditions specified in the agreement. The term of this agreement is for the period of 1 year.

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5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	155	543	108	499
Cash at banks - current accounts	1,182	1,641	654	1,065
Cash at banks - savings accounts	54,143	40,020	31,097	21,335
Others	3,955	5,383	3,110	3,188
Cash and cash equivalents	59,435	47,587	34,969	26,087

6 Trade and other receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade accounts receivable					
Related parties	4	5,863	1,694	53,338	16,470
Other parties		9,637	23,135	4,815	18,089
Total		15,500	24,829	58,153	34,559
<i>Less allowance for doubtful accounts</i>		<i>(2,095)</i>	<i>(1,701)</i>	<i>(2,095)</i>	<i>(1,701)</i>
Net		13,405	23,128	56,058	32,858
Other receivables					
Related parties	4	98	9	459	119
Other parties		6,751	4,703	6,201	4,597
Total		6,849	4,712	6,660	4,716
<i>Less allowance for doubtful accounts</i>		<i>(553)</i>	<i>(566)</i>	<i>(553)</i>	<i>(553)</i>
Net		6,296	4,146	6,107	4,163
Total		19,701	27,274	62,165	37,021

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expenses (net of bad debt recovery) for the years ended 31 December	394	1,700	394	1,700

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	1,305	1,636	35,001	16,470
Overdue:				
Less than 3 months	1,378	58	18,337	-
Less than 6 months	3,180	-	-	-
	<u>5,863</u>	<u>1,694</u>	<u>53,338</u>	<u>16,470</u>
<i>Less allowance for doubtful accounts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net	<u>5,863</u>	<u>1,694</u>	<u>53,338</u>	<u>16,470</u>
Other parties				
Within credit terms	6,000	16,783	2,412	13,206
Overdue:				
Less than 3 months	2,113	5,578	879	4,109
3 - 6 months	198	110	198	110
6 - 12 months	316	496	316	496
Over 12 months	1,010	168	1,010	168
	<u>9,637</u>	<u>23,135</u>	<u>4,815</u>	<u>18,089</u>
<i>Less allowance for doubtful accounts</i>	<i>(2,095)</i>	<i>(1,701)</i>	<i>(2,095)</i>	<i>(1,701)</i>
Net	<u>7,542</u>	<u>21,434</u>	<u>2,720</u>	<u>16,388</u>
Total	<u>13,405</u>	<u>23,128</u>	<u>56,058</u>	<u>32,858</u>

The normal credit terms granted by the Group ranges from 30 days to 60 days.

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7 Hire-purchase receivables

	Consolidated financial statements					
	Portion due within one year		Portion due after one year		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Hire-purchase contract receivables	857,639	781,583	33,344	10,558	890,983	792,141
Less deferred interest income	(90,695)	(81,531)	(8,174)	(5,823)	(98,869)	(87,354)
deferred output VAT	(48,013)	(43,089)	(2,287)	(702)	(50,300)	(43,791)
	<u>718,931</u>	<u>656,963</u>	<u>22,883</u>	<u>4,033</u>	<u>741,814</u>	<u>660,996</u>
Less allowance for doubtful accounts	(52,906)	(56,785)	-	-	(52,906)	(56,785)
Net	<u>666,025</u>	<u>600,178</u>	<u>22,883</u>	<u>4,033</u>	<u>688,908</u>	<u>604,211</u>

**Consolidated
financial statements**
2019 2018
(in thousand Baht)

Bad and doubtful debts expenses (net of bad debt recovery) for the nine-month period ended 31 December	125,263	153,747
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	Separate financial statements					
	Portion due within one year		Portion due after one year		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Hire-purchase contract receivables	689,861	633,760	603	2,182	690,464	635,942
Less deferred interest income	(65,184)	(60,056)	(14)	(70)	(65,198)	(60,126)
deferred output VAT	(38,043)	(34,386)	(38)	(81)	(38,081)	(34,467)
	<u>586,634</u>	<u>539,318</u>	<u>551</u>	<u>2,031</u>	<u>587,185</u>	<u>541,349</u>
Less allowance for doubtful accounts	(47,897)	(51,231)	-	-	(47,897)	(51,231)
Net	<u>538,737</u>	<u>488,087</u>	<u>551</u>	<u>2,031</u>	<u>539,288</u>	<u>490,118</u>

**Separate
financial statements**
2019 2018
(in thousand Baht)

Bad and doubtful debts expenses (net of bad debt recovery) for the year period ended 31 December	108,957	139,883
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Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Aging analyses for water purifier hire-purchase contract receivables as at 31 December were as follows:

	Consolidated/Separate financial statements				
	Number of receivables (<i>account</i>)	Hire-purchase contract receivables, net ⁽¹⁾ (<i>in thousand Baht</i>)	Net receivables for set up allowance for doubtful account ⁽²⁾ (<i>in thousand Baht</i>)	Percentage of allowance for doubtful (<i>%</i>)	Allowance for doubtful accounts (<i>in thousand Baht</i>)
31 December 2019					
Within credit terms	55,126	420,650	425,638	2.5	10,641
Overdue:					
Overdue 1 installment	12,542	102,138	102,138	6	6,128
Overdue 2 installments	3,412	29,087	29,087	30	8,726
Overdue 3 installments	1,757	14,674	14,674	50	7,337
Non-consecutive overdue exceeding 3 installments	1,717	10,590	10,590	50	5,295
Consecutive overdue exceeding 3 installments	1,103	9,713	9,713	100	9,713
Total	75,657	586,852	591,840		47,840
31 December 2018					
Within credit terms	57,153	385,854	390,294	2.5	9,757
Overdue:					
Overdue 1 installment	10,531	84,740	84,740	6	5,084
Overdue 2 installments	2,773	23,556	23,556	30	7,067
Overdue 3 installments	1,693	15,157	15,157	50	7,579
Non-consecutive overdue exceeding 3 installments	1,363	9,491	9,491	50	4,746
Consecutive overdue exceeding 3 installments	1,419	15,609	15,609	100	15,609
Total	74,932	534,407	538,847		49,842

⁽¹⁾ Net of deferred interest incomes and deferred output VAT

⁽²⁾ Net of collateral (products)

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Aging analyses for electronic appliances and others hire-purchase contract receivables as at 31 December were as follows:

31 December 2019	Consolidated financial statements				
	Number of receivables (<i>account</i>)	Hire-purchase contract receivables, net ⁽¹⁾ (<i>in thousand Baht</i>)	Net receivables for set up allowance for doubtful account ⁽²⁾ (<i>in thousand Baht</i>)	Percentage of allowance for doubtful (%)	Allowance for doubtful accounts (<i>in thousand Baht</i>)
Within credit terms	10,736	118,640	59,086	1	591
Overdue:					
Overdue 1 installment	1,574	10,951	6,008	2	120
Overdue 2 installments	936	6,938	3,590	10	359
Overdue 3 installments	603	4,660	2,366	20	473
Overdue 4 installments	463	3,942	2,136	30	641
Overdue 5 installments	343	3,246	1,903	40	761
Overdue 6 installments	208	2,196	1,374	50	687
Non-consecutive overdue exceeding 6 installments	362	4,220	2,782	50	1,391
Consecutive overdue exceeding 6 installments	44	169	43	100	43
Total	15,269	154,962	79,288		5,066

⁽¹⁾ Net of deferred interest incomes and deferred output VAT

⁽²⁾ Net of collateral (products)

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Consolidated financial statements

31 December 2018	Number of receivables (<i>account</i>)	Hire-purchase contract receivables, net ⁽¹⁾ (<i>in thousand Baht</i>)	Net receivables for set up allowance for doubtful account ⁽²⁾ (<i>in thousand Baht</i>)	Percentage of allowance for doubtful (<i>%</i>)	Allowance for doubtful accounts (<i>in thousand Baht</i>)
Within credit terms	8,390	78,909	52,214	1	522
Overdue:					
Overdue 1 installment	1,626	14,510	8,655	2	173
Overdue 2 installments	1,007	9,948	6,030	10	603
Overdue 3 installments	627	6,441	4,007	20	801
Overdue 4 installments	479	4,998	3,063	30	919
Overdue 5 installments	327	3,475	2,150	40	860
Overdue 6 installments	260	2,938	1,868	50	934
Non-consecutive overdue exceeding 6 installments	428	3,385	1,740	50	870
Consecutive overdue exceeding 6 installments	179	1,985	1,261	100	1,261
Total	13,323	126,589	80,988		6,943

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Separate financial statements					
31 December 2019	Number of receivables (<i>account</i>)	Hire-purchase contract receivables, net ⁽¹⁾ (<i>in thousand Baht</i>)	Net receivables for set up allowance for doubtful account ⁽²⁾ (<i>in thousand Baht</i>)	Percentage of allowance for doubtful (%)	Allowance for doubtful accounts (<i>in thousand Baht</i>)
Within credit terms	-	-	-	1	-
Overdue:					
Overdue 1 installment	-	-	-	2	-
Overdue 2 installments	-	-	-	10	-
Overdue 3 installments	2	3	-	20	-
Overdue 4 installments	-	-	-	30	-
Overdue 5 installments	-	-	-	40	-
Overdue 6 installments	-	-	-	50	-
Non-consecutive overdue exceeding 6 installments	30	161	28	50	14
Consecutive overdue exceeding 6 installments	44	169	43	100	43
Total	76	333	71		57

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Separate financial statements					
31 December 2018	Number of receivables (<i>account</i>)	Hire-purchase contract receivables, net ⁽¹⁾ (<i>in thousand Baht</i>)	Net receivables for set up allowance for doubtful account ⁽²⁾ (<i>in thousand Baht</i>)	Percentage of allowance for doubtful (%)	Allowance for doubtful accounts (<i>in thousand Baht</i>)
Within credit terms	297	539	15	1	-
Overdue:					
Overdue 1 installment	122	362	25	2	1
Overdue 2 installments	84	282	31	10	3
Overdue 3 installments	87	388	72	20	14
Overdue 4 installments	71	441	128	30	38
Overdue 5 installments	96	616	229	40	92
Overdue 6 installments	95	604	226	50	113
Non-consecutive overdue exceeding 6 installments	380	2,779	1,316	50	658
Consecutive overdue exceeding 6 installments	114	931	470	100	470
Total	1,346	6,942	2,512		1,389

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	54,896	61,706	44,407	41,966
Right to recover returned products	538	-	538	-
Work in progress	19,967	17,617	19,967	17,617
Raw materials	68,922	67,883	68,922	67,883
Goods in transit	1,670	1,244	1,670	1,244
Supplies	1,009	1,167	1,009	1,167
	<u>147,002</u>	<u>149,617</u>	<u>136,513</u>	<u>129,877</u>
<i>Less</i> Allowance for decline in value of goods	<u>(13,273)</u>	<u>(6,624)</u>	<u>(5,721)</u>	<u>(3,062)</u>
Net	<u>133,729</u>	<u>142,993</u>	<u>130,792</u>	<u>126,815</u>
Inventories realizable in ‘cost of sales of goods’:				
- Cost	381,653	355,345	341,092	355,682
- Write-down to net realizable value	7,943	3,169	2,659	1,626
- Reversal of write-down	(1,294)	-	-	-
Net	<u>388,302</u>	<u>358,514</u>	<u>343,751</u>	<u>357,308</u>

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

9 Investments in subsidiaries

Separate financial statements												
	Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)									
Safe Trade International Company Limited	Distribution of water purifier	Thailand	99.98	99.98	4,000	4,000	3,999	3,999	-	-	3,999	3,999
Fedders Thai Co., Ltd.*	Distribution of Conditioner	Thailand	59.99	59.99	31,000	31,000	18,598	18,598	(11,819)	(11,819)	6,779	6,779
Thiensurat Leasing Company Limited	Providing personal loans services and distribution of electric appliance	Thailand	100.00	100.00	100,000	100,000	100,000	100,000	-	-	100,000	100,000
Total							122,597	122,597	(11,819)	(11,819)	110,778	110,778

*At the Board of Directors' meeting of Thiensurat Public Company Limited on 22 July 2019, the Board agree to approve for dissolution. The company has registered its dissolution with Ministry of Commerce on 30 September 2019 and in the process of liquidation.

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

10 Investment in joint venture

Consolidated Financial statements												
	Type of business	Country of incorporation	Ownership interest		Paid-up share capital		Cost method		Equity method		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)								(in thousand Baht)	
Joint venture												
TSR Lao Co., Ltd.	Distribution of water purifier and electric appliance	Laos	49.00	49.00	24,282	24,282	13,767	13,767	13,742	15,073	980	-
Total							13,767	13,767	13,742	15,073	980	-

Separate Financial statements											
	Type of business	Country of incorporation	Ownership interest		Paid-up share capital		Cost method		Dividend incomes for the		
			2019	2018	2019	2018	2019	2018	nine-month period		
			(%)						(in thousand Baht)		
Joint venture											
TSR Lao Co., Ltd.	Distribution of water purifier and electric appliance	Laos	49.00	49.00	24,282	24,282	13,767	13,767	980	-	-
Total							13,767	13,767	980	-	-

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

joint ventures

The following table summarises the financial information of the joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	TSR Lao Company Limited	
	2019	2018
	<i>(in thousand Baht)</i>	
Revenue	23,477	28,789
Profit from continuing operations	267 ^a	2,861 ^a
Total comprehensive income (100%)	267	2,861
Total comprehensive income of the Group's interest	131	1,402
Group's share of total comprehensive income	131	1,402
Current assets	28,648 ^b	26,975 ^b
Non-current assets	4,224	5,877
Current liabilities	(3,362) ^c	(4,387) ^c
Net assets (100%)	29,510	28,465
Group's share of net assets	14,460	13,948
Elimination of unrealised profit on downstream sales	(718)	1,125
Carrying amount of interest in joint venture	13,742	15,073

Remark:

a. Includes:

- depreciation and amortisation

1,167

1,200

- income tax expense

85

689

b. Includes cash and cash equivalents

7,738

8,858

c. Includes current financial liabilities (excluding trade, other payables and provisions)

630

2,726

11 Investment properties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cost				
At 1 January	79,465	79,465	73,636	73,636
At 31 December	79,465	79,465	73,636	73,636
Depreciation and impairment losses				
At 1 January	20,835	20,762	15,006	14,933
Depreciation charge for the year	74	73	74	73
At 31 December	20,909	20,835	15,080	15,006
Net book value				
At 31 December	58,556	58,630	58,556	58,630

The fair value of investment properties as at 31 December 2019 of Baht 58 million (2018: Baht 58 million) was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value.

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

12 Property, plant and equipment

	Consolidated financial statements							
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment	Computer hardware	Motor vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>							
<i>Cost</i>								
At 1 January 2018	242,784	231,581	41,023	36,222	32,149	106,386	-	690,145
Additions	521	760	1,599	2,651	1,671	-	1,185	8,387
Transfers	-	-	362	-	-	-	(362)	-
Disposals	-	(799)	-	(1,965)	(385)	(4,409)	-	(7,558)
At 31 December 2018 and 1 January 2019	243,305	231,542	42,984	36,908	33,435	101,977	823	690,974
Additions	1,470	733	4,641	1,323	3,649	1,526	12,002	25,344
Transfers	-	6,236	4,371	272	-	-	(10,879)	-
Disposals	-	-	(58)	(2,211)	(925)	(33,711)	(538)	(37,443)
At 31 December 2019	244,775	238,511	51,938	36,292	36,159	69,792	1,408	678,875
<i>Depreciation and impairment losses</i>								
At 1 January 2018	1,096	113,850	30,098	22,338	17,526	33,923	-	218,831
Depreciation charge for the year	273	21,159	4,857	5,038	5,718	13,090	-	50,135
Disposals	-	(501)	-	(1,662)	(272)	(3,298)	-	(5,733)
At 31 December 2018 and 1 January 2019	1,369	134,508	34,955	25,714	22,972	43,715	-	263,233
Depreciation charge for the year	423	19,517	4,222	4,696	5,976	12,310	-	47,144
Disposals	-	-	(46)	(2,199)	(639)	(22,175)	-	(25,059)
At 31 December 2019	1,792	154,025	39,131	28,211	28,309	33,850	-	285,318

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	Consolidated financial statements							
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Computer hardware	Motor vehicles	Assets under construction and installation	Total
Net book value								
At 31 December 2018								
Owned assets	241,936	97,034	8,029	11,194	10,463	19,909	823	389,388
Assets under finance leases	-	-	-	-	-	38,353	-	38,353
	241,936	97,034	8,029	11,194	10,463	58,262	823	427,741
At 31 December 2019								
Owned assets	242,983	84,486	12,807	8,081	7,850	3,988	1,408	361,603
Assets under finance leases	-	-	-	-	-	31,954	-	31,954
	242,983	84,486	12,807	8,081	7,850	35,942	1,408	393,557

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	Separate financial statements							Total
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Computer hardware	Motor vehicles	Assets under construction and installation	
Cost								
At 1 January 2018	237,984	222,311	41,023	34,101	31,469	101,679	-	668,567
Additions	521	440	1,599	2,640	1,525	-	1,185	7,910
Transfers	-	-	362	-	-	-	(362)	-
Disposals	-	(799)	-	(1,863)	(385)	(4,410)	-	(7,457)
At 31 December 2018 and 1 January 2019	238,505	221,952	42,984	34,878	32,609	97,269	823	669,020
Additions	1,470	733	4,641	1,341	3,478	1,526	12,002	25,191
Transfers	-	6,236	4,371	272	-	-	(10,879)	-
Disposals	-	-	(46)	(2,045)	(728)	(33,711)	(538)	(37,068)
At 31 December 2019	239,975	228,921	51,950	34,446	35,359	65,084	1,408	657,143
Depreciation and impairment losses								
At 1 January 2018	1,096	108,456	30,098	20,518	17,262	31,967	-	209,397
Depreciation charge for the year	273	20,669	4,857	4,851	5,577	12,418	-	48,645
Disposals	-	(501)	-	(1,578)	(272)	(3,298)	-	(5,649)
At 31 December 2018 and 1 January 2019	1,369	128,624	34,955	23,791	22,567	41,087	-	252,393
Depreciation charge for the year	422	19,017	4,222	4,653	5,873	11,638	-	45,825
Disposals	-	-	(40)	(2,034)	(511)	(22,175)	-	(24,760)
At 31 December 2019	1,791	147,641	39,137	26,410	27,929	30,550	-	273,458

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

	Separate financial statements							Total
	Land and land improvement	Factory and office buildings	Tools and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Computer hardware	Motor vehicles	Assets under construction and installation	
<i>Net book value</i>								
At 31 December 2018								
Owned assets	237,136	93,328	8,029	11,087	10,042	18,476	823	378,921
Assets under finance leases	-	-	-	-	-	37,706	-	37,706
	237,136	93,328	8,029	11,087	10,042	56,182	823	416,627
At 31 December 2019								
Owned assets	238,184	81,280	12,813	8,036	7,430	3,553	1,408	352,704
Assets under finance leases	-	-	-	-	-	30,981	-	30,981
	238,184	81,280	12,813	8,036	7,430	34,534	1,408	383,685

As at 31 December 2019, certain buildings and building improvements items of the Company and its subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 99.1 million and Baht 96.5 million (2018: Baht 78.4 million and Baht 76.1 million).

The Group has release all of the collateral of land and building on fair value which is use for guarantee of loan with financial institution.

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

13 Intangible assets

Consolidated financial statements			
	Software	Software under installation	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2018	32,923	11,392	44,315
Additions	2,318	3,504	5,822
Transfers	14,763	(14,763)	-
At 31 December 2018 and 1 January 2019	50,004	133	50,137
Additions	1,489	-	1,489
Transfers	40	(40)	-
At 31 December 2019	51,533	93	51,626
<i>Amortisation and impairment losses</i>			
At 1 January 2018	8,430	-	8,430
Amortisation for the year	4,471	-	4,471
At 31 December 2018 and 1 January 2019	12,901	-	12,901
Amortisation for the year	5,098	-	5,098
At 31 December 2019	17,999	-	17,999
<i>Net book value</i>			
At 31 December 2018	37,103	133	37,236
At 31 December 2019	33,534	93	33,627
Separate financial statements			
	Software	Software under installation	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2018	32,523	11,300	43,823
Additions	2,023	3,504	5,527
Transfers	14,764	(14,764)	-
At 31 December 2018 and 1 January 2019	49,310	40	49,350
Additions	1,199	-	1,199
Transfers	40	(40)	-
At 31 December 2019	50,549	-	50,549
<i>Amortisation and impairment losses</i>			
At 1 January 2018	8,427	-	8,427
Amortisation for the year	4,417	-	4,417
At 31 December 2018 and 1 January 2019	12,844	-	12,844
Amortisation for the year	5,011	-	5,011
At 31 December 2019	17,855	-	17,855
<i>Net book value</i>			
At 31 December 2018	36,466	40	36,506
At 31 December 2019	32,694	-	32,694

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

14 Interest-bearing liabilities

	Consolidated Financial statements		Separate Financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current				
Short-term loan from financial institution - secured	-	29,500	-	-
	-	29,500	-	-
Current portion of long-term loans from financial institutions - secured	-	6,371	-	6,371
	-	6,371	-	6,371
Current portion of finance lease liabilities	12,823	20,697	12,588	20,470
Total current interest - bearing liabilities	12,823	56,568	12,588	26,841
Non-Current				
Loans from financial institution - secured	-	3,327	-	3,327
	-	3,327	-	3,327
Finance lease liabilities	2,793	15,793	2,674	15,439
Total non-current interest-bearing liabilities	2,793	19,120	2,674	18,766

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities were as follows:

	Interest rate		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Interest-bearing liabilities						
Within one year	-	3.45 - 4.07	-	35,871	-	6,371
After one year but within five years	-	3.45 - 4.07	-	3,327	-	3,327
Total			-	39,198	-	9,698

Secured interest-bearing liabilities were secured on the following assets:

	Consolidated Financial statements		Separate Financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bank deposit	-	1,073	-	1,073
Plant, property and equipment	-	287,227	-	287,227
Investment properties	-	57,937	-	57,937
Total	-	346,237	-	346,237

Thiensurat Public Company Limited
Notes to the financial statements
For the year ended 31 December 2019

Finance lease liabilities

Consolidated Financial statements						
	2019			2018		
	Future minimum lease payment	Interest	Present Value of minimum lease payments (in thousand Baht)	Future minimum lease payment	Interest	Present Value of minimum lease payments
Within one year	13,084	261	12,823	21,448	751	20,697
After one year but within five years	2,812	19	2,793	16,047	254	15,793
Total	15,896	280	15,616	37,495	1,005	36,490

Separate Financial statements						
	2019			2018		
	Future minimum lease payment	Interest	Present Value of minimum lease payments (in thousand Baht)	Future minimum lease payment	Interest	Present Value of minimum lease payments
Within one year	12,839	251	12,588	21,202	732	20,470
After one year but within five years	2,693	19	2,674	15,683	244	15,439
Total	15,532	270	15,262	36,885	976	35,909

15 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Trade payables - related parties	74	38	3,061	30
Trade payables - unrelated parties	22,108	13,686	22,103	13,686
Other payables - related parties	557	508	3,866	598
Other payables - unrelated parties				
Accrued expenses	66,423	37,346	63,121	36,001
Retention	27,625	29,615	27,625	29,597
Others	11,121	2,326	11,026	1,981
Total	127,908	83,519	130,802	81,893

16 Provision for long-term employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Defined benefit plans	23,181	20,065	19,024	16,744
Total	23,181	20,065	19,024	16,744

Thiensurat Public Company Limited
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Defined benefit plan

The Group and Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 January	20,065	16,877	16,744	13,781
Include in profit or loss:				
Current service cost	1,395	2,665	1,626	2,494
Past service cost	407	-	1,996	-
Interest on obligation	2,837	461	399	407
	24,704	20,003	20,765	16,682
Included in other comprehensive income				
Actuarial gain (loss)				
- Demographic assumptions	(5,524)	174	(5,736)	(22)
- Financial assumptions	885	885	892	872
- Experience adjustment	3,611	(845)	3,598	(636)
	(1,028)	214	(1,246)	214
Benefit paid	(495)	(152)	(495)	(152)
At 31 December	23,181	20,065	19,024	16,744

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased Baht 1.9 million.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	1.37 - 1.49	1.63 - 3.08	1.37 - 1.44	2.71 - 3.08
Future salary growth	2.06 - 3.88	3.67 - 5.00	3.15 - 3.88	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation of the Group was 3-9 years (2018: 3-15 years) (and the Company: 3-7 years (2018: 11-15 years)).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

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<i>Effect to the defined benefit obligation</i>	Consolidated financial statements			
	0.5% increase in assumption		0.5% decrease in assumption	
	2019	2018	2019	2018
<i>At 31 December</i>				
		(in thousand Baht)		
Discount rate	(521)	(520)	546	330
Future salary growth	292	330	(292)	(320)
Employee turnover	(486)	(630)	502	670

<i>Effect to the defined benefit obligation</i>	Separate financial statements			
	0.5% increase in assumption		0.5% decrease in assumption	
	2019	2018	2019	2018
<i>At 31 December</i>				
		(in thousand Baht)		
Discount rate	(457)	(50)	487	430
Future salary growth	277	320	(268)	(310)
Employee turnover	(466)	(610)	(481)	650

Provident fund

The Group and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by K Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2019 amounting to approximately Baht 2.8 million (2018: Baht 3.2 million) were recognised as expenses for the Company Baht 2.6 million (2018: Baht 3.1 million).

17 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Baht	Number	Baht
		(thousand shares /in thousand Baht)			
Authorised shares at 31 December		<u>549,682</u>	<u>549,682</u>	<u>662,199</u>	<u>662,199</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	549,682	549,682	516,730	516,730
Increase of new shares	1	-	-	32,952	32,952
At 31 December					
- ordinary shares	1	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>	<u>549,682</u>

The Company registered the increase in its issued and paid-up share capital as a result of warrants exercise with the Department of Business Development, Ministry of Commerce on 5 June 2018 and 26 December 2018.

The Company's Annual General Meeting approved a reduction of the Company's registered share capital from Baht 662,198,922 (662,198,922 ordinary shares of Baht 1.00 each) to Baht 549,682,133 (549,682,133 ordinary shares of Baht 1.00 each), by cancelling 112,516,789 unissued ordinary shares.

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Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

18 Warrants

	Warrants TSR - W1
No. of warrants granted	200,666,316 units
Terms of warrants	3 years
Exercise period	The last business day of each May
First exercise date	31 May 2016
Final exercise date	20 December 2018
*Exercise price per 1 ordinary share	1.818 Baht
*Exercise ratio (unit of warrants to ordinary share)	1:1.10

*Adjusted the exercise price and exercise ratio due to stock dividend payment, and such a stock dividend payment meets the conditions for a rights adjustment of the TSR-W1 warrants based on a resolution of the Annual General Meeting of the Company’s shareholders on 22 April 2016.

A reconciliation of number of warrants for the year ended 31 December 2019 and 2018 are provided below.

	<i>(in thousand Units)</i>
Banlance as at 1 January 2018	132,244
Exercised during the year	(29,956)
Expired during the year	(102,288)
Balance as at 31 December 2018	-

19 Reserve

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of their net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

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20 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salaries, wages and other employee benefits	468,096	447,411	440,190	428,443
Commission expenses	304,563	313,701	297,136	310,072
Depreciation and amortisation	52,335	54,252	50,911	52,848
Sales promotion expenses	57,197	17,443	56,885	16,978
Raw materials and consumables used	232,154	201,040	232,154	201,014
Changes in inventories of finished goods and work in progress	1,151	(15,377)	12,375	(6,754)
Total cost of sales of goods, distribution costs and administrative expenses	<u>1,115,496</u>	<u>1,018,470</u>	<u>1,089,651</u>	<u>1,002,601</u>

21 Income tax

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Income tax recognised in profit or loss</i>				
Current tax expense				
Current year	27,114	23,435	24,189	22,613
Adjustment for prior years	1,453	(219)	1,453	(219)
	<u>28,567</u>	<u>23,216</u>	<u>25,642</u>	<u>22,394</u>
Deferred tax expense				
Movements in temporary differences	(1,539)	(954)	(585)	(545)
	<u>(1,539)</u>	<u>(954)</u>	<u>(585)</u>	<u>(545)</u>
Total income tax expense	<u>27,028</u>	<u>22,262</u>	<u>25,057</u>	<u>21,849</u>

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Consolidated financial statements						
		2019			2018	
	Before	Tax	Net of	Before	Tax	Net of
<i>Income tax</i>	tax	(expense)	tax	tax	(expense)	tax
		benefit	(in thousand Baht)		benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan						
actuarial gains (losses)	1,028	(205)	823	(214)	42	(172)
Total	1,028	(205)	823	(214)	42	(172)
Separate financial statements						
		2019			2018	
	Before	Tax	Net of	Before	Tax	Net of
<i>Income tax</i>	tax	(expense)	tax	tax	(expense)	tax
		benefit	(in thousand Baht)		benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan						
actuarial gains (losses)	1,246	(250)	996	(214)	42	(172)
Total	1,246	(250)	996	(214)	42	(172)

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<i>Reconciliation of effective tax rate</i>	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		<u>136,546</u>		<u>127,255</u>		<u>126,127</u>		<u>115,687</u>
Income tax using the Thai corporation tax rate	20	27,309	20	25,451	20	25,225	20	23,137
Non-deductible expenses		164		955		163		282
Additional expense deductions allowed		(2,202)		(1,249)		(2,202)		(1,234)
Other		304		(2,676)		418		(117)
Under (over) provided in prior years		<u>1,453</u>		<u>(219)</u>		<u>1,453</u>		<u>(219)</u>
Total		<u>27,028</u>		<u>22,262</u>		<u>25,057</u>		<u>21,849</u>

<i>Deferred tax</i>	Consolidated financial statements				Separate financial statements			
	Asset		Liability		Asset		Liability	
<i>At 31 December</i>	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>							
Allowance for doubtful accounts	11,111	11,808	-	-	10,109	10,697	-	-
Allowance for goods returned	44	89	-	-	44	89	-	-
Allowance for diminution in value of inventories	1,186	612	-	-	1,144	612	-	-
Allowance for asset impairment held for sale	1,468	278	-	-	-	-	-	-
Allowance for impairment loss on investment	2,364	2,364	-	-	2,364	2,364	-	-
Allowance for asset impairment	58	58	-	-	58	58	-	-
Provision from guarantee	2,128	1,194	-	-	2,127	1,194	-	-
Provision for long-term employee benefits	3,866	4,054	-	-	2,991	3,349	-	-
Unused tax loss	-	279	-	-	-	-	-	-
Finance lease agreements	-	-	5,357	5,201	-	-	5,340	5,201
Total	22,225	20,736	5,357	5,201	18,837	18,363	5,340	5,201
Set off of tax	<u>(5,357)</u>	<u>(5,201)</u>	<u>(5,357)</u>	<u>(5,201)</u>	<u>(5,340)</u>	<u>(5,201)</u>	<u>(5,340)</u>	<u>(5,201)</u>
Net deferred tax assets	<u>16,868</u>	<u>15,535</u>	<u>-</u>	<u>-</u>	<u>13,497</u>	<u>13,162</u>	<u>-</u>	<u>-</u>

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22 Segment information and disaggregation of revenue

The group are organized into business unit based on its distribution channel and loan service. Operating segment reporting is presented by sale type. The loan service is not reported as reparable segment due to the fact that its revenue and operation are immaterial to present.

The Group and the Company mostly operate in Thailand. As a result, all the revenues and assets are reflected in these financial statements pertain exclusively to this geographical reportable segment. And the timing of revenue recognition from cash and credit which mainly recognize the revenue at point in time.

	Consolidated Financial statements				
	Hire- purchase sales	Cash and credit sales	Service and others <i>(in thousand Baht)</i>	Elimination	Total
<i>For the year ended 31 December 2019</i>					
Revenue from sales of goods					
External revenue	1,240,209	216,155	-	-	1,456,364
Inter-segment revenue	-	213,961	-	(213,961)	-
Other					
External revenue	179,889	-	40,523	-	220,412
Inter-segment revenue	-	-	6,583	(6,583)	-
Total segment revenue	<u>1,420,098</u>	<u>430,116</u>	<u>47,106</u>	<u>(220,544)</u>	<u>1,676,776</u>
Cost of sale	(425,058)	(201,392)	-	217,327	(409,123)
Segment gross profit	<u>995,040</u>	<u>228,724</u>	<u>47,106</u>	<u>(3,217)</u>	<u>1,267,653</u>
Distribution costs					(593,669)
Administrative expenses					(401,864)
Bad and doubtful debts expenses					(134,200)
Finance costs					(1,022)
Share of profit of joint venture					(351)
Profit before income tax expense					<u>136,547</u>

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	Consolidated Financial statements				
	Hire- purchase sales	Cash and credit sales	Service and others	Elimination	Total
	(in thousand Baht)				
For the year ended 31 December 2018					
Revenue from sales of goods					
External revenue	1,163,694	214,804	-	-	1,378,498
Inter-segment revenue	-	200,299	-	(200,299)	-
Other					
External revenue	196,397	-	38,192	-	234,589
Inter-segment revenue	-	-	3,883	(3,883)	-
Total segment revenue	1,360,091	415,103	42,075	(204,182)	1,613,087
Cost of sales of goods	(421,395)	(169,759)	-	202,635	(388,519)
Segment gross profit	938,696	245,344	42,075	(1,547)	1,224,568
Distribution costs					(537,184)
Administrative expenses					(387,294)
Bad and doubtful debts expenses					(168,521)
Finance costs					(5,605)
Share of profit of joint venture					1,291
Profit before income tax expense					127,255

23 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (Excluding other comprehensive income) by the weighted average number to ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (Excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares which need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Consolidated financial statements						
For the year ended 31 December						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>		<i>(in thousand shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Profit attributable to equity holders of the Company	109,628	106,790	549,682	520,589	0.199	0.205
Effect of dilutive potential ordinary shares						
TSR-W1	-	-	-	-	-	-
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	-	106,790	-	520,589	-	0.205

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		Separate financial statements					
		For the year ended 31 December					
		Weighted average		Earnings			
		number of ordinary shares		per share			
		2019	2018	2019	2018	2019	2018
		(in thousand Baht)	(in thousand shares)	(in thousand Baht)	(in thousand shares)	(in Baht)	(in Baht)
Basic earnings per share							
Profit attributable to equity holders of the Company		101,070	93,838	549,682	520,589	0.184	0.180
Effect of dilutive potential ordinary shares							
TSR-W1		-	-	-	-	-	-
Diluted earnings per share							
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares		-	93,838	-	520,589	-	0.180

24 Dividends

The dividends paid by the Group to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2019 Interim dividend	13 August 2019	September 2019	0.06	32,981
2018 Annual dividend	26 April 2019	May 2019	0.16	85,722
Interim dividend	14 August 2018	September 2018	(0.08)	(41,748)
Additional dividend in 2019			0.14	76,955
2019 Interim dividend	14 August 2019	September 2019	0.08	41,748
2018 Annual dividend	27 April 2018	May 2018	0.14	72,342
Interim dividend	11 August 2017	September 2017	(0.06)	(31,004)
Additional dividend in 2018			0.16	83,086

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25 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Tools and office equipment	2,335	262	2,335	262
Software	472	186	472	94
Building improvement	188	-	-	-
Total	2,995	448	2,807	356
<i>Future minimum lease payment under non-cancellable operating leases</i>				
Within one year	11,246	12,404	10,889	12,016
After one year but within five years	7,327	5,965	7,298	5,864
Total	18,573	18,369	18,187	17,880

The Group has commitment relating to rental agreements of office buildings, shop buildings, warehouse, vehicles and office equipment. The rental fees, terms and conditions are as described in the agreements.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Other commitments</i>				
Bank guarantees	4,044	5,544	4,044	5,544

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26 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flow. In 2018, loan interest rates are mainly fix from short-term loans. (see note 14).

Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2019 and 2018 are shown below

		Consolidated financial statements			
		Maturity period			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
At 31 December	Effective interest rate (% per annum)				
2019					
Financial Assets					
Short-term loan to related party	4.05 - 4.09	-	171	-	171
Total		-	171	-	171
2018					
Financial Assets					
Restricted bank deposits	0.40	1,073	-	-	1,073
Total		1,073	-	-	1,073
Financial Liabilities					
Bank overdrafts and short-term loans from financial institutions	3.45 - 4.07	29,500	-	-	29,500
Long term loans	1.38	6,371	3,327	-	9,698
Total		35,871	3,327	-	39,198

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		Separate financial statements			
		Maturity period			Total
<i>At 31 December</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2019					
Financial Assets					
Short-term loan to related party	3.55 - 3.73	13,000	-	-	13,000
Total		13,000	-	-	13,000
2018					
Financial Assets					
Short-term loan to related party	5.00	1,200	-	-	1,200
Total		1,200	-	-	1,200
Financial Liabilities					
Long term loans	1.38	6,371	3,327	-	9,698
Total		6,371	3,327	-	9,698

Credit risk

The Group are exposed to credit risk primarily with respect to trade and other receivables, hire purchase receivables, loan receivables, and receivables under right transfer agreements. The Group manage the risk by adopting appropriate credit control policies and procedures. In addition, they do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Fair values of financial assets and liabilities

The fair value of current portion of financial assets and liabilities are taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

27 Event after the reporting period

On 26 February 2020, the Company's Board of Directors meeting passed a resolution to propose the following matters to the Company's Annual General Meeting of the shareholders which will be held in April 2020 for consideration and approval to pay dividend of Baht 0.08 per share, totaling Baht 43.97 million in respect of the 2019 earnings. Such dividend will be paid and recorded after approval of the Company's Annual General Meeting of the shareholders is granted.

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28 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRSs - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Group on recognition of both finance cost and finance income at the rate specified in the contract.

(iii) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

(iv) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

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Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

Transition

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information.

The Group and the Company has made the preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements. The majority of the impact is result from expected credit losses in the subsidiary. The expected impact on decreasing retained earnings is approximately 2% for consolidated financial statements.

(b) TFRS 16 Leases

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

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

29 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2018 have been reclassified to conform to the presentation in the 2019 interim financial statements as follows:

	31 December 2018					
	Consolidated			Separate		
	financial statements			financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
Statement of financial position as at 31 December 2018						
Deferred tax assets	20,736	(5,201)	15,535	18,363	(5,201)	13,162
Deferred tax liability	(5,201)	5,201	-	(5,201)	5,201	-
		<u>-</u>			<u>-</u>	

