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Mission and Core Values

Vision

“Manufacturing quality, acceptable, and environmentally friendly products (Green Product) by developing production efficiency, innovations, and value added.”

Mission

"The Company has an efficient production process, modern management system, a wide variety of products with international standards and environmentally friendly, and also an emphasis on effectiveness in marketing and the development of the value chain."

Objectives

- Cost reduction.
- Marketing efficiency development.
- Production process and management improvement.
- Product quality improvement to meet the required standards.
- Green product development.
- Brand loyalty creation.

Message from the Board of Directors

The industrial economy in 2020, considering the Manufacturing Production Index (MPI), is expected to contract by 8.0 percent while MPI in 2019 grows 3.8 percent. The market fell due to natural disasters and the COVID-19 epidemic. The slowdown in the Chinese market and the slowing price competitiveness, partly due to financial institutions' tightness in approving credit and the falling behind in export markets caused by a slowdown in trading partners' economies.

Thailand's GDP in 2020 was minus -6.4% compared to the same period of 2019 that grew 2.4% due to the economic situation affected by the COVID-19, increased government expenditures, markedly reduced Thai export and tourism sectors.

Simultaneously, industries with solid growth in 2020, such as pharmaceuticals, latex gloves, and masks, increased from the previous year in line with the rising demand and necessity due to the situation of the COVID-19 virus in both domestic and international markets.

The Company also plans to continuously improve and increase production efficiency to meet the double increasing of customer demand by developing products and enhancing production efficiencies to ensure customer satisfaction. For improvements, it includes reducing production costs, reducing waste in the production process, and developing personnel.

The Board of Directors would like to thank all shareholders for giving advice and supporting the Company's operations so well. The Company will try to do its best to create benefits for you, all shareholders, and stakeholders in all sectors and maintain good corporate governance.

Board of Directors

Shun Thai Rubber Gloves Industry Public Company Limited

General Information

Company Name

Shun Thai Rubber Gloves Industry Public Company Limited

Registration Number

0 1 0 7 5 4 4 0 0 0 8 6 (Former PLC No. 669)

Do business

The manufacturer and distributor of rubber gloves for medical, household, and industrial use.

Number and Total Paid-up Capital

Registered capital	816,929,502	THB at a par value of THB 0.50 per share.
Paid-up capital	816,929,502	THB

Head Office and Plant Address

9, Mu 4, Kachet Sub-district, Mueang District, Rayong Province 21100

Tel: (038) 634-072-3, 634-481-6

Fax: (038) 634-001, 634-480

www.shunthaiglove.com

Branch Office Address

14 Mu 4, Kachet Sub-district, Mueang District, Rayong Province 21100

52/18 Mu 4, Kachet Sub-district, Mueang District, Rayong Province 21100

52/19 Mu 4, Kachet Sub-district, Mueang District, Rayong Province 21100

Tel: (038) 634-072-3, 634-481-6; Fax: (038) 634-001, 634-480

No. 1 Promphan Building 2, 6th Floor, Room 608, Lat Phrao Soi 3

Chomphon Sub-district, Chatuchak District, Bangkok 10900

Tel: (02) 511-6040; Fax: (02) 511-6049

Securities Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Din Daeng Sub-district
Din Daeng District, Bangkok 10400
Tel: (02) 009-9000; Fax: (02) 009-9991

Auditor

Ms.Kultida Pasuraku Certified Public Accountant Registration no. 5946
ANS Audit Company Limited.
100/72,22th Floor,100/2 Vongvanij Building B,Rama9 Road, Huaykwang,
Bangkok 10320
Tel. 02 645-0109 Fax. 02 645-0110

Secretary

Mr. Tana Uawithya
No. 1 Promphan Building 2, 6th Floor, Room 608, Lat Phrao Soi 3
Chomphon Sub-district, Chatuchak District, Bangkok 10900
Tel: (02) 511-6040 ; Fax: (02) 511-6049
Email: Tana.u@shunthaiglove.com

General Information of the Joint Venture

(Details of the company which the company holds more than 10% of the total paid-up shares of that company.)

Company Name

Northern Renewable Energy Company Limited

Registration Number

0 1 0 5 5 5 4 0 4 1 2 4 7

Business Type

Manufacture and distribute inclusive biomass energy and generate electricity from refuse-derived fuel.

Registered Capital

1,000,000,000 THB: 10,000,000 ordinary shares
at a par value of THB 100 per share.

Paid-up Capital

1,000,000,000 THB: 10,000,000 ordinary shares
at a par value of THB 100 per share.

Number of Holding Shares

4,824,750 THB of ordinary shares, accounting for 58.8% of the paid-up capital.

Head Office Address

No. 75/28 Ramkhamhaeng Road, Hua Mak Subdistrict Bang Kapi District, Bangkok 10240

Branch Office and Factory Address

333/3 Mu 1, Khao Hin Son Sub-district, Phanom Sarakham District, Chachoengsao Province
168/1 Mu 2, Pak Chalui Sub-district, Tha Chang District, Surat Thani Province

Summary

Overview of the operation and significant events

In 2020, the Company proceeded from before, whereby the Bangkok Partnership Registrar has considered the application for registration to change the number and authority of NRE directors. There was an order to register such changes on January 28, 2020. Hence, the new board of directors of NRE has a total of 6 people, namely, Mr. Ekachai Tangsatjatham, Mr. Chai Wattanasuwan, Mr. Chumpol Sonchai, Mr. Kittipat Intarakaset, and Mr. Anuwat Laikijrung by Mr. Ekachai Tangsatjatham, Mr. Chai Wattanasuwan, Mr. Chumpol Sonchai, two of these three directors jointly sign and can act on behalf of NRE.

NRE has registered an additional capital increase of 350 million baht (from 650 million baht to 1,000 million baht registered capital) to the Bangkok Metropolitan Partnership Registrar. The Company has audited the financial statements of NRE for the year 2016 and Bangkok Bank account statement, the Crystal Branch, Account number 906-0-15300-5, Accounting period 14/03 / 2016-12 / 06/2016. It was found that there are only two shareholders, the Company and Mr. Somnat Noisakul, who paid for the shares from the capital increase, but other shareholders have not yet paid for the capital increase shares. The preparation of NRE's share payment receipt on May 30, 2016, stating that NRE received payment for the newly issued shares from other shareholders was a document even though there was no actual payment for shares. In this regard, the Company has filed a complaint to the investigating officer for a long time. To not cause any delay, the Company assigns such matter to the lawyer to sue the related person as soon as possible. The Company has submitted the financial statements for the year 2019 on March 31, 2020.

On Wednesday, May 20, 2020, at the Board of Directors Meeting No. 8/2020, it resolves to approve as follow:

1) Consider and approve the reduction of the unpaid registered capital of 3,995.63 million baht from the original registered capital of 19,978.10 million baht to equal issued and paid-up capital of 15,982.48 million baht by eliminating the number of unissued registered shares of the Company of 3,995,626,984 shares at the par value of 1.00 baht. It also approved an amendment to Clause 4 of the Memorandum of Association regarding registered capital to be in line with reducing the Company's registered and issued.

2) Consider and approve the reduction of the registered capital and the issued and paid-up capital of 7,991.24 million baht from the original registered capital of 15,982.48, to be a total of 7,991.24 million baht by reducing the par value of the Company's shares from the original with the par value of 1.00 baht to the par value of 0.50 baht. It also approved an amending to Clause 4 of the Memorandum of Association regarding the registered capital to be in line with the reduction of the Company's registered and issued and paid-up capital; and

3) Consider and approve the reduction of the registered and issued and paid-up capital of 7,174.31 million baht from the original registered capital after reducing the par value of 7,991.21, to be a total of 816.93 million baht. It reduced the number of registered shares and the issued and paid-up capital of 14,348,617,498 shares from the existing shares 15,982,476,502 shares, to be a total of 1,633,859,004 shares. It also approved an amendment to Clause 4 of the Memorandum of Association regarding registered capital to be in line with reducing

the Company's registered and issued and paid-up capital. It is proposed to the 2020 Annual General Meeting of Shareholders to consider and approve.

On June 26, 2020, Annual General Meeting of Shareholders, it resolves to approve as follow:

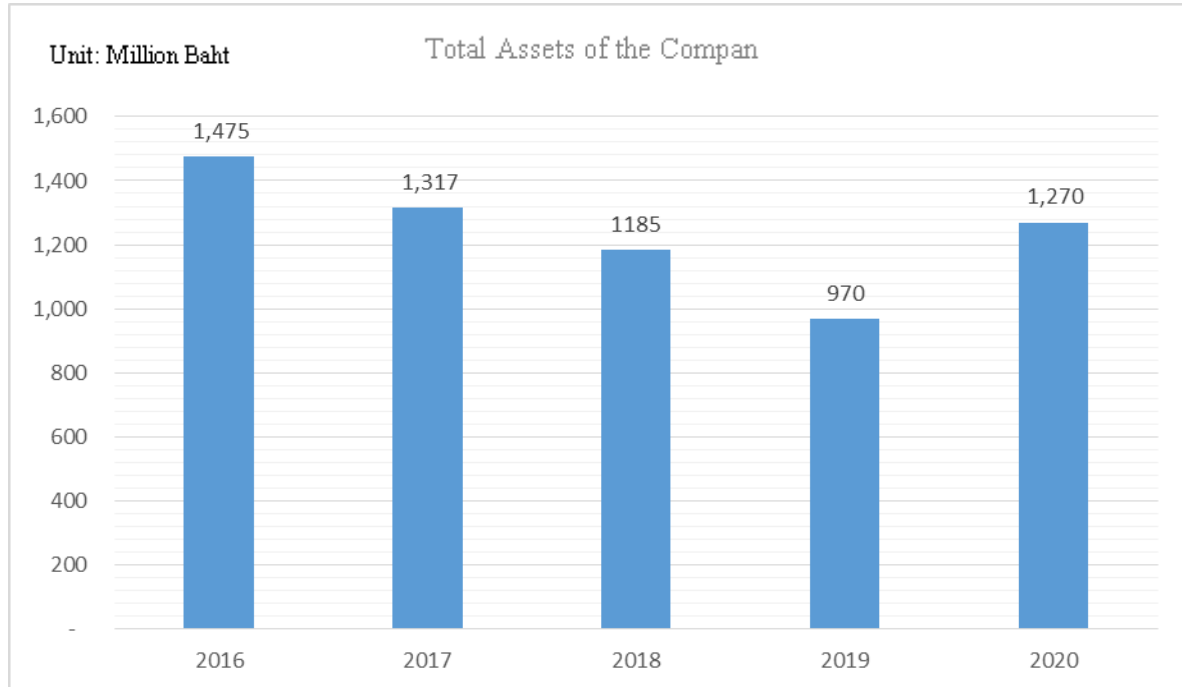
1) Consider and approve the reduction of the Company's unpaid registered capital from 19,978,103,486 shares at par value of 1 baht, amounting to 19,978,103,486 baht; to be a total of 15,982,476,502 shares at par value of 1 baht, amounting to 15,982,476,502 baht. It also approved an amendment of the Company's Memorandum of Association to be in line with reducing such registered capital. The Company had already registered the capital reduction with the Ministry of Commerce on July 10, 2020.

2) Consider and approve the changing of the par value of the Company's shares from 1 baht to 0.50 baht resulting in the change of the number of shares of the Company from the original amount of 15,982,476,502 shares at par value of 1 baht, to be a total of 31,964,953,004 shares at par value of 0.50 baht. It also approved an amendment to the Company's Memorandum of Association to be in line with the said change in par value. The Company already registered the change with the Ministry of Commerce on July 13, 2020.

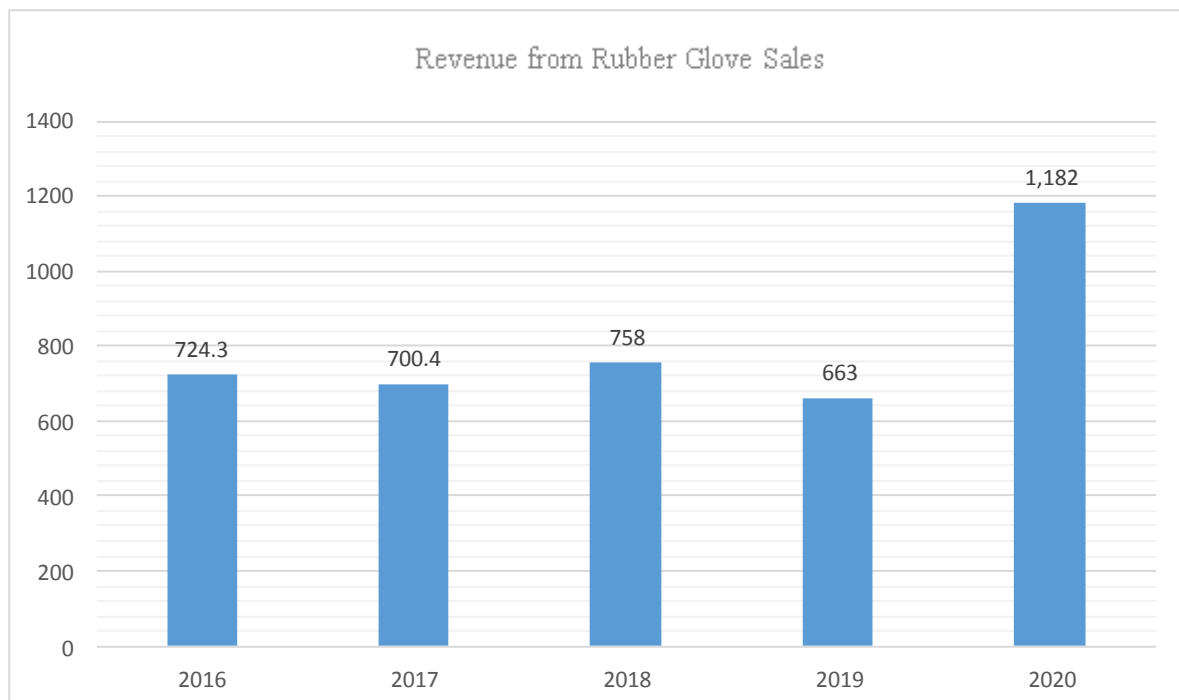
3) Consider and approve the reduction of the Company's registered capital from 31,964,953,004 shares at par value of 0.50 baht, amounting to 15,982,476,502 baht; to be a total of 1,633,859,004 shares at par value of 0.50 baht, amounting to 816,929,502 baht is to compensate for the devaluation of common shares and accumulated losses. It also approved an amendment of the Company's Memorandum of Association to be in line with reducing such registered capital. The Company has already registered the capital reduction with the Ministry of Commerce on September 30, 2020.

Summary of the Financial Information

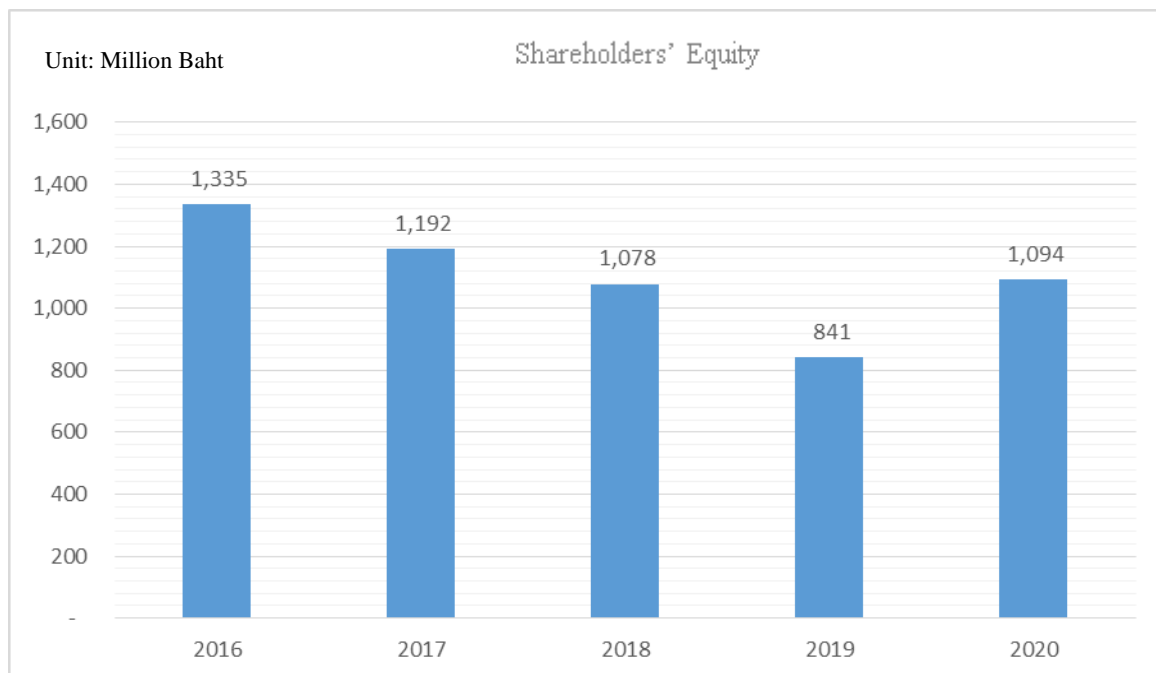
★ Total Assets of the Company



★ Revenue from Rubber Glove Sales



★ Shareholders' Equity



Financial statement of the company for the period 2015-2020. The auditor was as follows:

- **Auditor:**

Financial statement of the year ended.

Ended at December 31, 2014, and December 31, 2018.

Mr.Yutthapong Chuermuangphan

Certified Public Accountant Registration no. 9445

ANS Audit Company Limited

- **Auditor:**

Financial statement of the year ended December 31, 2020.

Ms.Kultida Pasuraku

Certified Public Accountant Registration no. 5946

ANS Audit Company Limited

Audit Fee

In 2020, the company paid the audit fee to the auditor of ANS Audit Company Limited including non-audit service fees; such as, accommodation, transportation, and allowance for working in Rayong Province, which is the location of the Head Office (refer to the following details).

Items	ANS Audit Company Limited				
	2020	2019	2018	2017	2016
1. Audit Fee	2,000,000	2,000,000	2,000,000	2,000,000	1,800,000
2. Non-audit Service Fee	134,761	109,395	58,165	340,320	122,920
Total	2,134,761	2,109,395	2,058,165	2,340,320	1,922,920

Explanation of analysis of financial position and operating results

Overview of Operations

Despite the economic volatility in 2020, both within and outside the country and fluctuations in the baht and natural rubber prices have increased after the COVID-19 epidemic. As a result, the demand of customers in the market continues to increase, causing the Company to accelerate the production of products at full capacity to meet customers' needs, including natural rubber gloves and synthetic rubber gloves.

However, due to the increasing product demand, the company has been working to improve the machines and buildings to support the increasing production capacity, including production planning, production cost reduction, and effective financial cost reduction, thus improving the company's situation. Operational profits fell. The company had operating results for the year 2020 with a net profit of 253.37 million baht, which increased profit from 2019, a net loss of 237.47 million baht, or an increase in profit 490.84 million baht.

Performance

Total revenue

Total revenue in 2020 is 1,181.93 million baht, an increase from the year 2019 with a total revenue of 662.60 million baht, an increase of 519.33 million baht, or 78.37%. This is due to increased customer demand in the COVID situation -19 with a constant demand up to the present. The Company has more new customers in the country and received orders from customers in advance until the end of 2021.

Cost of sales and expenses

The Company had the cost of sales in 2020 equal to 759.62 million baht, compared to the year 2019 at 654.78 million baht, an increase of 104.84 million baht or 16.01%. The increase in the cost of sales is in proportion to the increase of sales from 1 portion of the increased cost to 5 portion of the increased sales, thus reducing the cost per unit.

The cost of sales in 2020 is 17.59 million baht, increasing from the year 2019 at 14.11 million baht, with an increase of 3.48 million baht. It is an increase of 24.66% compared to the previous year due to the increase in commission and export expenses in proportion to the increase of sales.

Net profit (loss)

The Company has operating results for the year 2020, and the net profit is 253.37 million baht. It has increased profit from the year 2019. The net loss is 237.47 million baht due to the increase in sales of 519.33 million baht, resulting in a gross profit of 422.31 million baht, an increase of 414.50 million baht or 5,307.29% compared to the year 2019.

Financial position

Assets

In 2020 and 2019, there are total assets of 1,270.68 million baht and 970.08 million baht, respectively, with the majority of assets comprised of trade accounts receivable, inventories, and fixed assets.

In 2020, the Company had cash or cash equivalents and investments - net 468.77 million baht, compared to the year 2019 with cash or cash equivalents and net investments - 75.53 million baht, an increase of 520.64 percent.

Trade accounts receivable - net is 47.87 million baht, compared to the year 2019, which had net trade receivables of 73.55 million baht, a decrease of 34.91 percent.

For the Company's net inventories in 2020, the value is 98.62 million baht, compared with the year 2019, the net inventories - net worth 108.48 million baht, a decrease of 9.08 percent.

Fixed assets - net of the company in 2020 valued at 465.63 million baht, compared with that in 2019, fixed assets - net worth 468.95 million baht, down 0.70 percent.

Non-current assets - net in 2020 is 651.40 million baht, compared with the year 2019 with non-current assets - net 712.50 million baht, a decrease of 8.57 percent.

Liabilities

Total liabilities in 2020 and 2019 are valued at 176.81 and 129.20 million baht, respectively, increasing by 47.61 million baht or 36.84 percent, which is divided into current and long-term liabilities as follows:

Current liabilities in 2020 and 2019 are valued at 165.06 and 118.62 million baht, an increase of 46.44 million baht or 39.15 percent due to the presence of trade payables, income tax payable, and other payables.

Non-current liabilities in 2020 and 2019 are valued at 11.75 million baht and 10.57 million baht, respectively, an increase of 1.18 million baht or 11.16 percent due to an increase in employee benefits estimates.

Equity

In 2020, the Company had a registered capital of 816,929,502 baht and paid-up capital of 816,929,502 baht, no excess (less than) shares, share value, and retained earnings of 252,987 million baht, resulting in an equity balance of 1,093,866 million baht.

The details of the capital reduction and the change in share value are following the 2020 Annual General Meeting of Shareholders on June 26, 2020, with the following resolutions:

1. The reduction of the Company's unpaid registered capital from the amount 19,978,103,486 shares at par value of 1 baht, amounting to 19,978,103,486 baht, is to be a total of 15,982,476,502 shares at par value of 1 baht, amounting to 15,982,476,502 baht. It also approved an amendment to the Company's Memorandum of Association to be in line with reducing the said capital. The Company had already registered the capital reduction with the Ministry of Commerce on July 10, 2020.

2. The change in the par value of the Company's shares from 1 baht per share to 0.50 baht, resulting in the change of the number of shares of the Company from the original amount of 15,982,476,502 shares with a par value of 1 baht, is to be a total of 31,964,953,004 shares with a par value of 0.50 baht. It also approved an amendment to the Company's Memorandum of Association to be in line with the par value change. The Company had already registered the changes with the Ministry of Commerce on July 13, 2020.

3. The reduction of the Company's registered capital from the amount of 31,964,953,004 shares at the par value of 0.50 baht, amounting to 15,982,476,502 baht, is to be a total of 1,633,859,004 shares at the par value of 0.50 baht, amounting to 816,929,502 baht to compensate for the devaluation of ordinary shares and accumulated losses. It also approved an amendment of the Company's Memorandum of Association to be in line with the aforementioned capital reduction. The Company has already registered the capital reduction with the Ministry of Commerce on 30 September 2020.

Types of Business

Shun Thai Rubber Gloves Industry Public Company Limited (“the company”) was established in 1989 and was registered as a public company limited on September 4, 2001. The company is the manufacturer and exporter of rubber gloves, which are classified into three types.

(1) Medical Glove, which is classified into two types:

- Surgical Glove: A thin glove with strength in the elbow length. It is 100% disinfected with gamma rays. The packaging is deliberate and convenient for use. It is a disposable glove to prevent germs.
- Examination Glove: There are powdered and powdered-free types. The design facilitates convenient usage: easy to wear and unpack quickly. The glove is ambidextrous, which can be worn either on the left or right hand. It is thin and tight in wrist length and sold at a reasonable price. This is a disposable glove to prevent epidemic germs.

(2) Household Glove: The large size is strong and durable for use with water or detergent. It has a long useful life. The design is beautiful and comfortable, and gentle to the hands. The packaging is deliberate to attract house cleaners.

(3) Industrial Glove: A glove for general use that does not require beautiful packaging. It is best used in a factory; such as, food processing or instant food factory.

Furthermore, the glove is classified by its popularity: powdered glove and powder-free glove. The company was able to produce the powdered glove with less than 50 micrograms of protein, which was the international standard level. For the powder-free glove, it was widely used among the group of people who were allergic to protein, and those who did not want to be stained from the powder.

The company products were classified as medical equipment according to the regulations of the Food and Drink Administration (FDA), Ministry of Public Health. Therefore, manufacturers and exporters of rubber gloves were required to have the approval and standard examination from the FDA in order to have quality and safe rubber gloves for usage. The company’s products were certified to be the standard from many domestic and international agencies.



The company's product standard was the international standard, which the company implemented as the guidelines and reference for manufacturing rubber gloves for the customers. The company's rubber glove was certified by the following agencies:

No.	Standard	Definition
1	TISI. 538-2548	Industrial Standard for Surgical Glove
2	TISI. 1056-2556	Industrial Standard for Disposable Examination Glove
3	TISI. 2505-2553	Industrial Standard for Food Industry Glove
4	EN455	Standard of Medical Glove for Examination and Surgery (Europe)
5	ASTM D3577, ASTM D3578, ASTM D 6319	Standard of Medical Glove for Examination and Surgery (USA)
6	ISO 11193, ISO 10282	Standard of Medical Glove for Examination and Surgery (International)

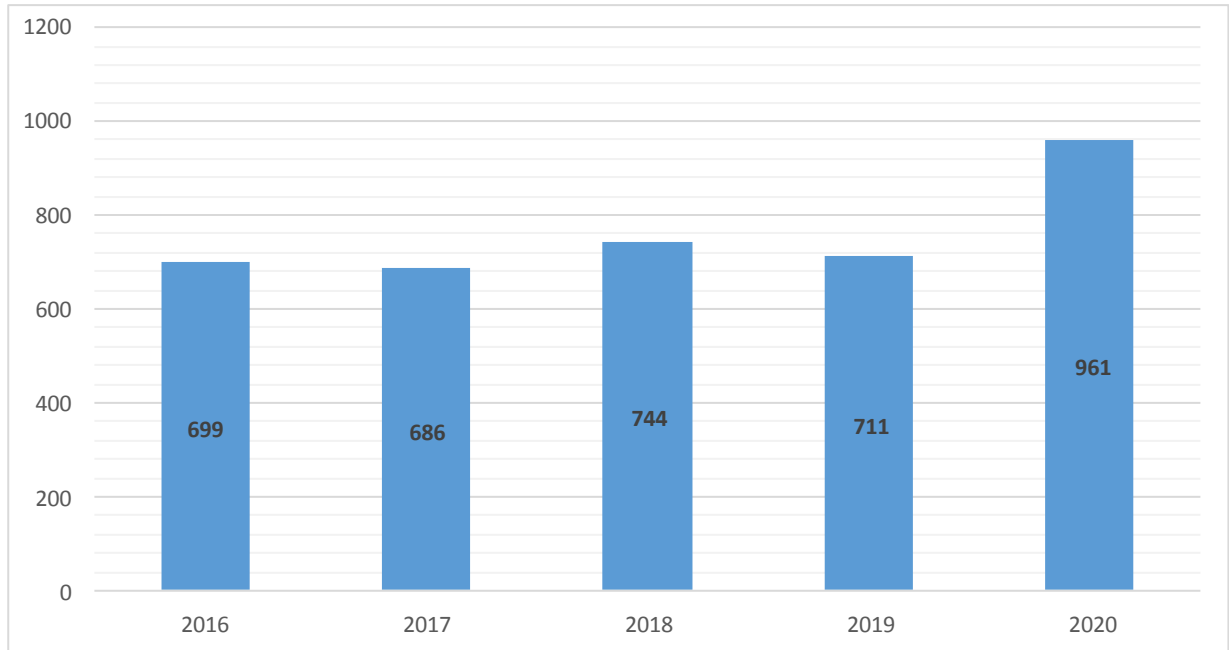
Also, the Company has received a factory standard certified by many external institutions and received the Good Performance Exporter of Thailand award from the Thai government. This makes it the right to classify good export operators from the Revenue Department as well with details as follows:

No.	Certified Standard	Year	Certified By
1	Quality Management System - ISO 9001: 2015	2006	BSI
2	Quality Management System - ISO 13485: 2016 & EN ISO 13485: 2016	2009	BSI
3	510K FDA (Food Drug administration)	1989	USFDA (U.S. Food and Drug Administration)

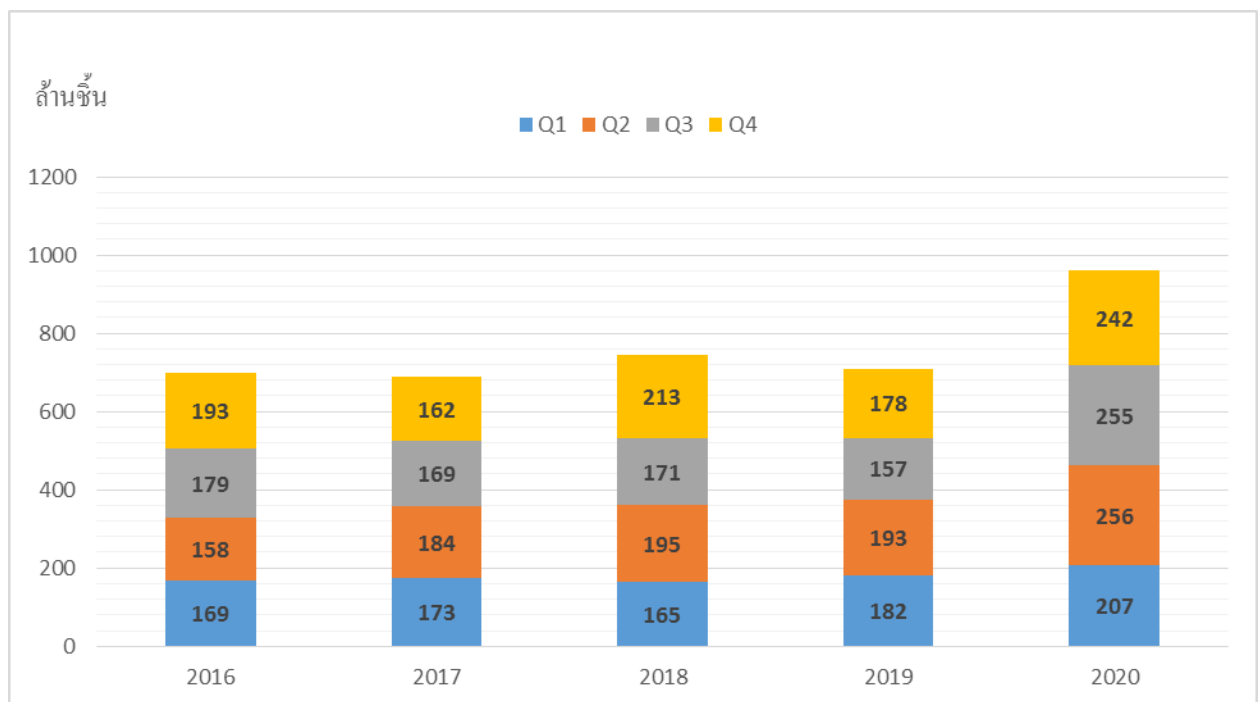
Order Shipment

The order shipment during 2016-2020 classified by year and compared in each quarter.

Rubber Glove Order Shipment for the Period 2016-2020

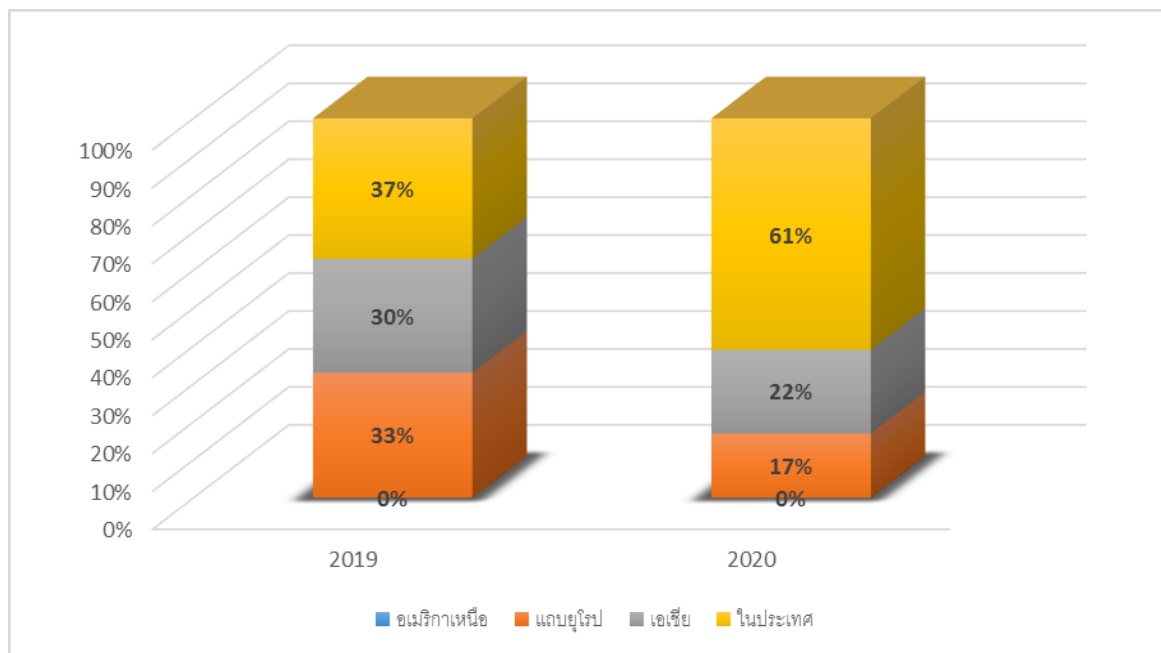


Rubber Glove Order Shipment by Quarter for the Period 2016-2020 (Million Pieces).



Distribution and Distribution Channels

The Company has set a marketing plan for targeting buyers or groups. This is an important factor in finding a position or standpoint in the business and reducing the impact of fluctuating foreign exchange pressures by maintaining the same market and promoting domestic market expansion, and reducing foreign customers' proportion. Therefore, it implements a policy to distribute products within the country in 2020, accounting for 61 percent and having overseas sales representing 39 percent instead, with the following details:



The distribution channels for rubber gloves were classified into four methods.

1. Via trading companies by paying a 2-3% commission from the sales value to these companies.
2. Via large companies in Thailand and foreign countries, and distributed directly to the foreign customers whereas the domestic customers contacted the company for the original equipment manufacturer (OEM).
3. Via hospitals that used rubber gloves for medicine, medicine equipment stores, supermarkets in department stores, and wholesale to industrial factories using rubber gloves and production equipment.
4. The company contacted the customers in Thailand and other countries on behalf of the company's brand for distribution and marketing.

Strategies and Marketing Competition

Marketing strategies

- The Company has the policy to expand the market base. It places great emphasis on meeting the overwhelming customer needs during the COVID-19 outbreak worldwide and expanding the market of products that the Company has high potential and returns, such as powder-free medical gloves with natural rubber and nitrile rubber, and housewife gloves. These gloves are manufactured under quality requirements in standard criteria and are suitable for the Company's production line.
- The Company accepts orders in advance for 12 months to plan production more accurately and not cause losses from production plan modifications. This makes it possible to increase efficiency and production volume to meet market glove demand in the wake of the COVID-19 epidemic.
- For pricing, the Company will consider the raw material cost, foreign exchange rate, purchase volume, and the proportion of glove sizes per purchase order and compare the prices of competitors' gloves in the market as a basis for determining the selling price.

Domestic market situation

The demand for rubber gloves in the country is on the rise with the COVID-19 outbreak worldwide, prompting many traders to purchase medical gloves for export to foreign countries. As a result, industries that use nitrile gloves, such as food and electronic industries, have been in a shortage and have continuously pushed nitrile gloves prices. There are many types of rubber gloves, which can be divided into three types of the domestic rubber glove market according to usage characteristics:

1. Medical gloves for medical use is divided into:

- Surgical Glove is a rubber glove used for surgical. It is thin, strong, elbow-length, 100% sterile, one-time use, and disposable.
- Examination Glove is a rubber glove used in disease examination. It is thin, fit in hand, just short on the wrist, no on the left and right. It is an Ambi-style, one-time use, without being recycled.

2. Industrial gloves for industrial use are resistant to industrial work, resistant to chemicals. It is clean, able to contact food and electronic workpieces.

3. Household Glove is a rubber glove used by housewives for cleaning, washing. It is large size, strong, durable to use, last for a long time, comfortable to wear.

International market situation

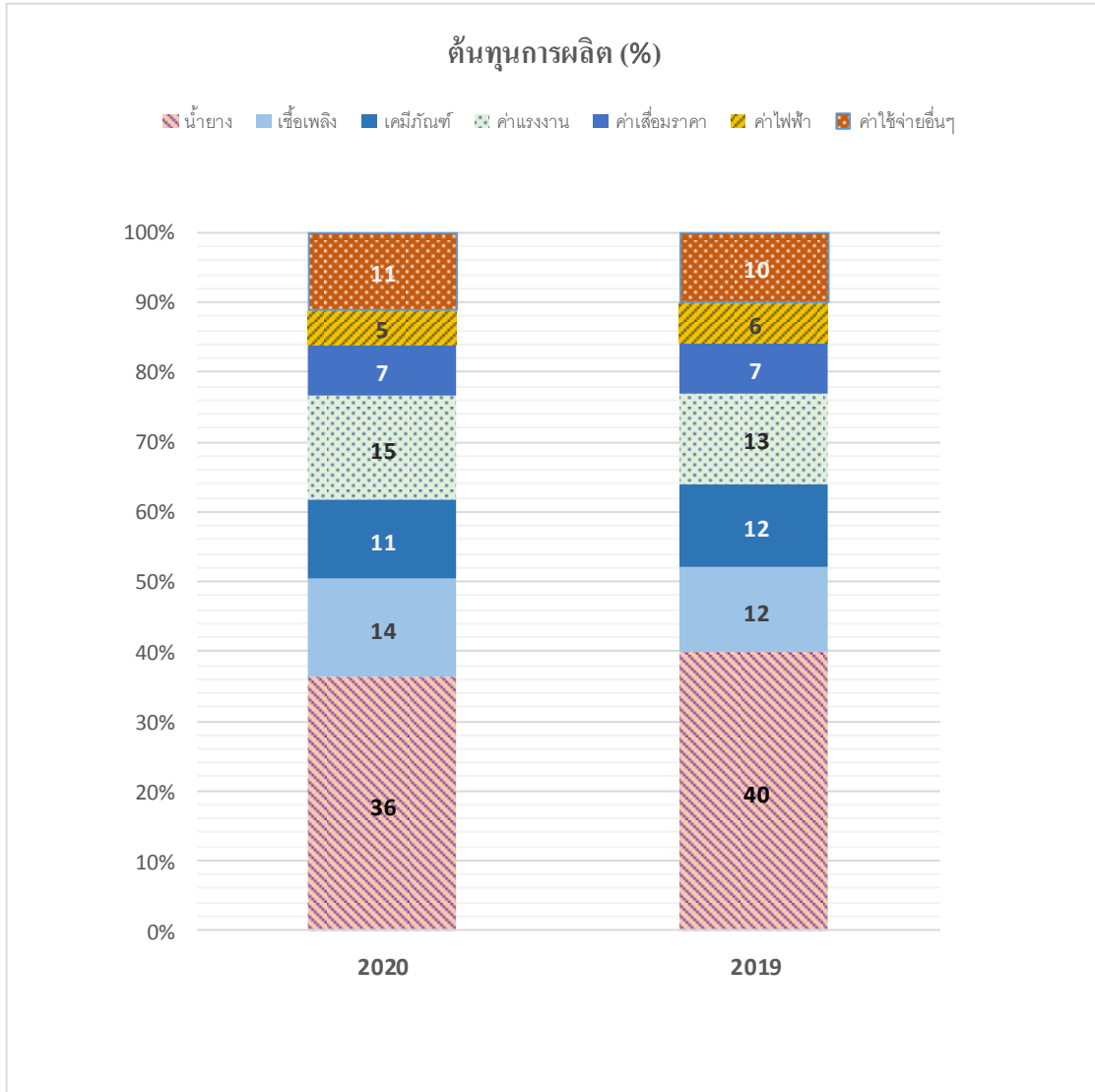
The COVID-19 epidemic has spread to all corners of the world. It has resulted in a significant increase in the demand for purchasing and using rubber gloves. In particular, orders from the United States and Europe continued to rise and rush and exceeded the overall manufacturer's capacity. It pushes the selling price of gloves to grow in line with supply and demand. Still, the glove demand is expected to remain high for 2-3 years as the COVID-19 epidemic has shifted people's behavior to continue to use personal protective equipment (PPE), even though the vaccine has been distributed in many countries.

Raw material supply and supplier

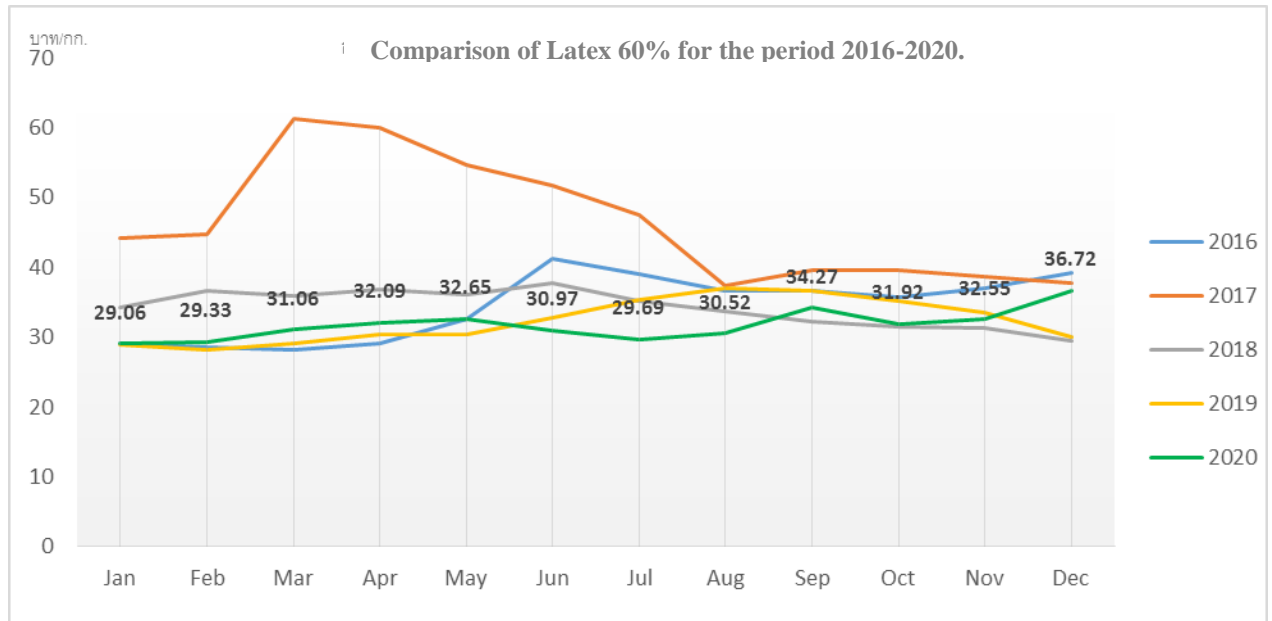
The Company has procured the concentrated latex from manufacturers in Rayong Province, Chonburi Province, Southern provinces such as Surat Thani Province, etc. It is the purchase of all concentrated latex in the country, which the Company gives importance to the quality of the concentrated latex of each supplier. Synthetic latex is purchased from a manufacturer from outside the country to support the production.

The Company's purchase concentrated latex policy is to select the supplier with the best quality, offering reasonable prices and credit for more extended payments. The purchase price of latex is based on the market price at that time. The quotations of at least three vendors are compared for the same period, and price compared with the reference price from the Rubber Authority of Thailand.

Comparison of Raw Material Used in Rubber Glove Production in 2020 and 2019.



Comparison of the Price of Latex 60% for the period 2016-2020.



Environmental impacts

There was no waste resulting from the rubber glove production; only the water used for hand mold cleaning, which the company drained to the cesspool to process the waste water treatment before releasing into a natural water source. This was in accordance with the Ministry of Industry Notification No. 2 (B.E. 2539 (1996)) according to the Factory Act B.E. 2535 (1992) regarding the quality of waste water from the factory. The test result details are as follows:

No.	Quality	Control Value	Test Result
1	pH	pH = 5.5-9.0	pH = 7.85
2	TDS (Total Dissolved Solid)	Not exceed 3,000 mg./L.	1,954 mg./L.
3	Suspended Solid	Not exceed 50 mg./L.	20 mg./L.
4	BOD (Biochemical Oxygen Demand)	Not exceed 20 mg./L.	12 mg./L.
5	COD (Chemical Oxygen Demand)	Not exceed 120 mg./L.	96 mg./L.
6	Temperature	Not over 40°C	30°C
7	Color	Acceptable color	32.99ADMI

The Company has a modern production process with products manufactured according to international standards such as ISO 10282, ISO 11193, EN 455, ASTM D3577, ASTM D3578, ASTM D6319, TIS 538-2548, TIS 1056-2556, and TIS 1962-2553: rubber gloves for the food industry, Also, the factory received a license to manufacture medical devices for sale in Thailand and export abroad from the Food and Drug Administration (FDA), such as surgical gloves and examination gloves, and certified by quality management system ISO 9001: 2015, ISO 13485: 2016 & EN ISO 13485: 2016, etc.

The Company pays attention to the environmental impact on wastewater discharge outside the Company's factory and nearby communities. In addition, the Company has plans to improve and production capacity. So, there is a need to use more water for production. In the future, there may be a risk of the amount of water that may not be sufficient for use due to drought. Therefore, the Company's management has studied a project to reuse the factory wastewater for maximum benefit and has enough water supply for use. It also supports projects to increase production capacity in the future and reduces the risk of reducing production capacity due to water shortage.

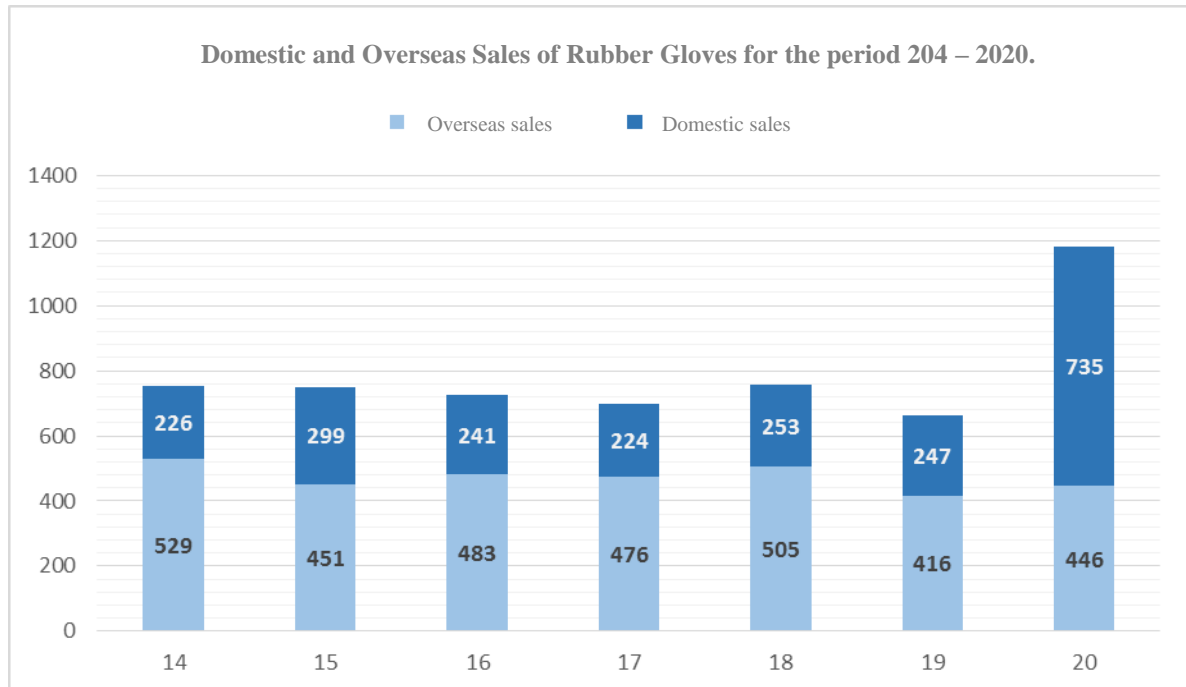
Research and development

The company recognized the importance of research and development (R&D) for value added to the products in order to respond to the different demands of all customers. The R&D Team cooperated with the customers, as a relationship, to create the products and develop the research for safety and to minimize the risk of death from protein allergy. Currently, the company has produced the rubber glove, which contains less than 50 micrograms of protein, which was a safe level according to the international standard, and was certified from U.S. Food and Drug Administration (FDA).

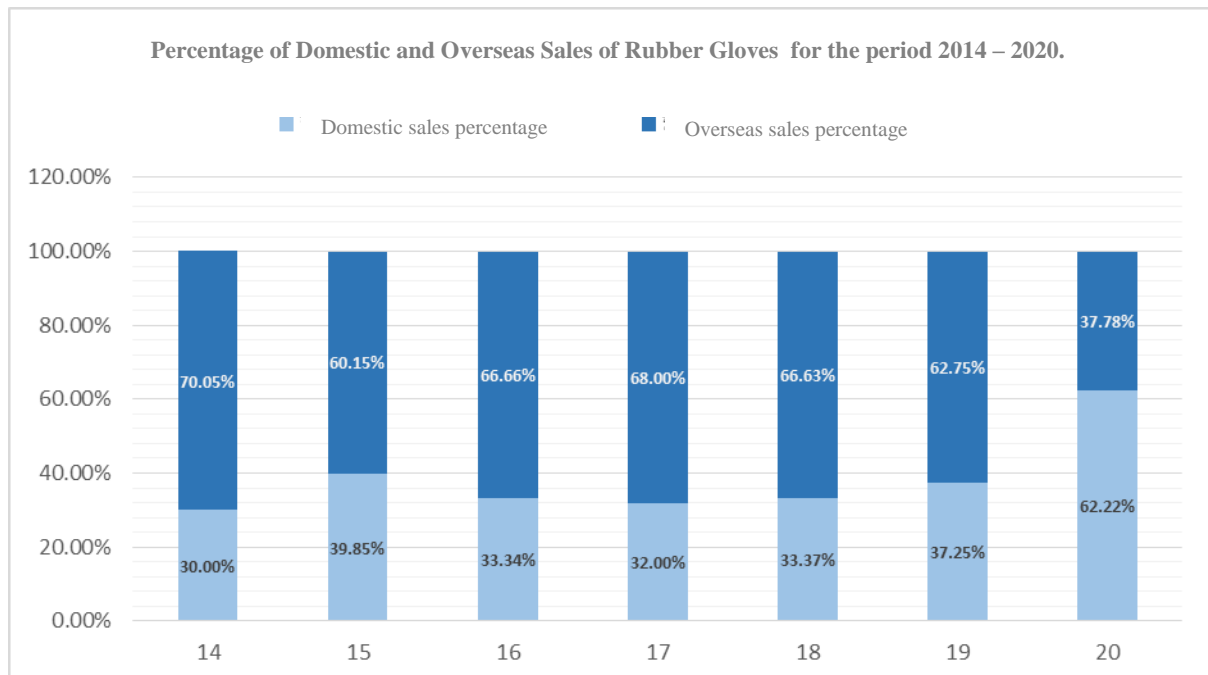
Revenue Structure

The structure of revenue from rubber glove sales for the period 2014-2020.

Domestic and Overseas Sales of Rubber Gloves.



Domestic and Overseas Sales of Rubber Gloves by Percentage.



Risk Factors

1. Risk of production

Risk of the fluctuation of raw materials and fuel costs

- Latex 60%

Concentrated latex 60% is the main raw material for the manufacture of rubber gloves. In 2020, the price of concentrated latex had decreased from 2019. To prevent the risk of raw material shortages and raw material prices, the Company ordered latex concentrate from various suppliers in the eastern and southern regions of the country. It entered into a forward purchase contract and compared the price quotations of at least three suppliers during the same period and price compared with the reference price from the Rubber Authority of Thailand. Besides, the Company also considered the suppliers' credit term of the payment of goods as well.

- Synthetic latex

The average price of synthetic latex in 2020 is higher than in 2019 due to more demand than supply. The Company, therefore, made a long-term plan to purchase latex in advance and plans to take orders following the latex purchase plan and procure new synthetic latex distributors.

- Fuel

The Company has been using palm shells as fuel to generate heat instead of fuel oil since 2008, mainly by purchasing palm shells from distributors in Malaysia and Indonesia to reduce fuel management risks due to rising prices. In 2015, the Company studied the feasibility of using other biomass fuels such as wood chips and pellet sawdust, which can be procured domestically and have advantages in price and heat compared to palm shells. As a result, the Company have lower energy costs from changing the fuel from palm shells to using chopped wood mixed with pellet sawdust. Subsequently, during July - December 2015, the Company entered into an agreement to hire a company specializing in energy management to take over the fuel supply. This resulted in a cost reduction of more than 30%. In the second half of 2016, the Company operated fuel management and procured fuel by itself, resulting in a further 3.55% cost reduction from 2015.

However, the Company also sees and hedges the risk of fuel shortages by investing in a firewood fuel steam generating system as the main system to further reduce fuel costs. Because firewood is cheaper per unit than other fuels mentioned above and increases the stability of the steam generation system that is fed into the rubber glove manufacturing process. An additional backup steam generator is installed for use as a backup and recirculating machine in operation to prevent downtime in repairs and maintenance, which will not affect the production line. This makes it possible to continuously produce gloves and use a wide variety of fuels available on the market.

In 2020, there are hedges about insufficient fuel by recruiting additional sellers, including those of pellet sawdust, to replace palm shells due to lower purchase prices.

Risk of inventory

Suppose STHAI has a bad boiler problem resulting in insufficient quality production. In that case, it will result in late delivery, affect exports, and a lot of inactive or slow-moving inventory, resulting in very inferior stocks. Therefore, to reduce the risk, STHAI has solved the boiler failure problem by undertaking repair and replacement purchase projects. In terms of inventory, if any type of product is likely to deteriorate in the future, it will sell the products Quarterly to reduce the risk of such inventory.

Risk of production

Problems of machines with long service life, mold deterioration, delayed procurement, and inadequate replacements can result in the product not being of the required quality. These problems also caused production risks of not complying with stipulated quality and goals, inventory problems, including Company costs.

The management holds monthly meetings with the factory department to find out the root causes of various problems and formulate policies and plans to work together to prevent risks and errors that may occur.

2. Financial risk

Exchange rate risk

For the year 2020, the foreign exchange hedging measure uses the FORWARD CONTRACT and OVERNIGHT RATE method as a money management method to reduce the Company's risk regarding the fluctuation of exchange rates occur. However, with the world economy constantly changing and facing the COVID 19 epidemic, the exchange rate affects the Company's income and the import of raw materials from abroad as well.

To hedge the risk that may arise from the fluctuation of the exchange rate, the Company still entered into the FORWARD CONTRACT and OVERNIGHT RATE contracts as before. An important trend of interest in OPTIONS is the purchase of the right to buy or sell foreign currency in the future at an exchange rate agreed in advance with the bank, whereby the Company has to pay a fee called OPTION PREMIUM to the bank. And another method is to use FOREIGN CURRENCY DEPOSIT (FCD), which can reduce the chance of foreign exchange loss. Because the account will be used for receiving and paying foreign currency. Also most importantly, domestic sales, including purchasing a higher proportion of raw materials in the country, will reduce the risk as well.

Risk of outstanding payments from customers

Over the years, the Company has made an allowance for doubtful accounts every year to hedge the risk. The Company, therefore, requires customers who have outstanding debt to complete the payment before the Company ships the products according to the new orders. For new customers, the Company has changed the policy from giving credit to customers to be conditional on L / C At sight, D / P At sight, or pre-payment before shipping.

The Company's policy in selecting individual clients will consider the customer's reputation and financial position to ensure that there will be no problems in receiving debt repayment.

For the provision of allowance for doubtful accounts, the Company will consider the behavior of the debtor. If the credit period has been exceeded and there is a clear indication that the debt cannot be paid to the Company, the Company will set aside a full amount of the allowance for doubtful accounts and follow up on the outstanding debt to reduce losses.

Shareholders and Management

Securities

The registered capital of the company was 816,929,502 THB that comprised 1,633,859,004 ordinary shares at a par value of THB 0.50 per share, and 816,929,502 THB of paid-up shares, which were 1,633,859,004 ordinary shares at a par value of THB 0.50 per share.

Shareholders

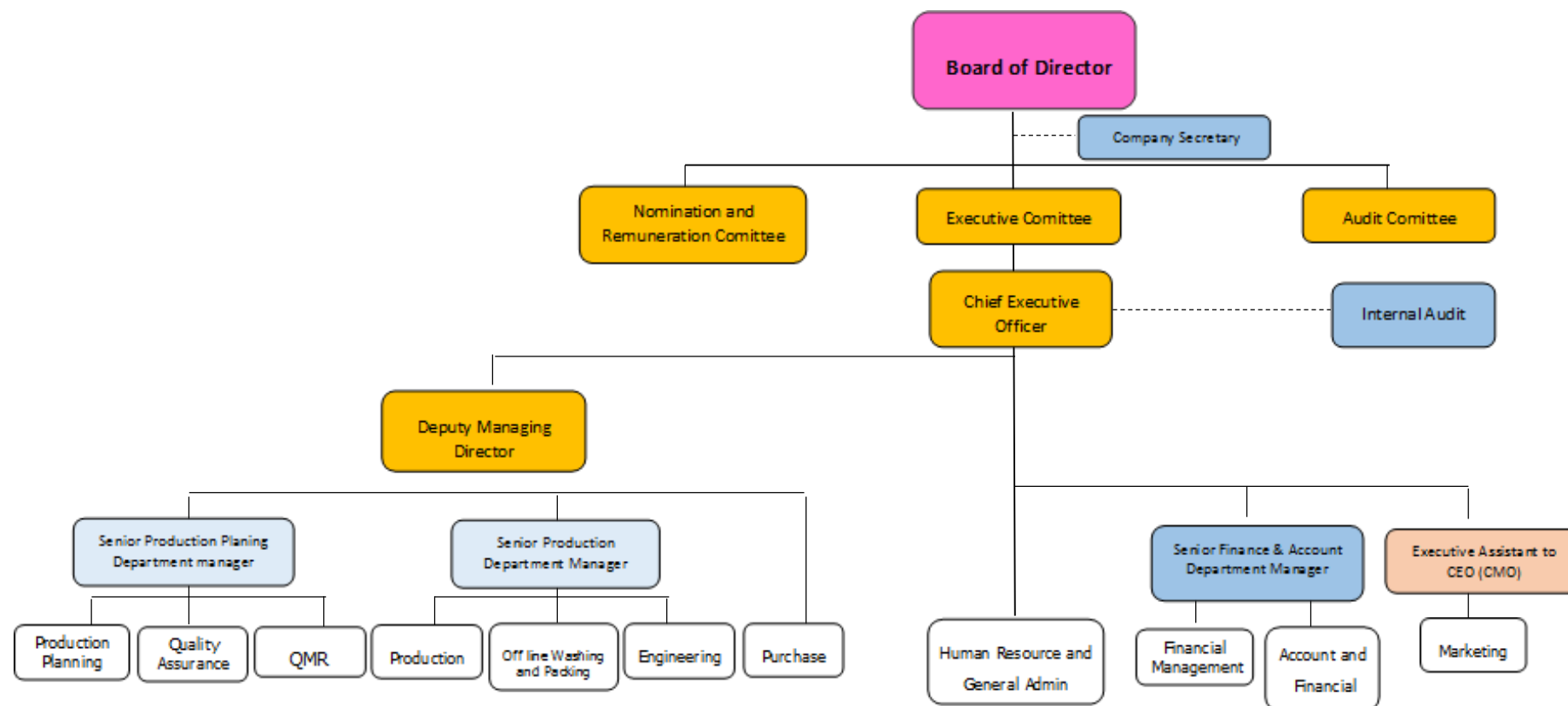
The first ten major shareholders of the company as of February 19, 2020, and the shareholders' equity.

No.	Name-Surname	Number of Shares	%
1	UTILITIES INVESTMENT MANAGEMENT CO. LTD.	132,896,582	8.13
2	MISS CHUN-CHING TENG	102,760,138	6.29
3	MS. CHOTIROS ATTHAKORNWARODOM	82,136,428	5.03
4	MISS TENG CHUN-YU	79,718,485	4.88
5	MR. HSUN-MIN YANG	62,026,817	3.80
6	MR. KANAPOT NIJSIRIPHAT	51,114,070	3.13
7	MR. APHICHAT CHAIPARAMUT	38,454,384	2.35
8	MR. PATCHAREE NIJSIRIPHAT	37,098,003	2.30
9	MR. POLPAT NIJSIRIPHAT	30,624,574	1.87
10	MR. PITTAYUT TANGSATJATHAM	26,168,274	1.60
	Total	642,997,755	39.39

Source: Thailand Securities Depository Company Limited.

Management Structure

The company set the management structure as per the following organizational chart (as of December 31, 20



Board of Directors



1. Dr. Chakarn Saengruksawong

Position	Chairman of the Board of Directors Shun Thai Rubber Gloves Industry PCL.	
Age	71 years	
Address	33/139 Moo 9, Ramintra Soi 16, Tharang, Bangkaen, Bangkok	
Educational Background	- Bachelor's Degree in Science, Agricultural, Chiang Mai University Master Degree in Science, Agricultural Extension, Kasetsart University Doctor of Science, Department of Soil Science and Natural Resource Management ,Chiang Mai University	
Training Courses	- Thai Institute of Directors Association (IOD) DAP 79/2009 National Defense College (Class 4414) Politics and government in democracy for senior management, Class 8, King Prajadhipok's Institute	
% Shareholding	- None -	
Attendance of meetings in 2020	Board of Directors	19 / 19 times
	Audit Committee Meeting	7 / 10 times
Working Experience	2017- present	Chairman of the Board of Directors, Audit Committee, Independent Committee Shun Thai Rubber Gloves Industry PCL.
	2011 – 2016	Chairman of the Executive Committee Central Laboratory (Thailand) Company Limited (Under the supervision of the Ministry of Industry and the Ministry of Finance)
	2009 - 2011	Chairman of the Board, the Provincial Waterworks Authority, Ministry of the Interior
	2009 - 2011	Airports of Thailand PLC., Ministry of Transport

Remarks

1. Appointed as Chairman of the Board of Directors from the meeting of the Board of Directors No. 17/2017 dated December 19, 2017 effective December 19, 2017

2. Mr. Ekkchai Tangsatjatham

Position	Chief Executive Officer / Directors Shun Thai Rubber Gloves Industry PCL.	
Age	39 years	
Address	22 Mu 1, Pong Sub-district, Dan Sai District, Loei	
Education	Bachelor of Business Administration (Business Computer), Bangkok University	
Training	<ul style="list-style-type: none"> - Chinese for Business Shanghai International Studies University, Shanghai, China - Director Accreditation Program (DAP 154/2018) Institute of Directors Association (IOD) 	
% Shareholding	- 6,959,341 shares 0.426%	
Meeting Attendance	Board of Directors	19 / 19 times
in 2020	Audit Committee Meeting	None
Work Experience	2018 - Present	Chief Executive Officer / Directors Shun Thai Rubber Gloves Industry PCL.
	2014 - 2020	Advisor at Sinchok Kaset Company Limited
	2009 - 2013	Advisor at Nutraco (Thailand) Company Limited
	2006 - 2015	Manager at Sinchok Rubber Company Limited

Remarks

1. Was appointed as the Chief Executive Officer in the Board of Directors' Meeting No. 2/2018 on January 26, 2018. Effective on January 26, 2018.
2. Was appointed as a Member of the Nomination and Remuneration Committee in the Board of Directors' Meeting No. 2/2018 on January 26, 2018. Effective on January 26, 2018.
3. Authorized Director who can sign documentation with the company seal.

3. Mr. Sirasit Pasawat

Position	Director and Deputy Chief Executive Officer Shun Thai Rubber Gloves Industry PCL.	
Age	68 years	
Address	313 Moo 5, Surasak Subdistrict, Sriracha District, Chonburi	
Educational Background	Business Administration in Taiwan	
% Shareholding	None	
Attendance of meetings in 2020	Board of Directors	19 / 19 Times
	Audit Committee Meeting	None
Working Experience	2018 –Present	Director and Deputy Chief Executive Officer Shun Thai Rubber Gloves Industry PCL.
	Present	Vice President of Federation of Chonburi Industries
	Present	Director, M.R.I. Co.,Ltd.

Remarks

1. Appointed as director from the meeting of the Board of Directors
No. 2/2018 dated January 26, 2018 effective January 26, 2018.
2. Appointed as Deputy Chief Executive Officer from the meeting of the Board of Directors
No. 4/2018 dated February 14, 2018 effective February 14, 2018

4. Mr. Chai Wattanasuwan

Position	Director Shun Thai Rubber Gloves Industry PCL.	
Age	55 years	
Address	2/53 Soi Ngam Wongwan 43, Section 2-2 (Sinset1/2) Thungsonghong Sub-district, Laksi District, Bangkok	
Education	- Master of Business Administration, University of Baltimore, USA (Sigma Iota Epsilon) - Bachelor of Public Affairs, Thammasat University	
Training	- Director Certification Program (DCP) Class 177/2013 - Advanced Audit Committee Program (AACP) Class 15/2014	
% Shareholding	- None -	
Meeting Attendance in 2020	Board of Directors	19 / 19 Times
	Audit Committee Meeting	None
Work Experience	2018 - Present	Director Shun Thai Rubber Gloves Industry PCL.
	2017 – Present	Independent Director, Audit Committee WCI Holding Company Limited
	2016 - Present	President of the Risk Management Sub-committee E For L Aim Public Company Limited
	2014 – Present	Independent Director Wutthisak Pharmacy Inter Company Limited
	2013 - Present	Independent Director, Audit Committee Spacemed Company Limited
	2009 – Present	Director and Managing Director PCL Planner Company Limited

Remarks

- 1 Was appointed as a Director in the Board of Directors' Meeting No. 4/2018 on February 14, 2018. Effective on February 14, 2018.
- 2 Authorized Director who can sign documentation with the company seal.

5. Mr. Anuwat Laikijrung

Position	Independent Director and Chairman of the Audit Committee Shun Thai Rubber Gloves Industry PCL.	
Age	65 years	
Address	No.41 Soi Charoenrat 1 Yaek 5, Yannawa Sathorn Bangkok	
Educational Background	MBA, Master of Business Administration Chulalongkorn University	
% Shareholding	- None -	
Attendance of meetings in 2020	Board of Directors	17 / 19 Times
	Audit Committee Meeting	10 / 10 Times
Working Experience	2019 –Present	Independent Director and Chairman of the Audit Committee Shun Thai Rubber Gloves Industry PCL.
	Present	Director ALK Lnternational Company Limited

Remarks

- 1 Was appointed as a Director in the Board of Directors' Meeting
No. 9/2019 on May 13, 2019. Effective on May 13, 2019.

6. Mr. Wisit Kanjanopas

Position	Independent Director and Audit Committee Shun Thai Rubber Gloves Industry PCL.	
Age	56 years	
Address	No. 25/8 Soi Yen Akat 2, Yen Akat Road, Chong Nonsi Yannawa Bangkok	
Educational Background	<ul style="list-style-type: none"> - Bachelor of Law, Thammasat University - Master of Degree, Chulalongkorn University - Master of Degree, Monash University, Melbourne, Australia 	
% Shareholding	- None -	
Attendance of meetings	Board of Directors	14 / 19 Times
in 2020	Audit Committee Meeting	9 / 10 Times
Working Experience	2019 –Present	Independent Director and Audit Committee Shun Thai Rubber Gloves Industry PCL.
	2018 - Present	Audit Committee / Independent Director Pace Development Corporation Public Company Limited
	2009 – Present	Lawyer and legal advisor W&S International Law Office, Bangkok
	2009 – 2011	Consultant Hutchison CAT Wireless Multimedia Ltd.

Remarks

- 1 Was appointed as a Director in the Board of Directors' Meeting
No. 9/2019 on May 13, 2019. Effective on May 13, 2019.

Director Structure

The Director structure consisted of the Board of Directors as follows:

- Board of Directors

As of April 30, 2020, the Board of Directors consisted of six persons.

1. Dr.Chakarn Saengruksawong	Position	Chairman of the Board of Directors, Member of the Audit Committee / Independent Director
2. Mr.Ekkachai Tangsatjatham	Position	Chief Executive Officer
3. Mr.Sirasit Pasawat	Position	Deputy Chief Executive Officer
4. Mr.Chai Wattanasuwan	Position	Director
5. Mr.Anuwat Laikijrung	Position	Chairman of the Audit Committee and Independent Director
6. Mr.Wisit Kanjanopas	Position	Member of the Audit Committee / Independent Director

The director who has the authority to sign on behalf of the Company.

The Company's authorized signatories are Mr. Ekkachai Tangsatjatham and Mr. Chai Wattanasuwan, two of the three directors jointly signed with the Company's seal.

Scope of Authority of the Board of Directors**1. Duties of the Board of Directors**

The Board of Directors performed its duties with the knowledge, capability, and experience in accordance with the objectives, regulations, and resolutions of the Shareholders' Meeting with the aim to protect the company's benefits and be responsible to the shareholders.

2. Review and agreement to the appropriate policies

The Board of Directors was responsible for reviewing and concurring agreement on the policies and operations proposed by the Executive Directors with the exception of matters which the Board of Directors should receive the approval from the Shareholders' Meeting before taking action, which were matters required by the related laws to have the resolution from the Shareholders' Meeting.

3. Executive Directors supervision

The Board of Directors supervised the Executive Directors to comply with the policies efficiently and report to the Board of Directors to present any significant matters to related transactions in accordance with the regulations of the SEC and SET.

If necessary, the Board of Directors could employ an external advisor or consultant to provide advice or professional opinions for decision-making on matters affecting any significant business operations.

4. Set the internal control and internal audit system

The Board of Directors supervised the company to have an effective internal control and internal audit system by appointing an auditor and monitoring the internal performance, as well as cooperating with the Audit Committee.

5. Business ethics and Code of Conduct

The Board of Directors provided the Compliance Manual regarding the ethics and Code of Conduct for the executives and employees as guidelines for the company's operation.

- **Executive Committee**

The Executive Committee consisted of the following three persons:

- | | | |
|----|----------------------------|-------------------------------------|
| 1. | Mr. Ekkachai Tangsatjatham | Chairman of the Executive Committee |
| 2. | Mr. Sirasit Pasawat | Executive Committee |
| 3. | Mr. Chai Wattanasuwan | Executive Committee |

Scope of the Authority of the Executive Committee

The Executive Committee have the authorization, responsibilities, and significant roles in performing the company's business in accordance with the strategies, policies, and regulations. The Executive Committee had the authorization to control the business and other operations assigned by the Board of Directors to achieve the company's goals and mission.

Furthermore, the Executive Committee had the authorization and responsibilities in the following matters:

1. To plan and perform the company's business to achieve the set objectives and goals.
2. To supervise and monitor the performance and financial status of the company, and report to the Board of Directors on a monthly basis.
3. To review and approve any transactions relating to investment and assets distribution, human resource management, finance and financial management, general management, and other transactions related to the company's business under the responsibilities approved by the Board of Directors.
4. To consider and provide opinions, which required the approval from the Board of Directors, except any activity that the Board of Directors assign other sub-committees.
5. To consider and review risk management and the internal audit system.
6. To provide authorization to the executive or any person to perform any matter or matters as appropriate. However, the approval of the Executive Committee should not be a related transaction, or transaction with a conflict of interest, or a transaction that the Executive Committee could have any gain and loss as specified in the company's regulations, and the notification of the SEC. The approval of any transaction was to be conducted in accordance with the policy and procedure supervised by the Board of Directors and the governance agency.
7. To invite the management or any related person to express opinions, attend meetings, or offer relevant information.
8. To report the significant performance to the Board of Directors on a regular basis, including any significant matters that the Board of Directors should acknowledge.
9. To review the appropriateness and efficiency of the regulations to be appropriate and up-to-date.
10. To perform any other operations as assigned by the Board of Directors.

• Audit Committee

The Audit Committee consisted of the following three persons:

- | | |
|-------------------------------|---------------------------------|
| 1. Mr. Anuwat Laikijrung | Chairman of the Audit Committee |
| 2. Dr. Chakarn Saengruksawong | Member of the Audit Committee |
| 3. Mr. Wisit Kanjanopas | Member of the Audit Committee |

Scope of Authority of the Audit Committee

The Audit Committee had the authorization and responsibilities in the following matters:

1. To examine the financial statement to be accurate in accordance with the general accounting standard and be efficiently disclosed.
2. To examine the appropriate and effective internal control and internal audit system in the company.
3. To ensure compliance with the law regarding the securities and exchange, or laws related to the company's business.
4. To consider and propose the appointment, re-nomination, termination, and remuneration of the company's auditor.
5. To review the related transaction or a transaction that may have a conflict of interest in accordance with the laws and regulations of the SET to ensure the reasonableness and highest benefits of the company.
6. To ensure that the company had an appropriate and effective risk management system.
7. To consider the independency of the internal audit unit and consider the appointment, transfer, termination, performance, and reward for the head of the internal audit.
8. To review and consider the internal audit plan, and coordinate with the Internal Audit Office, and the auditor.
9. To prepare the report of the Internal Audit Committee for the annual report of the company. The report was signed by the Chairman of the Audit Committee and consisted of the following fundamental information:
 - (1) Opinions on the accuracy and completeness of the company's financial report.
 - (2) Opinions on the sufficiency of the internal control system.
 - (3) Opinions on the compliance with the Securities and Exchange laws, regulations of the SET, or the laws related to the company's business.
 - (4) Opinions in the appropriateness of the auditor.
 - (5) Overall opinions or remarks of the Audit Committee obtained from the compliance with the charter.
 - (6) Other matters that the shareholders or general investors should acknowledge under the roles and responsibilities assigned by the Board of Directors.
10. To hire a consultant or external professional to provide advice or recommendations as necessary according to the company's regulations.
11. To invite the management or the person(s) related to the company to provide advice, attend meetings, or offer relevant information.
12. To report the performance of the Audit Committee to the Board of Directors at least once a year.
13. To continually review and evaluate the sufficiency of the regulations to be appropriate and up-to-date.

- *Chief Executive Officer*

Scope of power and duty of the Chief Executive Officer

1. To make decisions on significant matters, set the mission, objectives, guidelines, and policies, and supervise the overview of the performance, products, customer relations, and be responsible for the Board of Directors.
2. To approve the project's expenses approved by the Board of Directors, and actual expenses or payments.
3. To consider the investment and purchasing of fixed assets to propose to the Executive Directors' Committee and/or Board of Directors.
4. To consider the fundraising of the company to propose to the Executive Directors' Committee and/or Board of Directors.
5. To hire, appoint, discharge, dismiss, terminate, set the wage rate, reward, adjust the salary and compensation, and bonus for the employees lower than the managerial level.
6. To approve the bad debt reserve/bad debt, and process the purchasing and selling of any obligations not exceeding 500,000 THB.
7. To act and perform as the company representative to negotiate with external parties for any related business that would be beneficial for the company.
8. To approve the appointment of an advisor necessary for the company's business operations.
9. To operate the business related to the general administration of the company.

In addition, the approval of the above list does not include the approval of the list that allows the Chief Executive Officer, or any person who may have a conflict, interest, or conflict of interest with the company, including the list that requires the approval of the shareholders to process the related transaction, and receive or sell any significant assets of the company or the joint venture to be consistent with the regulations of the SET.

However, the approvals mentioned above do not include the approvals made to the Chief Executive Officer, a person with a conflict of interest in any other way with the Company. It also includes the items requiring shareholders' approval for the connected transaction and the acquisition or disposition of important assets of the Company or associated company to comply with the regulations of the Stock Exchange of Thailand in such matters.

● Executives

The Executives of the company consisted of the following persons:

No.	Name – Surname	Position	Remark
1	Mr. Ekkachai Tangsatjatham	Chief Executive Officer	Started on January 26, 2018
2	Mr. Mr. Sirasit Pasawat	Deputy Chief Executive Officer - Factory Management	Started on February 14, 2018
3	Mr. Chai Wattanasuwan	Director	Started on February 14, 2018
4	Mr. Tana Uawithya	Assistant Chief Executive Office Chief Marketing Officer secretary	Started on February 28, 2018 Started on February 14, 2018
5	Ms. Chanphen Wattanaphichitpong	Deputy Director of Production Management	Started on May 18, 2018
6	Ms. Potchana Duangkosol	Senior Accounting Manager	Started on August 17, 2015

Recruit of Directors and Executives

The Nomination and Remuneration Committee was responsible for the selection of directors by considering the qualifications, experience, capability, and the availability to attend meetings on a regular basis, and proposed the name list to the Board of Directors to consider, and to the Shareholders' Meeting to approve the appointment based on a majority vote according to the following criteria:

1. One shareholder has one voting right equal to one share.
2. One shareholder shall exercise the vote as No. 1 to vote for one or more persons to be a director, but is not allowed to unequally share the vote to other directors.
3. The person who receives the highest vote shall be appointed as the director as per the desired number of each election. If the number of the elected person with an equal vote in the following rank is more than that desired number, the Chairman gives the casting vote.
4. In the annual ordinary meeting, one third of the directors shall vacate the position. If the number of directors is unable to be divided into three portions, the director in the most similar number to one third shall vacate the position. In the first two years after the public company registration, the draw shall be applied for the retirement of directors by rotation. In the following years, the longest serving director shall vacate the position. The director who retires by rotation may be re-elected to hold the position again.
5. The director who would like to retire before retirement shall submit the resignation letter to the company, and it will be effective when the company receives the letter.
6. In the case of the vacancy of the director because of other reasons rather than retirement by rotation, the committee shall nominate the new director. The new director shall hold the position during the remaining period of the term of the replaced director.
7. To vote for the director to vacate the position before the term requires the resolution of the Shareholders' Meeting only. The vote shall not be less than three-fifths of the shareholders attending the meeting and who have

the right to vote, and the total shares shall not be less than half of that holding by the shareholders attending the meeting and who have the right to vote.

Appointment of the Audit Committee

The Board of Directors considered the knowledgeable, competent, and experienced person who would be useful for standard and accurate governance, and the internal control system. The nominated person would have the qualifications required by the laws and notification of the SEC.

1. Nominate at least three members for the Audit Committee from the Board of Directors who have the qualifications in accordance with the SEC. One member, at least, should be experienced and knowledgeable in finance and accounting in order to verify the reliability of the financial statement.
2. The Audit Committee shall comprise at least three directors; otherwise, a new committee shall be appointed within three (3) months after the day that the number is not complete.
3. The Audit Committee will nominate one director as the Chairman and nominate the person, who has the qualification required by the Audit Committee, to be the Secretary of the Audit Committee.
4. The person to be appointed as a member of the Audit Committee shall have the following qualifications:
 - (1) Holds less than 1% of shares of the paid-up capital of the company, an associated company, joint venture, or other related company, including the shares held by a related person.
 - (2) Is a non-executive director of the company, an associated company, joint venture, or other related company, including the major shareholder, employee, or the advisor paid by the company, an associated company, joint venture, other related company, or the major shareholder.
 - (3) Is a director who does not have any direct or indirect interest or benefit in the finance and management of the company, an associated company, joint venture, or other related company, including the major shareholder, and has no such benefits or interest within one (1) year prior to the appointment as a member of the Audit Committee unless the company considered deliberately that such benefit or interest has no impact on the performance and independent opinion of the Audit Committee.
 - (4) Is a director who is not related or a relative of the executive or major shareholder of the company.
 - (5) Is a director who is not appointed as the representative to prevent the benefit of the director, major shareholder, or a shareholder related to a major shareholder.
 - (6) Is a director who is able to perform the set duties and express opinions, or report the performance as assigned by the Board of Directors independently from the governance of the major shareholder, a related person, or intimate person.
 - (7) Is a director who is knowledgeable and proficient.

Qualifications of an Independent Director

An Independent Director is a person who has the full qualifications and is independent as required by the SEC and SET, who:

1. Holds less than 1% of shares of the paid-up capital of the company, an associated company, joint venture, or other related company.
2. Is a non-executive director, not being employed or is an employee or advisor who receive a salary, or a professional service provider who earns a service fee of more than two million Baht per year from the company, an associated company, joint venture, other related company, or a juristic person who may have a conflict with the company within the past two years.
3. Is a director who has no direct and indirect benefit or interest in the finance and management of the company, an associated company, joint venture, other related company, or a juristic person who may have a conflict with the company.
4. Is a director who is not related to or is not intimate with the executive or major shareholder.
5. Is a director who is not appointed as the representative to protect the benefit of a director, major shareholder, or a shareholder who is related to a major shareholder.

Furthermore, the director shall be able to express opinions or report freely on an assigned work assignment regardless of the benefits relating to the assets and position, and shall not be under any influence of a person, or group of people, or any circumstance that does not allow the opinion to be expressed as expected.

Corporate Governance

1. Governance policy

The Board of the Directors was aware of the significance of good corporate governance to promote the transparency and competitiveness of the business, and increase the reliability to the shareholders, investors, and relevant persons. The company set the policy and the direction of the operation, gave importance to the internal control and internal audit system, and supervised the management to comply with the policy efficiently for the long-term benefits of the shareholders under the related laws, regulations and business ethics.

2. Rights and equality of the shareholders

All shareholders had the rights to attend and to vote in the Shareholders' Meeting according to the Public Company Act, company's regulations, and regulations of the SET regarding this matter. The company determined and aimed to treat all shareholders to have equal rights as follows:

(1) Basic rights as the shareholder deserves; such as, the right to vote, to receive the dividend, to sell, buy, or transfer shares, to attend the Shareholders' Meeting, and to receive adequate information equally in the appropriate form for consideration in a timely manner.

(2) Right to vote and withdrawal of directors, especially the special agenda of directors' appointments. The company nominated the name and provided the information of the director in the invitation letter including name, background, and position in other companies, as well as the agenda of the auditor's appointment.

(3) Right to receive the dividend.

(4) Right to acknowledge the resolution of the directors regarding the meeting and Shareholders' Meeting agenda.

(5) Right to receive the invitation letter for the Shareholders' Meeting and details of the venue, time, agenda, regulations of the meeting, and the consideration criteria with the factual information, reasons, and opinions of the committee on each agenda clearly. The company would send the Shareholders' Meeting invitation letter fourteen (14) days prior to the meeting day, and publish in the daily newspaper three (3) days prior to the meeting day for three (3) consecutive days. The company would set the date and time and the venue to facilitate the attending shareholders.

(6) The company promotes all directors to attend the Shareholders' Meeting every year, especially the Chairman of the Board of Directors, Chairman of the Audit Committee, and Chief Executive Officer who should attend the meeting on each occasion.

(7) The company proposes the director's remuneration, which includes the meeting allowance and the pension of all committees to the shareholders for consideration on an annual basis.

3. Rights of the stakeholders

The company gave priority to the rights of the stakeholders, both the internal stakeholders, including the employees and executives of the company, an associated company, and the external stakeholders who were the competitors, creditors, government sector, and other related agencies. This was conducted because the company was well aware of the support from the stakeholders that would enhance the competitiveness and profit to the company, which would lead to long-term success and achievement.

- **Shareholder:** The company shall perform transparent business, determine to accelerate the growth, and continually provide good returns to the shareholders in the long term.
- **Customer:** The company shall determine to develop the quality and standard of the products, and serve the customers with friendliness for the highest customer satisfaction. Moreover, the company has the section or person to receive the complaints in order to find the appropriate solution as soon as possible. Confidentiality was also a priority.
- **Partner:** The company shall adhere to and treat all partners equally based on fair practices and mutual benefits.
- **Creditor:** The company shall treat the creditor fairly by strictly complying with the contract and financial obligation.
- **Competitor:** The company shall follow the international competition standards and treat competitors with fairness, avoid dishonest action, and not damage the reputation of competitors.
- **Employee:** The company shall view that the employee is a valuable resource and deserves fair treatment in terms of opportunity, compensation, potential development, security, quality of life, and work safety, including an appropriate welfare and provident fund.
- **Society and the environment:** The company shall determine to perform appropriate business for the country's economy and society, and give significance to environmental care. The company appointed the Corporate Governance Committee to supervise and be responsible for society, promoted organizational culture, and built awareness to all personnel to develop and enhance society and the environment, including the stakeholders along with the growth of the company.

4. Shareholders' Meeting

The company implemented the Public Company Act, company regulations, and regulations of the SET as the guidelines for strictly performing its business. Furthermore, the quality of the meeting was as follows:

- (1) All directors gave importance to the attendance of the Shareholders' Meeting.
- (2) Supported and gave opportunities for shareholders who were unable to attend the meeting to give a proxy to another person to attend on the shareholders' behalf.
 - (2.1) If the shareholder was unable to attend the meeting, the company provided three types of proxies to use as appropriate. All proxies consisted of a power of attorney as required by the Department of Business Development, Ministry of Commerce.
 - (2.2) The proxy was able to give the proxy to the Independent Director, who would perform on behalf of the proxy. The company enclosed the details of the Independent Director together with the proxy on an annual basis.
- (3) Equality during the Shareholders' Meeting.
 - (3.1) Before the meeting starts, the Chairman shall inform the shareholders about the meeting criteria, and voting process of each agenda.
 - (3.2) In the meeting, the Chairman of the Board of Directors who attends the meeting and is the Chairman shall give opportunities to the shareholders to question and receive answers about matters related to the meeting agenda or the company.
 - (3.3) The company shall give opportunities to the shareholders to vote for the director individually.
 - (3.4) The meeting shall be processed through the agenda in an orderly manner as informed in the invitation letter. The company has no policy to add more agenda or change the order of the agenda unless the addition or change is reasonable and complies with the related laws.
 - (3.5) The company uses a ballot system with all agendas for transparency. Moreover, the company uses a computer for registration and for voting to save time and to be more precise.
- (4) After the Shareholders' Meeting, the company shall prepare the Minutes of the Meeting involving the agenda and resolutions, the number of votes and no votes, and significant details for consideration within fourteen (14) days, and shall publish to the shareholders through the SET.
- (5) The shareholder shall have the chance to express opinions, ask questions, and give advice with sufficient time. The questions and important opinions shall be noted in the Minutes.

5. Leadership and vision

The Board of Directors set and gave the approval to the vision, mission, goals, business plan, and budget of the company, including supervised the management to perform the business plan and budget efficiently and effectively to add the highest value to the business and the highest security to the shareholders.

The Board of Directors settled the effective internal control and internal audit system, the risk management measures, and conducted a regular follow-up in the Board of Directors' Meeting.

6. Conflict of interest

The Board of Directors complied with the regulations and criteria of the SET regarding the transactions, receiving or selling of assets of a registered company, and related transactions by disclosing the information accurately and with transparency. For all transactions related to the person(s) that potentially had a conflict of interest, the company considered the benefits of the company as a priority. Moreover, the company deliberately processed with integrity, reasonableness, and independence under the ethics. The price and conditions were the same as a transaction with an external party and the details, item value, partners of the contract, and reason/necessity were disclosed in the annual report and Form 56-1.

Moreover, regarding the use of internal information, there were no records that the executive and/or any related person(s) used the internal information for personal benefit. The Board of Directors gave importance to the ethics of the executive and directors. All directors and the executive understood the responsibility to prepare and submit the shareholding report of oneself, spouse, and any underage child in compliance with the regulations of the SET. From the shareholding report proposed to the Board of Directors, there were no records of any selling and/or purchasing of the company's assets during one (1) month before the financial statement was published to the general public. Further, there were no records that the executive or any agency related to the internal information disclosed the internal information to an external and/or irrelevant person.

7. Business ethics

The company issued the practice regarding the ethics of the Board of Directors, management, and employees as the guidelines for performing the work to achieve the company's mission with honesty and fairness. This included the practice of the company, stakeholders, general public, and society. The company communicated with the employees on a continuous basis and monitored the compliance with the guidelines on a regular basis. Moreover, the company set the disciplinary penalty as well.

8. Balance of power of non-executive directors

The Six Board of Directors consisted of:

Executive Director	3	persons
Non-Executive Director	3	persons

The Board of Directors appointed three directors from the Independent Directors to hold the position for a three-year term. They could hold the position again after the term ended. The scope of the Audit Committee's responsibility was clearly defined in writing.

9. Consolidation or separation of position

The Chairman of the Board of Directors was not the same person as the Chief Executive Officer, and had no relationship with management to separate the roles and responsibilities to set the policy and supervise the regular management.

10. Executives' remuneration

Directors' remuneration: The company set the policy for the remuneration of the directors clearly and transparently. It was in the same range within the industry and high enough to treat and retain the qualified directors. The remuneration rate was approved in the Shareholders' Meeting. A director who was also a member of the Audit Committee received additional remuneration according to the workload.

Executive's remuneration: The remuneration of the executive was in accordance with the criteria and the policy set by the Board of Directors depending on the company's performance and the performance of the individual executive. The financial remuneration of 2020 was as follows:

- **Directors' remuneration:** The Annual Ordinary Shareholders' Meeting 2020 had the resolution to approve the remuneration of the directors in 2020 as per the following rate:

The amount of the remuneration of the directors in 2020 was not over 5,000,000 THB and was paid monthly without a meeting allowance.

1. Board of Directors
 - 1.1 Chairman of the Board of Directors: 35,000 THB per month
 - 1.2 Director: 20,000 THB per month
2. Audit Committee
 - 2.1 Chairman of the Audit Committee: 20,000 THB per month
 - 2.2 Member of the Audit Committee: 15,000 THB per month

In 2020, the monthly remuneration of the director was summarized as follows:

Table of the Directors' Remuneration for 2020

NO.	Name - Surname	Position	Board of Directors Number of Meetings 19 Meetings	Audit Committee Number of Meetings 10 Meetings	Monthly Compensation Jan. – Dec. 20
1	Dr. Chakarn Sangruksawong	Chairman of the Board of Directors, Audit Committee, Independent Director	19 / 19	7 / 10	600,000
2	Mr. Ekkachai Tangsatjatham	Chief Executive Officer	19 / 19	-	240,000
3	Mr. Sirasit Pasawat	Vice Chief Executive Officer	19 / 19	-	240,000
4	Mr. Chai Wattanasuwan	Director	19 / 19	-	240,000
5	Mr. Anuwat Laikijrung	Chairman of the Audit Committee / Independent Director	17 / 19	10 / 10	480,000
6	Mr. Wisit Kanjanopas	Member of the Audit Committee Independent Director	14 / 19	9 / 10	420,000
Total					2,220,000

- **Executive**

The number of executive was classified by the definition of the SET: Managing Director and the Executive in the fourth order counting all executives in the fourth order. In 2020, the company paid a total of 11.31 Million baht for the remuneration of directors.

11. Board of Directors' Meeting

In 2020, there were 19 Board of Directors' Meetings and 10 Audit Committee Meetings. All directors attended all meetings and the Minutes were recorded in a written form. The Minutes of the Meeting certified by the Board of Directors were filed and prepared for the Board of Directors and other relevant persons to verify.

12. Internal control and internal audit system

The Board of Directors evaluated the sufficiency of the internal control system using the evaluation form of the SET and concluded that the company had the sufficient and appropriate system for the business. The essence of each aspect was concluded as follows:

- (1) **Organization and environment:** The company adjusted the management structure to conform with the business expansion, assigned the responsibilities clearly, revised the regulations, and developed the personnel to be capable to respond to the company's current situation.
- (2) **Risk management:** The company gave significance to risk caused from internal and external factors; such as, risk of the products, risk of finance, and credit. The management had a regular review and discussion on these matters.
- (3) **Management performance control:** The company assigned the authority by decentralizing the responsibilities for approval, recording transactions, and taking care of the assets to monitor each other.
- (4) **Information and information communication system:** The company set the system to report the information to the Board of Directors and executives on a regular and timely basis, and improved the tools and information system to be more efficient.
- (5) **Monitoring and evaluation:** The company had a monitoring and evaluation system to assess the internal control system by a qualified person, and reported the result directly to the Audit Committee.

13. Report of the Board of Directors

The Board of Directors was responsible for consolidating the financial statements and the financial information displayed in the annual report. The financial statement was prepared in accordance with the general certified accounting standards. The appropriate accounting policies were implemented and practiced regularly with discretion and the best estimation. Moreover, significant information was disclosed sufficiently in the notes of the financial statement.

The Board of Directors retained an effective internal control system to ensure that the accounting records were accurate, complete, and effective to maintain the assets, and know any weaknesses to prevent any corruption or significant abnormal practice.

The Board of Directors appointed the Audit Committee, which comprised non-executives to be in charge of the quality of the financial report and internal control system. The opinions of the Audit Committee were provided in the report of the Audit Committee and included in the annual report. The Audit Committee viewed that the internal control of the company was satisfactory and had reasonable confidence in the reliability of the financial statement.

14. Investor relations

The Board of Directors was aware that the financial and non-financial information affected the decision-making of investors and stakeholders. Therefore, the company emphasized on the management to treat the disclosure completely, reliably, continuously, and in a timely manner. The management gave priority and adhered to the required practices. The investors were able to contact for information at the Investor Relations, Tel: 0- 2511 6040, Fax: 0- 2511 6049 or E-mail address: tana.u@shunthaiglove.com/Website: www.shunthaiglove.com.

Personnel

a) The total number of employees of the company as of December 31, 2020, was 635 persons: 274 males and 333 females. There are 256 employees, Thai and 351 were other nationalities. The number was classified into the main operation line as follows:

1. Administration	88	persons
2. Production	519	persons

b) Overall returns

The company paid compensation as salary and daily wages. In 2020, the company paid the following compensation.

- Employee compensation was 126.67 million THB in total.

Furthermore, the company paid other welfare to the employees; such as, uniform, accommodation, transportation, meal allowance, special allowance (specialist proficiency), overtime, shift allowance, position allowance, and provident fund.

c) Employee development policy

The company emphasized on appropriate training for the work of each staff to enhance knowledge and capability to the employee. Both in-house and external trainings were provided to employees; such as, laws and regulations training, which was in accordance with the government's requirement, production environment safety training, finance and financial statement training, ISO training, labor development, training required by the SET and SEC, compound rubber production techniques, production system training, chlorine training, and assets and equipment training.

In addition, the performance of the employees was accessed after the training to increase the potential for work performance and to review the appropriate compensation.

The company has had zero labor disputes during the past three years.

Internal Control and Risk Management

The company trusted in the internal control system currently implemented in the company because there was the related procedure between all staff from the executives to the employees to take responsibility together. The company had a sufficient and appropriate internal control system to ensure that all performances were in compliance with and achieved the goal set by the Board of Directors.

Board of Directors

The Board of Directors assigned the Audit Committee to evaluate the internal control system through the Internal Audit Team. The Board of Directors promoted all employees to be aware of ethics and morality by giving priority to the internal audit and internal control system. For this reason, the company set the internal audit and internal control system efficiently while maintaining the flexibility to work. The employees controlled, supervised, evaluated, and reviewed the performance by themselves to mitigate the risk of any corruption and wrongful power exercise, as well as to prevent any illegal practices and actions.

Audit Committee

The Audit Committee examined the efficiency of the company's internal control system by reviewing the performance of the internal audit team continuously emphasizing on the efficiency and appropriateness of the system, considering the significant report in the financial statement, and verifying the reliability of the financial statement to ensure that they complied with the accounting standard, the notification of the SEC, notification of the SET, or any other related laws. Any significant faults or suggestions of the Audit Committee were reported to the Board of Directors for correction and improvement.

Internal Audit

The internal audit team leader monitored the performance of the divisions independently by monitoring and evaluating the efficiency of the internal control system, preparing the audit result report directly to the Audit Committee, and reporting the management's operation to the Managing Director. Moreover, the internal audit team leader gave advice to improve the system, set the meeting to report the result to the relevant divisions every quarter, and coordinated with the executives to propose the preventive measures for the risks to ensure that the company had a satisfactory and efficient internal control system. In 2018, the company appointed the Internal Audit Manager to assess the efficiency of the internal control system and plan the internal audit to comply with the goals, objectives, and related regulations effectively.

In terms of organization and the environment, risk management, management supervision, information system and communication, and the evaluation of the company, the Board of Directors agreed that the company had an efficient and appropriate internal control system.

Related Transactions

Necessity and Reasonableness of Transactions

The selling and purchasing of products or services, or the related transactions of the company were processed under the general trade practices based on the highest benefit of the company. The company had the policy for pricing, which was the same as that for external parties, and applied the general trade conditions to perform its business and production efficiently in terms of quality control, from the raw materials to the final products, for the highest satisfaction of the customer.

Approval Measures or Process of the Related Transactions

Regarding the transaction that might lead to a conflict of interest, the company adhered to the transparency and fairness principle for equality for all shareholders. The approval process of the related transaction was implemented by examining the reasonableness of the transaction to prevent a conflict of interest. The company considered whether it was a regular operation as such with the other partners and gave approval based on the criteria.

The company complied with the securities and exchange laws, and the regulations, notifications, and orders of the SET and SEC.

Policy or Tendency of Future Transactions

The principles of good corporate governance will determine the policy of making connected transactions occur by eliminating conflicts of interest prudently and in the Company's interests as a whole. Therefore, it has to be approved according to the Company's procedures and rules correctly, following the general and fair and reasonable trade conditions in making such transactions.

- No Transaction -

Report of the Audit Committee

Attn. Shareholders

Shun Thai Rubber Gloves Industry Public Company Limited

The Audit Committee of Shun Thai Rubber Gloves Industry Public Company Limited consisted of three independent directors who were knowledgeable and experienced persons with the qualifications required by the regulations of the Securities and Exchange of Thailand, and were non-executives of the company. Therefore, they were independent to perform the duty according to the charter of the Audit Committee. The committee consisted of:

- | | |
|------------------------------|--|
| 1. Mr. Anuwat Laikijrung | Chairman of the Audit Committee and Independent Director |
| 2. Mr. Wisit Kanjanopas | Member of the Audit Committee and Independent Director |
| 3. Dr. Chakarn Sangruksawong | Member of the Audit Committee and Independent Director |

In the year 2020, the Audit Committee held a total of 10 meetings, which can be summarized as follows:

- Review of financial reports

The Audit Committee reviewed the quarterly financial statements, the 2020 financial statements, significant accounting policies, and significant financial transactions before presenting them to the Board of Directors. It ensures that the Company's financial reports and accounting transactions are correctly prepared following Thai Accounting Standards and Financial Reporting Standards, in consultation with the auditor to review material issues, including the disclosure of reliable, transparent, accurate notes to the financial statements.

The Audit Committee is of the opinion that the aforementioned financial statement shows the financial status, performance of the Company accurately, complete, reliable, and beneficial to users of financial statements.

- The sufficiency of the internal control system

The Audit Committee attaches the utmost importance to have a good internal control system because it affects the implementation of the Company's plan and the prevention of fraud and benefits in various forms and allows the internal audit unit to perform duties independently following the framework of authority and duties. In June 2020, the Company decided to select and consider hiring Dharmniti Internal Audit Co., Ltd., a knowledge, expertise, and direct experience internal control system assessment service provider. It aims to lay out guidelines for reviewing and improving the internal control system, documenting the accounting and finance systems, and operating manuals, which are further revised from the original that the Company has already prepared. The Audit Committee is of the opinion that the Company's internal control system is

appropriate, correct, and sufficient for the actual operation. The Board of Directors, the Audit Committee, and the management emphasize the importance of risk management appropriate to the business's nature and regularly review the risk management guidelines following the current business situation. However, the Board of Directors has not yet appointed the Risk Management Committee. Still, it has assigned the Audit Committee to perform the duties of supervising the risk management instead until a formal appointment is made.

- Risk management

The Board of Directors, the Audit Committee, and the management have emphasized risk management that is appropriate to business nature. The risk management approach is always reviewed to be in line with the business's current situation to be effective and efficient. However, the Board of Directors has not yet appointed the Risk Management Committee. Still, it has assigned the Audit Committee to perform supervisory, monitoring, and risk management duties instead until a formal appointment is made.

- Connected transaction

The Audit Committee has given importance to the consideration of connected transactions and transactions that may lead to conflicts of interest to be reasonable and in the best interest of the Company according to the laws and regulations of the Stock Exchange of Thailand.

- Good corporate governance

The Audit Committee has reviewed the compliance with the laws on securities and exchange, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business operations. The Audit Committee is of the opinion that the Company has properly complied with the laws governing securities and exchange, regulations of the Stock Exchange of Thailand, and laws related to the Company.

- Auditor appointment

The audit committee has the policy to select, nominate, appoint, and propose auditors' remuneration. It is based on auditors' qualifications, skills, knowledge, competence, credibility, independence in performing duties according to professional accounting ethics and audit experience, and meet the qualifications as specified by the Securities and Exchange Commission.

However, the Audit Committee is of the view that the review of financial reports, internal control systems, connected transactions, and good corporate governance have given importance to determination in performing their duties to achieve the Company's goals. It is of the utmost benefit to the shareholders and efficient, effective in the operation so that profits can be returned to the resume stage as planned.

On behalf of the Audit Committee
Shun Thai Rubber Gloves Industry Public Company Limited

- Mr. Anuwat Laikijrung -

(Mr. Anuwat Laikijrung)
Chairman of the Audit Committee

Financial Statement

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

Independent Auditor's Report**To the Shareholders and the Board of Directors of Shun Thai Rubber Gloves Industry Public Company Limited:****Opinion**

I have audited the consolidated and separate financial statements of Shun Thai Rubber Gloves Industry Public Company Limited and its subsidiary, and of Shun Thai Rubber Gloves Industry Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2020, the consolidated and separate statement of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Shun Thai Rubber Gloves Industry Public Company Limited and its subsidiary, and of Shun Thai Rubber Gloves Industry Public Company Limited, respectively, as at December 31, 2020, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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.

Emphasis of Matter

As described in Notes to Financial Statements No 8, as at December 31, 2020, other shareholders in the subsidiary have not fully paid for shares to which they have subscribed. As a result, there is an outstanding share subscription receivable of Baht 179.45 million in the financial statements of the subsidiary.

Management of the Company recognized 48.25% of its investments in the subsidiary in the consolidated financial statement, according to the proportion of shares registered with the Ministry of Commerce. This is, despite that the Company paid for the shares with a higher than registered proportion, as other shareholders have not paid Baht 179.45 million for the share increase. Management of the Company and its legal counsel believe that the registered capital increase of the subsidiary is invalid. On February 19, 2021, the Company files a lawsuit to the court and preliminary examinations on April 27, 2021 and May 17, 2021.

However, my opinion is not modified in respect of the above matters.

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 year. 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.

Allowance for impairment of investments in subsidiary***Risk***

As described in Note to Financial Statements No. 8, in the separate financial statements, the Company has investments in subsidiary as at of December 31, 2020, in the amount of Baht 144.59 million, representing 11.38 percent of total assets. The subsidiary ceased operation since April 1, 2020, resulting in loss from operation. This is an indication of the impairment of the investment. Most of assets of the subsidiary company are property plant and equipment. The management engaged an independent appraiser to evaluate of property, plant and equipment. The independent appraiser has evaluated the land by using the Market Approach, and plant and equipment by using the Depreciated Replacement Cost method for the management to use as a basis for determining the value of the business.

I focused on this area because of the value of investment in the subsidiary are significant in the financial statements in which the equity method is applied and the separate financial statements. This also involves the use of important judgments of independent appraisers and executives in considering the reasonableness of important assumptions used in the valuation of such assets.

Auditor's Response

I obtain an understanding about the valuation of investments in subsidiary and perform the following procedures:

- Understand and evaluate the appropriateness of the methods that the independent appraiser assess the value of property, plant and equipment, to be in accordance with financial reporting standards.
- Understand the assumptions which the appraiser uses that are reasonably comparable data, such as sale price comparisons of adjacent land as well as compare cost of construction with the appraised value from the announcement of the Valuers Association of Thailand.
- Ensure the qualification, knowledge and independence of the independent appraisers.
- Compare the property values according to the appraisal report of the independent appraiser with the fixed assets register and the carrying amount as at December 31, 2020 and check the approval for setting of allowance for impairment of assets.
- Observe the assets of the subsidiary to prove the existence and to ensure that the subsidiary has ceased its operation.
- Compare between investments in subsidiary - net and recoverable amount from investments in subsidiary to assess the impairment of investments in subsidiary.

Other Matter

The consolidated and separate financial statements of Shun Thai Rubber Gloves Industry Public Company Limited and its subsidiary, and of Shun Thai Rubber Gloves Industry Public Company Limited for the year ended December 31, 2019, which have been presented herewith for comparative information were audited by another auditor of our firm whose report dated March 31, 2020, expressed an unqualified opinion and emphasis of matter regarding the change of directors of the associate company resulting in the Company being able to access information of the associate and the management and lawyers of the Company believe that the registered capital of associate was falsely.

Other information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Kultida Pasurakul
Certified Public Accountant
Registration Number 5946
ANS Audit Company Limited
Bangkok, February 25, 2020

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		Unit: Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Assets					
Current assets					
Cash and cash equivalents	5	472,277	75,537	468,775	75,537
Trade and other current receivables - net	4, 6	48,257	73,556	47,874	73,556
Short-term loans to subsidiary	4	-	-	4,000	-
Inventories – net	7	98,628	108,487	98,628	108,487
Other current financial assets		397	3	4	3
Total current assets		619,559	257,583	619,281	257,583
Non-current assets					
Other non-current financial assets	21.1	25,826	15,637	25,826	15,637
Investments in subsidiary – net	8	-	-	144,593	-
Investments in associate – net	8	-	226,205	-	226,205
Investment properties – net	9	308,462	-	-	-
Property, plant and equipment – net	4, 10, 21.1	465,631	468,952	465,631	468,952
Intangible assets – net		68	296	68	296
Deferred tax assets	11	13,769	-	13,769	-
Other non-current assets		1,586	1,413	1,515	1,413
Total non-current assets		815,342	712,503	651,402	712,503
Total assets		1,434,901	970,086	1,270,683	970,086

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		Unit: Thousand Baht				
		Consolidated Financial Statements		Separate Financial Statements		
		December 31,	December 31,	December 31,	December 31,	
Notes		2020	2019	2020	2019	
Liabilities and Shareholders' Equity						
Current liabilities						
	Trade and other current payables	4, 12	154,798	118,628	123,864	118,628
	Current portion of lease liabilities		26	-	-	-
	Short-term borrowings from related person	4	7,475	-	-	-
	Income tax payable		40,846	-	40,846	-
	Other current financial liabilities		352	-	352	-
	Total current liabilities		203,497	118,628	165,062	118,628
Non-current liabilities						
	Deferred tax liabilities	11	5,987	5,987	5,987	5,987
	Non-current provisions for employee benefit	13	5,768	4,592	5,768	4,592
	Total non-current liabilities		11,755	10,579	11,755	10,579
	Total liabilities		215,252	129,207	176,817	129,207
Shareholders' Equity						

Share capital					
Authorized share capital					
1,633,859,004 ordinary shares, at Baht 0.5 each in 2020 and					
19,978,103,486 ordinary shares, at Baht 1 each in 2019	14	816,930	19,978,103	816,930	19,978,103
Issued and paid-up share capital					
1,633,859,004 ordinary shares, at Baht 0.5 each in 2020 and					
15,982,476,502 ordinary shares, at Baht 1 each in 2019	14	816,930	15,982,477	816,930	15,982,477
Discount on ordinary share capital	14	-	(13,756,114)	-	(13,756,114)
Retained earnings (Deficits)					
Appropriated - legal reserve	15	13,000	-	13,000	-
Unappropriated		312,433	(1,409,433)	239,987	(1,409,433)
Other components of shareholders' equity		23,949	23,949	23,949	23,949
Total Shareholders' Equity attributable to owners of parent		1,166,312	840,879	1,093,866	840,879
Non-controlling interests		53,337	-	-	-
Total Shareholders' Equity		1,219,649	840,879	1,093,866	840,879
Total Liabilities and Shareholders' Equity		1,434,901	970,086	1,270,683	970,086

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

		Unit: Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Notes		2020	2019	2020	2019
	4	1,182,660	662,603	1,181,938	662,603
		(763,063)	(654,785)	(759,627)	(654,785)
Gross profit		419,597	7,818	422,311	7,818
Other incomes		3,211	3,215	3,181	3,215
Gain (loss) on exchange rate		2,823	(812)	2,823	(812)
(Doubtful debts) reversal		(937)	20	(937)	20
Distribution costs		(17,724)	(14,116)	(17,597)	(14,116)
Impairment loss on investments in associate		-	-	-	(144,630)
Impairment loss on investments in subsidiary	8	-	-	(81,612)	-
Impairment loss on fixed assets		-	(38,298)	-	(38,298)
Administrative expenses		(62,884)	(50,518)	(47,437)	(50,518)
Profit (loss) before share of loss from investment in associate		344,086	(92,691)	280,732	(237,321)
Share of loss from investment in associate		-	(136,922)	-	-
Profit (loss) before finance costs and tax expenses		344,086	(229,613)	280,732	(237,321)
Finance costs	4	(911)	(155)	(172)	(155)
Profit (loss) before tax expenses		343,175	(229,768)	280,560	(237,476)
Tax expenses	16	(27,183)	-	(27,183)	-
Profit (loss) for the years		315,992	(229,768)	253,377	(237,476)

Other comprehensive income (loss):*Components of other comprehensive income that will not be reclassified to profit or loss*

Reversal of gains on revaluation of land in associate - net of tax		-	(7,708)	-	-
Gain (loss) on remeasurements of defined benefit plans - net of tax		(390)	192	(390)	192
Other comprehensive income (loss) for the years		<u>(390)</u>	<u>(7,516)</u>	<u>(390)</u>	<u>192</u>
Total comprehensive income (loss) for the years		<u>315,602</u>	<u>(237,284)</u>	<u>252,987</u>	<u>(237,284)</u>
Profit (loss) attributable to					
Equity holders of the parent		325,823	(229,768)	253,377	(237,476)
Non-controlling interests		(9,831)	-	-	-
		<u>315,992</u>	<u>(229,768)</u>	<u>253,377</u>	<u>(237,476)</u>
Total comprehensive income (loss) attributable to					
Equity holders of the parent		325,433	(237,284)	252,987	(237,284)
Non-controlling interests		(9,831)	-	-	-
		<u>315,602</u>	<u>(237,284)</u>	<u>252,987</u>	<u>(237,284)</u>
Basic earning (loss) per share (Baht)					
Equity holders of the parent	18	<u>0.013</u>	<u>(0.007)</u>	<u>0.010</u>	<u>(0.007)</u>
Weighted average number of issued ordinary shares (Thousand shares)	18	<u>24,257,872</u>	<u>31,964,953</u>	<u>24,257,872</u>	<u>31,964,953</u>

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Unit: Thousand Baht												
Consolidated Financial Statements												
Equity attributable to shareholders' equity of the Company												
	Notes	Retained earnings (Deficits)				Other components of shareholders' equity						
		Issued and paid-up share capital	Discount on ordinary share capital	Appropriated - legal reserve	Unappropriated	Other comprehensive income	Losses on remeasurements of defined benefit plans	Revaluation surplus on land and land improvements	Revaluatio n surplus on land in associate	Total other components of shareholders' equity	Total Shareholder s' Equity of the Company	Non- controlling interests
Balance as at January 1, 2019		15,982,477	(13,756,114)	-	(1,179,857)	-	23,949	7,708	31,657	1,078,163	-	1,078,163
Changes in shareholders' equity for the year:												
Comprehensive loss for the year		-	-	-	(229,576)	-	-	(7,708)	(7,708)	(237,284)	-	(237,284)
Balance as at December 31, 2019		15,982,477	(13,756,114)	-	(1,409,433)	-	23,949	-	23,949	840,879	-	840,879
Changes in shareholders' equity for the year:												
Legal reserve	15	-	-	13,000	(13,000)	-	-	-	-	-	-	-
Capital decrease	14	(15,165,547)	13,756,114	-	1,409,433	-	-	-	-	-	-	-
Increase in non-controlling interests	8	-	-	-	-	-	-	-	-	-	63,168	63,168
Transferred to retained earnings (deficits)		-	-	-	(390)	390	-	-	390	-	-	-
Total comprehensive income (loss) for the year		-	-	-	325,823	(390)	-	-	(390)	325,433	(9,831)	315,602
Balance as at December 31, 2020		816,930	-	13,000	312,433	-	23,949	-	23,949	1,166,312	53,337	1,219,649

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

		Unit: Thousand Baht							
		Separate Financial Statements							
		Retained earnings (Deficits)			Other components of shareholders' equity				
		Issued and paid-up share capital	Discount on ordinary share capital	Appropriated - legal reserve	Unappropriated	Other comprehensive income	Revaluation surplus on land and land improvements	Total other components of shareholders' equity	Total Shareholders' Equity
Notes	Losses on remeasurements of defined benefit plans								
Balance as at January 1, 2019		15,982,477	(13,756,114)	-	(1,172,149)	-	23,949	23,949	1,078,163
Changes in shareholders' equity for the year:									
Total comprehensive loss for the year		-	-	-	(237,284)	-	-	-	(237,284)
Balance as at December 31, 2019		15,982,477	(13,756,114)	-	(1,409,433)	-	23,949	23,949	840,879
Changes in shareholders' equity for the year:									
Legal reserve	15	-	-	13,000	(13,000)	-	-	-	-
Capital decrease	14	(15,165,547)	13,756,114	-	1,409,433	-	-	-	-
Transferred to retained earnings (deficits)		-	-	-	(390)	390	-	390	-
Total comprehensive income (loss) for the year		-	-	-	253,377	(390)	-	(390)	252,987
Balance as at December 31, 2020		816,930	-	13,000	239,987	-	23,949	23,949	1,093,866

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Unit: Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash flows from operating activities:				
Profit (loss) for the years	315,992	(229,768)	253,377	(237,476)
Adjustments to reconcile loss for the year to net cash flow				
from (used in) operating activities:				
Tax expenses	27,183	-	27,183	-
Depreciation and amortization	65,178	56,487	56,706	56,487
Doubtful debt	937	385	937	385
Allowance for devaluation inventory (reversal)	(2,304)	2,299	(4,771)	2,299
Loss on impairment of investments in associate	-	-	-	144,630
Loss on impairment of investments in subsidiary	-	-	81,612	-
Share of loss from investments in associated company	-	136,922	-	-
Loss on impairment of fixed assets	-	38,298	-	38,298
Gain on disposal of fixed assets	(244)	(161)	(244)	(161)
Loss on disposal and writte-off of investment properties	1,114	-	-	-

Long-term employee benefits (reversal)	(864)	1,386	688	1,386
Unrealized (gain) loss on exchange rates	3,766	(247)	3,766	(247)
(Gain) loss on fair value of derivative instrument	352	(88)	352	(88)
Interest incomes	(381)	(289)	(381)	(289)
Finance costs	911	155	172	155
<hr/>				
Profit from operating activities before changes				
in operating assets and liabilities	411,640	5,379	419,397	5,379
Operating assets (increased) decreased				
Trade and other current receivables	21,379	39,509	20,878	39,509
Inventories	15,403	(1,669)	14,630	(1,669)
Other non-current assets	(103)	(7)	(103)	(7)
Operating liabilities increased (decreased)				
Trade and other current payables	(1,111)	19,127	(879)	19,127
<hr/>				
Cash provided from operating activities	447,208	62,339	453,923	62,339
Employee benefit obligations paid	-	(86)	-	(86)
Interest paid	(172)	(155)	(172)	(155)
Income tax paid	(8)	(3)	(9)	(3)
<hr/>				
Net cash provided by operating activities	447,028	62,095	453,742	62,095
<hr/>				

SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

Unit: Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash flows from investing activities:				
Increase in other non-current financial assets	(10,189)	(182)	(10,189)	(182)
Increase in short-term loans to subsidiary	-	-	(4,000)	-
Cash paid for acquisition of fixed assets	(46,916)	(33,245)	(46,916)	(33,245)
Cash received from disposal of fixed assets	244	161	244	161
Cash received from disposal of investment properties	2,830	-	-	-
Cash paid for acquisition of intangible assets	(24)	(94)	(24)	(94)
Cash received from interest incomes	381	289	381	289
Cash in from controlling of subsidiary during the year	2,016	-	-	-
Net cash used in investing activities	(51,658)	(33,071)	(60,504)	(33,071)
Cash flows from financing activities:				
Repayment for lease agreements	(180)	-	-	-
Cash received from short-term borrowings from related person	1,550	-	-	-
Net cash provided by financing activities	1,370	-	-	-
Net increase in cash and cash equivalents	396,740	29,024	393,238	29,024
Cash and cash equivalents at beginning of the years	75,537	46,513	75,537	46,513
Cash and cash equivalents at end of the years	472,277	75,537	468,775	75,537
Supplemental disclosures of cash flows information				
Non-cash transaction				
Increase in accounts payable for purchase of fixed assets	1,782	2,484	1,782	2,484

**SHUN THAI RUBBER GLOVES INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. GENERAL INFORMATION

Shun Thai Rubber Gloves Industry Public Company Limited (“the Company”) was incorporated as a limited company in Thailand on May 24, 1988 and converted to a Public Company on September 4, 2001, which was also the date that the Company’s common shares were approved as listed securities on the Stock Exchange of Thailand. The registered office of the Company is at No.1, Promphan Tower 2, Room No. 608, 6th Floor, Soi Lat Phrao 3, Chom Phon, Chatuchak, Bangkok. Factory is located at No. 9, 14, 52/18, 52/19 Moo 4, Tambon Kached, Amphur Muang, Rayong Province.

The Company mainly engages in the manufacture and distribution of rubber gloves.

2. BASIS OF FINANCIAL STATEMENTS PRESENTATION

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

Presentation of the financial statements complies with Notification of the Department of Business Development, dated December 26, 2019, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided, translated based on the Thai version.

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

Preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of consolidated financial statements preparation

On January 28, 2020, Northern Renewable Energy Co., Ltd. (“NRE”) had registered the change of directors and authorized directors with Department of Business Development. As a result, the Company obtains control of NRE (Note 8).

- a) The consolidated financial statements included the financial statements of Shun Thai Rubber Gloves Industry Public Company Limited and its subsidiary (that together referred to as the “Group”).

The details of the Company’s subsidiary as at December 31, 2020 are as follows:

Company's name	Nature of business	% Equity interest owned by the Company
Northern Renewable Energy Co., Ltd.	Manufacture and distribution of biomass energy solutions, and power generation from biomass and waste	48.25

- b) The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- d) The balances between the Company and its subsidiary, and significant intercompany transactions have been eliminated in the consolidated financial statements.

The financial statements of Northern Renewable Energy Co., Ltd. are included in the consolidated financial statements because the Company has power to control over their financial and operating policies, even though the Company’s shareholding less than 50 percent, therefore, they are regarded as subsidiary company.

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not belong to the Company and are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position.

The separate financial statements, which present investments in subsidiary under the cost method, have been prepared solely for the benefit of the public.

New financial reporting standards and accounting treatment guidance

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

During the year 2020, the Company and its subsidiaries adopted the revised (revised 2020) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after January 1, 2020. These financial reporting standards seek alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting

guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of either the Company or its subsidiary, except the adoption of the financial reporting standards related to financial instruments and TFRS 16 Leases. The changes to key principles and impacts are summarized as follows:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or 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.

TFRS 16 Leases

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

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

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

Impacts on the financial statements

The Group has adopted these two groups of reporting standards as from January 1, 2020 under the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies are therefore recognized in the statement of financial position as at January 1, 2020.

The impact of first-time adoption of new accounting standards on the consolidated and separate statement of financial position as at January 1, 2020 is as follows:

	Unit: Thousand Baht		
	Consolidated and Separate Financial Statements		
	December 31, 2019	TFRS9	January 1, 2020
Statement of financial position			
Current assets			
Temporary investments	3	(3)	-
Other current financial assets	-	3	3
Non-current assets			
Restricted deposits at financial institutions	15,637	(15,637)	-
Other non-current financial assets	-	15,637	15,637
Total assets	15,640	-	15,640

Financial instruments**Classification and measurement**

On January 1, 2020 (the date of initial application), Group management assessed the business models applied to financial assets and liabilities. Group management classified and measured all financial assets and liabilities at amortised cost, except for the financial assets - investment in equity instrument, which are measured at fair value through profit or loss and presented as “temporary investments”.

Derivatives

The Group has the following derivative instruments:

	Unit: Thousand Baht	
	Consolidated and Separate Financial Statements	
	As at December 31, 2020	As at January 1, 2020
Current assets (liabilities)		
Foreign currency forwards - held for trading	(352)	140

Impairment of financial assets

The Group has trade receivables and short-term loan to related party that are subject to the expected credit loss model. The Group adjusted the effect in the financial statement at the date of adoption of such standard as follow:

Trade receivables

The Group applies the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced.

On that basis, the loss allowance for trade receivables as at January 1, 2020 was as follows:

As at January 1, 2020	Unit: Thousand Baht			
	Consolidated and Separate Financial Statements			
	Not yet due	Up to 3 months	Over 12 months	Total
Gross carrying amount	46,740	12,453	53,169	112,362
Loss allowance	416	468	52,285	53,169

(b) Revised financial reporting standards

In January 2021, the Federation of Accounting Professions announced the new TFRS 16 Lease (revised 2020), which was amended to provide the following two practical forms of relief:

1) Rent concessions to lessees as a result of the COVID-19 pandemic:

A lessee may elect not to assess whether a COVID-19 related rent concession is a lease modification and shall account for those rent concessions as if they were not lease modifications. This amendment is effective for fiscal periods beginning on or after June 1, 2020.

2) Lease modifications as a result of interest rate benchmark reform:

This will be effective for fiscal periods beginning on or after January 1, 2022.

The management of the Group believes these revised financial reporting standards do not have any significant impact on the financial statements when adopted.

(c) Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of COVID-19”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19”.

The Accounting Treatment Guidance was published in the Royal Government Gazette on April 22, 2020, and is effective for financial statements prepared for reporting periods between January 1, 2020 and December 31, 2020.

The Group has elected to apply the temporary relief measures on accounting alternatives to not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

3. SIGNIFICANT ACCOUNTING POLICIESRevenues and expenses recognition*Revenue from sale*

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Other revenues and expenses

The Group recognized revenues and expenses on an accrual basis.

Cash and Cash Equivalents

Cash on hand is kept for general use purposes within the Group. Cash equivalents are savings deposits and current accounts, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

Trade receivables

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at present value.

The Group applies TFRS 9's simplified approach to measure expected credit losses. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial assets and financial liabilities

Classification and measurement of financial assets and financial liabilities

Classification

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its debt instruments in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

Measurement

At initial recognition, where a financial asset is not at FVPL, the Group measures the financial asset at its fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: A financial asset will be measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition,

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.

- *FVOCI*: A financial asset will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- *FVPL*: A asset that does not meet the criteria for amortised cost or FVOCI is measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments shall be subsequently measured at fair value and the fair value change is to be recognised through profit or loss or other comprehensive income depending on the classification of such equity instrument.

Derivatives are classified and measured at fair value through profit or loss unless hedge accounting is applied.

Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment

Expected credit losses associated with financial assets carried at amortized cost and FVOCI, and assets from loan commitments and financial guarantees, are assessed without the increases in credit risk. The Group applies the general approach to the measurement of expected credit losses. In the case of trade receivables, however, the Group applies the simplified approach to measure expected credit losses.

Inventory

Inventories are stated at the lower of cost or net realizable value, by using the following methods:

Finished goods and work in process	-	at first-in, first-out method
Raw materials and factory supplies	-	at average cost method

Cost 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 includes an appropriate share of overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Investments in subsidiary

Investment in subsidiary is applied by using the cost method and allowance for impairment losses (if any) in the separate financial statements.

Investment properties

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

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 3 - 20 years.

Depreciation of the investment properties is included in determining operation performance.

No depreciation is provided on land.

On disposal of investment properties, the Company and subsidiary recognized the difference between the net disposal proceeds and the carrying amount of the asset profit or loss in the period when the asset is derecognized.

Property, Plant and Equipment

Land and land improvements are stated at revalued amounts according to assessment report dated March 5, 2018.

Revaluations are performed with sufficient regularity by an independent professional valuator with to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the financial reporting date.

Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any). When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of profit or loss.

The Group records the differences incurred from revaluation as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading "Revaluation surplus of fixed assets". However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.
- When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading "Revaluation surplus of fixed assets".

The revaluation surplus of fixed assets is not available for dividend distribution.

Upon the disposal of the revalued property, plant and equipment, the relevant portion of the revaluation surplus realized in respect of the previous valuation is released from the property, plant and equipment valuation surplus directly to retained earnings or deficit.

Depreciation

Depreciation of plant and equipment is calculated according to the straight-line basis over the following estimated useful lives:

	<u>Useful lives (Years)</u>
Land improvements	20
Buildings and building improvements	20
Machinery and equipment	5 to 15
Furniture, fixtures and office equipment	3 to 10
Vehicles	5

Intangible assets

Computer Software

Computer software acquired by the Group is stated at cost less accumulated amortization and allowance for impairment losses (if any).

Amortization

Amortization of computer software is calculated by reference to its costs on a straight-line basis for the periods of 3 to 5 years.

Impairment of Assets

The Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of the asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in profit or loss or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment loss recognized in prior years is recorded as part of other income or as a revaluation increments in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

Leases

Leases - where the Group is the lessee

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

The Group recognizes right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs and estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentive received.

The lease liability is initially measured at the present value by discounting lease payments that are not paid at the commencement date using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price, under a purchase option that the Group is reasonably certain to exercise, whereby the exercise price is considered as lease payments in an optional renewal period; and
- Payments of penalties for early termination of a lease if the Group is reasonably certain to terminate early.

To apply a cost model, the Group measures the ROU asset at cost, less accumulated depreciation and accumulated impairment loss and then makes adjustments for any remeasurement of the lease liability. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. However, if the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the ROU asset reflects that the Group will exercise a purchase option, the Group depreciates the ROU asset from the commencement date to the end of the useful life of the underlying asset. The useful life of the ROU asset is determined on the same basis as those of property, plant and equipment.

The lease liability is re-measured when there is a change in future lease payments arising from the following:

- A change in an index or a rate used to determine those payments
- A change in the Group's estimate of the amount expected to be payable under a residual value guarantee
- The Group changes its assessment of whether it will exercise a purchase, extension or termination option

When the lease liability is re-measured to reflect changes to the lease payments, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit for the period immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities at the statement of financial position dates denominated in foreign currencies are translated into Baht at the rates prevailing on the transaction dates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income as incurred. Outstanding forward foreign exchange contracts at the end of the year for hedging of its foreign currency transactions are valued at the market rates at that date and its unrealized gains and losses are reported in the statements of profit or loss.

Provision

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Employee Benefits

Short-term benefits

The Group recognizes salaries, wages, bonuses and social security contributions as expenses on an accrual basis.

Post-employment benefits

(A) Defined contribution plans

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

(B) Defined benefit plans and other long-term employee benefits

The employee benefit obligation for severance payment under labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Group in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate

of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in the other comprehensive income and actuarial gains and losses arising from other long-term employee benefits are recognized immediately in the profit or loss.

Finance Costs

Interest expenses and similar costs are charged to the statement of profit or loss for the year in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of profit or loss using the effective interest rate method.

Income Tax

Income tax expenses represent the sum of corporate income tax currently payable and deferred tax.

Current tax

The Group records current income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

The Group recognizes deferred income tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

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

Fair value measurement

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

maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

Basic earnings (loss) per share

Basic earnings (loss) per share are computed by dividing net profit (loss) for the years by the weighted average number of common shares outstanding during the years.

Significant accounting judgments and estimates

The preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make judgments and estimates. Judgments and estimations will affect the amounts in the financial statements and the information presented in the Notes to financial statements. Actual results may differ from these judgments and estimates. Significant judgments and estimates are as follows:

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The entity recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation.

Impairment of investment in subsidiary

The Company treats investments in subsidiary as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment and depreciation

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

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

Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant judgment by management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future profits.

Post-employment benefits under defined benefit plans

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

4. TRANSACTIONS WITH RELATED PARTIES

The following presents relationships with enterprises and individuals that control or are controlled by the Group, whether directly or indirectly, or have common directors or shareholders with the Group as follow:

Related Company	Nature of relationship	
	December 31, 2020	December 31, 2019
1. Northern Renewable Energy Co., Ltd	Subsidiary	Association
2. Thai Hua Rubber PCL.	Common shareholders	Common shareholders
3. Advance Power Conversion Co., Ltd.	Common shareholders	Common shareholders
4. Bright Blue Water Corporation Co., Ltd.	Common shareholders	Common shareholders
5. Akesit Automation Technology Co., Ltd.	Common shareholders	Common shareholders
6. M.R.I. Co., Ltd.	Common directors	Common directors

The Group had significant related parties transactions, both directly and indirectly related through common shareholders and/or common directors. The Group had significant transactions in consolidated financial statements and in separate financial statements for the year ended December 31, 2020 and 2019, as follows:

	Unit: Thousands Baht				The pricing policy
	Consolidated Financial Statements		Separate Financial Statements		
	2020	2019	2020	2019	
Transactions between related parties					
Shareholder					
Interest expense	460	-	-	-	MLR
M.R.I. Co., Ltd.					
Revenues from domestic sales	4,597	-	4,597	-	Mutually agreed which reference to market price

The outstanding balances with the relate parties as at December 31, 2020 and 2019, were as following:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Statements of financial position				
Other receivables				
Northern Renewable Energy Co., Ltd.				
Other receivables	-	-	405	405
<u>Less</u> Allowance for doubtful debt	-	-	(405)	(405)
Net	-	-	-	-

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Statements of financial position				
Short-term loans to subsidiary				
Northern Renewable Energy Co., Ltd.	-	-	4,000	-
Machinery and equipment				
Northern Renewable Energy Co., Ltd.				
Factory equipment (purchase price)	2,010	-	2,010	-
Vehicles (purchase price)	820	-	820	-
Advance Power Conversion Co., Ltd.				
Machinery - Boiler (purchase price)	49,500	49,500	49,500	49,500
Boiler control system (purchase price)	5,500	5,500	5,500	5,500
Roof structure (purchase price)	18,000	18,000	18,000	18,000
Machinery and equipment				
Bright Blue Water Corporation Co., Ltd.				
Machinery - water supply system (purchase price)	45,595	45,595	45,595	45,595
<u>Less</u> Allowance for impairment of machinery	(34,158)	(34,158)	(34,158)	(34,158)
Net	11,437	11,437	11,437	11,437
Non-current assets				
Akesit Automation Technology Co., Ltd.				
Non-current assets - deposits for feasibility study of power plant	36,000	36,000	36,000	36,000
<u>Less</u> Allowance for impairment of deposits	(36,000)	(36,000)	(36,000)	(36,000)
Net	-	-	-	-
Shareholder				
Short-term borrowings from related person	7,475	-	-	-
Accrued interest expenses	626	-	-	-

Short-term loans to subsidiary were repaid within 1 year from the agreement date with land and building as collateral. The loan bears interest at 6.97% per annum.

Short-term borrowings from related person are due at call without collateral. The loan bears interest at 6.25% per annum. The Company purchase the assets from related company according to mutually agreed price.

Compensation – for key management personnel

Compensation – for key management personnel for the year ended December 31, 2020 and 2019, consisted of:

	Unit: Thousands Baht	
	Consolidated Financial Statements / Separate Financial Statements	
	2020	2019
Short-term benefits	10,904	11,331
Post-employment benefits	110	108
Total	11,014	11,439

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2020 and 2019, consisted of:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash	32	69	32	69
Cash at banks	471,695	75,468	468,193	75,468
Cheque due	550	-	550	-
Total	472,277	75,537	468,775	75,537

6. TRADE AND OTHER CURRENT RECEIVABLES – NET

Trade and other current receivables - net as at December 31, 2020 and 2019, consisted of:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Trade receivables	114,990	112,362	95,545	112,362
<u>Less</u> Allowance for doubtful accounts	(73,519)	(53,169)	(54,078)	(53,169)
Total trade receivables - net	41,471	59,193	41,467	59,193
Other current receivables				
Other receivables - related company	-	405	405	405
<u>Less</u> Allowance for doubtful accounts - related company	-	(405)	(405)	(405)
Other receivables - related company - net	-	-	-	-
Value added tax receivable	37	4,300	-	4,300
Prepaid expenses	3,546	4,170	3,488	4,170
Input VAT not yet due	672	3,897	417	3,897
Others	2,531	1,996	2,502	1,996
Total other current receivables	6,786	14,363	6,407	14,363
Total trade and other current receivables - net	48,257	73,556	47,874	73,556

The Group has trade receivables classified by age analysis as follows:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Undue	27,405	46,740	27,405	46,740
Overdue				
Within 3 months	15,000	12,453	15,000	12,453
Over 12 months	72,585	53,169	53,140	53,169
Total trade receivables	114,990	112,362	95,545	112,362

Due to the short-term nature of trade and other current receivables, there carrying amount is considered to be the same as their fair value.

7. INVENTORIES – NET

Inventories – net as at December 31, 2020 and 2019, consisted of:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Finished goods	35,772	29,111	33,434	29,111
Work in process	26,844	42,459	26,844	42,459
Raw materials and supplies	34,777	41,310	34,648	41,310
Goods in transit	8,654	5,330	8,654	5,330
Total inventories	106,047	118,210	103,580	118,210
<u>Less</u> Allowance for devaluations	<u>(7,419)</u>	<u>(9,723)</u>	<u>(4,952)</u>	<u>(9,723)</u>
Total inventories - net	98,628	108,487	98,628	108,487

8. INVESTMENTS IN SUBSIDIARY – NET

Investments in subsidiary – net presented in separate financial statements as at December 31, 2020, consisted of:

Company's name	Nature of business	Investment portion (%)	Unit: Thousands Baht	
			Paid up share capital	Investment at equity method
Northern Renewable Energy Co., Ltd.	Manufacturing and distribution of biomass energy solutions	48.25	1,000,000	482,475
<u>Less</u> Allowance for impairment on investment in subsidiary				<u>(337,882)</u>
Investments in subsidiary - net				144,593

As the subsidiary was cease its operation since April 11, 2020, the management of the Company consider to provide loss on impairment of investment according to the appraisal report of fair value of assets issued by the independent appraiser. Therefore, the Company recorded loss on impairment of investment in subsidiary of Baht 81.61 million in statement of comprehensive income for the year 2020.

BUSINESS COMBINATIONS BY CHANGING CONTROLLING IN AN ASSOCIATE

On January 28, 2020, Northern Renewable Energy Co., Ltd. (“NRE”), the Company’s associate, registered a change of directors and authorized directors with the Department of Business Development. NRE’s new board of directors consists of four Company directors and two outside directors, whereas two Company directors and one outside director are authorized jointly sign by two of three to bind the associate. As a result of the change, the Company acquired control of NRE on January 28, 2020. Therefore, the Company, on January 28, 2020, prepared its consolidated financial statements by including the financial statements of the associate and classifying the investment in NRE as an investment in a subsidiary.

Identifiable assets acquired and liabilities assumed

	Unit: Thousand Baht
Cash and cash equivalents	2,016
Current investments – net	394
Trade and other current receivables – net	592
Inventories	3,241
Other current assets	292
Investment properties – net	320,878
Deposit – net	71
Trade and other current payables	(25,782)
Lease liabilities	(207)
Short-term borrowings from related person	(5,925)
Other current liabilities	(4,645)
Non-current provisions for employee benefits	(1,552)
Net Assets	289,373
Less accept payment from capital increase	(170,555)
Net assets of the associate before accept payment from capital increase	118,818
Non-controlling interests before accept payment from capital increase	(61,488)
Fair value of investment exiting at the date of control	57,330
Capital increase of the Company**	168,875
Book value of invest in an associate	226,205
Non-controlling interests before accept payment from capital increase	61,488
Plus Capital increase of non-controlling interests	1,680
Total non-controlling interests	63,168

**As at December 31, 2020, the other shareholders in the subsidiary have not yet made fully payment for the subscription shares. As a result, there was share subscription receivable outstanding on the financial statements of the subsidiary amounting to Baht 179.45 million.

Management of the Company recognized 48.25% of its investments in the subsidiary in the consolidated financial statement, according to the proportion of shares registered with the Ministry of Commerce. This is, despite that the Company paid for the shares with a higher than registered proportion, as other shareholders have not paid Baht 179.45 million for the share increase. Management of the Company and its legal counsel believe that the registered capital increase of the subsidiary is invalid. On February 19, 2021, the Company has file a lawsuit to the court and preliminary examinations on April 27, 2021 and May 17, 2021.

Subsidiary have significant non-controlling interests as follows:

Subsidiary Company	Country of incorporation and main place of business	Owner and voting rights held by non- controlling interests (percent)	Unit: Thousands Baht	
			Total comprehensive loss attributable to non-controlling interests	Accumulated non-controlling interests
			2020	2020
Northern Renewable Energy Co., Ltd.	Thailand	51.75%	(9,831)	53,337

The financial information of the subsidiaries before eliminating related transactions is as follows:

	Unit: Thousands Baht
	Northern Renewable Energy Co., Ltd.
	2020
Current assets	4,278
Non-current assets	308,533
Current liabilities	42,435
Non-current liabilities	-
Non-controlling interests	53,337
Non-controlling interests (percent)	51.75%
Revenue	753
Net loss during the year of non-controlling interests	(9,831)
Net comprehensive income of non-controlling interests	(9,831)
Net cash flows from (use in)	
Operating activities	(6,713)
Investing activities	2,830
Financing activities	5,370
Net increased in cash	1,487

Investments in an associated company as at December 31, 2019 consisted of:

		Unit : Thousand Baht			
Company's name	Nature of business	Investment	Financial statements		
		portion (%)	Paid up share capital	in which the equity method is applied	Separate financial statements
Northern Renewable Energy Co., Ltd.	Manufacturing and distribution of biomass energy solutions	48.25	1,000,000	226,205	482,475
<u>Less Allowance for impairment on investment</u>					<u>(256,270)</u>
Investments in an associate company - net					<u>226,205</u>

Financial information of associated company

The financial information as presented in the financial statements of the associated company is as follows:

	Unit: Thousand Baht
	As at December 31, 2019
Statement of financial position	
Current assets	6,535
Non-current assets	320,949
Current liabilities	36,559
Non-current liabilities	1,552
	Unit: Thousand Baht
	For the years ended December 31, 2019
Statement of profit or loss and other comprehensive income	
Total revenues	8,783
Doubtful debt	19,441
Allowance for impairment of deposits for purchase of land and Machineries	259
Allowance for impairment of property, plant and equipment	156,958
Net loss	283,775
Other comprehensive income	(15,977)

Reconciliation of financial data with respect to equity in the associate recognized in the financial statements prepared according to the equity method as at December 31, is as follows:

	Unit: Thousand Baht
	2019
Net assets of associated company	289,373
Less Cash receipts from increased share capital	(170,555)
Net assets of the company before receipts from increased share capital	118,818
Portion of equity interest in associated company (percent)	48.25%
Equity interest in net assets of associated company	57,330
The capital increase of the Company	168,875
Book value of investments in associated company	226,205

9. INVESTMENT PROPERTIES – NET

Investment properties – net as at December 31, 2020, consisted of:

	Unit: Thousands Baht				
	Consolidated Financial Statements				
	As at	Increase form			As at
	January 1, 2020	business	Increase	Decrease	December 31, 2020
		combinations			
Cost					
Land and Land improvements	-	396,305	-	-	396,305
Factory and building	-	57,519	-	-	57,519
Machinery	-	66,571	-	(5,692)	60,879
Factory equipment	-	50,723	-	(1,640)	49,083
Furniture, fixtures and office equipment	-	4,677	-	-	4,677
Vehicles	-	3,567	-	(2,789)	778
Construction in progress	-	546	-	(546)	-
Total	-	579,908	-	(10,667)	569,241
Accumulated depreciation					
Land and Land improvements	-	2,151	352	-	2,503
Factory and building	-	10,845	2,754	-	13,599
Machinery	-	18,571	2,002	(3,249)	17,324
Factory equipment	-	10,873	2,908	(696)	13,085
Furniture, fixtures and office equipment	-	4,306	254	-	4,560
Vehicles	-	3,182	202	(2,778)	606
Total	-	49,928	8,472	(6,723)	51,677
Allowance for impairment					
Land and Land improvements	-	177,125	-	-	177,125
Factory and building	-	1,533	-	-	1,533
Machinery	-	30,444	-	-	30,444
Total	-	209,102	-	-	209,102
Net book value	-				308,462

Fair value of investment properties

Fair value of investment properties as at December 31, 2020, as follows

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Land and land improvement	292,294	-	-	-
Machinery	21,504	-	-	-
Other assets (book value)	19,864	-	-	-
Total	333,662	-	-	-

The fair value measurement for investment properties has been categorized as a Level 2 fair value based on the inputs to the valuation technique used, which is the cost approach and market approach.

Land of Baht 50.21 million and building of Baht 1.47 million of subsidiary were pledged as a security on borrowings from the Company (Note 4).

10. PROPERTY, PLANT AND EQUIPMENT – NET

Property, plant and equipment - net as at December 31, 2020, consisted of:

	Unit : Thousand Baht				As at December 31, 2020
	Consolidated Financial Statements/Separate Financial Statements				
	As at January 1, 2020	Increase	Decrease	Transfers in/(out)	
Cost					
Land and Land improvements					
- Historical cost	75,057	-	-	-	75,057
- Revaluation surplus	29,936	-	-	-	29,936
Buildings and building improvement	233,012	315	-	2,801	236,128
Machinery and equipment	897,885	17,980	(21,347)	21,679	916,197
Furniture, fixtures and office equipment	10,655	348	-	-	11,003
Vehicles	6,011	820	-	-	6,831
Construction in progress	258	33,671	-	(24,480)	9,449
Total	1,252,814	53,134	(21,347)	-	1,284,601
Accumulated depreciation					
Land and Land improvements	10,649	819	-	-	11,468
Buildings and building improvement	129,444	8,938	-	-	138,382
Machinery and equipment	566,697	45,700	(21,347)	-	591,050
Furniture, fixtures and office equipment	9,167	909	-	-	10,076
Vehicles	6,009	89	-	-	6,098
Total	721,966	56,455	(21,347)	-	757,074
Allowance for impairment					
Buildings and building improvement	11,851	-	-	-	11,851
Machinery and equipment	50,045	-	-	-	50,045
Total	61,896	-	-	-	61,896
Net book value	468,952				465,631

The Group engaged an independent appraiser to appraise the value of asset in 2018 as follow;

- Land and land improvement were revalued using the market approach.
- Building and improvement were revalued using the depreciated replacement cost approach.
- Machinery and equipment were revalued using the depreciated replacement cost approach.

As at December 31, 2020 and 2019, the Group had revaluation surplus net of tax presented in other components of shareholder's equity of Baht 23.95 million.

As at December 31, 2020 and 2019, the property and equipment of the Group amounting to Baht 482.99 million and Baht 458.04 million, respectively, are fully depreciated but still in use.

As at December 31, 2020 and 2019, all of the Group's land, buildings and improvements that exist or that are to be constructed thereon including a portion of machinery and equipment are mortgaged/pledged as collateral for credit facilities from several local banks as discussed in Note 21.1.

11. DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities during the years were as follows:

	Unit: Thousands Baht			
	Consolidated Financial Statements / Separate Financial Statements			
	As at January 1, 2020	Profit (loss)	Other comprehensive of income	As at December 31, 2020
Deferred tax assets			<input type="checkbox"/>	
Allowance for doubtful account	-	455	-	455
Allowance for stock obsolescence	-	990	-	990
Allowance for impairment of fixed assets	-	11,170	-	11,170
Non-current provisions for employee benefit	-	1,056	98	1,154
Total	-	13,671	98	13,769
Deferred tax liabilities				
Gains on revaluation of assets	(5,987)	-	-	(5,987)
Net	(5,987)	13,671	98	7,782

	Unit: Thousands Baht		
	Consolidated Financial Statements /		
	Separate Financial Statements		
	As at	Other	As at
January 1, 2019	comprehensive of income	December 31, 2019	
Deferred tax liabilities			
Gains on revaluation of assets	(5,987)	-	(5,987)
Total deferred tax liabilities	(5,987)	-	(5,987)

12. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2020 and 2019, consisted of:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Trade payables	83,585	94,024	78,089	94,024
Other current payables				
Other payables	13,225	3,477	3,318	3,477
Payable for purchase of assets	6,218	4,436	6,218	4,436
Advance received for goods	19,320	-	14,320	-
Accrue expenses	31,755	16,652	21,792	16,652
Others	695	39	127	39
Total other current payables	71,213	24,604	45,775	24,604
Total trade and other current payables	154,798	118,628	123,864	118,628

Due to the short-term nature of trade and other current payables, their carrying amount is considered to be the same as their fair value.

13. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movement of the present value of non-current provisions for employee benefits for the year ended December 31, 2020 and 2019, as follows:

	Unit: Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Non-current provisions for				
employee benefit at beginning of year	4,592	3,484	4,592	3,484
Include in profit or loss:				
Current service cost	552	546	552	546
Interest cost	136	118	136	118
Past service cost	-	722	-	722
Include in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	1,068	-	1,068	-
Demographic assumptions changes	(884)	(192)	(884)	(192)
Experience adjustments	304	-	304	-
Benefit paid during the year	-	(86)	-	(86)
Increase from business combinations	1,552	-	-	-
Decrease from employee resigned	(1,552)	-	-	-
Non-current provisions for				
employee benefit at ending of year	5,768	4,592	5,768	4,592

Employee benefit expenses as shown in the statements of profit or loss for the year ended December 31, 2020 and 2019, are as follows:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cost of sales	494	1,148	494	1,148
Administrative expenses	(1,358)	238	194	238
Total employee benefit expenses	(864)	1,386	688	1,386

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from the mortality table.

Principal actuarial assumptions as at December 31, 2020 and 2019, (represented by the weighted-average) consisted of:

	(Percentage/annum)	
	Consolidated Financial Statements / Separate Financial Statements	
	2020	2019
Discount rate	1.47	2.94
Salary increase rate	3.00	3.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2017	
Turnover rate		
Under 31 years old	25.00	26.00
31 - 40 years old	17.00	17.00
41 - 50 years old	16.00	13.00
Above 51 years old	0.00	0.00

The result of sensitivity analysis for significant assumptions that affect the present value of the non-current provisions for employee benefit as at December 31, 2020 are summarized below:

	Unit: Thousand Baht	
	Consolidated Financial Statements / Separate Financial Statements	
	Increase 1%	Decrease 1%
Discount rate	(721)	782
Salary increase rate	719	(672)
Turnover rate	(43)	51

As at December 31, 2020, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit : Thousand Baht
Within 1 year	-
Over 1 and up to 5 years	682
Over 5 and up to 10 years	4,681
Over 10 years	14,253

On April 5, 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from May 5, 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 0.72 million. Therefore, the Company has recorded the effect of the change by recognising past service costs as expenses immediately in the income statement of the year 2019.

14. SHARE CAPITAL

The Annual General Meeting of Shareholders of the Company held on June 26, 2020, resolved to:

1. Decrease the Company's registered capital from the existing registered capital of 19,978,103,486 shares at Baht 1 per share totalling Baht of 19,978,103,486 to the newly registered capital of 15,982,476,502 shares at Baht 1 per share totalling of Baht 15,982,476,502. (Amendment of the Company's Memorandum of Association so as to correspond with Company's registered capital decrease was also approved.). The capital decrease was already registered with the Ministry of Commerce on July 10, 2020.
2. Change of the par value of the Company from Baht 1 per share to Baht 0.50 per share, resulting in the number of shares of the Company changed from the previous 15,982,476,502 shares, the par value of Baht 1 per share, in the amount of 31,964,953,004 shares, the par value of Baht 0.50 per share. (Amendment of the Company's Memorandum of Association so as to correspond with Company's registered capital decrease was also approved.). The change of par value was already registered with the Ministry of Commerce on July 13, 2020.
3. Decrease the Company's registered capital from the existing registered capital of 31,964,953,004 shares at Baht 0.50 per share totalling Baht of 15,982,476,502 to the newly registered capital of 1,633,859,004 shares at Baht 0.50 per share totalling of Baht 816,929,502 in order to compensate the discount on paid-up capital of ordinary shares and the deficits. (Amendment of the Company's Memorandum of Association so as to correspond with Company's registered capital decrease was also approved.). The capital decrease was already registered with the Ministry of Commerce on September 30, 2020.

15. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside a portion of annual net profit for legal reserve not less than 5% of annual net profit less deficits brought forward (if any) until this reserve is not less than 10% of authorized capital. Such reserve is not allowed to pay for dividend.

16. TAX EXPENSES

Tax expenses for the years ended December 31, 2020 and 2019, as follow:

	Unit: Thousands Baht	
	Consolidated Financial Statements /	
	Separate Financial Statements	
	2020	2019
Current tax expenses		
Current year	40,854	-
Deferred tax expenses		
Movements in temporary differences	(13,671)	-
Total	27,183	-

Tax expenses recognized in other comprehensive income for the years ended December 31, 2020 and 2019, as follows:

	Unit: Thousands Baht	
	Consolidated Financial Statements /	
	Separate Financial Statements	
	2020	2019
Loss on remeasurement of defined benefit plans	98	-

Reconcile between income tax expenses and the product of accounting profit multiplied by the applicable tax rates are as follows:

		Unit: Thousands Baht			
		Consolidated Financial Statements			
		2020		2019	
		Tax rate		Tax rate	
		(%)	Unit: Thousands Baht	(%)	Unit: Thousands Baht
Profit (loss) before tax expenses			343,175		(229,768)
Income tax using the corporate tax rate	20		68,635	20	(45,954)
Expenses not deductible for tax purposes			1,583		797
Double expense by the revenue code			(81)		(41)
Unrecorded deferred tax assets			493		17,813
Net loss in current year are not recognized					
as deferred tax			3,602		-
Net losses entitled to be deducted by the revenue code			(30,727)		-
Share of losses from investments in associates			-		27,385
Effect on eliminate transactions			(16,322)		-
Tax expenses	7.92		27,183	-	-

		Unit: Thousands Baht			
		Separate Financial Statements			
		2020		2019	
		Tax rate		Tax rate	
		(%)	Unit: Thousands Baht	(%)	Unit: Thousands Baht
Profit (loss) before tax expenses			280,560		(237,476)
Income tax using the corporate tax rate	20		56,112	20	(47,495)
Expenses not deductible for tax purposes			1,879		797
Double expense by the revenue code			(81)		(41)
Unrecorded deferred tax assets			-		46,739
Net losses entitled to be deducted by the revenue code			(30,727)		-
Tax expenses	9.69		27,183	-	-

17. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2020 and 2019, were as follows:

	Unit: Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Change in inventories of finished goods				
and work in progress decrease	(11,999)	(15,930)	(11,291)	(15,930)
Raw materials and consumable used	523,771	449,954	523,705	449,954
Employee expenses	144,264	127,708	142,447	127,708
Depreciation and amortization	65,178	56,487	56,706	56,487
Allowance for doubtful accounts	937	385	937	385
Impairment loss on investments in associate	-	-	-	144,630
Impairment loss on investments in subsidiary	-	-	81,612	-
Impairment loss on fixed assets	-	38,298	-	38,298
(Reversal of) allowance for obsolescence				
stock presented in costs of sales	(2,304)	2,299	(4,771)	2,299
Electricity expenses	39,884	35,838	39,598	35,838
Maintenance expenses	7,155	2,362	7,095	2,362

18. BASIC EARNING (LOSS) PER SHARE

The effect of the change in par value of the Company's ordinary shares as mentioned (Note 14.2) resulted changes in the weighted average number of ordinary shares and the basic earning (loss) per share for the financial statements for the year ended December 31, 2019. For the purpose of comparison, the Company adjust the number of ordinary shares that used for calculated earning (loss) per shares for the year ended December 31, 2019 as if the change had occurred at the beginning of the earliest year presented.

Basic earning (loss) per share is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Profit (loss) attributable to equity holders				
of the parent (Thousands Baht)	325,823	(229,768)	253,377	(237,476)
Weighted average number of issued				
ordinary shares (Thousands Shares)	24,257,872	31,964,953	24,257,872	31,964,953
Basic earning (loss) per share (Baht)	0.013	(0.007)	0.010	(0.007)

19. OPERATING SEGMENTS

The Company is engaged in the production and distribution of rubber gloves and its subsidiary engaged in the production and distribution of biomass fuel. Therefore, revenue, profit (loss) and assets reflected in the financial statements are related to the business segments as discussed.

The Group's operations sales portions by geographical segments for the years ended December 31, 2020 and 2019, were as follows:

	(Percentage of total net sales)			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Net foreign sales	37.76	61.93	37.78	62.75
Net domestic sales	62.24	38.07	62.22	37.25
Total	100.00	100.00	100.00	100.00

The Group's operations sales portions by type of customer for the years ended December 31, 2020 and 2019, were as follows:

	Unit: Thousands Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Net individual sales	52,563	39,985	52,480	39,985
Net corporate sales	1,130,097	622,618	1,129,458	622,618
Total	1,182,660	662,603	1,181,938	662,603

20. PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 and based on the approval from the Ministry of Finance on April 23, 2004. Under the plan, members and the Company contribute to the fund at 3% of the employees' basic salaries. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

Provident fund contributions made by the Company for its employees and recorded as expense in profit or loss for the years ended December 31, 2020 and 2019 of Baht 0.49 million and Baht 0.51 million, respectively.

21. COMMITMENTS AND CONTINGENT LIABILITIES

- 21.1.** As at December 31, 2020 and 2019, the Company obtained credit facilities (short-term borrowings, forward contracts, bank guarantees, and liabilities under packing credit) from two local banks totaling Baht 52.85 million. The loans bear interest at the MOR or MLR per annum. These credit facilities are collateralized by a pledge of the Company's fixed deposits and mortgage/pledge of the Company's land, buildings and improvements that exist or are to be constructed thereafter, and a portion of machinery and equipment as discussed in Note 10. Moreover, the loan agreements contain conditions and restrictions, such as not to create an additional pledge on those assets, etc.
- 21.2.** As at December 31, 2020, there were letter of credit issued by bank for its supplier amount of Baht 7.28 million.
- 21.3.** As at December 31, 2020 and 2019, the Company obtained letters of guarantee issued by a local bank amounting to Baht 12.86 million and 6.10 million, respectively guaranteed by a pledge of deposits with financial institutions.
- 21.4.** As at November 1, 2019, the Company entered into operating lease agreements for office buildings for two-year periods. These agreements are renewable. The Company is committed to pay rent at the rate of Baht 36,750 per month, and a service charge at the rate of Baht 39,323 per month.

22. DISCLOSURES ON FINANCIAL INSTRUMENTS

Capital maintenance

The Group's objective in the management of capital is to maintain the ability to run the operation and generate the return to equity holder and for the benefit of other shareholders, and to maintain proper equity structure to reduce the cost of capital.

The Group may adjust dividend payment policy to equity holder, return capital to equity holder, issue new equity, or sell assets to reduce debt burden in order to maintain its capital structure.

Foreign currency risk

The Group's exposure to foreign currency risk relate primarily to the purchase of major raw materials and sales of goods which are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies in December 31, 2020 and 2019 are summarized below.

Foreign currency	Consolidated Financial Statements /Separate Financial Statements			
	Financial assets		Financial liabilities	
	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)
US Dollar	4.25	2.16	0.64	0.64
Euro	1.02	0.82	-	-

Credit risk

Credit risk is the risk that a counter-party is unable or unwilling to meet a commitment that it entered into with the Group. The risk is controlled by the application of credit approvals from time to time and monitoring procedures.

The carrying amount of accounts receivable recorded in the statements of financial position net of allowance for expected credit losses of trade receivables accounts represents the maximum exposure to credit risk.

Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates, which may impact current and future operations of the Group. The Group is exposed to interest rate risk related primarily to its deposits at financial institutions, investment in restricted fixed deposits, short-term borrowings from related person. However, most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates. As such, the management considers the interest rate risk as minimal. Hence, the Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities classified by type of interest rate in the consolidated financial and in separate financial statements were as follows:

		Unit : Million Baht									
		Consolidated Financial Statements									
		As of December 31, 2020									
		Fixed interest		Floating interest		No interest rate		Total		Average interest rate	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets											
	Cash and cash equivalents	-	-	453.00	64.71	19.27	10.83	472.27	75.54	0.13 - 0.25	0.20 - 0.75
	Trade and other current receivables - net	-	-	-	-	48.25	73.56	48.25	73.56	-	-
	Other current financial assets	-	-	-	-	0.40	-	0.40	-	-	-
	Other non-current financial assets	15.82	15.64	10.00	-	-	-	25.82	15.64	0.50	1.15 - 1.50
Financial liabilities											
	Trade and other current payables	-	-	-	-	154.79	118.63	154.79	118.6	-	-
	Lease liabilities	0.03	-	-	-	-	-	0.03	-	0.44	-
	Short-term borrowings from related person	7.48	-	-	-	-	-	7.48	-	6.25	-
	Other current financial liabilities	-	-	-	-	0.35	-	0.35	-	-	-
		Unit : Million Baht									
		Separate Financial Statements									
		As of December 31, 2020									
		Fixed interest		Floating interest		No interest rate		Total		Average interest rate	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets											
	Cash and cash equivalents	-	-	449.50	64.71	19.27	10.83	468.77	75.54	0.13 - 0.25	0.20 - 0.75
	Trade and other current receivables - net	-	-	-	-	47.87	73.56	47.87	73.56	-	-
	Short-term loans to subsidiary	4.00	-	-	-	-	-	4.00	-	6.97	-
	Other non-current financial assets	15.82	15.64	10.00	-	-	-	25.82	15.64	0.50	1.15 - 1.50
Financial liabilities											
	Trade and other current payables	-	-	-	-	123.86	118.63	123.86	118.63	-	-
	Other current financial liabilities	-	-	-	-	0.35	-	0.35	-	-	-

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on February 25, 2021.