

Phol Dhanya Public Company Limited

Annual Report 2019



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Vision Missions Culture

Vision

“To be a leading and sustainable provider of Safety, Health, Environment (SHE) products and services in Thailand and ASEAN”

Missions



- | | |
|---|---|
| <p>1 Be recognized in Thailand and ASEAN</p> | <p>4 Be desirable workplace with efficient human management system along with a good working culture</p> |
| <p>2 Be a leading company offering high-quality products and services of Safety, Health, Environment with reasonable price, innovation and expertise</p> | <p>5 Create value to stakeholders equally for sustainable growth</p> |
| <p>3 Be equipped with an efficient and modern work system for quickly respond and excellent service</p> | |

Culture



PHOLD

- | | |
|---|--|
| P | <p>Professional
Work professionally driving for success together</p> |
| H | <p>Honest and Integrity
Having Ethic to themselves as well as to the public</p> |
| O | <p>Ownership Quotient
Dedicated over a hundred and beyond what customers expectation</p> |
| L | <p>Learning and Continuous Improvement
Dare to think, dare to do with aiming to create something better</p> |
| D | <p>Drive for Results and Achievement
Focusing on the results of work for overall benefits of the public</p> |

Message from the Chairman



Dear Shareholders

In, 2019, the overall performance of the company was very satisfying even though the world economy and Thailand economy's been fluctuated. However, the company still continued generating the constant profitability although the revenue was not growth as expected. The revenue from sales and service was accounted for THB 911.85 million, dropped by 1.36% compared with that in 2018. Due to the adjustment of operating strategies to be suitable with the world economic and competition and the efficient internal management, it resulted in higher margins. The net profit was increased to THB 41.42 million, accounted for 4.45%, compared with that of THB 36.51 million in 2018, accounted for 3.90%. The Board of Directors considered that the company's liquidity and cash flow's enough for making the returns to shareholders, resulting in the dividend payout of 2019 with the amount of THB 0.15 per share. The interim dividend was already paid at THB 0.05, but the final dividend is under approval process.

The company operates the business with good governance, ethics, morality, transparency, accountability and responsibility for all stakeholders. The company supports all directors, executives and employees to operate in accordance with the policy of corporate governance, business ethics, sustainability and anti-corruption. The company focuses on improving in all operating areas including economic, social and environmental that comply with the sustainable development plan to operate business with sustainability. As a result, the company's listed in Thailand Sustainability Investment (THSI) in 2019 in the group of mai listed companies and the Company was ranked as "Excellent" Corporate Governance Scoring for the fifth consecutive year. Besides, for anti-corruption, the company renewed the membership as Thailand's Private Sector Collective Action Coalition against Corruption or CAC. For awards and recognitions, they are the proof of success showing that the company has the commitment in improving the business with the sustainable growth.

On the behalf of Board of Directors of Phol Dhanya Public Company Limited, we'd like to take this opportunity to express sincere gratitude to all shareholders, customers, partners and stakeholders as well as all directors, executives and employees who always trust and support our operation and help to drive the company's success. The company focuses on conducting the business with the sustainable growth under good governance in order to create the optimal and fair benefits to all stakeholders.



Assoc. Prof. Dr. Ekachidd Chungcharoen
Chairman of the Board

Financial Highlights

As December 31

(Consolidated)

		2019	2018	2017
Financial Performance				
Revenue from Sales and Services	Million Baht	911.85	924.45	985.84
Cost of Sales and Services	Million Baht	675.85	696.84	846.56
Gross Profit	Million Baht	236.00	227.62	139.28
Net Profit (Loss) For Owner of The Parent	Million Baht	41.42	36.51	(117.48)
Financial Position				
Total Assets	Million Baht	567.15	652.12	787.48
Total Liabilities	Million Baht	266.16	379.14	553.36
Total Shareholders' equity of the Company	Million Baht	302.29	274.28	235.43
Common Shares				
Paid Up Capital	Million shares	202.50	202.50	202.50
Par Value Per Share	Baht	1.00	1.00	1.00
Book Value Per Share	Baht	1.49	1.35	1.16
Dividend Per Share	Baht	0.15	-	-
Dividend Payout Ratio	%	75.95	-	-
Financial Ratio				
Return On Equity	%	14.37	14.33	-39.98
Return On Assets	%	9.63	6.52	-13.92
Gross Profit Margin	%	25.88	24.62	14.13
Net Profit Margin	%	4.45	3.90	-11.81
Current Ratio	Times	1.82	1.41	1.19
Debt to Equity Ratio	Times	0.88	1.38	2.35

Awards and Recognitions



PHOL was listed on Thailand Sustainability Investment (THSI) 2019 in the group of companies listed on the Market for Alternative Investment (mai).



PHOL received a re-certificate of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC)



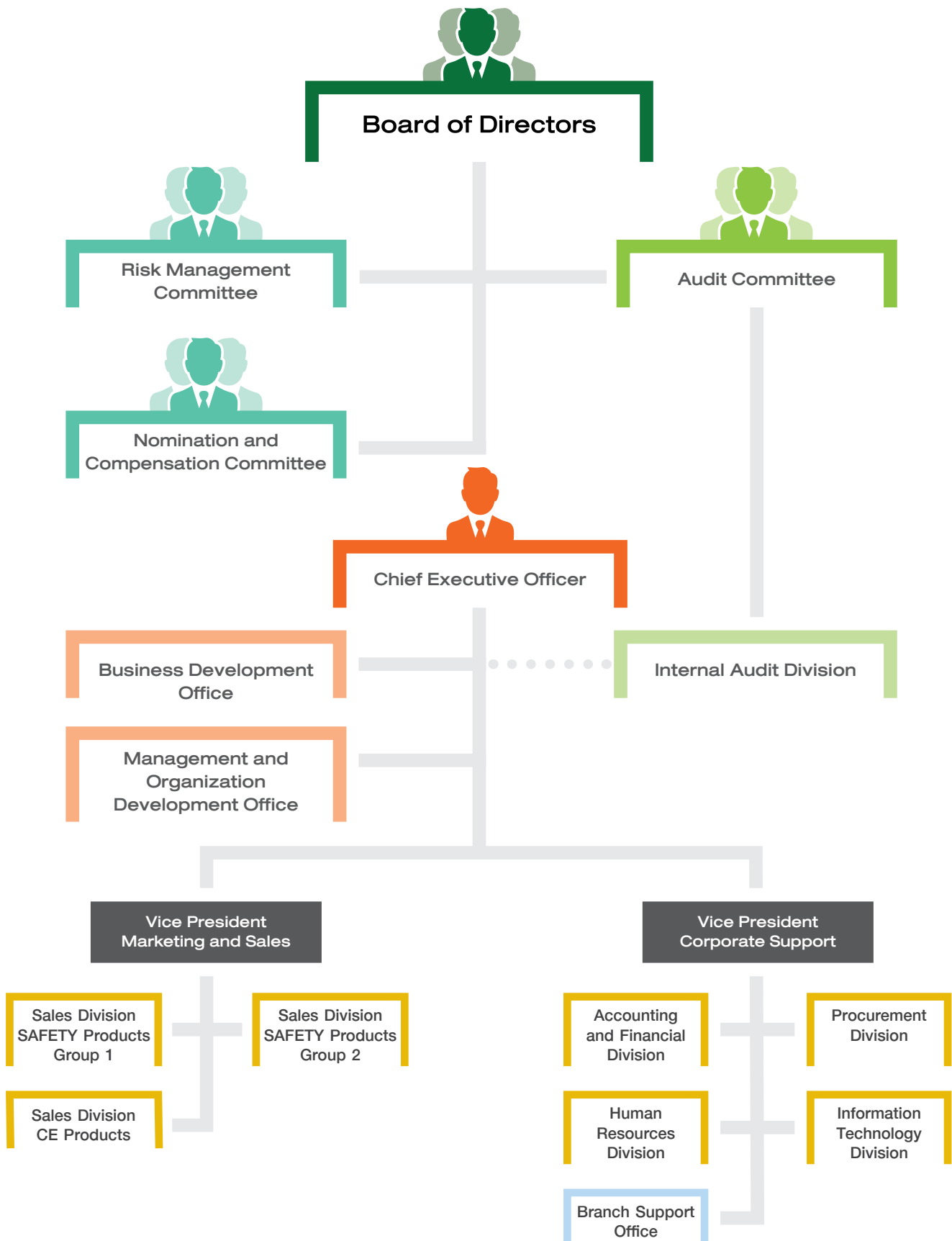
Excellent CG Scoring according to the Corporate Governance Report of Thai Listed Companies 2019 (the 5th consecutive year)



สมาคมส่งเสริมการลงทุนไทย
THAI INVESTORS ASSOCIATION

PHOL's 2019 Annual General Meeting of Shareholders received 99% for AGM Quality Assessment Project organized by Thai Investors Association.

Organization Structure



Board of Directors



1 Assoc. Prof. Dr. Ekachidd Chungcharoen
Chairman of the Board / Independent Director /
Chairman of Nomination and Compensation Committee



2 Mr. Noppadol Dheerabutrongsul
Independent Director /
Chairman of Audit Committee /
Nomination and Compensation Committee



3 Mr. Santi Niamnil
Independent Director /
Audit Committee



4 Dr. Pallapa Ruangrong
Independent Director /
Audit Committee



5 Mr. Teeradej Jarutrong
Director /
Chairman of Risk Management Committee



6 General Chaiwat Satondee
Director /
Nomination and Compensation Committee



7 Mr. Chavalit Wangthamrong
Director /
Nomination and Compensation Committee



8 Mr. Boonchai Suwanvutthiwat
Director / Risk Management Committee /
Chief Executive Officer



9 Mr. Thanya Wangthamrong
Director

Management Team



1 **Mr. Boonchai Suwanvutthiwat**
Chief Executive Officer



2 **Mr. Pornsak Chunjajinda**
Vice President Corporate Support /
Chief Financial Officer



3 **Mr. Thanya Wangthamrong**
Vice President Marketing and Sales



4 **Miss Kamolpoppahan Puapansakul**
Internal Audit Director



5 **Miss Prapaipit Viriyabhupha**
Sales Director
Control Environment Products



6 **Mr. Paradorn Parepatara**
Sales Director
Occupational Safety, Health and Environment
Products Group 1



7 **Mr. Nitipat Pedprasert**
Sales Director
Occupational Safety, Health and Environment
Products Group 2

Detail of Directors and Management Team

Assoc. Prof. Dr. Ekachidd Chungcharoen

Chairman of the Board

Independent Director

Chairman of Nomination and Compensation Committee

Appointment as Director date: September 12, 2007

(Appointment as Chairman of the Board date: September 19, 2017)

Age 57

Educational Background

- Ph.D. (Management Science) Faculty of Engineering, University of Waterloo
- Master of Management Science, Faculty of Engineering, University of Waterloo
- Master of Engineering Program in Electrical Engineering of Youngstown State University, USA
- Bachelor of Engineering Program in Electrical Engineering (Major in Computer), King Mongkut's Institute of Technology Ladkrabang

Training

- Seminar "Audit adjustments" by SEC (Dec 2019)

Training programs of Thai Institute of Directors (IOD)

- Role of the Chairman Program (RCP) Class 42/2018
- Role of the Compensation Committee (RCC) Class 18/2014
- Director Accreditation Program (DAP) Class 68/2008
- Audit Committee Program (ACP) Class 23/2008

Position in Listed Company at present : 3 Companies

- 2018 - Present Independent Director /Audit Committee/ Chairman of Nomination and Compensation Committee, JSP Property Plc.
- 2017 - Present Chairman of the Board/Chairman of Nomination and Compensation Committee, Phol Dhanya Plc.
- 2011 - Present Nomination and Compensation Committee, Phol Dhanya Plc.
- 2013 - Present Independent Director /Audit Committee, BJC Heavy Industries Plc.
- 2007 - Present Independent Director, Phol Dhanya Plc.

Other position at present : 4 Companies

- 2020 - Present Independent Director, Decoplas Industry Co.,Ltd.
- 2019 - Present Director, B&P Agri Products Co.,Ltd.
- 2019 - Present Independent Director, Sunshine International Company Limited
- 2005 - Present Associate Professor, Thammasat University

Work Experiences

- 2014 - 2017 Committee of the Doctoral Program in Business Administration Program, Thammasat University
- 2010 - 2017 Director of Master of Business Administration Program, Thammasat University
- 2007 - 2017 Audit Committee, Phol Dhanya Plc.
- 2011 - 2013 Independent Director /Audit Committee, BJC Heavy Industries Co., Ltd.
- 2001 - 2007 Director of Bachelor of Business Administration (BBA) International Program, Thammasat University

Number of Shares Held as of December 31, 2019 :

Personally : 0.01% (30,000 Shares)

Spouse and miner children : None

Family relationship among Director and Executive: None

Mr. Noppadol Dheerabutr vongkul

Independent Director

Chairman of Audit Committee

Nomination and Compensation Committee

Appointment as Director date: September 12, 2007

Age 53

Educational Background

- Master of Science (Finance), University of Colorado at Denver
- Bachelor of Accounting, Thammasat University
- Certified Public Accountant (CPA) 4570

Training

Training programs of Thai Institute of Directors (IOD)

- Role of the Nominating and Governance Committee (RNG) Class 3/2012
- Audit Committee Program (ACP) Class 23/2008
- Director Accreditation Program (DAP) Class 68/2008

Position in Listed Company at present : 2 Companies

- 2017 - Present Chairman of Audit Committee, Phol Dhanya Plc.
- 2016 - Present Nomination and Compensation Committee, Phol Dhanya Plc.
- 2007 - Present Independent Director /Audit Committee, Phol Dhanya Plc.
- 2018 - Present Chairman of Audit Committee, BJC Heavy Industries Plc.
- 2013 - Present Independent Director /Audit Committee, BJC Heavy Industries Plc.

Other position at present : 3 Companies

- 2020 - Present Independent Director /Chairman of Audit Committee, Decoplas Industry CO.,Ltd.
- 2019 - Present Independent Director /Chairman of Audit Committee/ Nomination and Compensation Committee, Sunshine International Company Limited
- 2007 - Present Executive Director IFAC Co., Ltd

Work Experiences

- 2013- 2014 Audit Committee, Zemash Corporation Co., Ltd.
- 2011 - 2013 Independent Director /Audit Committee BJC Heavy Industries Co., Ltd
- 2005 - 2007 Business Controller, Siam City Cement Plc.

Number of Shares Held as of December 31, 2019 :

Personally : 0.01% (30,000 shares)

Spouse and miner children : None

Family relationship among Director and Executive: None

Mr. Santi Niamnil

Independent Director
Audit Committee

Appointment as Director date: May 10, 2016

Age 51

Educational Background

- Bachelor of Laws, Ramkhamhaeng University
- Attorney-At-Law License 995/2537

Training

Training programs of Thai Institute of Directors (IOD)

- Audit Committee Forum “Strategic Audit Committee: Beyond Figure and Compliance” (Oct 2019)
- Director Accreditation Program (DAP) class 80/2009

Position in Listed Company at present : 2 Companies

- | | |
|----------------|--|
| 2016 – Present | Independent Director /Audit Committee, Phol Dhanya Plc. |
| 2009 - Present | Independent Director/Audit Committee, Sanko Diecasting (Thailand) Plc. |

Other position at present : 1 Company

- | | |
|----------------|---|
| 2018 - Present | Attorney-At-Law, Thammacoop Law Co., Ltd. |
|----------------|---|

Work Experiences

- | | |
|-------------|---|
| 2015 - 2018 | Attorney-At-Law, B&P Law Ltd. |
| 2003 – 2015 | Managing Director , Anek Advocate Co., Ltd. |
| 2004 - 2015 | Partner, Attorney-At-Law. Anek & Associates Lawyers Co., Ltd. |
| 2003 – 2013 | Director, Yusen Air & Sea Service Management (Thailand) Co., Ltd. |
| 1995 - 2003 | Attorney-At-Law. Anek & Associates Lawyers Co., Ltd. |

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive: None

Dr. Pallapa Ruangrong

Independent Director
Audit Committee

Appointment as Director date: September 19, 2017

Age 66

Educational Background

- Doctor of Philosophy (Energy Management & Policy), University of Pennsylvania, USA
- Master of Science (Energy Management & Policy), University of Pennsylvania, USA
- Master of Science (Economic Development), National Institute of Development Administration (NIDA)
- Bachelor of Arts (Economics), Chiang Mai University, Thailand

Training

- Leadership Development Program, Hay Group, Malaysia (2007)
- Public Management and Public Law, King Prajadhipok’s Institute Class 6/2007
- Mini MBA, Thammasart University (2006)
- Improving Governance of Public Sector Enterprise, Asian Development Bank Institute: ADBI (Tokyo, Japan) (2006)
- Ministry of Finance Executive Program 2005 (The Kellogg School Management and the Maxwell School of Citizenship and Public Affairs)
- Modern Management Program in Logistics and Supply Chain Class3/2005, Srinakharinwirot University
- State Enterprise’s CEO Development Program, National Institute of Development Administration (NIDA) (2005)

Training programs of Thai Institute of Directors (IOD)

- Director Certification Program (DCP) class 17/2002

Position in Listed Company at present : 1 Company

- | | |
|----------------|---|
| 2017 – Present | Independent Director /Audit Committee, Phol Dhanya Plc. |
|----------------|---|

Other position at present : 2 Companies

- | | |
|----------------|---|
| 2019 - Present | Director, Earth Tech Environment Plc. |
| 2019 – Present | Chairperson of Agricultural and Natural Resources State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee |
| 2018 – Present | Chairperson of Revolving Funds Performance Appraisal Sub-committee |
| 2016 – Present | Member of State-owned Enterprise Performance Appraisal Committee |

Work Experiences

- | | |
|-------------|---|
| 2017 - 2019 | Member of Transportation State-owned Enterprise Problem Remedy Working Group |
| 2016 – 2019 | Chairperson of Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee |
| 2013 - 2016 | Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee |
| 2008 - 2014 | Commissioner, Energy Regulatory Commission |
| 2006 - 2008 | Director, State Enterprise Development Division State Enterprise Policy Office, Ministry of Finance |
| 2006 - 2007 | Board Member, State Railway of Thailand |
| 2003 - 2011 | Board Member, District Cooling System and Power Plant Co., Ltd. |
| 2001 - 2003 | Board Member, Eastern Water Resources Development and Management Plc. |
| 2000 - 2004 | Board Member, Provincial Waterworks Authority |

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive: None

Mr. Teeradej Jarutangtrong

Director

Chairman of Risk Management Committee

(Authorized Signature)

Appointment as Director date: September 12, 2007

Age 67

Educational Background

- Bachelor of Engineering, Chulalongkorn University

Training

Training programs of Thai Institute of Directors (IOD)

- How to Develop a Risk Management Plan (HRP) Class 10/2016

- Anti-Corruption for Executive Program Class 14/2015

- Director Accreditation Program (DAP) Class 68/2008

Position in Listed Company at present : 1 Company

2014 - Present Chairman of Risk Management Committee, Phol Dhanya Plc.

2007 - Present Director, Phol Dhanya Plc.

Other position at present : 3 Companies

Subsidiaries company: 1 Company

2013 - Present Chairman of the Board, Phol Palladium Co., Ltd

Other Company: 2 Companies

2007 - Present Director, Aegle Safety Equipment (Shanghai) Co., Ltd

2005 - Present Director, Aegle Alliance Pte., Ltd

Work Experiences

2006 - 2019 Director, Guzz Media Co., Ltd

2013 Vice Chairman of Executive Committee, Phol Dhanya Plc.

2012 - 2013 Chairman of Sub-Risk Management Committee, Phol Dhanya Plc.

2007 - 2012 Managing Director, Phol Dhanya Plc.

2004 - 2008 Director, PDC Supply Co., Ltd.

2003 - 2008 Director, PDA Supply Co., Ltd / PDR Supply Co., Ltd

2001 - 2008 Director, Palladium Intertrade Co., Ltd

1993 - 2008 Director, PD Progress Co., Ltd

1988 - 2008 Director, Personal Safety Co., Ltd

2001 - 2007 Managing Director, PDS International (Thailand) Co., Ltd

2004 - 2006 Chairman of the Board, Aegle Safety Equipment (Shanghai) Co., Ltd

Number of Shares Held as of December 31, 2019 :

Personally : 0.62% (1,250,000 shares)

Spouse and minor children : 4.22% (8,551,250 shares)

Family relationship among Director and Executive: None

General Chaiwat Satondee

Director

Nomination and Compensation Committee

Appointment as Director date: October 12, 2015

Age 66

Educational Background

- Bachelor of Science, Chulachomklao Royal Military Academy

- Command and General Staff College Class 65

- National Defense College Class 2007

Training

- Tactical Intelligence, Combat Instructor Training, Joint Warfare course in Australia

- Peacekeeping for Decision Makers Course in USA

Training programs of Thai Institute of Directors (IOD)

- Nomination Director Event 1/2017 "Nomination Committee Best Practice Guideline"

- Director Certification Program (DCP) Class 216/2016

Position in Listed Company at present : 1 Company

2017 - Present Nomination and Compensation Committee, Phol Dhanya Plc.

2015 - Present Director, Phol Dhanya Plc.

Other position at present : 3 Companies

Subsidiaries company: 1 Company

2017 - Present Chairman of the Board, Phol Water Co.,Ltd

Other Company : 2 Companies

2019 - Present Advisor, The Thai-Myanmar Culture and Economic Cooperation Association

2019 - Present Advisor, Thailand Inter-Parliamentarians Friendship Group (Thailand - Myanmar)

Work Experiences

2015 - 2019 Advisor to Board of Security and Military Affairs, The National legislative Assembly

2012 - 2014 Director General of War Veteran Organization of Thailand

2008 Deputy Director of Defence Industry and Energy Centre

2007 Chief of Military Affairs Co-ordinations Officers of the National Security Council

2003 Chief of Staff in The Joint Security Council in Aceh Monitoring Mission in Indonesia

1998 - 2001 Defense Attach to The Royal Thai Embassy in Yangon

1991 - 1994 Assistance Army Attach to The Royal Thai Embassy in Beijing

Number of Shares Held as of December 31, 2019 :

Personally : 0.12% (248,250 shares)

Spouse and minor children : None

Family relationship among Director and Executive: None

Mr. Chavalit Wangthamrong¹

Director

Nomination and Compensation Committee

Appointment as Director date: September 12, 2007

Age 67

Educational Background

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering, Chulalongkorn University

Training

Training programs of Thai Institute of Directors (IOD)

- Director Accreditation Program (DAP) Class 67/2007

Position in Listed Company at present : 1 Company

- | | |
|----------------|---|
| 2020 - Present | Nomination and Compensation Committee, Phol Dhanya Plc. |
| 2019 - Present | Director, Phol Dhanya Plc. |

Other position at present : 7 Companies

Subsidiaries company : 1 Company

- | | |
|----------------|--|
| 2013 - Present | Director, Pholdhanya (Cambodia) Co., Ltd |
|----------------|--|

Other Company : 6 Companies

- | | |
|----------------|---|
| 2018 - Present | Director, Supreeya 999 Co., Ltd |
| 2018 - Present | Director, Thai Biolex Co., Ltd. |
| 2009 - Present | Director, Thai Yonok Logistics Co., Ltd |
| 2006 - Present | Director, PDF Supply Co., Ltd. |
| 2005 - Present | Director, N.H.L. (Thailand) Co., Ltd |
| 1996 - Present | Director, VSV Asia Co., Ltd |

Work Experiences

- | | |
|-------------|---|
| 2006 - 2019 | Director, Guzz Media Co., Ltd |
| 2014 - 2017 | Nomination and Compensation Committee, Phol Dhanya Plc. |
| 2014 - 2017 | Director, Phol Water Co., Ltd |
| 2013 - 2016 | Chairman of Executive Committee, Phol Dhanya Plc. |
| 2007 - 2017 | Director, Phol Dhanya Plc. |
| 1977 - 2012 | Chief Executive Officer, Phol Dhanya Plc. |
| 2009 - 2008 | Chairman of the Board, PD Genesis Engineering Co., Ltd |
| 1992 - 2009 | Director, P.D. Marketing & Manufacturer Co., Ltd |
| 2001 - 2007 | Director, PDC Supply Co., Ltd |
| 2003 - 2008 | Director, PDA Supply Co., Ltd / PDR Supply Co., Ltd |
| 2001 - 2008 | Chairman of the Board, Palladium Intertrade Co., Ltd |
| 1993 - 2008 | Director, PD Progress Co., Ltd |
| 1988 - 2008 | Director, Personal Safety Co., Ltd |
| 2001 - 2007 | Director, PDS International (Thailand) Co., Ltd |

Number of Shares Held as of December 31, 2019 :

Personally : 9.26% (18,744,555 shares)

Spouse and miner children : 9.69% (19,626,661 shares)

Family relationship among Director and Executive: Mr. Thanya Wangthamrong's Father

¹ Mr. Chavalit Wangthamrong was appointed as Director according to the resolution of the Annual General Meeting of Shareholders for the year 2019 on 24 April 2019

Mr. Boonchai Suwanvutthiawat

Director

Risk Management Committee

Chief Executive Officer

Appointment as Director date: April 30, 2013

Age 57

Educational Background

- Bachelor of Arts in Political Science (Major in Public Administration), Ramkhamhaeng University

Training

- "Service 4.0" by Thailand Productivity Institute (Dec 2019)
- "The Personnel Data Protection Act B.E.2562 (2019) Procedures and Practices Class 5" by Political Science Association of Kasetsart University (Oct 2019)
- Seminar "Cybersecurity and Personal Data Protection: Get Ready for New Business Standards" by Faculty of Law Chulalongkorn University and SET (June 2019)
- City Administration Training Program for Senior Executive Class 3, Navamindradhiraj University
- Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 20/2015
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute Class 11/2013
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Training programs of Thai Institute of Directors (IOD)

- Driving Company Success with IT Governance (ITG) class 3/2016
- Successful Formulation and Execution of Strategy (SFE) class 26/2016
- Anti-Corruption: The Practical Guide Program (ACPG) class 21/2015
- Director Certification Program (DCP) Class 155/2012

Position in Listed Company at present : 1 Company

- | | |
|----------------|---|
| 2013 - Present | Director/ Chief Executive Officer, Phol Dhanya Plc. |
| 2014 - Present | Risk Management Committee, Phol Dhanya Plc. |

Other position at present : 3 Companies

Subsidiaries company : 3 Companies

- | | |
|----------------|--|
| 2018 - Present | Director, Phol Palladium Co., Ltd. |
| 2014 - Present | Director, Phol Water Co., Ltd. |
| 2013 - Present | Director, Pholdhanya (Cambodia) Co., Ltd |

Work Experiences

- | | |
|-------------|--|
| 2010 - 2017 | Executive Director, Phol Dhanya Plc. |
| 2010 - 2012 | Senior Director - Central Industrial Zone Department, Phol Dhanya Plc. |
| 2007 - 2010 | Director of Sales Department Group 2, Phol Dhanya Plc. |
| 1999 - 2006 | Manager - Business Unit, Phol Dhanya Co., Ltd |
| 1992 - 1998 | Manager - Sales Department, Phol Dhanya Co., Ltd |

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and miner children : None

Family relationship among Director and Executive: None

Mr. Thanya Wangthamrong

Director

Vice President Marketing and Sales

(Authorized Signature)

Appointment as Director date: April 30, 2013

Age 40

Educational Background

- Master of Business Administration (International), Thammasat University
- Bachelor of Architecture, Chulalongkorn University

Training

- "Process Innovation Management & Industry Transformation" by SET (Jun 2019)
- "Prepare for the 2019 Sustainability Assessment Class 3" by SET (Apr 2019)
- "SET Social Impact Roundtable 2019" by SET (Jan 2019)
- THSI Coaching 2018 by One-on-One by SET (Jan 2019)

Training programs of Thai Institute of Directors (IOD)

- Director Certification Program (DCP) Class 180/2013

Position in Listed Company at present : 1 Company

2018 - Present Vice President Marketing and Sales, Phol Dhanya Plc.

2013 - Present Director, Phol Dhanya Plc.

Other position at present : None

Work Experiences

- 2006 – 2019 Director, Guzz Media Co., Ltd
- 2010 - 2017 Executive Director/ Chief Marketing Officer/, Phol Dhanya Plc.
- 2011 - 2017 Director, Wilsiri Intertrade Co, Ltd.
- 2006 - 2017 Director, PDF Supply Co., Ltd
- 2015 Chief Information Technology Officer, Phol Dhanya Plc.
- 2014 Director – Environment Business Division, Phol Dhanya Plc.
- 2009 - 2010 Manager - Marketing Division, Phol Dhanya Plc.
- 2007 - 2009 Manager – Marketing Communication Department Phol Dhanya Co.,Ltd.

Number of Shares Held as of December 31, 2019 :

Personally : 7.48% (15,147,433 shares)

Spouse and miner children : 2.61% (5,280,000 shares)

Family relationship among Director and Executive: Mr. Chavalit Wangthamrong's son

Mr. Pornsak Chuhajinda

Vice President Corporate Support

Chief Financial Officer

Age 53

Educational Background

- Bachelor of Science (Accounting), Kasetsart University
- Certified Public Accountant (CPA)

Training

- "Income Tax and the Act Exempting Penalty, Surcharge and Criminal Liability for Assisting Tax Compliance under the Thai Revenue Code B.E. 2562" by Accounting Association of Kasetsart University (Sep 2019)
- "TFRS 2019" by Dharmniti Seminar and Training Co., Ltd. (Oct 2019)
- "TFRS 9 Financial Instruments" by Accounting Association of Kasetsart University (Nov 2019)
- "TFRS 16 Leases" by Accounting Association of Kasetsart University (Nov 2019)
- "Interview Techniques for Interviewer" (In-house training Sep 2019)

- Advanced Certificate Course Politics and Governance in Democratic for Executive Class 22 King Prajadhipok's Institute

- Chief Financial Officer Certification Program Class 11/2009 by Federation of Accounting Professions

Training programs of Thai Institute of Directors (IOD)

- Director Certification Program (DCP) Class 227/2016

Position in Listed Company at present : 1 Company

2018 - Present Vice President Corporate Support, Phol Dhanya Plc.

2010 - Present Chief Financial Officer, Phol Dhanya Plc.

Other position at present : 3 Companies

Subsidiaries company : None

Other Company : 3 Companies

2015 - Present Director, BMS Audit Co., Ltd

2007 - Present Director, Nonsi Accounting Co., Ltd

2004 - Present Director, Rak Charoen Co., Ltd

Work Experiences

- 2016 - 2018 Director, Phol Dhanya Plc.
- 2016 - 2017 Managing Director, Phol Dhanya Plc.
- 2016 - 2017 Managing Director, Phol Dhanya Plc.
- 2014 - 2017 Managing Director, Phol Water Co., Ltd.
- 2010 - 2017 Executive Director, Phol Dhanya Plc.
- 2009 - 2013 Director, PD Genesis Engineering Co., Ltd
- 2007 - 2010 Director of Accounting and Finance Division, Phol Dhanya Plc.
- 1996 - 2006 Managing Director, Nonsi Accounting Co., Ltd

Number of Shares Held as of December 31, 2019 :

Personally : 0.08% (168,582 shares)

Spouse and miner children : 0.43% (875,646 shares)

Family relationship among Director and Executive: None

Miss Kamolphopphan Puapansakul

Internal Audit Director

Secretary of Audit Committee

Age 58

Educational Background

- Master of Business Administration (Management), Kasetsart University
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Training

- "Professional Development: Risk Management and Internal Audit Thai Union Group Plc" by Thai Listed Companies Association (Jul 2019)

- Strategic CFO in Capital Markets" Class 1/2015 by SET

Position in Listed Company at present : 1 Company

2007 - Present Internal Audit Director /Secretary of Audit Committee, Phol Dhanya Plc.

Other position at present : None

Work Experiences

2004 - 2007	Manager - Internal Audit Department, Phol Dhanya Co., Ltd
2000 - 2003	Manager - Accounting Department, Phol Dhanya Co., Ltd
1997 - 2000	Manager - Finance Department, Phol Dhanya Co., Ltd
1995 - 1996	Manager - Accounting Department, Phol Dhanya Co., Ltd
1991 - 1994	Supervisor - Accounting Unit, Phol Dhanya Co., Ltd

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive: None

Miss Prapaipit Viriyabhupha

Sales Director Control Environment Products

Age 51

Educational Background

- Master of Business Administration (Marketing), Ramkhamhaeng University
- Bachelor of Public Administration, Prince of Songkla University

Training

- Seminar "20 years Thailand waste problem is gone by the capital market mechanism "by the Capital Market Academy (Feb 2019)

Position in Listed Company at present : 1 Company

2014 - Present Sales Director Control Environment Products, Phol Dhanya Plc.

Other position at present : 1 Company

Subsidiaries company : 1 Company

2014 - Present Sales Director Control Environment Products, Phol Dhanya Plc.

Work Experiences

2013 - 2018	Director, Phol Palladium Co., Ltd
2010 - 2017	Chief Operation Officer, Phol Dhanya Plc.
2010 - 2017	Chief Operation Officer, Phol Dhanya Plc.
2016 - 2017	Chief Information Technology Officer, Phol Dhanya Plc.
2007 - 2010	Chief Operation Officer, Phol Dhanya Plc.
1995 - 2007	Manager of Procurement Department, Phol Dhanya Plc.
1992 - 2004	Supervisor - Procurement Department, Phol Dhanya Plc.

Number of Shares Held as of December 31, 2019 :

Personally : 0.37% (750,000 shares)

Spouse and minor children : None

Family relationship among Director and Executive: None

Mr. Paradorn Parepatara

Sales Director Occupational Safety, Health and Environment Products
(SAFETY) Group 1

Age 42

Educational Background

- Master of Business Administration, Khon Kaen University
- Bachelor of Engineering (Industrial Engineering), Rajamangala University of Technology Thanyaburi

Training

- "Supply Chain Management Training: Beginner Level" by SET (Jun 2019)
- "Honeywell Miller Installer Training" by Honeywell Systems (Thailand) (May 2019)
- "Interview technique for interviewer" (In-house training Sep 2019)
- "Working professionally" (In-house training Jul 2019)
- "Provident fund knowledge" (In-house training Jun 2019)
- "How to use Power BI for reporting and basic data analysis" (In-house training Mar 2019)
- "How to apply Microsoft Excel to work" (In-house training Mar 2019)

Position in Listed Company at present : 1 Company

2018 - Present Sales Director Occupational Safety, Health and Environment Products
(SAFETY) Group 1, Phol Dhanya Plc.

Other position at present : None

Work Experiences

2014 - 2017 Manager - Rayong Branch, Phol Dhanya Plc.
2008 - 2014 Sales Manager, Phol Dhanya Plc.
2004 - 2008 Assistant Sales Manager, Phol Dhanya Plc.
2001 - 2004 Sales Representative, Phol Dhanya Co., Ltd

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive: None

Mr. Nitipat Pedprasert

Sales Director Occupational Safety, Health and Environment Products
(SAFETY) Group 2

Age 39

Educational Background

- Master of Business Administration (Marketing), Srinakharinwirot University
- Bachelor of Business Administration (Marketing), Kasetsart University

Training

- "Interview Techniques for Interviewer" (In-house training Sep 2019)
- "Working professionally" (In-house training Jul 2019)
- "How to use Power BI for reporting and basic data analysis" (In-house training Mar 2019)

Position in Listed Company at present : 1 Company

2018 - Present Sales Director Occupational Safety, Health and Environment Products
(SAFETY) Group 2, Phol Dhanya Plc.

Other position at present : None

Work Experiences

2012 - 2017 Sales Manager, Phol Dhanya Plc.
2007 - 2012 Assistant sales manager, Phol Dhanya Plc.
2004 - 2006 Sales Representative, Phol Dhanya Co., Ltd
2003 Marketing Staff, Phol Dhanya Co., Ltd

Number of Shares Held as of December 31, 2019 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive: None

General Information

Company Name	:	PHOL DHANYA PUBLIC COMPANY LIMITED
SET Symbol	:	PHOL
Registered Capital	:	THB 210,500,232.00 (210,500,232 common shares) with a par value of Baht 1.00
Paid-up Capital	:	THB 202,500,232.00 (202,500,232 common shares) with a par value of Baht 1.00
Business Type	:	A distribution of Occupational Safety, Health and Environment Products and Distribution, Construction, Production, and Service of Water Solution Systems
Head office	:	1/11 Moo 3, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Thailand. Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3
Branch	:	1) 155/213 Moo 2, Thabma sub-district, Muang district, Rayong Tel 66(0)-3803-4011-3, Fax 66(0)-3803-4017
	:	2) 47/55-57 Chotana Road., Chang puak sub-district, Muang district, Chiang Mai Tel 66(0)-5322-6811, Fax 66(0)-5322-6898
	:	3) 1/127 Moo 3, Thepkasattri Road, Rasada sub-district, Muang district, Phuket Tel 66(0)-7621-5100, Fax 66(0)-7621-5714
Registration No.	:	0107551000088
Website	:	www.pdgth.com
Company's Secretary	:	Miss. Saowapa Choorujiporn Tel 66(0)-2791-0151, E-mail: cs@pdgth.com
Investor Relation	:	Miss. Siriporn Ondee Tel 66(0)-2791-0206, E-mail: ir@pdgth.co
Subsidiaries	:	1) Phol Palladium Co., Ltd. 1/11 Moo 3, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Shareholding :99.99%
	:	2) Phol Water Co., Ltd. Head Office : 1/11 Moo 3, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Phuket Branch : 1/127 Moo 3, Thepkasattri Road, Rasada sub-district, Muang district, Phuket Tel 66(0)-7621-5100, Fax 66(0)-7621-5714 Shareholding :99.99%
	:	3) Pholdhanya (Cambodia) Co., Ltd. No. 952D, Street 128, Khan Toul Kork, Phnom Penh, Cambodia Shareholding 100%

Other references

Registrar	: Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel 66(0)-2009-9999, Fax 66(0)-2009-9991 Website : www.set.or.th/tsd
Auditor	: ANS Audit Co., Ltd 100/72, 16th Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang, Bangkok, 10320 Thailand Tel 66(0)-2645-0109, Fax 66(0)-2645-0110 Website : www.ans.co.th
Legal Advisor	: Dherakupt Law Office Ltd. 546 Uninvest Complex 15th Floor, Rachadapisek Road, Chandrakasem, Jatuchak, Bangkok 10900 Tel 66(0)-2511-1512, Fax 66(0)-2938-1957 Website : www.dherakupt-law.co.th

For more information, Please see From 56-1 on The Securities and Exchange Commission's website
(www.sec.or.th) or the company's website(www.pdgth.com)

Nature of Business

Phol Dhanya Public Company Limited or “the Company” was registered and established on January 4, 1961 with the initial objective to distribute grain and agricultural products. The Company had halted its operation for a certain period till 1979, the Company’s operation changed its business mission to the distribution of Occupational Safety, Health and Environment Products. Over 40 years, The Company is one of the leading comprehensive distributors. In 2009, the Company has expanded into Water treatment business by selling water treatment equipment for home-use and industrial-use, by designing, manufacturing, construction and installing water treatment systems, as well as by selling treated water in the form of concession contract.

These 3 groups of products consist of the following:

1. Occupational Safety, Health and Environment Products. (SAFETY)

The product group used to create safety for workers or to enhance safety in the workplace. The Company is one of the leading comprehensive distributors of more than 3,000 safety products under well-recognized brands, the Company is appointed as a distributor of more than 30 brands and is an exclusive distributor for such brands as King’s, Microgard, Ansell and Chemtex. Moreover, it has also successfully developed its house-brands, including SYNOS, KENEX, ENV-SAFE, and ENVO. The Company's product distribution is divided into 2 groups as follows:

- **Personal Protective Equipment (PPE)** This product is for the person or workers used to wear on any part(s) of their body during work operation in order to prevent from any dangers that may arise from the working environments such as dangers from heat, intense light, sound, toxic, and chemical substance. These personal protective equipment can be used to protect workers from head to toes such as helmet, safety eye glasses, ear plugs, face shield, safety gloves, shoes, firefighting clothing and other protective equipment.
- **Safety and Environment Products** These products is used to enhance safety in the working place such as toxic gas and flammable gas detector, emergency eye and body washer, chemical containment, moving & transfer equipment, ventilator, safety lock, and safety sign.



2. Control Environment Products (CE)

Control Environment Products are used to control the environment for the cleanliness and safety in the workplace, such as Cleanroom for Hospital, Cleanroom for electronic component manufacturing industry, Cleanroom for automobile components manufacturing industry, Cleanroom for Pharmaceutical industry, Cleanroom for medical devices manufacturing industry, and etc., which need to contamination control small particles and dust coming from workers, machinery, manufacturing process, and outside air. These can result in products or workpieces of no quality Products in this category includes clean room clothing and clean room suit, equipment for cleanroom such as wipes, clean room stationary, cleaning equipment, antistatic device, and etc.



3. Water Solution Products. (WATER)

The Company has categorized the operations into the following 3 main sectors:

- Engineering structural design, production, construction and installation of water treatment systems with focus on water management systems in order to meet the needs of water usage, includes tracking laboratory results analysis maintenance and after sales service. The services divided into 3 types depending on the needs of the customer, such as Engineering Procurement and Construction or EPC concession project in Build-Own-Operate or BOO and Build-Operate-Transfer or BOT.
- The distribution of machinery and equipment related to water treatment system used in industrial and household level such as sediment filtration device and chemical, water pumps, water storage tank, water treatment system kits (Module), finished water filter for household consumption, and etc. The company has developed a water purifier product for house brand, Aquamex.
- The maintenance services of the system and equipment associated with water treatment system.

The water or wastewater treatment system that the company provides services to customers can be divided into 5 systems according to the demand and the required quality of water including Waste water treatment system Waste water recycling system Potable and drinking water system Purified water system and Desalination system.





The Company's Business Objective

The Company has implemented an annual strategic execution plan that was approved by the Board of Directors, with strategic objectives and indicators clearly identified, with reference to the principle of Balanced Scorecard, comprising of core strategies; revenue and profit growth strategies, increasing budgeting effectiveness, customer-centric strategy, increasing satisfaction level, development of new products and services to satisfy needs of all customer segments, strategy with regards to speed to enhance effectiveness of the internal operations, improvement of the information technology system and the expertise strategy as guidelines in developing and nurturing potential of staff members. The Company's core strategies have been cascaded to all departments to be used as operational guidelines that align with the organizational strategies.

In 2020, the Company has anticipated growth in its 3 core businesses by setting goals for revenue growth from sales and service provision of no less than 10-15% compared to 2019. It has been projected that the sales and service revenue generated from safety, occupational health and environment business or 'SAFETY' will contribute 76% of the total revenue, while control environment or 'CE' business and water treatment for consumption or 'WATER' business will contribute 18% and 6% respectively. We ensured that each business unit's strategic execution is closely monitored and has clear customer groups, and that a variety of products and services are explored and developed. We also emphasize on innovative products and continuously look for new business opportunities that can be expanded from existing ones to accommodate the ever-changing business environments and to serve as directions in generating growth for the Company in the future. In terms of internal operations improvement, the goal is to improve the information technology system to enhance the work effectiveness, enabling convenient and fast service provision to satisfy internal and external customers' needs, and to improve the information technology system to manage costs and expenses that contribute maximum benefits for the Company. The human resource management and development systems are in place, with a continuous execution plan from the previous year, covering the creation of corporate culture, development of knowledge and competency for staff members and the preparation of succession plan that align with the Company's strategy and business operations in the future.

The Company has a long-term goal of operating in accordance with the Company's vision and mission, namely **"To be a leading and sustainable provider of Safety, Health, Environment (SHE) products and services in Thailand and ASEAN"**.

The Company's business of distribution of Occupational Safety, Health and Environment Products or "SAFETY", focusing on providing professional and comprehensive services, through continuous development of human resources in order to provide services professionally in the safety and occupational health businesses. The aim is to increase market share especially in industrial and government sector customers by enhancing variety of the product portfolio, developing new products and services that require techniques and expertise to add values to the products to be able to meet demands of existing and prospect customers to secure higher market share. Furthermore, it is the Company's goal to increase market share for products branded Synos, which is the house brand, both in Thailand and ASEAN countries, especially in the CLMV market, including the improvement of service provision to cover all areas of customers' requirements; equipment rental, safety equipment, consulting service, product training service, new innovation and technology related to safety and occupational health, and after-sales service centers.

With regards to Control Environment Product distribution business or "CE", the Company focus on improving products, increasing variety of products and providing customized production service to meet unique demands of customers by collaborating with manufacturers to increase revenue generation from existing customer base in the electronics industry, and to expand customer base where the Company's market share in the CE market is still low, moreover, the focus is also on managing product cost and ensuring the appropriate amount of inventory to serve customers' needs on a continuous basis, which is an important factor for customers' production cycle, including the speed of service delivery and brand development for customers to realize the importance and difficulty of changes. In addition, the company aims to expand the CE product market to hospital customers that are likely to expand in the future such as devices used in aseptic rooms or the operating room in the hospital etc.

With regards to the water treatment for consumption or WATER business, the Company's goal is to be a fully-integrated operator of the water treatment for consumption business; from distributing, providing services, designing, construction, and system maintenance for public and private sector organizations, emphasizing on developing the human resources, fostering knowledge and expertise in water treatment, improving project management procedures for more effective project execution. Furthermore, the Company plans to expand the building facilities to accommodate other environmental concerns, for instance, renewable energy utilization, waste management, etc.

Important changes and Developments

Important changes and developments as follow;

- 1978**
 - The Company started its business to the distribution of occupational safety, health, and environment products, managed by Mr.Chavalit Wangthamrong.
- 2007**
 - The Company had moved its office to the present office at Lumlukka, Pathumthani which consists of the headquarter building and the storage building.
- 2008**
 - The Company became a public company limited and registered with an increase of capital of Baht 135 million.
 - The Company also received the certificate of quality standard of ISO 9001:2000 from UKAS & GLOBAL.
- 2009**
 - The Company expanded its business into environment, the water treatment system.
- 2010**
 - The Company is a listed company on the MAI with the trading symbol of "PHOL" on December 9, 2010.
 - The Company had moved Rayong branch office to the present office at Muang District, Rayong province which consists of the headquarter building and the storage building.
 - The Company also received the certificate of quality standard of ISO 9001: 2008 from UKAS & GLOBAL
- 2012**
 - The Company established its branch in Muang district, Phuket Province. Currently, the company has 3 branches at Rayong in Eastern part, at Chiang Mai in Northern part and at Phuket in Southern part
 - The company expanded its business into Myanmar by establishing Aekar Co., Ltd. as its authorized distributor in Myanmar

- The Company also received the certificate of occupational health and safety management systems OHSAS18001:2007
 - The Company was awarded the "Top Corporate Governance Report" certificate at the SET Awards 2012 and Excellence CG Scoring from Corporate Governance Report of Thai Listed Companies 2012.
- 2013**
- The Company established Phol Palladium Co., Ltd to distribute occupational health and safety products to government agencies, with the value of investments was accounted 99.99% of its registered capital of 1 million baht
 - The Company established Pholdhanya (Cambodia) Co., Ltd. to distribute the Water treatment products, with the value of investments was accounted 70 percent of its registered capital of Riel 1,200,000,000 (approximately USD 300,000 or Baht 9.5 million baht) In 2015, the Company negotiated to acquire the Subsidiary, Pholdhanya (Cambodia) Co., Ltd. The remaining 30 percent of paid-up capital shares at a price of 1 baht, due to the operating result reported loss. The value of investments was accounted 100 percent. However, the Company has ceased its operations due to no suitable business plans and to reduce the total operation expenses of the subsidiary.
 - The Company was awarded the "Top Corporate Governance Report" certificate at the SET Awards 2013 and Excellence CG Scoring from Corporate Governance Report of Thai Listed Companies 2013.
 - The Company received the MAI Special Encouragement from Board of the Year Awards 2013
- 2014**
- The Company has established the subsidiary, Phol Water Co., Ltd. To operate in water treatment by providing an all-rounded services, including distribution, engineering design, construction and maintenance services for both the public and the private sector. The value of investments was accounted 99.99% of its registered capital of 10 million baht. In 2017, the subsidiary increased the registered capital to 50 million baht. The company invested in the newly issued ordinary shares in the subsidiary company. The value of investments was accounted 99.99% of its registered capital of 50 million baht
 - The resolution of Annual General Meeting 2014 approved to increase ordinary share capital 27,000,000 shares at par value of Baht 1 each from the existing share capital of Baht 135 Million to Baht 162 Million in order to reserve for the stock dividend to the shareholders.
 - The Company received an "SET Award of Honor" Corporate Governance Report from SET Awards 2014 and Excellence CG Scoring from Corporate Governance Report of Thai Listed Companies 2014.
- 2015**
- The Company received The Honorable Mention-MAI from "Board of the Year Awards 2015"
 - The Company has signed the declaration of intention to join the Private Sector Collective Action Coalition Against Corruption (CAC)
- 2016**
- The Company increase the registered capital to 251 million baht by issuing new ordinary shares, 40.50 million shares to the existing shareholders of the Company according to their shareholding position (Rights Offering), 40.50 million shares to support the exercise of warrants (PHOL-W1) and 8 million shares to support the rights adjustment of ESOP warrant allotted to Board of Director and employee of the Company (ESOP-Warrant).
 - The Company received a membership certificate of the Private Sector Collective Action Coalition against Corruption (CAC).
- 2017**
- The Company also received the certificate of quality standard of ISO 9001:2015 from UKAS & GLOBAL
- 2019**
- The company reduced the registered capital by 40.50 million baht to 210.50 million baht by canceling ordinary shares to support the exercise of the warrants to purchase ordinary shares of the company no. 1 (PHOL-W1) that has not been issued, amounting to 40.50 million Baht
 - The Company received a re-certificate of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC)

Business Structure of PHOL Group



Industry Condition and Competition

The Office of the National Economic and Social Development Council reported 2.4% growth of Thailand's overall economic landscape in 2019, decreasing from 4.2% in 2018 due to the delayed recovery of the global economy, uncertainty in the trade barriers and the appreciation of Thai Baht, leading to lower values of exported goods. The domestic factors included the delay in the government budget timeframe, government expenditures and decelerated government's investment. Nevertheless, there was a satisfied rate of private sector consumption, while the private sector investment has improved compared to the year before. The expansion of the industrial sector; the Company's key customer group, has somewhat slowed down compared to the previous year, in line with lower export volume and lower domestic demand. In 2019, the industrial production declined by 0.7%, and the industrial production index dropped by 3.7%, mainly from lower production in the automotive, electronic device and petroleum industries.

Occupational Safety, Health and Environment Products

The business that distributes products, which are in the field of Occupational Safety, Health and Environment Products, is linked to Thailand's industrial economy, as the products are normally used in industrial-related locations and by workers, who operate in those locations. If there is an expansion of the industrial sector, demand for safety and occupational health products will increase, including products that encourage safety in the work environment. Speaking of which, industrial premises and organizations in general place greater emphasis on occupational health and safety. Apart from ensuring compliance with the legal rules and regulations, organizations also intend to abide by the internationally verified standard. It serves as the measure to enhance production standard for the business, build trust and positive image. The widely adopted standard is, for instance, OHSAS (Occupational Health and Safety Management System), featuring the management of occupational health and safety in work settings. This standard has constantly been improved to enhance safety standard. Furthermore, occupational health and safety management also involve the matter of sustainability development, hence businesses are more aware of and stress on operating the business in accordance with the safety, occupational health and environment standards. Thus, distribution of products and services related to safety, occupational health and environment still has room for expansion in the future.

In 2019, the revenue from sales and service provision in safety, occupational health and environment was similar to that of 2018, despite the impact from the economic slowdown. Key customers in some industries, for instance, automotive and petrochemicals, had a reduced purchasing budget resulting from lower production capacity, caused by the economic condition. Though the revenue from the government sector did increase, it was still lower than the projection due to the delay in the government's budget approval. However, the Company has constantly developed new products, including House Brand products to offer to target customers, while also ensuring that good services are delivered to encourage repeat purchases. Furthermore, increasing distribution channels or providing advices to customers via phone calls and offering online distribution channel on the Company's website www.pholonline.com, as well as disseminating news on safety and occupational health via social media platforms have contributed to expand new customer bases and generate more retail customers.

The competitive landscape of safety, occupational health and environment products has gained higher intensity than before. Minor competitors have begun to enhance the variety of products especially for general safety products, where the key competitive mechanism is the price factor. With this, the Company can still be at an advantage in terms of cost management, warehouse and inventory management, bulk purchase, and that products are of quality and certified standards. The Company does not emphasize on competing with price but rather on quality products under reasonable price. Furthermore, being in this business for a long time, with satisfied operating performance, development and sourcing of new products especially technical products that require specialized expertise, has allowed for comprehensive service provision in safety, occupational health and environment aspects. The Company also emphasizes on creating maximum customer satisfaction on products and services, allowing the Company to maintain the viability of the market and good relationship with customers.

Control Environment Products

For the distribution business of Control Environment Products or “CE”, the main customers were in the electronics industry because control environment products would be required in the production processes in order to prevent workpieces and production from external or environmental effects. In 2019, the electronic device industry experienced a slowdown from the impact of the global economy and the US-China trade war. Therefore, our customers in the electronic device industry reduced their production capacity and purchases, leading to lower revenue from sales and services in the CE business compared to that of 2018. Hence, the Company focused on providing services to our existing customers, procuring application-specific products tailored to customers’ needs to increase the market share. Moreover, the Company also emphasized on managing product costs to be competitive and managing inventory to deliver on time, while at the same time expanding the market to approach new customers. The Company sought to source new products as requested, by co-marketing with the manufacturers for enhanced competitiveness, as well as offering them to customers in other industries with smaller market share, for instance, hospitals, etc.

There is a higher tendency for higher competition, mostly on price, due to the fact that the majority of customers in the electronics industry take product costs as the priority, leading to a possibility of new competitors, who are sometimes manufacturers overseas. Nonetheless, these customers are less likely to change their product utilization as doing so may affect the production process, so the Company focuses on managing costs and the speed of service delivery, ensuring satisfaction in the service, creating brand awareness in customers’ mind to realize the significance and the difficulty in changing, offering products catered to special needs and unique applications in order to capture the market share and maintain existing customer base with high potential, as well as studying new markets and products to expand to other groups of customers.

Water Solution Products

Water remains a limited resource, with a rising demand, following the increase in the population and economic growth. Likewise, demand for water consumption in Thailand is likely to increase in accordance with the population growth and urban expansion, development of the economic zone and industrial expansion. Besides, the climatic fluctuation and natural disasters have led to more severe cases of water shortage, flood, water pollution in the future. In this regard, Thailand has devised a 20-year water resource management master plan (2018-2037) as a systematic framework to solve problems that is effective and capable of managing water resources sustainably. As a result, every related private and public sector organization is now stressing on managing water more intensively.

The Company's major customers for the water treatment business are industrial customers. Water resources are one of the important factors in the industrial production procedures, so entrepreneurs are required to be aware of managing water resource to minimize impact on the production, as well as managing water system-related costs as best as possible, hence recycling water in the production process has become the subject of interest among entrepreneurs. Industrial wastewater treatment is another issue that entrepreneurs need to pay attention to, due to the obligation to comply with the law, which is likely to be stricter in the future. Besides, operating the business sustainably and responsibility towards the society and the environment are becoming more important, whereby water resource management and using water wisely in the organization are measures that reflect responsibility of the business. Speaking of which, the Company's water treatment business can accommodate the aforementioned concern, with a wide array of fully-integrated services that are capable of satisfying needs in water consumption for each customer; from design, construction and maintenance, by professionals with expertise. In 2019, the Company's revenue from sales and services in the installation of water management system for the industrial sector increased from the previous year.

For the competitive landscape of the water treatment system business, there are small, medium and large-sized entrepreneurs, and each has different service requirements. Given diverse customers, the water management market has a higher tendency for expansion. The competition is currently said to be in the medium level, and the Company's focus is on small and medium-sized systems. Thus, competitors are small and medium-sized entrepreneurs, and so the Company's advantage is its investment capability, collaboration with manufacturers on technological advancement, management system, and credibility, enabling competitiveness for the Company.

Revenue Structure

The company's consolidated revenue structure in 2017-2019 as follows:

Unit: Million Baht

Revenue Structure	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
1. Occupational Safety, Health and Environment Products (SAFETY)	719.42	77.32%	715.73	76.43%	715.18	71.90%
2. Control Environment Products (CE)	167.96	18.05%	172.57	18.43%	163.84	16.47%
3. Water Solution Products (WATER)	24.48	2.63%	36.16	3.86%	106.83	10.74%
4. Other revenue	18.59	2.00%	12.02	1.28%	8.83	0.89%
Total	930.44	100%	936.47	100%	994.68	100%

Management Discussion and Analysis

Phol Dhanya Public Company Limited (the Company) consolidated financial statement of the year, ending December 31, 2019 reported the revenue from sales and services of 911.85 MB decreasing by 12.60 MB or 1.36%, compared to the revenue from sales and services of 924.45 MB in the previous year. Revenue from sales and services were increasing, while, revenue from construction and service contracts were decrease because there have no new project of the community water supply. However, in 2019, the Company's gross profit was 236 MB, accounted for gross profit margin of 25.88%, gross profit was increase by 8.39 MB or 3.68% compare with gross profit of 227.62 MB, accounted for gross profit margin of 24.62% in the previous year due to cost of sales has dropped following the Baht appreciation and cost overrun for the community water supply construction projects was decrease. In addition, other incomes increased mainly from the reversal of assets impairment of 7.24 MB due to disposal of the assets, as the results for the Company's net profit attributable to equity holders of 41.42 MB, accounted for net profit margin of 4.45% in 2019, increasing by 4.91 MB or 13.44% compare with net profit attributable to equity holders of 36.51 MB, accounted for net profit margin of 3.90% in the previous year.

Operating performance

	Unit : MB			
	2019	2018	Increased (Decreased)	% Change
Revenue from sales and services	911.74	907.57	4.18	0.46%
Revenue from construction and service contracts	0.11	16.89	(16.78)	-99.38%
Total Revenues	911.85	924.45	(12.60)	-1.36%
Cost of sales and services	674.47	673.42	1.05	0.16%
Cost of construction and service contracts	1.38	23.42	(22.04)	-94.11%
Total Costs	675.85	696.84	(20.99)	-3.01%
Gross Profit	236.00	227.62	8.39	3.68%
Gross Profit Margin (%)	25.88%	24.62%		
Other income	18.59	12.02	6.57	54.65%
Total Selling and Administrative Expenses	195.85	192.74	3.12	1.62%
Profit before finance Costs and income taxes	58.74	46.90	11.84	25.25%
Profit before finance Costs and income taxes (%)	6.31%	5.01%		
Profit attributable to equity holders	41.42	36.51	4.91	13.44%
Net profit margin (%)	4.45%	3.90%		
Basic earnings per share (Baht)	0.20	0.18	0.02	13.44%
Weighted average number of ordinary shares (million shares)	202.50	202.50		

Revenue

Revenue Structure	Unit : MB					
	2019	%	2018	%	Increased (Decreased)	% Change
Occupational Safety, Health and Environment Products (SAFETY)	719.42	78.90%	715.73	77.42%	3.69	0.52%
Control Environment Products (CE)	167.96	18.42%	172.57	18.67%	(4.61)	-2.67%
Water Solution Products (WATER)	24.48	2.68%	36.15	3.91%	(11.67)	-32.28%
Total revenue from sales and services	911.85	100%	924.45	100%	(12.60)	-1.36%

In 2019, the Company's revenue from sales and services were 911.85 MB, comprise 890.79 MB of revenue from sales, 20.95 MB of revenue from services and 0.11 MB of revenue from construction and service contracts. Revenues from sales and services decreases by 12.60 MB or 1.36% compared to the previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was 719.42 MB, increasing by 3.69 MB or 0.52% compared to the previous year. Revenue from sales in government sector and new customers were increase, however, revenue from existing customers in some sectors were decrease such as petrochemical industry and automotive industry, due to competition situation and reduced budget for orders following reduction in production capacity as a result of economic slowdown and revenue from services decreased due to the nature of the project.

The revenue from Control Environment Products or CE was 167.96 MB, decreasing by 4.61 MB or 2.67% compared to the previous year, major customers are in the electronics industry reduce production capacity according to the slowing export market which affected by US-China trade war and global economic slowdown.

In 2019, the company's other incomes of 18.59 MB, increase by 6.57 MB or 54.65% due to derived from gain on exchange rate of 6.50 MB and reversal of assets impairment of 7.24 MB from disposal of the assets for drilling machine which have been recorded as loss from sales of assets.

Cost of Sales and Services

In 2019, The Company's total costs were 675.85 MB, comprising of 657.30 MB costs of sales, 17.17 MB cost of services and 1.38 MB cost of construction. Cost of sales increase proportionally with revenue from sales, however, cost of sales from some products had lower than previous year due to the Baht appreciation and cost of services decreased proportionally with less revenue from services. Cost of construction was repairing expenses for the community water supply construction projects after delivered.

In 2019, costs of sales and services account for 74.12% of revenue from sales and service. The Company's gross profit was 236 MB accounted for gross profit margin 25.88% which increases, compare with 227.62 MB of gross profit, accounted for gross profit margin 24.62% in previous year.

Selling and Administrative Expenses

In 2019, selling and administrative expenses were 195.85 MB comprised 89.90 MB of selling expenses, 102.10 MB of administrative expenses, 0.58 MB of penalties arising from delays projects and 3.28 MB of loss on disposal of fixed assets Total selling and administrative expenses were increase by 3.12 MB or 1.62% compare to the previous year. Administrative expenses decrease from the record of allowance for doubtful debt for receivables for penalties arising from delays of construction in previous year and the legal expenses was decrease because most of expenses occurred in previous year. However, selling and administrative expenses increase mainly due to the record of employee benefit expense of approximately 8 MB resulting from the change in related laws.

Loss on disposal of fixed assets of 3.28 MB from the disposition of water well drilling machines assets, however, the Company reversal of the loss of asset impairment of 7.24 MB due to already recorded loss from disposal of fixed assets.

The company's financial cost was 5.17 MB, decreasing by 3 MB or 36.76% compared to financial cost of 8.17 MB in the previous year due to the Company has more financial liquidity. Therefore, the Company paid up the loan from financial institutions.

Net profit

In 2019, the company's consolidate net profit attributable to equity holders was 41.42 MB, accounted for net profit margin 4.45%, increasing by 4.91 MB or 13.44% compared to net profit of 36.51 MB, accounted for net profit margin 3.90% in the previous year.

Financial Position

	Unit : MB					
	As of December 31, 2019		As of December 31, 2018		Increased	%
	Amount	%	Amount	%	(Decreased)	Change
Current Assets	387.59	68.34%	457.87	70.21%	(70.29)	-15.35%
Non-Current Assets	179.56	31.66%	194.24	29.79%	(14.68)	-7.56%
Total Assets	567.15	100.00%	652.12	100.00%	(84.97)	-13.03%
Current Liabilities	213.39	37.54%	325.30	49.78%	(111.92)	-34.40%
Non-Current Liabilities	52.77	9.28%	53.83	8.24%	(1.06)	-1.97%
Total Liabilities	266.16	46.82%	379.14	58.02%	(112.98)	-29.80%
Shareholder's Equity of the Company	302.29	53.18%	274.28	41.98%	28.01	10.21%

Assets

As of December 31, 2019, the Company's total assets were 567.15 MB, decreasing by 84.97 MB or 13.03% from December 31, 2018. The decreased assets were mainly from current assets, which decreasing from 64.34 MB of net-inventories, 9.71 MB of trade receivables and other receivables decrease 12.42 MB of contract assets of community water supply construction projects. However, cash and cash equivalents increase 28.54 MB. Non-current assets mainly decrease from property, plant and equipment-net of 14.52 MB from 11.80 MB of depreciation and amortization for the period and disposition of water well drilling machines assets 21.40 MB, the Company has already recorded loss from disposal of fixed assets. Therefore there is a reversal transaction of asset impairment.

Liabilities

As of December 31, 2019, the Company's total liabilities were 266.16 MB, decreasing by 112.98 MB or 29.80% from December 31, 2018. The decreased of current liabilities mainly due to the decreased of 72.07 MB in short-term loans from financial institution, 37.02 MB of trade and other payables and 4.75 MB of current portion of long-term liabilities under finance leases while current income tax payable increase by 1.56 MB. Non-current liabilities were decrease from 7.95 MB of liabilities under finance lease agreement and 7.14 MB of long-term loan from financial institution, however, provisions for employee benefits was increase 15.16 MB resulting from the change in related laws.

Shareholder's equity

The company has decreased the registered capital from the original registered capital of 251 MB to the registered capital of 210.50 MB by cutting ordinary shares to support the exercise of warrants PHOL-W1 that has not yet been released and clear the accumulated losses of 89.26 MB by transferring legal reserve amount of 16.20 MB and share premium of 73.06 MB regarding the AGM's resolution on 24 April 2019.

As of December 31, 2019, Shareholders' equity was 302.29 MB, increased by 28.01 MB or 10.21% from the resulting from net profit for the period of 41.42 MB, which decreased from the interim dividend payment of 10.13 MB and legal reserve of 2 MB.

Cash Flows

Cash Flows	Unit : MB	
	December 31, 2019	December 31, 2018
Cash flow from (used in) operating activities	128.62	139.15
Cash flow from (used in) investing activities	7.11	(1.28)
Cash flow from (used in) financing activities	(107.22)	(172.97)
Net increase (decrease) in cash and cash equivalents	28.51	(35.10)
Cash and cash equivalents at the end of the period	85.76	57.21

The Company's net cash acquired from the operating activities was 128.62 MB, with operating profits prior to changes in the operating assets and liabilities of 82.60 MB and cash flow received from net-inventories decreased by 60.77 MB, trade and other receivables decreased by 30.62 MB and cash received from income tax refund amounted to 4.29 MB. While, cash flow used for trade and other payables of 36.65 MB and paid for employee benefit of 0.59 MB and income tax of 11.85 MB.

Cash flow acquired from investment activities was 7.11 MB, cash flow received from disposal of fixed assets of 9.26 MB and interest received of 0.57 MB. While, cash flow used to purchase fix assets of 2.57 MB.

Cash flow utilized in financing activities was 107.22 MB mainly used to repayment of loans from financial institutions of 79.21 MB, repayment of liabilities under lease agreement of 13.36 MB, interim dividend payment of 10.13 MB and interest expense of 4.52 MB.

Risk Factors

Well aware of the importance of risk management and systematic and efficient risk control, the Company determined a risk management structure and a written policy mainly to prevent and manage risk events and also determined risk management practices correspondent to the principle of good corporate governance. The Company has analyzed internal and external factors including economic, social, political, technological, industrial, competitive and other trends to determine important risk factors of the organization. The Risk Management Committee had been monitoring the corporate risk management plan to effectively manage and control the risk at the acceptable. The Company focuses on enhancing the risk culture throughout the organization according to the company's Risk Management Policy. In addition, the policy was regularly reviewed to cover various risks. The details of risk management are as follows;

1. Risk from fluctuation in foreign currency exchange rates

The company's products were imported directly from an overseas supplier. In 2017-2019, the company imported products accounted for 59%, 55%, and 60% of the total purchase orders, respectively. The purchase orders and payments are mainly made in US dollar and Singapore dollar, while all products were sold locally. Therefore, the company may be subject to the risk of fluctuations in foreign exchange rate. The company had considered the effects of the exchange rate and manages its risk by use forward contracts with financial institutions to protect itself against such risk, which covered all foreign trade payables for the period. As of December 31, 2019, the forward accounts stood at Baht 220 million and USD 1.15 million. The company bought forward contracts and monitored the exchange rates regularly to limit its exposure to exchange rate risk. The results of this risk management were apparent in the 2017-2019 financials, where the profit from exchange rate was baht 5.06 million, baht 2.22 million and Baht 6.50 million, respectively. In addition, when changes in the exchange rate caused an increase in cost of goods sold significantly, the company made adjustments to its prices to reflect the market conditions and notified its customers in advance so that the exchange rate volatility did not affect the costs significantly.

2. Risk from loss in becoming a distributor of the important brands

The company is a distributor of the occupational safety, health, and environment products with suppliers who are manufacturers or distributors with their well-known brands. The top 2 brands made up 31% of the total sales revenue in 2019. If the company is losing the rights to sell these brands, it may cause significant impacts on the total sales of the company. Nonetheless, over more than 40 years, the company had good relationships with suppliers, customers and adheres to ethical trading conditions. Therefore, the Company has been trusted with the manufacturing that owns the brand and has been appointed as distributor. In addition, the company is also well known in industrial market which are focus customers of the Company, with the image of professional distributor of the occupational safety, health, and environment products as well as developed and improved its distribution channels to cover its target market in order to enable the brand owners to have confidence in the company, and the company continues to maintain its status as a distributor of products. Furthermore, the Company also has a policy to reduce the risks and the damage arising from the loss in becoming a distributor by developing its own brand as well as importing new brands constantly to cover all types of customers. In 2019, the Company had its own brand of products is more than 200 items, representing revenues of approximately 17% of revenue from sales and services.

3. Risk from account receivables

Most of products distribution of the Company are credit for payment, proportion average at 92% of the total sales and services in 2017-2019. Thus, a customer's bad debt or doubtful account with a significant amount may lead to an effect on the Company's liquidity and operating results. The Company's policy focuses controlling of quality of account receivables, as for new customers (except for major customers as generally accepted and well-known juristic entity) shall order products in cash for a certain period prior to a consideration of granting credit terms. In addition, the Company also has a strict credit policy by consistently revising credit terms of the customers and separate of credit control department from sales department to independent credit consideration. In the past 3 years, bad debt accounted for 0.67% of trade receivables in 2017, no doubtful accounts in 2018 and 0.04 of trade receivables in 2019 respectively (Not including bad water projects). As for the allowance for doubtful accounts policy of the Company is performed through the recording of the allowance for doubtful accounts which is estimated from the amount of debts which may occur from the missing target of the debt collection based on the past debt collection data and the current situation of the outstanding accounts as of the date in the balance sheet. This will be considered with the account receivables with the debt period of over 180 days and have no movement. The allowance for doubtful accounts may be accounted for 100% of the total outstanding for each account

4. Risk from procurement system and inventory management

The Company's products consist of more than 3,000 items, most of inventories are fast moving. Some of the items are popular among the customers and sometimes there is a shortage of those items or the remaining of some items in the storage due to the change of the demand of the market. The impact from the price competition has an impact on the inventory turnover rate and leads to the remaining of the products in the stock. However, the Company has established the plan for sales promotion and expansion of various distribution channels; online marketing or the Company's website, the Company's branches and international markets. In addition, the Company has improved service efficiency, developing new business models by using information technology systems to respond to customers' needs conveniently and quickly. Developing supply chain system management i.e. the Warehouse Management System (WMS) the ERP, and the development of the MRP system efficiently manage the warehouse which will serve the demand of the customers and strengthen their confidence toward the Company's services. The Company believes that the improved and continuous developed programs will serve the competitive environment, increase the efficiency of the warehouse management, and increase the inventory turnover of the products and the cost management with the utmost efficiency.

Securities and Shareholders Information

Registered capital and Paid-up Capital

As of December 31, 2019, The Company's registered capital of Baht 210,500,232 divided into 210,500,232 common shares with a par value of Baht 1.00 per share and paid-up capital of Baht 202,500,232

Company doesn't issue other shares except ordinary shares.

Shareholders

Top 10 major shareholders of the company

As of December 31, 2019

No.	Shareholders Name	No. of Shares	%
1	Group of Wangthamrong Family	77,275,378	38.16%
	- Mrs. Naowarat Wangthamrong (The persons under Section 258 of Mr. Chavalit Wangthamrong)	19,626,661	9.69%
	- Mr. Chavalit Wangthamrong	18,744,555	9.26%
	- Miss. Thanthida Wangthamrong	18,048,979	8.91%
	- Mr. Thanya Wangthamrong	15,147,433	7.48%
	- Miss. Thanatsiri Siriworasi (The persons under Section 258 of Mr. Thanya Wangthamrong)	5,280,000	2.61%
	- Mrs. Wannee Wangthamrong	427,750	0.21%
2	Group of Jarutangtrong Family	32,661,250	16.13%
	- Mr. Apichart Jarutangtrong	22,860,000	11.29%
	- Mrs. Ananya Jarutangtrong (The persons under Section 258 of Mr. Teeradej Jarutangtrong)	8,551,250	4.22%
	- Mr. Teeradej Jarutangtrong	1,250,000	0.62%
3	Mr. Utain Pattananipol	4,200,000	2.07%
4	Thai NVDR Co., Ltd.	3,376,571	1.67%
5	Group of Chunhajinda Family	3,209,457	1.58%
	- Mr. Pornchai Chunhachinda	1,648,129	0.81%
	- Mrs. Saowanee Chunhajinda (The persons under Section 258 of Mr.Pornsak Chunhajinda)	875,646	0.43%
	- Miss Siriporn Chunhajinda	517,100	0.26%
	- Mr. Pornsak Chunhajinda	168,582	0.08%
6	Mr. Chaipat Wijitsangrut	3,102,100	1.53%
7	Mr. Surachai Fongamornkul	2,030,000	1.00%
8	Miss Tanaporn Imjai	1,736,155	0.86%
9	Mr. Kanit Peungjarurnkul	1,607,000	0.79%
10	Dr. Nathee Naktnasukanjn	1,555,555	0.77%
11	Other Shareholders	71,746,766	35.43%
	Total	202,500,232	100.00%

Summary of Changes in Percentage of Shareholding of Directors and Executives

As of December 31, 2019

No	Name	December 31,2018		December 31,2019		Change	
		No. of shares	%	No. of shares	%	No. of shares	%
Board of Directors							
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	30,000	0.01%	30,000	0.01%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
2	Mr. Noppadol Dheerabutrtrongkul	30,000	0.01%	30,000	0.01%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
3	Mr. Teeradej Jarutangtrong	1,250,000	0.62%	1,250,000	0.62%	-	-
	Spouse and minor children	8,551,250	4.22%	8,551,250	4.22%	-	-
4	Mr. Boonchai Suwanvutthiwat	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
5	Mr. Santi Niamnil	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
6	Dr. Pallapa Ruangrong	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
7	General Chaiwat Satondee	248,250	0.12%	248,250	0.12%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
8	Mr. Chavalit Wangthamrong¹	18,744,555	9.26%	18,744,555	9.26%	-	-
	Spouse and minor children	19,626,661	9.69%	19,626,661	9.69%	-	-
9	Mr. Thanya Wangthamrong	15,147,433	7.48%	15,147,433	7.48%	-	-
	Spouse and minor children	5,280,000	2.61%	5,280,000	2.61%	-	-
	Total	68,908,149	34.03%	68,908,149	34.03%	-	-
Executive							
10	Mr. Pornsak Chunhajinda	168,582	0.08%	168,582	0.08%	-	-
	Spouse and minor children	875,646	0.43%	875,646	0.43%	-	-
11	Miss Prapaipit Viriyabhupha	750,000	0.37%	750,000	0.37%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
12	Miss Kamolphopphan Puapansakul	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
13	Mr. Paradorn Parepatara	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
14	Mr. Nitipat Pedprasert	-	0.00%	-	0.00%	-	-
	Spouse and minor children	-	0.00%	-	0.00%	-	-
	Total	1,794,228	0.89%	1,794,228	0.89%	-	-
	Summary of Changes	70,702,377	34.91%	70,702,377	34.91%	-	-

Note: ¹ Mr. Chavalit Wangthamrong has been appointed as a director with effective from 24 April 2019.

Distribution of Shareholding

The distribution of shareholding by Nationality as of December 30, 2019, which is the latest closing date of the registered book of the Company as follows:

Shareholders	Total			Juristic Person			Individual Person		
	No. of	No. of	%	No. of	No. of	%	No. of	No. of	%
Thai Shareholders	1,390	202,500,232	100	3	3,426,691	1.69	1,387	199,073,541	98.31
Foreign Shareholders	-	-	-	-	-	-	-	-	-
Total	1,390	202,500,232	100	3	3,426,691	1.69	1,387	199,073,541	98.31

The distribution of shareholding by proportion of shareholders as of December 30, 2019, which is the latest closing date of the registered book of the Company as follows:

Shareholders	Total			Juristic Person			Individual Person		
	No. of persons	No. of shares	%	No. of persons	No. of shares	%	No. of persons	No. of shares	%
Shareholders more than 0.5%	28	142,395,788	70.32	1	3,376,571	1.67	27	139,019,217	68.65
Shareholders less than 0.5% but not less than one unit trade	1,179	60,100,533	29.68	2	50,120	0.03	1,177	60,050,413	29.65
Shareholders less than one unit trade	183	3,911	0.00	0	0	0.00	183	3,911	0.00
Total	1,390	202,500,232	100	3	3,426,691	1.70	1,387	199,073,541	98.30

Note: 1) The distribution data prepared by TSD, in case of multiple accounts and/or principle address will count as one shareholder.

2) Refer Article of Associations shareholders ratio for foreigner not exceeding 49% of the existing shares and paid-up capital.

Shareholders' Agreement regarding significant matters which shall be affected the securities holding and management.

- None -

The Subsidiary's shareholders

Phol Palladium Company Limited

The subsidiary's issued and paid-up capital of Baht 1,000,000 divided into 100,000 common shares with a par value of Baht 10 per share. The shareholders are as follows:

No.	Shareholders Name	No. of Share	%
1	Phol Dhanya Public Company Limited	99,997	99.997%
2	Mr. Payotorn Mungthong	1	0.001%
3	Miss Prapaipit Viriyabhupha	1	0.001%
4	Mrs. Sugunya Wingworn	1	0.001%
	Total	100,000	100%

Phol Water Company Limited

The subsidiary's issued and paid-up capital of Baht 50,000,000 divided into 5,000,000 common shares with a par value of Baht 10 per share. The shareholders are as follows:

No.	Shareholders Name	No. of Share	%
1	Phol Dhanya Public Company Limited	4,999,997	99.99%
2	Mr. Chavalit Wangthamrong	1	0.00%
3	Mr. Boonchai Suwanvutthiwat	1	0.00%
4	Mr. Pornsak Chunhajinda	1	0.00%
	Total	5,000,000	100%

Pholdhanya (Cambodia) Company Limited

The subsidiary's issued and paid-up capital of Riel 1,200,000,000 approximately 300,000 U.S. dollars or 9.5 Million Baht, divided into 30,000 common shares with a par value of Riel 40,000 per share. Phol Dhanya Public Company Limited holds 100%. However, the Company has ceased its operations due to no suitable business plans and to reduce the total operation expenses of the subsidiary.

Other Securities

Warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to be allotted to Board of Director and employee of the Company (PHOL ESOP-Warrant)

The Company issue and allocate warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to Board of Director and employee of the Company and its subsidiaries (PHOL ESOP-Warrant) to motivate the directors and employees of the Company and its subsidiaries to engage in the Company's success and reward them for their hardworking and dedication to the Company in the long term, and as a means of retaining the talented and competent staff members which will ultimately benefit the Company. The Extraordinary General Meeting of Shareholders No. 1/2016 held on August 29, 2016 passed the resolution to approve the issuance and offering of the ESOP warrants. Details of ESOP-warrants are as follows;

Type of the warrants	Warrants to Purchase the Ordinary Shares of Phol Dhanya Public Company Limited Issued to Directors and Employees of the Company No.1 (ESOP-Warrant)
Category of the warrants	Registered certificate and non-transferable warrants
Term of the warrants	3 years from the issue and offering date
Number of warrants issued and offered	8,000,000 units
Number of underlying shares	8,000,000 shares
Issuance date:	December 1, 2016
Expiration Date:	November 30, 2019
Exercise Ratio:	1 unit of Warrant : 1 new ordinary shares
Exercise Price:	Baht 3.00 per share
Exercise Period and Period for the Notification of the Intention to Exercise the Right:	- First lot: November 30, 2017 exercise 30% of all Warrants allocated - Second lot: November 30, 2018 exercise 30% of all Warrants allocated - Third lot: November 29, 2019 exercise 40% of all Warrants allocated

The Company determined the second exercise period on November 30, 2018 and the last exercise period on November 29, 2019 for the notification of the intention to exercise the right of warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to Board of Director and employee of the Company and its subsidiaries (PHOL ESOP-Warrant) on November 30, 2018 There are no ESOP-warrant holders exercising their right during the exercise period, also the existing balance and expired of 8,000,000 units.

Dividend Payment Policy

Dividend payment policy of the Company

The Company has a policy of paying dividend at the rate of no less than 40 percent of net profit after deduction of corporate income tax, legal reserves and other necessary reserves in each year by considering net profit of the consolidated financial statements of the company. Nevertheless, such dividend payment rate may be subject to change depending on the investments plans, necessity and other appropriate in the future. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholders' Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholders' Meeting.

Dividend history	2019	2018	2017	2016	2015
Interim Dividend (Baht)	0.05	-	-	0.10	0.08
Annual Dividend Payment (Baht)	0.10*	-	-	-	0.12
Earnings (Loss) per share (Baht)	0.20	0.18	(0.58)	(0.08)	0.21
Dividend Payout (%)	75.95%	-	-	-	94.42%

Note* Annual dividend for the year 2019 will be proposed for approval at the AGM2020 on April 28, 2020.

Dividend payment policy of its subsidiaries

The subsidiary's dividend policy is designated as the same its parent company. In normal circumstance, the company doesn't need money to invest or expand its business. The Board of Directors has a policy of offering its subsidiaries to propose the Shareholders' Meeting for approval of paying dividend at the rate of no less than 40 percent of net profit after deduction of corporate income tax, legal reserves and other necessary reserves in each year. Nevertheless, the Board of Directors of its subsidiaries may differ materially from such policies as appropriate and the necessity of its subsidiaries.

Management Structure

Management structure of the Company comprises of the Board of Directors, Sub-committee and management team as follows;

1. Board of Directors

The Board of Directors are comprised of not less five (5) persons, regardless of the gender, age and educational background. Not less than half of the total number of directors must have the residential address in the Kingdom of Thailand and the directors may or may not be the Company's shareholders. Directors can be elected or dismissed by the shareholders' meeting. With this, the number of independent directors must be least one-third (1/3) of the total number of directors but must not be less than three (3) persons. Independent directors must have the qualifications required by the Securities and Exchange Committee's regulations and/or relevant laws. In this regard, at least one (1) director must be well-versed in verifying the credibility of the financial statements.

The Board of Directors comprises 9 members as follows:

No	Name	Position	Type
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	Chairman of The Board	Independent Director
2	Mr. Noppadol Dheerabutrvongkul	Independent Director	Independent Director
3	Mr. Santi Niamnil	Independent Director	Independent Director
4	Dr. Pallapa Ruangrong	Independent Director	Independent Director
5	Mr. Teeradej Jarutangtrong	Director	Non-Executive Director
6	General Chaiwat Satondee	Director	Non-Executive Director
7	Mr. Chavalit Wangthamrong ^{/1}	Director	Non-Executive Director
8	Mr. Boonchai Suwanvutthiwat	Director	Executive Director
9	Mr.Thanya Wangthamrong	Director	Executive Director

Note:

^{/1} Mr. Chavalit Wangthamrong was appointed as Director according to the resolution of the Annual General Meeting of Shareholders for the year 2019 on 24 April 2019

Authorized Directors

Authorized signatories are Mr. Teeradej Jarutangtrong signing together with Mr. Thanya Wangthamrong with affixing the Company's seal.

Number or name of directors who are authorized signatories shall be two directors signing jointly, together with the Company's seal affixed. The Board has a power to determine and change the names of authorized signatories. The Board has a power to authorize any director or directors or other person(s) to act on any specific matter on behalf of the Board of Directors and it may cancel or change such authority at any time.

Directors' Term on Board

At each Annual General Meeting of Shareholders, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. The directors retiring in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall retire. A director who retires under this procedure may be re-elected.

Scope of Authority and Responsibilities of the Board of Directors

The Board of Directors is responsible to shareholders for the company's business, and supervision of the management of the business to meet goals and guidelines for the interests of its shareholders under the realm of ethics and takes into account the stakeholders' interests, including act in accordance with the rules and regulations set forth by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission of Thailand (SEC), and the Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (As Amended).

The resolution of the Board of Directors' meeting No.10/2019 on December 13, 2019 has reviewed and approved the scope Authority and responsibility as follows;

1. The Board of Directors must abide by the laws, objectives and regulations of the Company, as well as the shareholders' meeting's resolutions. They must perform duties honestly and be cautious of shareholders' benefits based on the principle of good governance, while disclosing the information in an adequate, correct and transparent manner towards all stakeholders.
2. Identify or change the Company's authorized signatory.
3. The Board of Directors must take part in considering important matters related to the Company's business operations in order to create added values for the business in a fair and continuous manner as follows:
 - 3.1 The Company's vision, mission, strategies, financial plans, risks, execution plans and budgeting, etc. of the previous year shall be considered and signed off.
 - 3.2 The management should ensure that the policies, strategies and scheduled plans are being followed up effectively and efficiently, as well as the reporting system against the target, obstacles and problem resolutions.
 - 3.3 The internal control and risk management systems, including the mechanisms for filing complaints in case of whistleblowing, are readily available.
 - 3.4 It is to be ensured that the business operations can be conducted sustainably over the long run, with staff member development plan and the continuity of managerial roles (Succession Plan).
4. The Chief Executive Officer's and high-level executives' performance evaluation criteria shall be identified in a way that resonates with the objectives and execution plan, with appropriate remuneration package that reflects the operating performance, benchmarked against the same type of business.
5. The policies concerning governance and anti-corruption shall be developed in writing. The policies should be approved at least once a year and it is to be ensured that compliance is observed, while cultivating organizational values that reflect good governance that they become the organizational culture.
6. It is to be encouraged that the Business Code of Conduct is available in writing, so that executives and staff members understand the ethical standard employed by the Company in operating the business. It is to be ensured that compliance with such Code of Conduct is strictly observed.
7. Transactions that may involve conflicts of interest are handled with care, with prime concern on the Company's and shareholders' benefits, while stakeholders should take part in making decisions, and compliance with regulations should be ensured, while the information related to potential conflicts of interest shall be comprehensively disclosed.

8. The internal control system is adequately available to ensure that transactions get approved by the authorized persons, with correct verification and preparation of accounting reports, and that the auditing process is credible, with different systems that can prevent inappropriate use of the Company's assets.
9. The Board of Directors, with the input of the Audit Committee, should provide opinions on the adequacy of the internal control and risk management systems, which are to be disclosed in the Annual Report.
10. Allocate the mechanism to control and monitor subsidiaries to ensure that the Company's investment capital is well taken care of. In this regard, the individuals assuming the director position in subsidiaries shall have appropriate qualifications to ensure compliance with the Company's policy and that the transactions are conducted lawfully in accordance with the securities and exchange laws, as well as the Stock Exchange's announcement.
11. Appoint the Company Secretary to provide information on rules and regulations that directors should be aware of, as well as coordinate with other parties to ensure compliance with the Board's resolutions.
12. Execute performance evaluation for the Board of Directors and sub-committees on an annual basis.
13. Report the Board of Director's responsibility in preparing the statement of financial position, to be attached with the auditor's report in the Annual Report. The statement should cover key matters based on good practices required of directors of listed companies in the Stock Exchange of Thailand.
14. The Board of Directors are eligible to invite an expert(s) to be the advisor(s), whereby the invitee(s) does not have the voting right in the Board of Directors' meeting.
15. The Board of Directors may appoint any individuals to operate the Company's business, under the control and supervision of the Board. The Board may also authorize such person and/or for a certain period of time deemed appropriate, and can terminate, withdraw, change or amend such authority.
16. Consider and approve inter-related transactions that may involve conflicts of interest, benefits or losses from the Company or subsidiaries, except for transactions that involve normal business activities and follow general commercial conditions, as authorized by the Board of Directors of the Company and/or subsidiaries. These are executed under the principle, conditions and methods that govern inter-related transactions and acquisition or divestment of assets of the Company according to the Stock Exchange of Thailand's or the Securities and Exchange Commission's announcement, in order to ensure that such transactions are reasonable and contribute to the Company's maximum benefits.

2. Audit Committee

The Audit Committee is responsible for reviewing the company's financial reporting, reviewing the adequacy of the company's internal control and risk management systems, comply with all applicable laws, rules, regulations, including the preparation of reports or providing comments to the Board for approval or to propose to the Shareholders' Meeting as the case.

Audit Committee comprises of Independent Director 3 members as follows:

No	Name	Position
1	Mr. Noppadol Dheerabutrvingkul	Chairman of Audit Committee
2	Mr. Santi Niamnil	Audit Committee
3	Dr. Pallapa Ruangrong	Audit Committee

Audit Committee No.1 has adequate knowledge and experience to review reliability of the Company's financial statements.

Miss. Kamolphopphan Puapunsakul is an Audit Committee's secretary.

Audit Committee's Term on Board

Audit Committee is subject to a three-year term. In the case that a member resigns from the position prior to the expiration of his term of office, a replacing person will hold the position only for the remainder of term of office of the resigning member.

Scope of Authority and Responsibilities of the Audit Committee

The Board of Directors' Meeting No. 1/2020, held on January 18, 2020, reviewed and approved to determine the scope, authority and responsibility of the Audit Committee as follows:

1. To ensure that the Company has fairly presented financial reports and fully disclosed information.
2. To ensure that the Company has the appropriate and effective internal control and internal audit systems maintains the independence of the internal audit system, approves the appointment, transfer, terminate the employment of the Chief of the Internal Audit Unit and other departments responsible for internal audit.
3. To ensure the Company's compliance with the Laws related to the Securities and Stock Exchange, the Requirements of the Stock Exchange of Thailand and the business of the Company.
4. To verify the correctness and completeness of the related matters or the matters which could cause conflict of interest.
5. To verify and give comments on preventive anti-corruption measures in line with the company's anti-corruption policy. Make sure that these measures are efficient and effective.
6. To verify the Company's risk management.
7. To consider, select, propose, appoint and terminate the employment of any independent person and auditor approved by the Office of Securities and Exchange Commission to perform duty of auditing the company's account and to offer the consideration of the auditor including attending the meeting with the auditor without the meeting organizing department at least once a year.
8. To prepare and disclose the report of corporate governance of the Audit Committee publicly in the annual report of the Company signed by the Chairman of the Audit Committee.
9. To carry out any other tasks assigned by the Board of the Director as approved by the Audit Committee.
10. To review the Charter of the Audit Committee as necessary and appropriate at least once a year.

11. To review the report about the violation of business ethics and company's regulation.
12. To ensure scope of the policy management of information technology and security measure for the information technology system.

3. Nomination and Compensation Committee

The Nomination and Compensation Committee consists at least 3 members and must be at least half of Independent Directors and the Chairman of the Nomination and Compensation Committee must be independent directors.

The Nomination and Compensation Committee comprises 4 members as follows

No	Name	Position
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	Chairman of Nomination and Compensation Committee
2	Mr. Noppadol Dheerabutrvingkul	Nomination and Compensation Committee
3	General Chaiwat Satondee	Nomination and Compensation Committee
4	Mr. Chavalit Wangthamrong ²	Nomination and Compensation Committee

Note:

² Mr. Chavalit Wangthamrong was appointed as Nomination and Compensation Committee, effective on 20 February 2020

Miss Siriporn Ondee is a Nomination and Compensation Committee's secretary.

Nomination and Compensation Committee's Term on Board

Members of the Nomination and Compensation Committee are subject to a three-year term beginning from the date of appointment. The member who retires on expiration of his term of office may be re-elected through the consideration according to Nomination rules and procedures. In addition to vacating office on expiration of term of office, a member of the Nomination and Compensation Committee shall vacate office upon death, resignation and dispossession of qualifications.

Scope of Authority and Responsibilities of the Nomination and Compensation Committee

According to the Charter of the Nomination and Compensation Committee is responsible for the selection and the nomination of candidates to serve as Directors, Chief Executive Officer and Senior Executives, and provide suggestions and comments about the compensation management schemes to the Board of Directors for approval or to propose to the Shareholders' Meeting as the case.

The Board of Directors' Meeting No. 2/2020, held on February 20, 2020, reviewed and approved to determine the scope, authority and responsibility of the Nomination and Compensation Committee as follows:

1. Nomination

- 1.1 To consider the appropriateness of structures and compositions of the Board of Directors and Sub-Committee.
- 1.2 To consider criteria and procedures for recruiting qualified candidates to a director and the executive management positions, comply with Corporate Governance best practice.
- 1.3 To consider the selection of qualified directors according to the criteria and procedure of nomination of directors, sub-committee and executive management proposed to the Shareholders' Meeting or the Board of Director, depending on the composition of the Board, knowledge, ability and experience that are beneficial to the company business.

- 1.4 To provide development plan, knowledge and skill in directorship continuous, provide an orientation new director to know deeply information related to business operation and related regulatory.
- 1.5 To review the succession plan for the board and top management.
2. **Compensation**
 - 2.1 Stipulate regulations and review remuneration structure of the Board of Directors, the Sub-Committees by proposing to the Board of Directors to approve and proposed to the meeting of the shareholders for approval.
 - 2.2 Determine the evaluation regulations and remuneration for top management by proposing to the Board of Directors to approve
 - 2.3 Consider conditions of the issuance of new securities as appropriate and provide approval upon the Company's issuance of new securities to the Directors or staff and when the Directors or staffs receive the new securities of more than (five) 5% of the total allotted securities. There should be no Directors or employee receive the aforementioned allotted securities more than (five) 5%.
3. Evaluation of its own performance, the Nomination and Compensation Committee 1 time per year for presentation to the Board of Directors.
4. Annually prepare performance yearly report to the Board of Directors and shareholders' meeting.
5. To revise the Charter of the Nomination and Compensation Committee 1 time per year as necessary and appropriate
6. To perform other duties as assigned by the Board of Directors and law regulations or as necessary and appropriate.

4. Risk Management Committee

Risk Management Committee members included Board of Directors, Executive and/or external scholars who was appointed by Board of Director. The total membership of not more than 5 members.

Risk Management Committee comprises 3 members as follows:

No	Name	Position
1	Mr. Teeradej Jarutangtrong	Chairman of Risk Management Committee
2	Mr. Boonchai Suwanvuttiwat	Risk Management Committee
3	Asst.Prof.Dr.Suluck Pattarathammas ³	Risk Management Committee

Note:

³ Asst. Prof. Dr. Suluck Pattarathammas was appointed to be Risk Management Committee-external scholar

Miss. Saowapa Choorujiporn is a Risk Management Committee's secretary.

Risk Management Committee's Term on Board

Members of the Risk Management Committee are subject to a three-year term beginning from the date of appointment. In addition to vacating office on expiration of term of office, a member of the Risk Management Committee shall vacate office upon death, resignation and dispossession of qualifications.

Scope of Authority and Responsibilities of the Risk Management Committee

The Board of Directors' Meeting No. 12/2018, held on November 13, 2018, reviewed and approved to determine the scope of authority and responsibility of the Risk Management Committee as follows:

1. The Risk Management Committee, whose term in the office is no longer than 3 years from upon the date receiving the appointment.
2. Apart from the vacancy upon the completion of the office term, a member shall vacate office upon death, resignation, or disqualified or prohibited as prescribed under the Public Limited Company Law.
3. When the vacancy is from other reasons, apart from the completion of the office term, Chairman of the Risk Management Committee shall select a candidate with aforementioned qualification to fill the vacancy. Any person so appointed shall retain his office during such time only the remaining term of the vacating member.

5. Management Team

The company has the first 4 executives according to the SEC, is second line from the Chief Executive Officer according to the organization of the company, with covering Chief Financial Officer, the overall responsibility of top-executives such as; to operating in accordance with the policy, vision and mission, strategy and company objective, including business plan and yearly budgeting approved by the Board of Directors.

Management Team comprises 7 members as follows:

No	Name	Position
1	Mr. Boonchai Suwanvutthiwat	Chief Executive Officer
2	Mr. Pornsak Chuhajinda	Vice President Corporate Support/Chief Financial Officer
3	Mr. Thanya Wangthamrong	Vice President Marketing and Sales
4	Miss Kamolphopphan Puapansakul	Internal Audit Director
5	Miss Prapaipit Viriyabhupha	Sales Director Control Environment Products
6	Mr. Paradorn Parepatara	Sales Director SAFETY Products Group 1
7	Mr. Nitipat Pedprasert	Sales Director SAFETY Products Group 2

Chief Executive Officer's Scope of Duties and Responsibilities

1. To identify vision, direction, strategy, policies and corporate plans with covering potential risk issued.
2. Convey the company direction and strategies to the management to effectively implement the results.
3. Monitor supervise and implementation of key strategies and policies, Including objectives Financial goals, corporate plans and budgeting, reporting to the Board of Director.
4. Support and provide effective and efficient internal control an Audit system.
5. Resolve the conflicts of interest and connected transactions.
6. Coordination of comprehensive Risk Management ensure that effectively risk management system or procedure.

In this regard, the top executive management of the company is in accordance with the notification of the Capital Market Supervisory Board No. Thor.Jor. No.23/2551 Re: Defining executive definition for compliance with chapter 3/1 of the Securities and Exchange Act B.C.2535, amendment by the Public Securities and Exchange Act. B.E.2541 (no. 4), in which all 7 executives have no prohibited qualification found, as follows:

- 1) Judgment by court for criminal offences in relation to property committed in dishonesty of similar nature.
- 2) Judgment by court for transaction conflict of interest with the company.

In addition, the Board of Directors and the management of the company, are qualified shall not have prohibited characteristics including a lack of untrustworthiness, regarding to the Notification of the Securities and Exchange Commission No. KorJor. 3/2560 Re: Determine of Untrustworthiness Characteristics of Company Directors and Executive.

Authorized Level of the Company as follow:

Transactions	Board of Directors	Authorized Directors	CEO
1. Approval Annual Plan Budget Plan and Manpower	✓	-	-
2. Loan and issued Bond per time	✓	-	-
3. The documents signing; debt instruments, cheque and important issued related financial statement as stated in the company's Director of Authority table.	✓	✓	-
4. Certified the Company's Financial Report	✓	-	-
5. Approval Investment:			
5.1 Annual Investment Plan/ Investment for Joint venture or Subsidiaries	✓	-	-
5.2 Investment in Annual Investment Plan	✓ Over 4 MB	✓ Not Over 4 MB	✓ Not Over 2 MB ✓
5.3 Investment outside Annual Investment Plan	✓ Over 4 MB	✓ Not Over 4 MB	Not Over 2 MB
6. Approve the connected transaction of the Company and its subsidiaries which has been approved by the Audit Committee.	✓ Over 4 MB	✓ Not Over 4 MB	-
7. Asset Disposal	✓ Over 2 MB	-	✓ Not Over 2 MB
8. Write-off Debt	✓ Over 1 MB	-	✓ Not Over 1 MB
9. Approval Selling proposes per purchase order/Customer Credit Approval	✓ Over 40 MB	✓ Not Over 40 MB	✓ Not Over 4 MB
10. Approved Requisition Order and Purchase Order	✓ Over 40 MB	✓ Not Over 40 MB	✓ Not Over 4 MB
11. Authorized under Budget	✓ Over 1 MB	✓ Not Over 1 MB	✓ Not Over 0.5 MB
12. Approval for Purchase Order for operate and maintenance property.	✓ Over 4 MB	✓ Not Over 4 MB	✓ Not Over 2 MB

In this regard, the approvals of the above transactions are in accordance with the notification of the authority of the Company and its subsidiaries which was approved by Board of Director. And the aforementioned transactions are not inclusive of those in which the Board of Directors, Chief Executive Officer, or any individuals might possibly have stakes or conflicts of interest of any kinds (if any) with the Company or its subsidiaries, unless the transactions are in accordance with the policies and criteria indicated by the Board of Directors. Such transactions must be declared to the Audit Committee Meeting and the Board of Directors' Meeting and/or the Shareholders' Meeting (where appropriate) in order to obtain approvals as stated in the Company's regulations or relevant laws.

6. Criteria for Directors and Management's Nomination

Criteria for Directors and Management's Nomination

The Company appointed Nomination and Compensation Committee to nominate qualified candidates for directors and Chief Executive Officer (CEO) to supervise the Company's business conduct and to determine policies and action plans for the maximum benefit of the organization and its shareholders. Nomination and Compensation Committee is responsible for reviewing and nominating qualified candidates to assume director and CEO positions, considering his/her qualified to comply with the criteria for selection director's nomination to replacement retired by their rotation director and/or vacancy director (if any), proposed to the Board of Director for consideration and deemed appropriate proposed to appointment by the Annual General Meeting of shareholders every year, for management level have appointed by the Board (if any), reviewing the criteria at least yearly basis.

The Company's articles of association stipulates that the Meeting of shareholders appoint directors by applying the following criteria:

1. Directors shall be elected by the shareholders' meeting, whereby the Nomination and Remuneration Committee will be selecting suitable candidates and nominating names of individuals with appropriate qualifications based on the following criteria and methodologies:
 - (1) Each shareholder gets the voting right equal to the number of shares held
 - (2) Each shareholder can use his/her voting right according to (1) to vote for one or many candidates, but cannot divide his/her voting rights to give to each candidate at will. In the case of appointing many directors, each shareholder can vote for a number of candidates up to the maximum number of directors that must be appointed, but cannot divide his/her voting rights to give to each candidate at will.
 - (3) Candidates with the top votes in the descending order will be appointed. The number of candidates appointed equal the number of directors needed to be appointed. In the case that two or more candidates share the same rank, Chairman of the Meeting will give a final vote to one of the candidates.
2. Directors are to select among themselves one person to be Chairman. If the directors agree, they may select another or other persons to be Vice Chairman.
3. The Chairman of the Board of Directors and Chief Executive Officer or Managing Director must not be the same person, for purposes of clearly separated duties and balance of power in business execution.
4. In the case that the director positions become vacant due to reasons other than expiration of terms, directors are to select new directors to assume the vacant position with the term equal to the remaining term of such position. Resolution to select new directors must consist of at least 3/4 votes from the remaining directors.

Qualifications of the Company Directors

1. Directors must be natural persons, with the following qualifications:

Directors must possess qualifications without prohibited attributes according to Section 68 of the Public Company Limited Act B.E.2535 (including endorsements). They must not display characteristics deemed inappropriate to assume the position in the public company according to Section 89/3 of the Securities and Stock Exchange Act B.E.2535 (including endorsements).

 - (1) One must become a become a sui juris
 - (2) One must not be in bankruptcy, incompetent or appears to be incompetent
 - (3) One must not have been imprisoned from the verdict related to securities obtained dishonestly.
 - (4) One must not have been punished, dismissed or terminated from the government sector, organizations or government institutes for dishonesty in one's duties.
2. One must possess a variety of qualifications, knowledge and relevant experiences that are useful for the business operations, as well as for the development of strategies and policies. One must monitor and follow up with the strategic plan effectively, with moral and ethical values and allocate adequate time to fully dedicate to performing one's duties
3. The independent director can assume the directorship in not more than 5 public listed companies.

4. An independent director means a director who is independent from the control of the management, major shareholders, authorized persons and does not have any potential benefits or losses from decisions related to business execution. With this, an independent director must possess the following qualifications:
 - (1) A director must hold no more than 1% of the total number of shares eligible for voting in the mother company, subsidiaries, affiliates or juristic persons that may have potential conflicts.
 - (2) A director must not be or never have been involved in managerial duties, staff members or consultants with salary on a fixed basis, or the authorized person of the mother company, subsidiaries, affiliates or juristic persons that may have potential conflicts.
 - (3) A director must not have blood relations, marital relations or any relations borne of registering marriage certificate with the persons that may have potential conflicts.
 - (4) A director must not have or never has business relationship with the mother company, subsidiaries, affiliates or juristic persons that may have potential conflicts in a way that may obstruct one's independent exercising of discretion or judgment.
 - (5) A director must not be or never have been the auditor of the mother company, subsidiaries, affiliates or juristic persons that may involve potential conflicts.
 - (6) A director must not possess other attributes that prevent one from independently expressing opinions related to the Company's business operations.

Methods and procedures of nomination of directors

1. Review the existing structure of the Board of Directors and assess whether it is supportive to the strategic needs of the Company, give recommendations on how to improve such structure, and propose the criteria to find candidates suitable for the recommended structure to the Board of Directors
2. Identify the lists of qualified candidates to nominate as directors
3. Review and screen the lists and curriculum vitae of the candidates and present to the Board of Directors
4. Arrange to have interviews sessions for candidates who have passed the preliminary screening from Nomination and Compensation Committee and propose the lists to the Board of Directors and present to the shareholders' meeting to get approval
5. In the nomination process, Nomination and Compensation Committee determines a nomination criteria to ensure that the selected candidates will be able to perform the roles of directors based on 2 Fiduciary Duties: Duty of Care and Duty of Loyalty
6. Aside from nomination by Nomination and Compensation Committee, the Committee also gives opportunities to minority shareholders to nominate qualified candidates to the Committee in the time period that is long enough to facilitate the screening procedure required by the Committee
7. To ensure transparency, Nomination and Compensation Committee discloses nominating policy and procedure to shareholders, as well as prepares nomination forms containing important information of candidates that shareholders can use to make decision together with consents of such candidates

8. Screen and cross-check the name of candidates in the list with the lists of relevant authorities to make sure that the candidates are not the persons in black lists or have been removed from the lists of such authorities, and meet and interview candidates who have passed the screening of Nomination and Compensation Committee
9. In the process of director nomination, Nomination and Compensation Committee should nominate candidates in a sufficient number to allow the Company's directors a chance to select from the candidate pool and propose the selected candidates to the shareholders' meeting in the number equal to the number of directors needed
10. Nomination and Compensation Committee submits the list of candidates and their resumes to the shareholders' meeting in advance together with the invitation to general shareholders' meeting
11. In the case of reappointing directors whose terms have expired, the candidates' performance and records of attendance in Board of Directors' meeting and shareholders' meeting will also be delivered to shareholders
12. In the process of nominating candidates for directors, the Board of Directors allows shareholders to vote one-by-one to give opportunities to shareholders to contemplate each candidate and disclose the voting result in the Meeting
13. Arrange to have an orientation session for the newly-appointed directors prior to their first attendance of the meeting of the Board of Directors

After the list of candidates is approved by the Board of Directors, Nomination and Compensation Committee will present to the general meeting of shareholders to approve and appoint the candidates.

However, the shareholders' meeting may pass a resolution of some directors to retire before the terms validation, with a vote of not less than (3/4) three-fourths of the number of shareholders attending the meeting and having the right to vote, total vote is not less than half of the shares held by the shareholders attending the meeting and have their rights to vote in the meeting.

Independent Directors

The Board of Directors or the Meeting of shareholders (depending on the case) has an authority to appoint independent directors with the minimum of 1/3 of the Board of Directors and at least 3 persons.

The criteria in selecting independent directors are similar to those in selecting directors. Qualifications of independent directors are defined applying the definition of qualifications and prohibited characteristics specified in Public Company Act and Securities and Exchange Act, as well as Notification of Securities and Exchange Commission. Such qualifications are the following:

Qualifications of Independent Directors

The Company has determined the definition of independent directors is equal to the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in accordance with the Notification of the Capital Market Supervisory Board No. Tor Jor. 4/2552 dated 20 February 2009 Re: "Qualification of Independent Directors" That is, "Independent Director" means the directors with a qualifications as follows:

1. holding shares not exceeding 1 per cent of the total number of shares with voting rights of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, including shares held by related persons of such Independent Director;

2. neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, affiliate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years prior to the submission of the request to the Office. Such prohibited characteristic shall not include the case where the Independent Director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of executive's child, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;
5. neither being nor used to be an auditor of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;

The term "business relationship" in the first paragraph includes any normal business transactions in real estate renting and leasing, asset-related or service-related transactions, or financial transactions, including lending and borrowing, collateral pledging, guaranteeing, or similar transactions that result in one party financially obliged to another party for 30% of the relevant Company net intangible asset or Baht 20 million, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on related transactions. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

6. neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;
7. not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder of the Company;
8. not undertaking any business in the same nature and significantly in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff,

advisor who receives salary or holding shares exceeding 1 per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and significantly in competition to the business of the Company or its subsidiary company; and

9. Not having other qualifications that will interfere with an independent judgment on the performance of the company business counterparty.

After being appointed, independent directors may be delegated authorization power from the Board of Directors to make collective decision on business transaction with counterparties, subsidiaries, same-level subsidiaries, affiliate, major shareholders or the company's controlling persons.

In addition, Independent Director must have education and specialty in specific fields, including experience and other qualifications to be proposed to the Shareholders' Meeting for consideration and appointment as the Company's director. In case that any Independent Director vacates his position prior to an expiration of his term, the Board of Directors may elect a new qualified Independent Director in replacement whereby such replacing person will hold the position only for the remainder of term of office whom be replaced.

Director Nomination to the Meeting of Shareholders

The Company will attach the information of the candidates for directors with the shareholders' meeting invitation letter to allow shareholders to review the qualifications of the candidates who will replace the directors whose term expire. Such information consists of the candidate's education backgrounds, work experience, share ownership (direct and indirect), director position in companies and public companies, experiences, and disputes (if any). In the case of reappointment of directors whose term expired to resume director position, the information on the number of meeting attended and performance as directors in the past year will also be attached.

In the case that the director positions become vacant due to reasons other than expiration of terms, Nomination and Compensation Committee will propose qualified candidates to be considered and appointed in the next meeting. New directors are appointed with the votes of no less than $\frac{3}{4}$ of the remaining directors. The new directors in this case will have terms equal to the remaining terms of the previous directors whose terms are terminated.

7. Compensating of Directors and Executives

The Company determines compensation packages that are appropriate and comparable to those of other companies in the same industry. Nomination and Compensation Committee will determine the compensation policy for directors and top executives, including CEO and executive director, and propose the principles and offerings of compensation packages that are suitable for roles and responsibilities of the positions and salary structure of the Company to the Board of Directors for the approval of compensation packages for top executives and to the Meeting of shareholders for the approval of compensation packages for directors every year. In so doing, it applies the following

1. Policy and Criteria of the Compensating of the Board of Directors

The Board of Directors has determined the Compensating of directors in 2 forms as follows:

- (1) Meeting allowance per attendance is based on the business performance and the size of the Company, responsibilities, knowledge, capabilities and experiences of directors, and contribution of such directors to the

Company with comparison to the allowance of comparable companies in the same business and with the amount high enough to retain qualified directors

(2) Annual director bonus is based on the performance of the Company or the dividend paid to the shareholders

2. Policy and Criteria of the Compensating of Top Executives

Nomination and Compensation Committee is responsible for reviewing compensation in the form of monthly compensation, bonuses and management fee for presenting to the Board of Directors for approval. Such compensation shall have been reviewed by Nomination and Compensation Committee, who structures the compensation packages that are linked with the responsibilities and the Company's performance, financial position, as well as comparable to the packages of other companies in the same market. Factors included in the reviewing of compensation packages are:

- (1) Surveys of compensation rates done by reliable institutes, organizations, or offices
- (2) GDP growth and inflation rate
- (3) The Company's performance and personal performance according to personal KPI (Key Performance Indicator)

3. Compensation

Compensating of the Board of Directors

The monetary compensation to directors in the form of meeting allowance and bonus are as follows;

1. Meeting Allowance

Meeting Allowance/Attendance	
Board of Directors Meeting	
Chairman of the Board	22,500 Baht
Directors/Independent Directors	15,000 Baht
Sub-Committee Meeting	
Chairman of Sub-Committee	18,000 Baht
Directors	12,000 Baht
Sub-Committees include Audit Committee, Risk Management Committee and Nomination and Compensation Committee	

2. Director's bonus

Director's bonus payment criteria are similar to that of the previous year that can be categorized into 2 parts:

Part 1: 2.5% of dividend paid to shareholders

Part 2: 10% of profit margin, in case the net profit exceeds that of 2018

Nonetheless, meeting attendance fees and directors' bonuses combined must not exceed 5 million Baht.

In this regard, the payment criteria are similar to that of the previous year; 1.5 portions are allocated to the Chairman of the Board and every individual director will be allocated 1 portion each. The calculation is proportional upon the tenure of directorship as appointed by the Annual General Meeting of Shareholders or in case where directors are appointed during the year in replacement of resigned directors. The exception applies when directors whose term of office is less than two months, whereby there will be no bonus payment.

3. Other Compensation

-None-

In 2019, the total amount of directors' compensation is 2.16 MB, comprising 1.94 MB of meeting attendance fees of Board of Director and Sub-Committee and 0.22 MB of director's bonus 2018. The bonus for year 2019 amounting 1.25 MB in accordance with the criteria which has been approved by the shareholders' meeting, totaling remuneration in the year 2019 amount 3.19MB not exceeding budgeting 5MB. Also the said bonus shall be proposed to the 2020 Shareholder's meeting on 28 April, 2020.

In 2019, the individual compensation of directors are as follows:

No.	Name	2019					Director's Bonus 2018 (Baht)	Total (Baht)
		Meeting allowances (Baht)				RM		
		Board of Directors	Audit Committee	NC Committee				
1	Asso. Prof. Dr. Ekachidd Chungcharoen	225,000	-	54,000	-	35,212.11	314,212.11	
2	Mr. NoppadolDheerabutrvongkul	150,000	108,000	36,000	-	23,474.74	317,474.74	
3	Mr. Santi Niamnil	150,000	72,000	-	-	23,474.74	245,474.74	
4	Dr. Pallapa Ruangrong	150,000	72,000	-	-	23,474.74	245,474.74	
5	Mr. Teeradej Jarutangtrong	150,000	-	-	90,000	23,474.74	263,474.74	
6	General Chaiwat Satondee	150,000	-	36,000	-	23,474.74	209,474.74	
7	Mr. Chavalit Wangthamrong ⁵	90,000	-	-	-	-	90,000.00	
8	Mr. Boonchai Suwanvutthiwat	150,000	-	-	60,000	23,474.74	233,474.74	
9	Mr.Thanya Wangthamrong	135,000	-	-	-	23,474.74	158,474.74	
10	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	60,000	-	60,000.00	
11	Mr. Pornsak Chunhajinda ⁶	-	-	-	-	19,562.28	19,562.28	
Total		1,350,000	252,000	126,000	210,000	219,097.57	2,157,097.57	

Notes

⁴ Director's Bonus for the year 2018 paid to directors in 2019, accordance the resolution of the Annual General Meeting of the Shareholders 2019 on April 24, 2019.

⁵ Mr. Chavalit Wangthamrong was appointed as Director according to the resolution of the Annual General Meeting of Shareholders for the year 2019 on 24 April 2019

⁶ Mr. Pornsak Chunhajinda, director who resigned during the year 2018, received the bonus for the year 2018 according to the term of office.

In 2019, moreover the remuneration as a director and sub-committee, there are directors who have received other consultant fee such as; Mr.Chavalit Wangthamrong received 1.32 MB for Strategic consultant and Asst.Prof.Dr.Suluck Pattarathammas received 0.18 MB for Risk Management Consultant.

Details on the Meeting attendance of Board of Director and sub-Committee presented in topic "Corporate Governances; Board of Directors' Meeting"

Executive Compensation

The monetary compensation of executives in the form of salaries and bonuses and management fee for the company and its subsidiaries are as follows:

In 2019, the Company has paid monetary compensation to 8 top executives of the Company and its subsidiaries, totaling 15.78 MB.

Executive Compensation	2019		2018	
	No. of person	Amount (MB)	No. of person	Amount (MB)
Salaries	8	12.53	8	12.06
Bonuses and Management Fee ⁷	8	2.58	8	-
Contribution to Provident Fund	8	0.67	8	0.60
Total	8	15.78	8	12.66

Note: ⁷ Bonuses and Management Fee for the year 2018 paid to top executives in 2019

In 2016, The Company has granted to issue and allocate warrants to purchase ordinary shares of Phol Dhanya Public Company Limited to Board of Director and employee of the Company and its subsidiaries (ESOP-Warrant) with no value for the purposed of motivated and engage in the company's success and rewards them for their hard working and dedication in long term and to motivated talented and competent staffs work for the Company in the long term. List of Directors and Executives who have been allocated ESOP-Warrants on issuance date and additional allocations during the year 2018 and 2019 from ESOP-Warrants remain from Directors and staffs who resigned. Summary as of December 31, 2019 as follows:

No.	Name	No. of Allocated (Units)	% of issuing and offering
1	Asso. Prof. Dr. Ekachidd Chungcharoen	135,445	1.69%
2	Mr. NoppadolDheerabutrongsul	135,445	1.69%
3	Mr. Teeradej Jarutangtrong	135,445	1.69%
4	General Chaiwat Satondee	135,445	1.69%
5	Mr. Boonchai Suwanvutthiwat	400,000	5.00%
6	Mr. Thanya Wangthamrong	281,047	3.51%
7	Mr.Pornsak Chunhajinda	400,000	5.00%
8	Miss Prapaipit Viriyabhupha	372,310	4.65%
9	Mr. Payotorn Mungthong	349,561	4.37%
10	Miss Kamolphopphan Puapansakul	346,842	4.34%
11	Supervisor staffs	4907016	61.34%
12	Retired Directors	228,570	2.86%
13	Retired Staffs	172,874	2.16%
	Total	8,000,000	100%

The Company determined the last exercise period on November 29, 2019 for the notification of the intention to exercise the right of warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to Board of Director and employee of the Company and its subsidiaries (PHOL ESOP-Warrant). There are no ESOP-warrant holders exercising their right during the exercise period, also the existing balance and expired of 8,000,000 units.

Compensation of Directors and Executives in subsidiaries

The compensation of Directors and Executives who was appointed as Directors in subsidiaries in the form of meeting allowance, summarized as follows:

No	Name	2019				Total (Baht)
		Subsidiaries				
		Phol Palladium Co., Ltd.		Phol Water Co., Ltd.		
		Meeting attendance	Meeting Allowance	Meeting attendance	Meeting Allowance	
1	Mr. Teeradej Jarutangtrong	6/6	90,000	-	-	90,000
2	General Chaiwat Satondee	-	-	8/8	120,000	120,000
3	Mr. Boonchai Suwanvutthiwat	6/6	60,000	8/8	80,000	140,000
4	Miss Prapaipit Viriyabhupha	-	-	8/8	80,000	80,000
5	Mr. Payotorn Mungthong	6/6	60,000		-	60,000
	Total		210,000		280,000	588,000

8. Personnel

Number of personnel of the Company and its subsidiaries as of December 31, 2019 amounts to total 204 as follows:

Department	Number of personnel	
	2019	2018
1. Management	8	8
2. Internal Audit	1	1
3. Management and Organization Development Office	5	5
4. Sales	61	63
5. Marketing	15	14
6. Procurement and Warehouse	38	39
7. Accounting and Finance	22	26
8. Human Resource	8	4
9. Information Technology	4	4
10. Branch Support Office	12	11
11. Sales and engineering	26	32
Total	204	207

Compensation for Employees

Employees of the Company and its subsidiaries receive compensations in the form of monetary and non-monetary compensations, include salary, annual bonus, overtime allowance, commission, incentives, diligence allowance, Provident fund, Life and health insurances and other welfares.

In 2019, the Company provided monetary compensation and non-monetary compensation for 114.12 MB and in 2018, the Company provided such compensation for 104.41 MB.

Changes in the number of employees in the past 3 years

In 2019, 38 employees left the Company and 42 new employees joined the Company

In 2018, 27 employees left the Company and 42 new employees joined the Company

In 2017, 48 employees left the Company and 40 new employees joined the Company

Significant labor dispute in the past 3 years

-None-

Human Resource Development Policy

The Company places a high value on continual human resource development to empower its employees to achieve performance objectives and steer the organization in the right direction to support future growth and competitiveness in the global stage. The Company set up a training plan and activity plan for its employees to enhance their knowledge and skills in several aspects. Human resource development of the Company can see more detail in the Sustainability Report 2019

Corporate Governance

The **Board of Directors** has always been determined and abided by the principle of corporate governance and ethics, business ethics of the company continuously, formulating polities, rules and guidelines for the organization; directors, executives and employees to ensure responsible business operations towards the society and all stakeholders in a fair and adequate disclosure. Focusing on the creation of long term values for business for sustainable growth.

Compliance with Corporate Governance Policy

The Company has promoted and communicated CG policy to all levels of employees across the organization through an internal electronic communication system and orientation to create common knowledge and mutual understanding that will lead to compliance with CG policy and business ethics. This regards directors, executives, and employees of Phol Dhanya Pcl. and its subsidiaries consistently comply with such policy and constantly monitor the compliance results. In 2019, there was no issue or non-compliance situation with the aforesaid policy.

In 2019, with its devotion to strictly and strong commitment to comply with the good corporate governance, comply to SEC's CG Code and IOD and international standard such as ASEAN CG Scorecard etc. PHOL has developed CG achievement as follows:

- The Company was given 99 scores for the year 2019 an assessment result on its administration of general shareholders' meetings by Annual General Meeting Assessment Program (AGM Program) held by Thai Investors Association (TIA). The average score of 672 listed companies was 93.70 scores
- The Company was received one of 193 Listed Companies awarded "Excellent CG Scoring" or "5 Stars" (90-100 scores) according to the Corporate Governance Report of Thai Listed Companies 2019, the Survey of Corporate Governance assessment of total 677 Listed Companies.
- The company adhering to the principles of good corporate governance by conducting business that takes it into all stakeholders; in terms of Economy, Environment and Society. Allowing the company's business growth together with grow sustainably growth, resulted achievement being awarded the Thailand Sustainability Investment (THSI) for 2019 (1 of 98 listed companies).
- The Company has received renewal certificate "Phol Dhanya Public Company Limited is a membership of the Private Sector Collective Action Coalition Against Corruption (CAC) within Quarter 2/2019, be valid for 3 years from the date of approval since 5 August 2019.

Adoption of Corporate Governance Principle for Listed Companies

The Board of Directors is aware of the roles and duties as the organization's leader in creating sustainable values for the business, and is fully aware of the benefits of adopting the 8 CG Code practices to align with the Company's business operations. The meeting of the Board of Directors No. 7/2019 on 20 September 2019, the committee reviewed the Company's Corporate Governance Policy (amendment no.2) related to the CG Code 2560 issued by SEC, covering director, executives and employees, regulators and internal audit, which has been approved and announced on 20 September 2019 and the revision guideline will be in line with the above policy.

In 2019, several policies and practices were improved for more suitability for instance, reviewing the Company's Structure, the Board of Directors' charter and subsidiaries committee related director's roles and duties, corporate governance policy (CG Code), sustainable development policy, internal information control policy, policies and rules of reporting conflicts of interest, criteria related the Company's structure, principle for preparation and disclosure report on securities in accordance with

section 59 of the Securities and Exchange Act B.E.2559, holding of directors and executive that regulates the change of reporting approach via the electronic channels etc., covering disclosure policy to ensure that all shareholders have equal access information.

(For more details regarding the Company's Policy and Guidelines has been public on website: www.pdgt.com)

Besides, the Company has set a Corporate Culture Policy "PHOL-D" communicating to all employees of the company and its subsidiaries, which is an important resource and plays a role in sustainable success, driving through Company's vision to achievement the goals and mission of the organization in the same direction For the organization to be stable, strong and sustainable.

In 2019, topics that have not been implemented and have appropriate alternative protocols are as follows:

Topics not exercised	Reasons for not exercising/Substitute measures
1. The Board of Directors should comprise of independent directors of more than half of all directors, if Chairman of the Board is not an independent director and non-executive directors have more than 66 percent.	Chairman of the Board is not the same person as Chief Executive Officer. The Company clearly segregates the roles and responsibilities of the Board and Management team to ensure balance between management activity and good governance
2. The Board of Directors should determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment 3. The Board of Directors should determine the maximum length that directors and members of committees can assume their positions	The Board of Directors and sub-committee members have 3 years term. has not determined the longest period of office for an independent director, director and sub-committee to assume, as believed that all members of the Board has knowledge, ability, experience, being independent from the management, there are no business relationship with the company will causes restrictions on express independent opinion, does not have any involvement with major shareholders and controlling authority, is not persuaded or influenced by the management, thus has the qualifications to assume the independent director's position as stated in the regulations of SET and SEC.
4. Nomination and Compensation Committee should comprise of all independent members	Nomination and Compensation Committee comprises of 3 members, 2 of whom are independent members. Chairman of the Committee must be independent director
5. Determine that directors or high-level executives notify the <u>Board of Directors or delegated persons about their transaction (buy and sell) of the Company's shares</u> at least 1 business day before the transaction date	The Board of Directors determines the measures to prevent internal information misuse by relevant persons, including their spouses and minor descendants and person related information, not allowing aforementioned persons to use non-public information for their own benefits which can give rise to conflict of interest. Such action is regarded as severe misconduct and is accentuated in the Company's business ethics.

In this regard, the Company has disseminated the corporate governance policy and the Business Code of Conduct on the Company's website www.pdgt.com available in two languages (Thai and English), under the topic "Corporate Governance" in order to keep shareholders, investors and all stakeholders well informed, by electronic internal communication to all employee.

To following-up overall activity of the implementation and monitor of the principles of good corporate governance in the year 2019 is as follows:

Principle 1: Realise the role and responsibility of the Board of Directors as the organisation leaders that create sustainable value for the business

The Board of Directors, as the organization's topmost leader, is aware of the roles, duties and responsibilities in ensuring effective management, operating the business ethically, being responsible for stakeholders and creating values to the business in the long run, in accordance with the following practices:

- 1.1 Devising the key organizational objectives and goals together with the management, being determined to operate the business in alignment with the organizational vision and mission “to be the leading company in **Thailand and ASEAN with sustainable business operations in products and services related to safety, occupational health and environment**”. The strategic plan for sustainable growth (Corporate Strategy), Speed (Business Strategy) and Expert/Cost (Functional Strategy) have been identified to achieve desired goals. The Board of Directors’ meeting held on December 13, 2019 did approve of the corporate strategy and the budget for 2020, in accordance with the strategic framework carried forward from the previous year, which is linked to the Company’s sustainable development directive. The focus is on the adoption of innovation and technology in data processing for a fast, accurate and precise analysis, and to improve the Company’s key operational procedures that will enhance customer service, partner service and all groups of stakeholders, as well as the operational systems to be more effective and efficient. Also, “PHOL-D” has been fostered as part of the organizational culture on a continuous basis.
- 1.2 Ensuring that the operating performance aligns with the target, with quarterly report presented to the Board of Directors in order to assess and improve the operations as appropriate in changing situations.
- 1.3 Developing the Board of Directors’ Charter, specifying duties and responsibilities of the Board to use as the operational guideline. Directors are responsible for monitoring the business to meet goals and contributing maximum benefits for shareholders, under the good governance framework, as well as compliance with the laws, regulations, meeting’s resolutions and the specified directions. In this regard, it also applies to the Board of Directors’ authority in different matters as specified.

Principle 2: Determine objectives and key policies for sustainable business

The Board of Directors reviewed the vision and mission statements in the previous year, and signed off the annual strategy and execution plan that align with the organizational vision, mission and goals, with consideration of the business landscape and different risk factors. The sustainable development policy has been devised, with determination in operating the business transparently, ethically and with responsibility towards all stakeholders, with the aim of developing and laying foundation for the business for sustainable growth, employing the concept of Creating Shared Value or “CSV”, in co-creating values with all stakeholders under the notion “Better Together”, to cover all dimensions; economy, society and environment, via the Company’s business operations.

In the Board of Directors’ Meeting No.5/2019, dated May 10, 2019, there was a consideration of the sustainable development policy to cover economic, social and environmental dimensions. The policies regarding tax and respecting the human rights were also approved, following the Company’s participation in the THSI Coaching Program to enhance the operational procedures in sustainability, held by the Corporate Governance Division, the Stock Exchange of Thailand.

(Sustainability Report 2019 is available on the Company’s website; www.pdgth.com)

Principle 3: Strengthen Board Effectiveness

3.1 The Structure of the Board of Directors

The Board of Directors appointed by the shareholders’ meeting and committees are comprised of individuals with knowledge, ability, skills and experiences that are deemed beneficial for the Company. They are responsible for different areas of operations to ensure shareholders’ trust that the Company takes a prudent approach in operating the business, perform their duties

of care, honesty and responsibility. The major groups are the Board of Directors, the Audit Committee, the Nomination and Compensation Committee and the Risk Management Committee.

The Board of Directors has clearly identified the scope of authority and responsibility of each committee in the committees' charters. The chairman of each committee is responsible for monitoring the operations to align with the Board of Directors' policy and reporting the operating outcomes to the Board of Directors on a regular basis.

Board Composition

According to the Company's regulations, the number of directors shall not be less than 5, to be elected by the shareholders' meeting and no less than half of the total number of directors shall have residential address in the Kingdom of Thailand. There are a number of non-executive directors, independent directors and executive directors, in an appropriate balance of power and must have a proportion of independent directors at least one-third of all directors.

Nomination and Compensation Committee gave an opportunity for the minority shareholders to nominate a person to be considered as a director in the annual general meeting of shareholders in accordance with the rules specified by the company, that clarify; time attendance, director's performance in the past for considering by shareholder, once approved by the Board of Directors and Nomination and Compensation Committee will appropriate to propose the shareholders' meeting to pass a resolution for appointment as a director of the company.

(Board composition, scope of duties and responsibilities of the board of directors and sub-committees are shown in the section "Management Structure")

The Board's composition consisting of knowledgeable people various capabilities, there are suitable number for the business. At present there were 9 directors comprising of; 2 of Managerial directors and 7 of Non-Managerial directors, which including 4 persons of independent director, accounting for 44.44% of total members of the Board of Directors, individually each 3 years terms

Name	Title	Type	First Appointment	Last Appointment
1. Asso. Prof. Dr. Ekachid Chungcharoen	Chairman of the Board	Independent Director	September 12, 2007	2018
2. Mr. Noppadol Dheerabutvongkul ¹	Independent Director	Independent Director	September 12, 2007	2017
3. Mr. Santi Niamnil ¹	Independent Director	Independent Director	May 10, 2016	2017
4. Dr. Pallapa Ruangrong	Independent Director	Independent Director	September 19, 2017	2018
5. Mr. Teeradej Jarutangtrong ¹	Director	Non-Executive Director	September 12, 2007	2018
6. General Chaiwat Satondee	Director	Non-Executive Director	October 12, 2015	2019
7. Mr. Chavalit Wangthamrong ²	Director	Non-Executive Director	September 12, 2007	2019
8. Mr. Boonchai Suwanvuthhiwat	Director	Executive Director	April 30, 2013	2019
9. Mr. Thanya Wangthamrong	Director	Executive Director	April 30, 2013	2019

Notes:

¹ Being a director who will retire by rotation and was proposed to be re-elected as director for another term in the 2020 Shareholders' Meeting dated 28 April 2020

² Mr. Chavalit Wangthamrong as formerly director since 12 September 2007, whose retired by their rotation on 28 April 2018 and re-appointment to the company's director on the 2019 Shareholders' Meeting dated 24 April 2019

Directors' Term on Board

The Board of Directors has been elected by the shareholders' meeting according to the Company's Articles of Association, one-third of the directors shall retire in accordance with the Public Limited Company Act., and once time has valid

may be elected for another term. In the event that the position of directors is vacant due to other reasons except retired by their rotation, assigned the Nomination and Compensation Committee to select any person who has qualifications according to the criteria and proposed to the Board of Director for approval and appointment the director for the remaining term.

Termination of position

Aside from validation of term, the position of directors is terminated when such director deceases, resigns, lacks desirable qualifications, has prohibited characteristics as specified by laws, is demanded to terminate the position by the shareholders' meeting, resolved with the vote of not less than three-fourth of total number of votes of the shareholders attending the meeting and have voting rights.

3.2 Section and Appointment of Directors and Executive Management

The Nomination and Compensation Committee was appointed by the Board of Directors, with the responsibility to recruit individuals with knowledge, expertise, diverse experiences and proper qualifications as required by the Company's criteria, in a way that aligns with the Company's business operations, in accordance with the Skill Matrix. The Committee is aware of the diversity of the directors, independence and conflicts of interests, according to the good governance principle, once the company director position becomes vacant or the tenure is due, with the following criteria:

Selection of Directors

The Company allows opportunities for minor shareholders to nominate the names of individuals with appropriate qualifications, other than directors from credible institutes, for the Company's maximum benefits. The nomination of the same directors will be considered from the performance in the previous year, dedication and participation in different activities. One must not possess legally prohibited qualifications and characteristics in order to be considered for the director position in the election of the new director or in replacement of the vacant position.

Selection of Independent Directors

The number of independent directors must be at least one-third of the total number of directors, with the required qualifications, in alignment with the Securities and Exchange Commission's regulations and the Company's regulations. In this regard, the Board of Directors is confident that all directors possess the required knowledge and experiences and are independent from the management, with no business relationships with the company that will pose limitations in expressing opinions independently. One must not have or be involved with major shareholders or have the authority, not be persuaded or overwhelmed by the management, and must possess the qualifications required of the independent directors, in accordance with the Securities and Exchange Commission, the Stock Exchange of Thailand and the selection criteria disclosed on the Company's website.

The nomination and appointment of independent directors is the authority of the AGM, after having been considered and proposed by the Board of Directors.

Chief Executive Officer

The Nomination and Remuneration Committee will consider the internal top-level executives to assume the organizational leader position, who must be knowledgeable and competent, with skills and experiences that are relevant to the business directly and indirectly. However, one might be the external individual who is not a member of the management. The objective is to have one with the most suitable qualifications to assume the leadership position and to lead the organization towards stable and sustainable growth. The proposition must be made to the Board of Directors to consider and approve.

(Details and the Company's Criteria to Selection and Appointment of Directors and Executive Management has been identified in the "Management Structure" section.)

3.3 Sub Committees

The Board of Directors appointed 3 sub-committees altogether; Audit Committee, Nomination and Remuneration Committee and Risk Management Committee, who possess the knowledge and expertise to perform specific operations according to the Company's regulations, and to screen matters being assigned. The qualifications, tenure and scope of duties and responsibilities have been identified in the "Management Structure" section.

Moreover, each of the sub-committee will report their performance to the Board of Directors' Meeting on a quarterly basis, while the annual performance will be reported to shareholders in Form 56-1 and the Annual Report respectively.

Audit Committee

Audit Committee consists of 3 independent members, each of whom is highly experienced and well-regarded in auditing and/or finance-related fields. Mr.Noppadol Dheerabutrvongkul, an Audit Committee who have knowledge and graduated in accounting and financing, sufficient experience to review the financial statements of the company, review the adequacy of the internal control system and risk management, review financial transactions, reviewing compliance with relevant policies and regulations as well as the laws and regulations of the supervisory authorities, to promote the development of financial and accounting reporting systems to align with international standards, including reviewing the internal control system, Internal audit and appropriate and effective risk management.

In 2019, the Company hired outsource the independent internal audit for the third consecutive year namely; Internal Audit Dharmniti Co., Ltd. responsible to audited internal control to ensure that it was conducted in compliance and policy and guidelines regarding the internal control system of the organization, ensure that there is sufficient and appropriate control. There have Chief Internal Audit Officer coordinated with monitoring and reporting directly to Audit Committee, Audit Committee exercises its delegated power and gives opinions independently and without interference. In practice, it exercises its power through Internal Audit Department, an operating unit directly reporting to Audit Committee, and through periodically consulting with external auditors, consultants and legal and accounting experts. Audit Committee and external auditors convene without the presence of management at least once a year. Audit Committee can also seek for advice from external, independent adviser on a case-by-case basis with the expense budget provided by the company.

In 2019, there were 6 (six) Audit Committee meeting, each of which was fully attended.

Nomination and Compensation Committee

The Nomination and Compensation Committee is comprised of 3 directors and at least 2 independent directors. The Chairman of the Committee must be an independent director in order to; consider, review Board's Structure, identify qualified individuals, reviewing board skill matrix for director improvement and selection the qualified person to appointment or replacement of directors whose tenure is terminating, monitor market changes and trends with regards to remuneration package for director and executive in order to compatible with same industrial standard by utilized the Director Compensation Survey Report conducted by the Thai Institute of Directors as a guidelines.

In 2019, there were 3(three) Nomination and Compensation Committee meeting, each of which was fully attended.

Risk Management Committee

The Risk Management Committee consisting of; Director Executive and/or Expert from external parties has been appointment by the Board, not more than 5 persons comprising of two-executive and one-members from expert, presently have 3 members; Mr. Teeradej Jarutangtrong as the Chairman of the Risk Management Committee, Chief Executive Officer and external expert committee. Risk Management Committee have responsibilities as specified in the Risk Management Committee Charter determine the appropriate risk management framework and link the company's strategy, reviewing risk factors that may affect the achievement of the business goals and procure risk prevention suitable for environment changed, as well as reviewing and proposing policies and guidelines on prevention and anti-corruption, also summarized the performance proposed to the Board of Directors for acknowledgement by quarterly basis.

In 2019, there were 5(five) Risk Management Committee meeting, most of which were fully attended.

3.4 Segregation of Directors' Roles and Duties

The Company devised the management structure that clearly separates the authority of the Board of Directors from that of the management in different levels. Consideration and decision making of significant matters must be agreed upon by the Board of Directors and sub-committees in order to maintain balance of power and ensure transparency and fairness among all related parties.

Consolidation or Separation of Positions

The Company's policy separates the duties and responsibilities of the Chairman of the Board and Chief Executive Officer, who must possess the knowledge and proper experiences, and must not be the same person, in order to maintain balance of power and separate the monitoring and managerial roles. The duties and scope of management are detailed as follows:

Chairman of the Board does not have the authorized signage and does not have a role in managing the business, and no relationship with the management. The Chairman of the Board is responsible for monitoring the Board of Directors' performance to be effective and comply with the principle of corporate governance and the Company's Code of Conduct. One must also serve as the Chairman of the Board of Directors' Meeting, planning the meeting in advance (annually), identifying the agendas together with the Chief Executive Officer, but does not participate in the operational management. One is also required to execute the meeting in accordance with the Company's regulations and relevant laws.

Chief Executive Officer is the organization's topmost leader who has been appointed by the Board of Directors. One is responsible for managing the business to be in line with the policy and direction set forth by the Board of Directors, under the assigned authority and organizational structure. One has to communicate the vision, direction and strategies to the executive team so that they put them to practice and yield results, as well as control, supervise and follow-up the strategy execution and budget allocated. One is required to report the operating performance in comparison with the execution plan and target, and provide explanation in case the results deviate from the target, and propose corrective measures to the Board of Directors on a quarterly basis.

Chief Financial Officer is the topmost executive in accounting and finance operations, responsible for managing accounting and finance-related matters, by identifying the policy governing financial management, organizational assets, and tax, for purposes of securing financial liquidity for the organization.

3.5 Board of Directors' Meeting

The Board of Directors encourages every director to attend meetings on a regular basis, as the annual meeting schedule is planned in advanced yearly basis (Thursday 2 or 3), directors so that they can allocate their time to attend the meetings to acknowledge information and make decisions on important matters that might affect business opportunities and that require agreement from the Chairman of the Board on a case-by-case basis related to the Company's Memorandum Associations.

The Chairman of the Board and the Chief Executive Officer will be collaboratively considering the meeting agendas, directors are allowed to propose matters (if any) to be incorporated as the meeting agendas. For convenience, speed and reduce paper usage, the company secretary will be distributing the meeting invitation letter together with the agenda supporting documents to directors via email electronic and/or google forms through Google Site at least 7 days in advance, so the directors have enough time to study such information together with line application for communication between the board of directors and company secretary.

In 2019, there were 10 Board of Directors' Meetings held altogether (including special of 3times) and one time of Directors' Meeting without presence of executive directors. The directors' attendance average was 98.89% of total number of meeting, which coincides with the policy that encourages each director's attendance rate to be more than 75% of the total number of meetings, in order to comply with the corporate governance guideline, prescribing that not less than two-thirds of the total number of directors should attend each meeting.

In 2019, details on the Board of Director and sub-Committee meeting attendance are as follows:

No.	Name	2019					
		No. of Meeting Attendance /Total No. of Meeting				Directors' Meeting	2019 AGM Attending
		Board of Directors	AC Committee	NC Committee	RM Committee	without Executive Directors	
1	Asso. Prof. Dr. Ekachidd Chungcharoen	10/10 (100%)	-	3/3 (100%)	-	1/1 (100%)	1/1 (100%)
2	Mr. NoppadolDheerabutrtrongkul	10/10 (100%)	6/6 (100%)	3/3 (100%)	-	1/1 (100%)	1/1 (100%)
3	Mr. Santi Niamnil	10/10 (100%)	6/6 (100%)	-	-	1/1 (100%)	1/1 (100%)
4	Dr. Pallapa Ruangrong	10/10 (100%)	6/6 (100%)	-	-	1/1 (100%)	-
5	Mr. Teeradej Jarutangtrong	10/10 (100%)	-	-	5/5 (100%)	-	1/1 (100%)
6	General Chaiwat Satondee	10/10 (100%)	-	3/3 (100%)	-	1/1 (100%)	1/1 (100%)
7	Mr. Chavalit Wangthamrong ³	6/6 (100%)	-	-	-	1/1 (100%)	-
8	Mr. Boonchai Suwanvuthiwat	10/10 (100%)	-	-	5/5 (100%)	-	1/1 (100%)
9	Mr. Thanya Wangthamrong	9/10 (90%)	-	-	-	-	1/1 (100%)
10	Asst.Prof.Dr.Suluck Pattarathammas ⁴	-	-	-	5/5 (100%)	-	-

Notes:

³ No.7 Mr. Chavalit Wangthamrong appointed to be a director according to the resolution of the shareholders' meeting, effective from April 24, 2019, the first time to attend the meeting of the Board of Directors Meeting No. 5/2019 was held on May 10, 2019.

⁴ No. 10. Asso.Prof. Dr. Suluck Pattarathammas is an external expert, appointed to be a member of the Risk Management Committee and the company's consulting since 10 February 2014.

The Chairman was performed the Chairman of the Meeting, his role is expected to leadership and control the meeting to be smooth and effectiveness, allocate enough time for the discussion of key matters, and encourage all directors to independently express their opinions in the meeting, Top-level executives or related parties such as executives or Managing Directors of subsidiaries, might be invited along to attend the meeting to explain, share information in support of decision-making on certain matters (if any).

In case of voting, it is to be held that the majority's votes are final, whereby one director can cast one vote and directors with potential benefits or losses will not be attending the meeting or will be refraining from casting vote on that particular matter. If the vote results turn out to be equal, the Chairman of the Meeting will cast one extra vote to be the decisive vote.

Once the meeting is drawn to a close, the Company Secretary is responsible for preparing the meeting minute and the information on key matters shall be recorded comprehensively; covering matters, resolution of the meeting, comments and relevant explanation, and proposed to the Board of Directors for verification in the next meeting. The Chairman of the Meeting is to sign in approval of the accuracy and signed such report is to be kept and held as important document of the Company. It is to be stored in an electronic format via Google Site for security and convenience to be retrieved and referred to. The originals are kept in the folder for at least 5 years at the Company Secretary Office.

The Board of Directors has constantly been monitoring organizational strategies and operating performance report in comparison with targets on a quarterly basis. Suggestions that are beneficial to the improvement of strategies are then duly made. For months that do not have the Board of Directors' meeting, directors will receive a summary report of the Company's and subsidiaries' operating performance (if any). These documents together with important news and updates of the Company, including criteria or regulations related to the Stock Exchange of Thailand and the Securities and Exchange Commission are sent to directors via electronic mail by the Company Secretary.

Nevertheless, the Company Secretary also performs the role of the Board Secretary in taking actions with regards to the arrangement of Board of Directors' meetings and Shareholders' meetings, as well as provision of supports to the Board of Directors activities on any matters relevant to rules of law and regulations.

3.6 Directors' Meeting without Presence of Executive Directors

The Board of Directors had a great importance on good corporate governance, once arranged once meeting between non-executive directors, to provide recommendations and management guidelines as well as various development. In 2019 there was arrange one time of meeting held on December 13, 2019 to discuss general issues, the Chairman has summarized the meeting results and propose to the Board of Meetings in due occasion and inform Chief Executive Officer in those matters and take action for the said issued.

3.7 Secretary of the Board of Directors and Company Secretary

Company Secretary

The Board of Directors, being aware of the importance role of company secretary, whose will be supporting the company's operations in accordance with the principles of good corporate governance comply with the rules and regulations of The Securities and Exchange of Commission, Thailand and The Stock Exchange of Thailand.

The Board of Directors agreed to appoint Miss Saowapa Choorujiporn to be Company Secretary, to perform duties specified under the authority to comply with the regulations and notifications of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and Securities and Exchange Act B.E. 2551 (4th Amendment), perform duties in a responsible, careful and honesty, collaborate with internal units between the Board and Executive Management, oversee the legal and related regulations, provide information support the principles of good corporate governance for implementation, monitor to ensure that the resolutions of the Board's meeting and Shareholders' meeting are executed, as well as responsible to prepare and maintain the documents are required by law, and perform any other tasks delegated by the Board of Directors, for more details of qualification and experience shall be shown at the reporting 56-1 and annual report.

Brief Profile of Company Secretary

Miss Saowapa Choorujiporn

Company Secretary/Secretary of the Board of Director/Secretary of Risk Management Committee

Educational Background: Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Training

- CG Workshop: Assist your BOD in leading through disruptions with CG perspective code workshop (Deloitte Audit)
- Company Secretary Program FPCS class 19/2008 Thai Listed Companies Association

Training programs of Thai Institute of Directors (IOD)

- Enhancing Good Corporate Governance based on CGR Scorecard
- IOD-Open House: Role of Company Secretary in promoting Good Corporate Governance for company.
- Anti-Corruption: The Practical Guide (ACPG) Class 17/2015
- Company Reporting Program (CRP) class 2/2011
- Board Reporting Program (BRP) class 5/2011
- Effective Minute Taking (EMT) class 19/2011

In 2019, the Company Secretary attended the seminar to get clarification of the changes in relevant criteria of the regulatory body in charge of listed companies in order to improve company secretary's operation and more effectiveness of the corporate governance execution. (Details has been presented under the topic "3.8.4 Performance Assessment and Knowledge Development")

3.8 Performance Assessment and Knowledge Development

3.8.1 Directors' Performance Assessment

The Board of Directors regulates an annual performance evaluation, with the objective of utilizing the evaluation results to improve the performance of the Board of Directors and sub-committees, in order to enhance the efficiency in the Board of Directors' supervision. In 2019, the Board of Directors mandated 2 types of performance evaluation; self-evaluation for the whole group and self-evaluation for the individual, using the Stock Exchange of Thailand's direction as the criteria as the year before, comprising of:

Director's Performance Assessment (Whole Group)

The evaluation criteria are categorized into 6 topics which are: (1) Structure and qualifications of the Board; the sufficient of knowledge and experience, the appropriateness of independent director, the appropriateness of executive director and qualifications of sub-committee (2) The Board's role, duties and responsibilities; consider policy, vision & mission, the strategic plan, conflict of interest, corporate governance policy revision and implementation, Code of Conduct, performance appraisal and remuneration (3) The Board's meetings; agenda setting and completeness of documents (4) Board of Directors' performance; regulars meeting attendance and participants (5) The relationship with the management; freely opinion and (6) directors and executives' self-improvement; succession plan for executive. In summary, the overall assessment results with average scored is (excellent) 98.33 percent equivalent same as last year. The Board's opinion has appropriate qualifications and perform their duties and responsibility, the attendance and participation in expressing opinion in the meeting are in accordance with good practice for directors. Being continue to monitor progression of the succession plan for directors and executives, in order to arranged the development plan and training roadmap for an executive accordingly. The evaluation process as follows:-

- 1) The Board of Directors regularly conducts self-assessment on yearly basis at least one time per year.
- 2) The company secretary is responsible to collecting and summarizing the board's evaluation as a whole, and propose to the Board of Directors' meeting to consider the evaluation results and guidelines for improving operational efficiency accordingly.
- 3) The Board of Directors considers guidelines to improving operational efficiency.

Director's Individual Performance Assessment

The evaluation topics are categorized into 6 topics which are; (1) the structure and qualifications of the board (2) the board's meeting (3) the roles and responsibilities of the committee summary of the evaluation of individual committee (self-assessment) the results will average scores is 92.93 percent. Summary, there was an opinion in the board meeting, should prior study sufficient information before the meeting, appropriate to monitoring of management operations and learning to constantly increase skills in performing duties regularly.

3.8.2 Sub-Committee Performance Assessment

Audit Committee

The Audit Committee has conducted performance evaluation annually, using the self-evaluation form for the whole group as suggested in the Audit Committee evaluation manual, guideline by the Securities and Exchange Commission, which is categorized into 2 parts:

Part 1. The act of the Audit Committee; Structure, general environment, duties as prescribed in the Audit's Committee Charter assigned by the Board of Directors. The policy prescribes that each director may assume the director position in no more than 5 listed companies, however, has not determined to identified the independent directors' term is no longer more than 9 years.

Part 2. Specific their duties are to review the Company's financial reporting is accurate and adequate and no lawsuit obligations. There were review of internal control and evaluation of the efficiency of the review in the case that the company uses electronic data processing by external department experts for inspection, but has not yet evaluated the quality of the internal audit work from external independent appraisers and without incidents of non-compliance with the relevant ethics and regulations.

The Audit Committee has reported the self-evaluation form for the year 2019 to the Board of Directors in the meeting no.2/2020, dated February 20, 2020. It has been summarized that the composition, qualifications and performance of the Audit Committee were in line with the requirements stated in SET guidelines, perform duties as prescribed in the Audit's Charter and uncomfortable item bring to develop a monitoring plan for next year.

The Audit Committee's report 2019 has been prepared and declared together with the auditor's report which was proposed to shareholders in the topic "Report of Audit Committee".

Nomination and Compensation Committee

The Nomination and Compensation Committee has carried out the performance evaluation activity every year, using the self-evaluation form suggested by the Stock Exchange of Thailand as a guideline. The criteria are categorized into 3 main topics (1) structure and qualifications of the Committee (2) the Nomination and Compensation Committee's meetings and (3) roles, duties and responsibilities of the Nomination and Compensation Committee.

The Board of Directors ratified the self-evaluation conducted by the Nomination and Compensation Committee that the structure and qualifications are satisfied, as evident from the group's success in carrying out assigned responsibilities as regulated in the Committee's Charter. The performance score is 97.37 percent same as previously, and the Nomination and Compensation Committee report 2019 has been compiled and displayed under the topic "Report of Nomination and Compensation Committee".

Risk Management Committee

The Risk Management Committee has conducted performance evaluation activity every year, using a self-evaluation form that is inclusive of the structure and qualifications of the committee members, meetings and performance of the Committee. The Board of Directors has approved of the Risk Management Committee's satisfactory performance according to the Charter, with the full score of 90 percent. However, the risk management manual that has been changed to comply COSO ERM2017, which has been revised to focusing on the goals achievement related to the corporate strategy, being in the process of studying such changing for appropriate application in the organization's operations.

The Risk Management Committee's report 2019 has been presented under the topic "Report of Risk Management Committee".

3.8.3 CEO and Top Executive Performance Assessment

The Board of Director has determine the performance evaluation of the Chief Executive Officer and senior management, by assigning the Nomination and Remuneration Committee evaluation of the Chief Executive Officer and senior management as per the company's format. The criteria used in the assessment, main performance indicators approved since the beginning of the year, divided into evaluation from the main performance indicators, 80% proportion and the performance assessment, the proportion of 20% that is consistent with the corporate's goals with consideration of the burdens, individual responsibilities and the Company's operating performance under clear, transparent and fair criteria, which have been reviewed and considered by the Nomination and Compensation Committee before being proposed to the Board of Directors for approval. The Chairman of the Board will be notifying the evaluation results and directors' opinions to the Chief Executive Officer for future improvement.

3.8.4 Knowledge Development for Directors and Company's Secretary

The Board of Directors encourages and supports every directors to attend relevant training course that are beneficial to the Board's performance. To gain timely knowledge about innovation of management of business that is constantly competitive apply knowledge and appropriately, stipulates that the proportion of training for directors is more than 75 percent of the total number of directors. At present, there were all director to attending the director training program; currently 5 directors have been train role and duties of the Director Certification Program (DCP) and 4 persons of Directors Accreditation Program (DAP), with Asso.Prof.Dr. Ekachidd Chungcharoen, chairman attended the training course related to the duties of the Chairman course "Role of the Chairman Program" (RCP), also the sub-committee to participate related course such as ACCP, ACPG etc. Therefore both Directors and Senior Executive's member had been attended training course "Good corporate governance to be the foundation of sustainable business development" by CG expert, good governance development & alliance department from SET, to continually strength the leadership capability with enhance knowledge understanding of role and duties leading to good corporate governance.

For useful and more beneficially current information in according the new CG Code of good practices to the Board of Directors, the company secretary is responsible to supporting relevant practices together all information received from regulatory agencies The Stock Exchange of Thailand and the SEC, have notified the Board of Directors in notification agenda every meeting so that all directors receive equal, accurate and sufficient information. Besides, the Board of Directors encourages the Company Secretary to attend courses related to their role performance on a regular basis; FPCS, CRP, BRP, EMT and ACPG as well as seminars held by the Stock Exchange of Thailand, the Securities and Exchange Commission and relevant institutes.

(Details on training history of directors are available in "Details of Directors and Executives" section.)

Summary Training Course by IOD or Others Institute

Part1: Attending Seminar held by IOD or other institutes in 2019 are as follows:

No	Name	Training Course
1.	Assoc. Prof. Dr. Ekachidd Chungcharoen Chairman of the Board Independent Director Chairman of Nomination and Compensation Committee	- Seminar "Audit adjustments" by SEC (Dec 2019) - Role of the Chairman Program (RCP) Class 42/2018 - Role of the Compensation Committee (RCC) Class 18/2014 - Director Accreditation Program (DAP) Class 68/2008 - Audit Committee Program (ACP) Class 23/2008
2.	Mr. Noppadol Dheerabutrpongkul Independent Director Chairman of Audit Committee Nomination and Compensation Committee	- Role of the Nominating and Governance Committee (RNG) Class 3/2012 - Audit Committee Program (ACP) Class 23/2008 - Director Accreditation Program (DAP) Class 68/2008
3.	Mr. Santi Niamnil Independent Director Audit Committee	- Audit Committee Forum "Strategic Audit Committee: Beyond Figure and Compliance" (Oct 2019) - Director Accreditation Program (DAP) class 80/2009
4.	Dr. Pallapa Ruangrong Independent Director/Audit Committee	- Director Certification Program (DCP) class 17/2002
5.	Mr. Teeradej Jarutangtrong Director Chairman of Risk Management Committee	- How to Develop a Risk Management Plan (HRP) Class 10/2016 - Anti-Corruption for Executive Program Class 14/2015 - Director Accreditation Program (DAP) Class 68/2008
6.	General Chaiwat Satondee Director Nomination and Compensation Committee	- Nomination Director Event 1/2017 "Nomination Committee Best Practice Guideline" - Director Certification Program (DCP) Class 216/2016
7.	Mr. Chavalit Wangthamrong Director	- Director Accreditation Program (DAP) Class 67/2007
8.	Mr. Boonchai Suwanvutthiwat Director Risk Management Committee Chief Executive Officer	- "Service 4.0 " by Thailand Productivity Institute (Dec 2019) - "The Personnel Data Protection Act B.E.2562 (2019) Procedures and Practices Class 5" by Political Science Association of Kasetsart University (Oct 2019) - Seminar "Cybersecurity and Personal Data Protection: Get Ready for New Business Standards" by Faculty of Law Chulalongkorn University and SET (June 2019) - City Administration Training Program for Senior Executive Class 3, Navamindradhiraj University - Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 20/2015 - Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute Class 11/2013 - Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University - Driving Company Success with IT Governance (ITG) class 3/2016 - Successful Formulation and Execution of Strategy (SFE) class 26/2016 - Anti-Corruption: The Practical Guide Program (ACPG) class 21/2015 - Director Certification Program (DCP) Class 155/2012
9.	Mr. Thanya Wangthamrong Director Vice President Marketing and Sales	- "Process Innovation Management & Industry Transformation" by SET (Jun 2019) - "Prepare for the 2019 Sustainability Assessment Class 3" by SET (Apr 2019) - "SET Social Impact Roundtable 2019" by SET (Jan 2019) - THSI Coaching 2018 by One-on-One by SET (Jan 2019) - Director Certification Program (DCP) Class180/2013

Part 2. Attending Seminar for Executive and Company Secretary in 2019, as follows:

No	Name	Training Course								
1.	Mr. Pornsak Chunhajinda Vice President Corporate Support Chief Financial Officer	- “Income Tax and the Act Exempting Penalty, Surcharge and Criminal Liability for Assisting Tax Compliance under the Thai Revenue Code B.E. 2562” by Accounting Association of Kasetsart University (Sep 2019) - “TFRS 2019” by Dharmniti Seminar and Training Co., Ltd. (Oct 2019) -“TFRS 9 Financial Instruments” by by Accounting Association of Kasetsart University (Nov 2019) -“TFRS 16 Leases” by Accounting Association of Kasetsart University (Nov 2019) - Advanced Certificate Course Politics and Governance in Democratic for Executive Class 22 King Prajadhipok’s Institute - Chief Financial Officer Certification Program Class 11/2009 by Federation of Accounting Professions								
2.	Miss Kamolphopphan Puapansakul Internal Audit Director	- “Professional Development: Risk Management and Internal Audit Thai Union Group Plc” by Thai Listed Companies Association (Jul 2019) - Strategic CFO in Capital Markets” Class 1/2015 by SET								
3.	Miss Saowapa Choorujiporn Company Secretary	“Business and Human Rights for Thai Capital Market ” by SEC (Nov 2019) Seminar & Hearing “ONE REPORT” by SEC (Oct 2019) “SET Link System” by SET (Sep 2019) “Progress of the SET Link system” and “Qualifications of Company Secretary and Importance of Contact Person” by SET (Aug 2019) “QR Code Shareholder Meeting Standard Form” by TSD (Feb 2019) - THSI Coaching 2018 by One-on-One by SET (Jan 2019)								
4.	Others	<table border="1"> <tr> <td>Top Executives</td> <td> “Supply Chain Management Training: Beginner Level” class 4 by SET Workshop “Process Innovation Management & Industry Transformation” by SET </td> </tr> <tr> <td>Accounting Senior Head</td> <td> - “ Income Tax and the Act Exempting Penalty, Surcharge and Criminal Liability for Assisting Tax Compliance under the Thai Revenue Code B.E. 2562” by Accounting Association of Kasetsart University (Sep 2019) “Insight Financial Management : by SET (Aug 2019) Pro Talk @ SET: TFRS 9 and TFRS 16 Guidelines and Impact to listed companies by SET (Apr 2019) </td> </tr> <tr> <td>Investor Relation</td> <td> “How to deal with fake news & bad news” by SET (Sep 2019) “Progress of the SET Link system” and “Qualifications of Company Secretary and Importance of Contact Person” by SET (Aug 2019) Pro Talk @ SET: TFRS 9 and TFRS 16 Guidelines and Impact to listed companies by SET (Apr 2019) “QR Code Shareholder Meeting Standard Form” by TSD (Feb 2019) THSI Coaching 2018 by One-on-One 1๓๘ SET (Jan 2019) “AGM Checklist 2019 by TIA (Jan 2019) </td> </tr> <tr> <td>Risk Management Officer</td> <td> “Corruption Risk and Control Technical Update” class 2/2019 (Jun 2019) </td> </tr> </table>	Top Executives	“Supply Chain Management Training: Beginner Level” class 4 by SET Workshop “Process Innovation Management & Industry Transformation” by SET	Accounting Senior Head	- “ Income Tax and the Act Exempting Penalty, Surcharge and Criminal Liability for Assisting Tax Compliance under the Thai Revenue Code B.E. 2562” by Accounting Association of Kasetsart University (Sep 2019) “Insight Financial Management : by SET (Aug 2019) Pro Talk @ SET: TFRS 9 and TFRS 16 Guidelines and Impact to listed companies by SET (Apr 2019)	Investor Relation	“How to deal with fake news & bad news” by SET (Sep 2019) “Progress of the SET Link system” and “Qualifications of Company Secretary and Importance of Contact Person” by SET (Aug 2019) Pro Talk @ SET: TFRS 9 and TFRS 16 Guidelines and Impact to listed companies by SET (Apr 2019) “QR Code Shareholder Meeting Standard Form” by TSD (Feb 2019) THSI Coaching 2018 by One-on-One 1๓๘ SET (Jan 2019) “AGM Checklist 2019 by TIA (Jan 2019)	Risk Management Officer	“Corruption Risk and Control Technical Update” class 2/2019 (Jun 2019)
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Risk Management Officer	“Corruption Risk and Control Technical Update” class 2/2019 (Jun 2019)									

Principle 4: Recruitment and development of senior management and human resource management
4.1 Succession Plan for an Executive

The Board of Directors places emphasis on the development of the succession plan and executive development plan in preparation for the top-level executive positions and to equip potential staff members with readiness to assume critical positions, by way of identifying key performance indicators and assigning the Chief Executive Officer to take joint responsibility with the Human Resource Management Department to complete the succession plan by 2019. The progress must be reported to the Nomination and Remuneration Committee and the Board of Directors, in order to develop individual development plan by position afterwards.

- 1) Company's recruitment and selection process or employees to take charge of and responsible for key management position levels as appropriate, promoted a potential employee up to the executive level; two Sales Directors to enhance the business growth, considering to promoted the talent employees and salary increased according to the criteria specified by the company, in order to have a chance for his/her career path.
- 2) The Company's senior executive shall be performed the CEO work if the President is unable to perform their duties.

4.2 Director Orientation

The company has established guidelines for preparing the duties of the directors. In the event that a new director within one month of appointed, directors in charge can perform duties immediately, with the company secretary as the coordinator, details as follows:-

- 1) The Company's regulation, related regulations under law comprising an important; memorandum of association, company objective, company structure, Corporate Governance Manual, Business Code of Conduct, and the Company's policy and practices, Director's Handbook etc.
- 2) Meeting between the Chairman, the board of director and its subsidiaries, Chief Executive Officer and inquiring in-depth information of the business operation.

In 2019, there was a new director namely; Mr.Chavalit Wangthamrong have been the company's director and already passed the director classification held by Thai IOD (DAP class no. 67/2007), therefor have arranged an orientation session in the meeting of May 2019, relevant important information criteria of to the company's policy and practice and related regulations.

Principle 5: Promote innovation and responsible business practices

The Company emphasizes on ensuring fair treatment towards all groups of stakeholders; customers, employees, business partners, shareholders, creditors, competitors, communities and government institutes, in accordance with the Sustainable Development Policy, with consideration of stakeholders' rights, compliance with the laws, relevant regulations or the agreements. The Company is determined to improve internal procedures to be effective to deliver quality products and services, and to satisfy stakeholders' expectations. The focus is also on fair and transparent business operations, as stated in the Business Code of Conduct for public benefits and long-term trust.

5.1 Treatment of stakeholders, the practice as follows:

<p>■ Shareholders</p>	<p>The Company respect the basic rights of shareholders as specified by laws and regulations of the company, ensures that all shareholders are treated with equality and fairness, suitable communication channels are arranged for, with accurate, transparent and timely disclosure of information, aiming to create added values and maximum returns to shareholders over the long run, stipulates that independent directors are responsible for overseeing minority shareholders in order to oversee and review the operations in accordance with the guidelines for good corporate governance.</p> <p><i>More details of shareholders' rights are shown in the business ethics and disclosed on the company website. (www.pdgh.com)</i></p>
<p>■ Employee</p>	<p>The Company always emphasizes on the importance of employees as they are invaluable assets of the Company, by way of equipping knowledge, ability and potential to compete. The Company aims to promote quality of work life, job satisfaction, pride and organizational engagement.</p> <p>Provide fair remuneration and welfare package that are in accordance with individual performance and the Company's operating performance, while at the same time match with the market average in the same industry.</p> <p>Arrange for the welfare and safety measures for staff members, with basic welfare and benefits as regulated by laws; working days, working hours, holidays, vacation, leaves, social security, workmen's compensation fund, provident fund, with consistent communication on staff benefits.</p> <p>Arrange for other welfares that are not regulated by laws; annual health check-up, health insurance that covers the OPD, IPD and dental care, life and accident insurance, basic first aid provision during working hours, and different types of financial aid, e.g. for funeral of close relatives, employee loans, marriage, maternity leave, ordination, etc.</p> <p>Arrange for respect the employee care by organized employee relations activities to ensure that engagement towards the company, employee satisfaction evaluation twice a year and results for activities development, supports its people to continuously enhance knowledge and capabilities through internal and</p>

	<p>external training, relevant knowledge sharing as a tool to improve work processing and focusing continuous improvement for valuable their work.</p> <p>Provide channels for receiving complaints, suggestion and opinion from employee etc.</p> <p><i>Also, the Employees' Code of Conduct is present in the Business Code of Conduct and disclosed on the Company's website (www.pdgh.com)</i></p>
<p>■ Customers</p>	<p>The Company is firmly determined to deliver products and services with the best quality and in reasonable prices. It also places emphasis on; the provision of accurate information in a sufficient and timely manner; strict compliance with different terms and conditions towards clients; development and maintenance of sustainable relationship; creating satisfaction and engagement with clients; provision of systems and channels for clients to lodge complaints with regards to quality, quantity, safety and service; allocation of a dedicated function responsible for providing advices or instructions on how to use to products and services in order for maximum effectiveness and benefits for clients; provision of consulting service for any issues for clients' maximum satisfaction in products and services that are of international standards; as well as maintaining strictly confidential or personal information of clients' with care, prudence and not being used for wrongful benefits.</p> <p>Apart from contacting with customers via the Company's staff members, there are several other communication channels such as online marketplace on the Company's website www.pholonline.com, product launch promotion, knowledge on safety, occupational health and the Company's activities via online channels; thai-safetywiki.com, Facebook Fan Page "PHOL" and Line@ application.</p> <p>Furthermore, the Company has arranged for the seminar to share knowledge on safety, occupational health and proper ways to use safety equipment for customers from public and private sector organizations, including educational institutes.</p> <p><i>The Company has prescribed policies and practices with regards to responsibilities towards clients which are detailed in the Business Code of Conduct and are also disclosed on the website (www.pdgh.com).</i></p>
<p>■ Business Partners</p>	<p>The Company is ethical in the purchasing and procurement processes and treats business partners with fairness and equitable treatment under the principle competition. The Company always ensures to keep commitments given to clients and partners and strictly abide by the contracts made with business partners in order to build trust, good relationship and collaboration, for purposes of uplifting potential and effectiveness in mutual business operations in the long run. It is the Company's policy to deliver goods on time while maintaining good quality.</p> <p>The standard protocols regarding suppliers' operations are, for instance, visiting suppliers' premises, regular arrangement of supplier evaluation in order to enhance the standard of business operations and ensure stability and sustainability between the Company's and suppliers.</p> <p>Moreover, the Company also communicates with target customers in writing to reiterate and express the Company's determination to develop towards stability and sustainability, treating all stakeholders according to the corporate governance principle. The Company has explicitly declared the intention to guard against and prevent corruption that aligns with the government policy, as seen from the Company's implementation of the policy and practices against corruption and the Company has been certified of the CAC's membership, encouraging customers with common intention to sign the ethical agreement and work together to prevent and guard against corruption between the Company and suppliers.</p> <p><i>Policies and practices on responsibilities towards business partners are displayed in the Business Code of Conduct and on the Company's website (www.pdgh.com).</i></p>
<p>■ Commercial Opponents</p>	<p>The Company strictly abides by the principle of honest competition, with firm adherence to ethical and lawful business operations with regards to commercial competition. It will never conduct breach of confidentiality or attempt to obtain opponents' confidential information via deceptive means, but instead strictly abide by practices regulated in the Business Code of Conduct. In the previous year, there were no any disputes relevant to commercial opponents.</p> <p><i>The Company has prescribed policies and practices regarding treatment and responsibilities towards commercial opponents which are displayed in the Business Code of Conduct and on the Company's website (www.pdgh.com).</i></p>
<p>■ Creditors</p>	<p>The Company always keeps commitments and strictly follows terms and conditions of the contract with regards to its responsibilities fairness and transparency towards creditors, both for creditors in the business sector and financial institutions and bank guarantee covering principal repayment, interest and fees, maintaining financial ratios and other conditions etc.</p> <p>The Company will never be deceptive, conceal information or facts that will cause damages to creditors. Moreover, the Company participates in different activities/campaigns arranged by creditors in order to build good relationship and avoid any incidents that are prone to conflicts of interest. In the past company has no cause of default.</p> <p><i>The Company has regulated policies and practices with regards to treatment and responsibilities towards creditors which are displayed in the Business Code of Conduct and on the Company's website (www.pdgh.com).</i></p>
<p>■ Society and General Public</p>	<p>The Company operates the business with moral and ethical values towards all stakeholders and always adhere to the ideology in business operations, by way of arranging activities that improve quality of lives and benefits for the society and the environment as a whole; in business premises, communities and vicinities, for instance, knowledge sharing sessions on safety, products, and services to clients in private and public sectors, as well as cooperation with agencies or communities in participating in mitigating floods and disasters as appropriate.</p> <p>Furthermore, the Company encourages employees and relevant bodies to serve as good citizens, contributing benefits to the communities and the society to mutually exist and grow in a sustainable manner. In spite of economic crisis, the Company still continues its social activities, putting key focus on creativity, knowledge and ability to enhance effectiveness in managing the campaign and maximize benefits for the society.</p>

■ Environment

The Company encourages every department in the organization to realize the significance of using resources effectively and anticipate development and growth simultaneously with quality of lives of citizens, as well as safe, clean and hygienic environment for employees and all groups of stakeholders.

The Company is determined to take responsibility towards the society and environment, by devising the environmental policy and coping with the climate change, identifying ways to minimize utilization of resources and energy, as well as reduce the amount of waste in order to prevent and control activities that might impact the society, community and environment, for instance, optimizing energy consumption (consumption of water, electricity and paper), encouraging the use of information technology system in meetings or training via electronic media to reduce the use of paper, which will subsequently reduce the emission of carbon dioxide, etc.

This is part of the sustainable development policy, which is available in the corporate governance section and on the Company's website (www.pdgt.com)

More details are displayed on section "Corporate Social Responsibilities" which appears on "Sustainability Report 2019", which prepared to report the results of operations in social and environmental responsibility to the company's stakeholder, including business practices based on sustainability in terms of economy, society and environment, based on international reporting "GRI Standard" as a part of this report.

5.2 Business Morality and Code of Conduct

The BOD adheres to the principals of morality, honesty, and righteousness to conduct the business correctly and fairly. It, therefore, encourages directors, executives, and employees to strictly follow the principle of ethics by determining a written Code of Business Conduct, which is to be commonly held according to responsibilities to the Company and all stakeholders with honesty under the laws and regulations of the Company. It also values transparent, fair, and honest business conduct to drive the Company to international standards as well as treating all stakeholders. Those action is not against the law, policy and corporate culture with acceptable by society, does not cause damage to the reputation of the corporate image and affect seriously to stakeholders, as show in the business code of conduct, which published on the company's website.

In order to encourage verification and monitoring of the compliance with the policy and the Company's Business Code of Conduct, there was a training session in 2019 to educate about measures and practices regarding anti-corruption, as well as the evaluation of the Company's and subsidiaries' employees' knowledge and understanding in the Corporate Governance Policy. The evaluation outcomes turned out satisfactorily, reflecting staff members' awareness in the Company's policy. In this regard, the Internal Audit Division also followed-up with the Business Code of Conduct compliance and did not detect any failure to comply.

5.3 Respects to Human Rights and Fair Labor Treatment

The Company supports and respects the principle of human rights, which is the foundation of human resource development and a key factors in the creation of value-added and productivity. Essentially, the Company monitors to prevent the group of PHOL to engage in activities that violate human rights and accept practices that are beneficial to the public, such as Universal Declaration of Human Rights, the Principle of Human Rights of the United Nations.

By focusing the operation of the Board of Directors, executives and all employees must treat each other with respect, to protection of human rights by persistent surveillance the business of the Company to be involved in human rights, dignity, freedom, equality such as physical or verbal actions towards others based on human rights including race, color, sex, religion, language, political beliefs, political opinion or do not support force labor support against the use of child labor, provide safety system in the workplace properly to be safe from harm that may be caused either by accidents and disease, employees receive proper compensation, encourage employees to balance in life between work life and personal life, using the sufficiency economy philosophy and encourage the opportunity for their benefits, doing good thing for society compliance with the principles of

various religions equally, provide whistle blowers, including the management and employees of the company shall not act in any that violate or threaten the rights whether it is physical or verbal actions towards others based on human rights.

5.4 Guidelines for Non-violation of Intellectual Property Rights

The Company have the policy and guidelines, shall conduct its business without violation of intellectual property rights or copyrights of others. It shall not corruptly seek to have classified trading information of other companies in the form of contracts, agreements, or other forms of document which may cause damages to those companies., encourage employees to respect and not violate intellectual property rights such as the operating results under their duties as hold the intellectual property of the company, after employment termination must be deliver such intellectual property to the Company whether the data stored in any format, including employee use of company computers must be used under permission of the copyright owner software and allowed to be used, to prevent the abuse of intellectual property, for prevent intellectual property infringement.

Principle 6: Ensure an appropriate risk management and internal control system

6.1 Internal Control System and Risk Management

The Board of Directors has supervise an appropriate to effective internal control system in the company's operation, there we Audit Committee comprising of 3 independent directors, which are qualified in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, to assume the duties of inspecting the statement of financial position, information disclosure in financial reports complete and accuracy and credibility of the information, inter-related transactions or conflicts of interest between the Company and its subsidiaries, to be completely there is appropriate supervision and risk management system of the company. Assign the risk management committee to consider risk identification, risk assessment, risk opportunity, in order to prioritize the risk and appropriate risk management methods.

(More details of Risk Management and Internal Control System are appeared in Section "Internal Control System and Risk Management")

6.2 Preparation of Disclosure Report on Conflicts of Interest and Related Transactions

The Company demands that transactions with possible conflicts of interest and substantial related transactions be reported by showing names of persons with possible conflicts of interest, relationships, nature of transactions, conditions, pricing policy, values of transactions, needs for transactions, and opinions of Audit Committee and/or the Board of Directors, detailed information is shown in "Related Transactions" In order to adhere to the Principles of Corporate Governance, The Board of Directors has established guidelines on conflict of interest, requiring Directors, Executive and Employees are required to report any conflicts of interest to the Board by yearly basis one time per year. In case if there is a conflict of interest regarding above guideline of the declaration and effectiveness, which is published on the company's website. The Board determines policy and procedures as in the followings:

- The Company has a clear and transparent shareholder structure with no cross-holding of shares with major shareholders, so the structure does not give rise to conflicts of interest. The Company discloses detailed shareholder structure of the Company and its subsidiaries in the annual report, as well as discloses securities holding of directors completely

- The Company has put in place clear segregation of duties between the BOD, Executive Committee, top executives/management, and shareholders, so there is no overlapping of responsibilities. In the case that any director or executive has interest in the ongoing agenda, such person will be absent from the meeting or hold the vote to make the decision making of the BOD and executives fair and truly beneficial to shareholders.
- Determine written governance policy and usage of internal information in the authorities and rules of employees with penalties in the case that executives or employees disclose internal information to public for their own interest.
- Determine policy and practices for conflicts of interest and related transactions to ensure suitability of the transactions that must be reviewed by Audit Committee, and supervise to make sure that the Company complies with criteria of Securities and Exchange Commission and Capital Market Advisory Board.
- Stipulate that directors, executives, and employees who have interests in transactions of the Company or its subsidiaries be absent from the consideration or approval of the agenda of such transactions. Pricing of such transactions are determined fairly according to normal trading conditions as if they are transactions with unrelated parties.
- Demand that related transactions be presented to Audit Committee to give opinion before proposing for approval from the BOD, consistent with the principle of good corporate governance and the rules imposed by the Securities and Exchange Commission.
- The Company's ethics determines additional practices to prohibit employees from using the Company's properties or working hours to regularly search for information, make contacts, or trade securities for their own benefits or others' benefits and not for the Company's benefits without reasonable necessity.
- Employees and their families must not engage in any activity that obstruct the Company's benefit seeking by contacting relevant parties, including competitors, trading partners or customers, by using opportunities or information gained from being employees for their own benefits, by competing in the same business as the Company's, or by using office hours to do other jobs other which have effects on the Company's jobs.
- Avoid or refrain from expressing opinion or making comments about the Company to external parties or press which may affects the Company's reputation or operation without having authorities or responsibilities to do so.

Herewith published on the company's website (website: www.pdgt.com)

In 2019, the Company did not engage in activity that violates or is inconsistent with criteria of related transactions specified by the SEC and the SET.

6.3 Preparation of Report on Securities Holding and Change of Securities Holding

The Board of Directors has setting rules criteria for the preparation and disclosure of securities holding reports of directors and executives of the company to comply with Section 59 of the Securities and Exchange Act, 2016 (no.5) and issues regulations Notification of the Office of the Securities and Exchange Commission refer to preparation of report on changes to the securities and derivatives holding of director and executive, required directors and executives of listed companies holding securities or derivatives including the amount of securities held by relevant persons under Section 59 of the Securities and Exchange Act. (covering Spouse or person who's cohabit as husband and wives, children who've not yet attained legal age and juristic persons in

which they and their spouses or children hold more than 30% of the total voting rights of such juristic persons), responsibilities to reporting securities holding and future contract in electronic system to the SEC's office within 3 working days from the date of purchase, sale or transfer.

Company Secretary is responsible for reporting the changes in securities holding submit to the Chairman of the Board and Chairman of Audit Committee within 3 days after the Company receives such report, summarizing changes in securities holding to the Board of Directors by quarterly basis, and maintaining reports on securities holding and reports on interest that directors and executives submit to inspection and reference.

In 2019, there is no significant change in the securities holding of directors and executive management, which disclosed the report of securities holding of directors and executives.

6.4 Preparation of Report on Interests of Directors, Management, and Related Persons

The Board of Directors has regulated the directors, executives (according to definitions of the Securities and Exchange Commission) perform according to Section 89/14 of the Securities and Exchange Act (No.4) 2008 and the announcement of the Capital Market Supervisory Board No. Tor Chor. 2/2552 regarding the report of interest of directors and executives must prepare and submitting an own report of interest or any related parties stakes, that are relevant to management and administration of the company or its subsidiaries, comply with the company's conflict of interest policy. The Company Secretary will be compiling and submitting copies of these documents to the Chairman of the Board, who will then examine, verify and summarize all the changes and movements to the Board of Directors every 6 months. This endeavor is considered a way to urge directors and executives to perform duties with honesty, based upon the following criteria and procedures:

- Report when assuming director or management position for the first time.
- Report every time that the information on interests change or every 6 months.
- In the case that directors are relieved and reappointed immediately, such directors need not file new report of interests if there is no changes from the previous filing.
- All directors, executives, and employees report conflicts of interest annually in December and during the year on a case-by-case basis if such transactions occur (additional items).

6.5 Related Transaction Policy

The Board of directors has been approved the policy and procedures for connected transactions and connected transactions of the company and its subsidiaries or associated companies or persons that may have conflicts of interest, in order to comply with the law on securities and stock exchange regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Details of the policy and procedure for connected transactions and connected transactions of the company and its subsidiaries appears on section "Related Transaction"

6.6 Monitoring the Use of Internal Information

The Company places great emphasis on the utilization of internal information of the Company as subsidiaries, with the determination in treating all shareholders with transparency and fairness, base on the principle of good governance, in accordance to comply with the Securities and Exchange Act, 2016 (no.5) refer to insider trading and issues regulations Notification of the Office of the Securities and Exchange Commission refer to preparation of report on changes to the securities and derivatives holding of Director and Executive, Auditor, Plan paper and Plan Administrator. Guidelines as follows:

1. It is regulated that the Company's directors and executives (according to SEC's definitions) are required to prepare reports on changes of one's securities ownership, including that of spouses and children who have not attained legal age within 3 working days after the purchase, selling, transfer or receiving of securities, according to the Securities and Exchange Act Section 59 to the Securities and Exchange Commission and the Stock Exchange of Thailand, using means regulated by the SEC, informed to the Company Secretary.
2. Directors, executives and staff members who are aware of the Company's internal information must keep it strictly confidential and not disclose it to the public or seek benefits by trading such securities for oneself or for benefits of others both directly and indirectly, regardless of whether or not the benefits are obtained from doing so.
3. Directors, executives and staff members or those who are associated with the internal information are prohibited from buying or purchasing the Company's securities during the 30-day blackout period prior to the disclosure of the quarterly and annual financial statements or internal information to the public, and during the 24-hour period after the financial statement or internal information is disclosed to the public and has been notified to the Stock Exchange of Thailand, and other periods as identified by the Company.
4. Directors, executives and staff members, those who are associated with the internal information and staff members who already resigned are prohibited from disclosing the internal information or the Company's confidential information, as well as partners' confidential information that one is aware of from performing duties to seek benefits for outsiders or other companies in which one is a shareholder, director, executive or staff member, even though such disclosure is not going to cause any adverse impact on the Company and the Company's partners. The exception applies to when the information is required by law to be disclosed.
5. With regards to the safety of the information system, the Company controls and/or prevents access to the Company's information from outsiders and allows rights of access to the information to different levels of staff members, based on authorized duties and responsibilities.

The Company Secretary, there was communication within the organization to alert all directors, executives and employees, to acknowledgment the 30-days period of the Blackout Period before every quarter and annual financial statements are disclosed.

The punishment is stated in the Company's work regulations, whereby disciplinary actions will be considered on case by case basis, herewith published on the company's website.

6.7 Anti-Corruption

The Board of Directors places great attention to the business operations with honesty, fairness and transparency and thus has developed the anti-corruption policies, prohibiting directors, executives and employees to support or accept all sorts of corruption both directly and indirectly, has regularly reviewed such policies in accordance with the environment and corruption risks, to be able to set preventive measures and respond to such risks at acceptable levels with covering cases of infringement, which has announced the policy scope of notification of complaints including protection mechanism of whistle blowers or file complaints or cases of abuse and published on the company's website.

(As disclosed in Section 2: Disclosure of Information "Whistle Blowing and Filing Complaints or Violation of Rights).

Policy:

“The Directors, The Management and employees of the Company are prohibited from performing, accepting or supporting corruption in any forms, whether directly or indirectly. This shall be applicable to all business lines of the Company and its subsidiary and affiliate companies. The Directors, The Management and employees of the Company shall strictly comply with the anti-corruption measures and establishes a structure of responsible persons including risk management, internal control and internal audit systems to prevent and suppress any corruption within the organization; and shall review the operation procedures and implementation guides to ensure compliance with the rules, regulations, laws and business change”

Regarding the company has signed the intention of the Private Sector Collective Action Coalition Against Corruption of the Private Sector Collective Action Coalition Against Corruption (Private Sector Collective Action Against Corruption Council) which the Company received a certificate membership of the Private Sector Collective Action Coalition Against Corruption (CAC) valid in 3 years after the resolution date, shall be expired in 2019. The Board of Directors’ Meeting no. 5/2019 held on 10 May 2019, has passed resolution to approved the self-assessment regarding Anti-Corruption (Self-Evaluation Tool for Countering Bribery) to apply for renewal of CAC certification, completely and reviewed the said assessment are insufficient and completely by the Audit Committee, then certified true by the Chairman of Audit Committee and the Chairman of the Board respectively. Since, the Committee of Private Sector Collective Action Coalition Against Corruption passed a resolution to approved the first extension of certificate to Phol Dhanya Public Company Limited is a membership of the Private Sector Collective Action Coalition Against Corruption (CAC) within quarter 2/2019, be valid for 3 years from the date of approval since 5 August 2019.

However, the Company has internal communicate the said policy to all employees of the company and its subsidiaries , for external communicate through customer, partner and the stakeholders, emphasizing the awareness of anti-corruption of the Company’ intension, through various channels; electronics mail, newsletter and public on the Company’s website, key point of practices can be summarized as follows:

1. Corruption Prevention Protocols

1.1 Policy Management Risk Management The basis of corruption prevention protocols Hence, directors, executives and staff members are required to understand the Company’s business processes and assess potential risks that may arise from corruption, and identified measures to minimize them, in case the existing internal control measures are insufficient.

1.2 Policy and Guidelines Development of Policy and Practices on Anti-Corruption including suitable internal control measures for core activities that may induce corruption such as; Political Aid, Donation for Charitable Causes, Provision of Financial Aid, Giving and Receiving of Gifts, Reception & Other Expenses, such activities must be conducted with transparency not a path for corruption, have proof of operation in accordance with the guidelines set by the company. Also in addition, hu man resource management, as well as the main operations of the organization that must be consistent and supporting such Anti-Corruption Policy. The company required training communication to director, management and employee at all level, to enhance knowledge, understanding and awareness of the importance of policy compliance resolution strictly related work regulations.

2. Protocols of Detection of Corruption To detect and report outcomes that may be fraudulent in a timely manner, as followings:

2.1 Whistleblowing and Complaint Filing Mechanisms The Company has arranged for credible and independent channels for filing complaints and whistleblowing, protection measures for informers with a mechanism to be ensure that whistleblowers to confidence for the complainant, by communicating to employees, stakeholders, relevant person and the third party to acknowledge the such complaint mechanisms.

2.2 Reporting Dishonesty The Company requires a summary report of complaints divided by the type of complaint for corruption, requiring the internal audit department reporting to the Audit Committee and the Board of Directors on a quarterly basis. (Whistleblower and complaint channel are disclosed in Section 4 “Disclosure and Transparency”).

3. Protocols on Handling Corruption To correct the effects including finding ways to prevent corruption, the same type occurs again. The response to the fraud caused by the investigation, punishment and corrective measures and information disclosure.

In addition, The Policy and Guidelines with Chairman’s signature has published on the company website, section Investor Relation title “Good Corporate Governance” and the management will apply such policies to all departments, all employees of the company and subsidiaries to acknowledge for these practices accordingly.

Measure that the company took to prevent corruption activities, can be shown are as follows:

1. Review: The Board of Director reviews the anti-corruption policy and guidelines every year.
2. Assessment: regularly review corruption risks determine measures to reduce risk if the existing internal control is not enough, including the preparation of a manual to manage corruption and corruption risks considered as part of the guidelines that are consistent with "Policies and guidelines to prevent and combat corruption.
3. Communication: both internal and external, as follows:
 - Internal communication to director, management and employee to acknowledge and strictly adhered, through electronic communication channels within the organization, including quarterly risk news journals and public on the boards.
 - All director, management and employee to be signed and accept the policies and guidelines to prevent and combat corruption.
 - External communication sent notice of anti-corruption policy to customers, partners, refrain from receiving and giving and receiving of gifts reception or others expenses in any form and disseminated through the company’s website, publicized to the company and its subsidiaries’ partner such as customer, partners, director or indirect vendor, as well as partners both domestically and internationally, acknowledge the said policy, in order to requesting cooperation from trading partners to prevent and combat corruption by signing together the ethics agreement document.

Principle 7: Maintain financial reliability and disclosure

Board of directors is responsible for ensuring that the financial reporting and disclosure procedure are accurate, sufficient, timely, in accordance with the rules and related practices as well as monitoring the adequacy of financial liquidity and other mechanisms that can solve the problem under consideration of the rights of stakeholders.

7.1 Execution Report of the Board of Directors and Sub-Committees

The Board of Directors is aware of the significance of developing different reports to submit to relevant regulatory bodies and of fairly disseminating accurate and comprehensive information to the public, covering the operating performance and key events throughout the year for shareholders’ acknowledgement. The Board of Directors is also responsible for assessing the sufficiency of the internal control system evaluated by the management, which is to be verified and commented by the Audit Committee prior to proposing to the Board of Director for final approval. Regarding the rectification of the accuracy of the Company’s and subsidiaries’ statements of financial position, they must be compiled following the financial reporting standard

and proper accounting policy, exercising prudence and reporting critical information sufficiently in the remark section of the financial statement. Such information disclosure has been verified by the Company’s auditors who are independent and can express unconditional opinions with regards to the Company’s financial statements. They have been verified by the Audit Committee, whereby the Board of Directors have compiled a report of responsibility towards the financial statements and disclosed it in the Annual Report, together with the auditor’s report. In this regard, execution reports of all sub-committees have been gathered and proposed to the shareholders in the annual information disclosure form and the Annual Report, together with organizational sustainability report.

The Board of Directors emphasizes on disclosing critical information to shareholders and investors sufficiently, comprehensively and on a timely manner, in order to ensure that all individuals have access to the information equally, hence identified a policy in disclosing and communicating the Company’s information with a clear scope of disclosure. The Chief Executive Officer, the topmost executive in the financial operations or the CFO or any individuals assigned by the CEO (“Investor Relations Officer”) are responsible for providing significant financial and non-financial information to investors and related parties. The information can be the quarterly financial report, Management Discussion and Analysis (MD&A), press release, or other significant information that may impact the Company’s securities price and shareholders’ or general investors’ decision making.

In 2019, the Company has disclosed the Company’s information, performance results, quarterly basis of financial statements both Thai and English through SET, could be download on the Company’s website. The company's financial statements have been unconditionally certified and submitting the said statements on time to the Stock Exchange of Thailand and the Securities and Exchange Commission and the Stock Exchange of Thailand, no amendment required, not being notified of any action due to not comply with any requirements.

Shareholders

The Company also emphasizes on information disclosure via investor relations activities, preparation of news information for mass media, arranging a press conference, Clarification of the rumor case invalid news to investors through various channels, meeting with executive and company’s visit, any queries by phone or email, publishing information via media, press release and disclosing current affairs for each accounting period and the quarterly presentation an operating results, management discussion and analysis, through the Company’s website www.pdgth.com section “Investor Relation”, in order to equally keep all stakeholders informed and clarify information in order to build good relations between the company and shareholders, investors, securities analysts and general interested parties to receive the information of the company fairly and equally, the 2019 activities are as follows:

IR Activities	No. of Activities (time)
● Exhibition “mai Forum 2019” present company’s products and services to public investors, corporate by mai and Co-Host of Listed Company mai Association.	1 (July)
● Summary Company Snapshot by Quarterly basis, under the Project mai Company Snapshot by mai	4
● Press Release, Trend of business, Operating results and the Company’s image through mass media	continuous
● Welcome the shareholders for the AGM meeting (2019)	1

Shareholders, Investor or interested person could be contact directly to Investor Relations, as follow:

Address: 1/11 Moo 3 Lamlukka road, Ladsawai, Lamlukka, Pathumthani 12150 Tel: 0-2791-0111 ext. 206

Telefax: 0-2791-0100 or Email: ir@pdgth.com or via the Company’s website

The Board of Director had prescribed Investor Relations Ethics as a guideline for oversight practices regarding “Equitable Treatment of Shareholders and Disclosure and Transparency” which shown on the Company’s website: www.pdgth.com “Investor Relation”

Employee

Both of the Company and its subsidiaries’ employee , either or full time or temporary staff, being take care and receive equally information though intranet and various channels such as posting on the company’s board, group line applicati on, which high level executive as well. The objective to enable employees to be informed of various company news as news and activities, projects news or welfare information news that are relevant to employees such as social security news, tax news, etc. (if any)

7.2 Whistleblower and complainant or in case of Infringement

In addition to stipulating that the independent committee taking care of the interests of the stakeholders, the Company has provided whistleblower channel or notice of complainant and express on opinion including in case of infringement, as following:

	Whistleblower channel	Email
1. Electronic mail	Board of Director Audit Committee Company Secretary or through website: www.pdgth.com/ir_index.php	board@pdgth.com ind_dir@pdgth.com cs@pdgth.com
2. Mailing post	Audit Committee (through Chief Internal Audit) Phol Dhanya Public Company Limited. No. 1/11 Moo. 3, Lamlukka Road, Ladsawai, Lamlukka, Pathumthani 12150 Tel. 02-791 0111 Fax: 02-791 0100	

In the event that the stakeholders would like to contact directly to the Board of Directors (without an involvement of executive level) to report or file complaints in case of infringement report fraud doing illegal or business ethics that involves high level-executives, including suggestions an opinion, email directly to the Board: board@pdgth.com

In any doubt concern about corporate governance policy or anti-corruption policy, could inquire further direct via electronic mail to Company Secretary: cs@pdgth.com Tel. 02-7910111 (ext.151) or Chief Internal Audit: ia@pdgth.com Tel. 02-7910111 (ext. 115)

Whistleblower Procedure

- 1) Employees or stakeholders can report any clues, complaints or suggestions via identified channels provided. The information received will be treated confidentially, whereby there is a protection measure for the whistle-blowers or in case of rights violation, as specified in the Corruption Prevention and Prohibition policy and practices and/or the Company’s Business Code of Conduct.
- 2) Internal Audit Division: Receive complaints and consider the cases using the “Complaints Handling Manual”. Complaints can be classified into 3 main categories as follows:
 1. Dishonesty
 2. Conducts that are against the laws/rules/regulations of the Company

3. Violation of ethics/morality/Code of Conduct, policy and practices regarding Prevention and Prohibition of Corruption of the Company and subsidiaries.
- 3) Execution Procedures: Inspect initial information and seek additional information from credible sources. In case the wrongdoing is deemed valid, the case is to be considered according to each category of the conduct; employees-borne cases are to be handled by the Human Resource or Legal divisions, while executive-level cases are to be considered by the Board of Directors or the Audit Committee. In case the alleged person is the Internal Audit Director or the Internal Audit staff members, the Audit Committee will appoint a committee to consider the case. If the case involves the Chief Executive Officer or directors, the Board of Directors will appoint the committee to collect information and work on the case in a hierarchical manner.
- 4) Following-up and Evaluation: The Complaints Consideration Board will be executing following-up and evaluation activities until the resolution is reached or the corrective measures are identified, and will notify the person filing complaint within 7 working days after arriving at a resolution. The Internal Audit shall be prepared the summarized report to Audit Committee and Board of Directors by quarterly basis respectively.

In this regards, the Company has followed up reports of clues or complaints through the specified channels. In the year 2019, the company did not get any incidents and indicating the said corruption.

7.3 Information Technology and Communication

The Company is aware of the significance of using the information technology and communication, which are important factors that will enhance the effectiveness of business operations and work performance. It is the mutual responsibility of all staff members to abide by, under the rules of laws and the announcement of the information technology policy, whereby the access or control have been identified, in terms of access to the network, operating systems, applied programs or applications used in the operations.

Every employee is responsible for protecting and maintaining the Company's information technology system and communication from violation and unpermitted distribution of internal information to access, do not discloses important information of the business to unrelated person which may be directly or indirectly affect the company.

(By the guideline of practices are displayed in the Business Code of Conduct, published on the Company's website (www.pdgth.com))

Principle 8: Encourage participation and communication with Shareholders

The Board of Directors equally aware of shareholders' rights, the implementation of good corporate governance principles, the essence is as follows

8.1 The Rights of Shareholders

The Company has recognizes and keeping in mind the importance of basic rights of shareholders, to protect and facilitate the exercise of shareholders' rights as investors and company ownership such as buy, sell, transfer, receive the allocate profit sharing (dividend), get significant information, timely and equitable through easy access channel, encouraging shareholders to fully exercise their voting rights through the shareholders' meeting by independently, appoint or relieve directors and determine directors' compensation, to appoint the Company's auditor and determine its compensation and the participation in decision making on important matters of the

company such as amendment to the memorandum of association, the articles of association, capital increase / capital reduction etc. This is to allow shareholders to participate in decision making or important issues that affect the company directions or relate to their rights and interests. Aside from basic legal rights aforementioned, the Company also promoted the protection of the rights of shareholders to facilitate in exercising their rights, summarized as follows:

Administration of Shareholders' Meeting

The Company administers general shareholders' meeting once a year within 4 months after the end of its financial year to allow its shareholders to participate in the monitoring and acknowledging of the Company's performance in the past year. In the case of emergency agenda for issues that affect or are related to shareholders' benefits or are related to enforcement of conditions, rules, or regulations that require approval from shareholders, the Company will arrange extraordinary meeting on a case-by-case basis.

The Company was arranged in accordance with AGM Checklist issued by Thai Investors Association and Listed Company Association, for reliability, transparency, check-balance according to the mission assigned by the Securities and Exchange Commission (SEC) as individual shareholders representative organization, as following procedures:

Before the Day of the Meeting

The Company prepares documents that contain complete substantial information to be used in the voting process of shareholders and distributes to shareholders in advance through SET Community Portal and on the Company's website.

1. The Company allows opportunities for shareholders to propose meeting agendas for the Shareholders' Meeting and name of qualified candidate to be nominated as Director in advance, 48 days ahead of time, from September 18, 2018 to December 31, 2018. The Company has published criteria for shareholders through SET community portal and the Company's website under the menu "Investor Relations" since September 18, 2018 when the proposal period has been ended, there are no any shareholders proposing agendas or a nominees' name of qualified candidate to be elected as the Company's director for this meeting. The matter or nominated person will be considered in accordance with the criteria set by the company, as for the selection of qualified person through screening by the Nomination and Compensation Committee present to the Board of Directors for consideration and inform the resolution to the shareholders in the 2019 Annual Shareholder Meeting, further information to shareholders in advance through SET system and the Company's website. There was no shareholder proposed any matter agenda or qualified person for an appointment to a director in the Shareholders' Meeting.
2. The Company has disclosed the date of the 2018 Annual General Meeting, agenda item and fix record date to entitle rightful shareholders to attend the meeting in advance 2 months. By notifying immediately once the Board of Directors has a resolution to set the meeting date from February 21, 2019, published via the SET's information reporting system to allow shareholders to acknowledge the rights and plan to attend the shareholders' meeting as scheduled.
3. The Company has published invitation letter and relevant documents both Thai-English version on the Company's website in advance 30 days before meeting date since March 25, 2019. To allow the shareholder have enough times to study information. By invitation letter the agenda for shareholders' meeting consisting of-the agenda for shareholder's meeting consisted of topics defined in Section 5 of the Company's articles of association: Shareholders' meeting. Each agenda includes its objectives, clarification of background, directors' opinion on each agenda and the rights of shareholders to attend and vote in the Meeting.

4. The Company assigned Thailand Securities Depository Co., Ltd “TSD” the Company’s securities custodian to distribute the invitation letter with relevant documents of each agenda to shareholders prior the meeting date within 21 days (since April 3, 2019), which exceeds what is required by law and follows the principle of corporate governance. Listed companies are to distribute the meeting invitation letter to shareholders at least 7 days and 21 days in advance respectively, especially foreigner shareholders have provided with covering English version’s letter together. The invitation letter specified details; date time venue of the meeting, map location and complete set of documents.
 Meanwhile, the meeting invitation letter was sent to the registrar and the Company’s Auditor on the same date: April 3, 2019 (not less than 7 days as required by law).
5. The Company publicized the meeting invitation in the newspaper for 3 consecutive days on April 10-11-12, 2019 and not less than 7 days prior to the meeting date as required by law and the Company’s regulations so that shareholders have enough time to study the information beforehand.
6. The Company informed details regarding supporting evidence prior to the meeting; the power of attorney letter and the method of proxy designation. In case shareholders cannot attend the meeting by themselves, they may assign independent directors of the Company or any other individuals as proxies to attend the meeting and cast vote on their behalf, or they can bestow authority upon the Company’s independent directors using the power of attorney letter Form B that was sent together with the invitation letter. In this regard, shareholders can download 3 forms of power of attorney letter (Form A, B, and C) via the Company’s website, whereby the Company has prepared the revenue stamp for shareholders to put on the power of attorney letter on the meeting day. (The company provided stamp for proxy).
7. The Company allowed shareholders to submit questions beforehand in case clarification on any particular agendas at least 1 working day or before start the meeting approx. 2hours (within April 24, 2019)
8. The Company allows its shareholders who wish to receive printed annual reports to send their request through various channels, such as emails, telephone, fax, and letters in return-envelopes. The Company will immediately send annual reports through postal service as per requests and also prepare printed copies for shareholders on the meeting date.
9. The Company arranges channels for contact or queries by e-mail via cs@pdgth.com or ir@pdgth.com or fax no. 02-791-0100 for shareholders’ maximum benefits from the meeting.

On the Meeting Date

The Company encourages shareholders to exercise their rights to attend and vote in the shareholders’ meeting by accommodating shareholders who attended the meeting and administering the meeting in a transparent and verifiable manner, abstaining from any activities that violate or deprive the rights of shareholders. It also allows shareholders to make inquiries and express opinions freely.

1. The Company held the Annual General Meeting for 2019 on April 24, 2019 at Conference Room of the Company address 1/11 Moo3 Lamlukka Rd, Ladsawai, Lamlukka, Pathumthani 12150. Facilitate and encourage shareholders to attend the meeting, with the following actions:
 - Sharing the map displaying location of the meeting venue that is convenient to commute to and from (expressway) and allocating sufficient parking spaces
 - Transportation service provided to taking care the shareholders to the shareholders’ meeting (BTS-PHOL)

- Properly identifying the point of registration for shareholders and proxies (document inspection kiosk), with the Company's officers providing reception and facilitation to shareholders.
 - Preparing duty stamps in case the shareholder assigns the proxy to attend the meeting, without any additional costs.
 - The registration can be completed 2 hours (2.00pm – 4.00pm.) before the meeting and shareholders arriving after the meeting commences can also register and attend the meeting and cast vote on agendas (for agendas that have not been voted yet).
 - Using the meeting assistance program and the barcode system in the registration and vote counting processes, for better effectiveness, faster results and transparency.
 - Providing impressive reception for shareholders attending the meeting for convenience and comfort.
2. The Chairman, Chief Executive Officer and all sub-committee participated in the shareholders' meeting such as The Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nominating and Compensation Committee and Chairman of the Risk Management Committee, total 8 members were present to the meeting accounted 100% of all directors, executives, auditors and legal advisors attending the meeting. The Chairman has performed his role of the Meeting according to the Company's regulations, starting from informing the meeting quorum, portion of shareholders to attend the meeting in person and by proxies, assigning the Company Secretary to take meeting minute and introducing directors, executives, auditors and legal advisors attending the meeting to provide further information and answer shareholders' questions. There have volunteer rights protection and shareholder who are volunteers acted as a witness in the vote counting.
 3. The Company of the meeting will conduct the meeting go through the meeting agenda as stated in the invitation letter distributed to shareholders beforehand, shall be reflect the background, necessity, rationale and proposal to the meeting without adding agenda or changing altering any important information specified in the invitation letter, allocate time appropriately for the meeting and grant an opportunity for the shareholders to ask question or express any opinion related to the agenda item, before voting the resolution. Being assign company secretary to notify shareholders of how to cast votes in each agenda as well as the vote counting methods to reach a resolution by using barcodes to counting the vote with accurate, demonstrating transparency, verifiable and announcing the resolution of each agenda item.
 4. The dividend payment policy has been prescribed, in 2018 cannot pay dividend because the operation results have accumulated losses. Therefore proposed the meeting to approve the omission of dividend payment from the year 2018 as well as explaining the reasons and supporting information for the shareholders' meeting. In this regards, the shareholders' meeting has approved to transfer of legal reserve and share premium to compensate the accumulated loss of the company , in order to be able to pay dividends in the next year if the earnings are profitable
 5. Appoint directors whose tenure is going to cease. Brief background information of individuals nominated to assume/resume the director position for another term of office will be provided, as well as other relevant information that is beneficial for the consideration. Anyhow, prior to the consideration of appointment, directors whose tenure is terminating or those who are nominated to assume the position for another term of office must leave the room in order to allow shareholders to express opinions and vote independently. The Company will be collecting ballots from every shareholder attending the meeting, only those that disagree or refrain from voting on an individual basis and will be collecting the remaining all ballots after the meeting to reference, accuracy and transparency.

6. The agenda concerning directors' remuneration features an explanation provided to shareholders of the budgets and remuneration packages for each type of director. The remuneration can be categorized into meeting attendance fees and directors' bonuses, including compensation in case the person gets appointed the committee. Policies and criteria utilized in the remuneration consideration have been provided in details in the annual report.
7. The agenda concerning the appointment of an accounting auditor and identification of remuneration features a list of nominated individuals deemed appropriate to be the accounting auditor/resume the position, the duration of service as well as other relevant information that is of benefits to shareholders' consideration.
8. During the meeting, Chairman of the Meeting is responsible for allocating sufficient time to allow shareholders equal opportunity to give inquiries or express opinions freely in the Meeting pertaining to agenda and the Company's operations, as well as to allow relevant officers to give answers to the questions asked thoroughly. Significant questions, explanations and opinions are completely recorded in the minute as a way to clearly inform shareholders who are absent for the Meeting.
9. The Company informed the meeting of the resolution of each agenda upon completion of vote-counting. Votes can be classified into "agree", "disagreed" and "abstain" or "void".
10. The Company has involved the legal advisor "Dherakupt Law Office Co., Ltd." and the auditor's representative "ANS Audit Co., Ltd." and other volunteered shareholders all 3(three) to act as intermediary "inspectors", to ensure that the Shareholders' Meeting is carried out with transparency, in accordance with laws and the Company's regulations on the following matters:
 - Document inspection process exercised upon shareholders or proxies who are eligible to attend the meeting.
 - The quorum, vote casting and vote counting approaches are coherent with the Company's regulations.
 - Ballot collection from shareholders, verification of resolution and vote results as appeared on the ballots.
 - Signing to certify the accuracy and validity of vote results in each agenda once the meeting is over.

For the AGM 2019, after finished the meeting there were 34 shareholders, 14 shareholders to attend the meeting in person and 20 shareholders by proxies, representing 117,491,173 shares, which accounted for 58.02 percent of the total issued shares. In 2018, there were 35 shareholders to attend the meeting and by proxies, representing 115,641,617 shares 57.11 percent of the total issued shares.

After the Meeting

1. The Company distributes resolutions of the shareholders' meeting via SET Community Portal within the same day of meeting date (April 24, 2019) with full details as per good corporate governance standard. The vote results of each agenda were displayed as "agree", "disagreed" and "abstain" or "void", with clear display of vote results in each category.
2. The Company prepares the minute of general shareholders' meeting 2019, which was held on April 24, 2019 with correct and complete significant matters both Thai and English, including the following details:
 - Names and positions of directors, members of Committees, top executives, auditors/legal consultants who attended the meeting, and those absent from the meeting (if any).
 - Quorum including the number of shareholders who attended the meeting by themselves, the number of proxies, and the number of shareholders who granted the power of attorney to the Company's independent directors.
 - Voting method used in each agenda, counting method for resolution, and guideline for using voting cards.
 - The resolutions and number of vote with agreement, disagreement, abstained and void results for every agenda that requires voting. Voting results must be verifiable after the meeting.

- Shareholders' questions, Board of Directors' and the management's instruction, and suggestions from meeting participants were clearly summarized.
- 3. The Company has published the minute of annual general shareholders' meeting both in Thai and English via SET Community Portal and the Company's website (www.pdgth.com menu Investor Relation) within 14 days since the meeting date on May 7, 2019, allow shareholders to review and completely during 30 days until 7 June 2019, after the end of period, there was no any request to amend the minutes from shareholders, remaining the said report is considered certified by the shareholders. In addition, it also has a system to maintain minutes of shareholders' meeting to allow review and reference.
- 4. The minute of meeting that has been signed in approval by the Chairman was submitted to the Stock Exchange of Thailand, the Securities and Exchange Commission and the registrar (Department of Business Development) to inspect and make references since May 7, 2019 as required by law to submit within 14 days after the date of the shareholders' meeting.
- 5. The Company arranged to have visual and audio recording in the form of audio-visual media (AV) throughout the meeting to allow shareholders who did not attend the meeting to see the actual event, such media was posted on the Company's website after the meeting was finished.
- 6. The Company has surveyed the satisfaction of evaluating the meeting quality regarding the Shareholders' Meeting, get a good average score equivalent to last year and the suggestions and comments have been gathered regarding the quality of meeting invitation letters, annual report, shareholders' facilitation, meeting execution and the preparation of minute of meeting from the evaluation forms as guideline for continuous improvement of the shareholders' meeting arrangement in the future.

From continuous improvement of the shareholders' meeting arrangement, the Company got evaluated 'outstanding' on the quality of the AGM arrangement 2019 from the Thai Investors Association (TIA) with excellent of 99 scores from the AGM Checklist Project 2019.

8.2 The Equitable Treatment of Shareholders

The Board of Directors places emphasis on shareholders' rights and equality, for all individual shareholders; major, minor, or institutional shareholders, Thai or foreign nationalities, ensure of the company's equal treatment towards minority shareholders apart from regulated by law, such as the shareholders' meeting, facilitating and encouraging shareholders to attend the meeting, as well as get involve to make decision in the company's key matters, in which every shareholders is eligible to cast vote according to the number of shares held, have the rights one share one vote. However, the company still treats shareholders equally, no events or practices which is a violation or depriving the rights of shareholders. The Company has clearly disclosed the shareholding structure of the company and subsidiaries, including the top 10 major shareholders and the controlling person to ensure that the company has a transparent operational structure that can be verified without cross shareholding or pyramid shareholding, as following:

1. The Company preserved the rights of all shareholders and no agenda item would be added at the shareholders' meeting without prior notice to ensure that the shareholders had adequate information at ahead of time in order to make any decisions.
2. The Company has sent the proxy Form B together with the notification letter which in a format that can direct how votes are casted (with reference to the Ministry of Commerce) supporting the shareholders are unable to attend the meeting by

themselves, as alternative to shareholders able to authorize one of independent directors (3 persons) to attend the meeting and vote on behalf, public and download on the Company's website at www.pdgth.com (both Form A, Form B and Form C)

3. Regarding vote casting, the ballots must be used to cast votes in the AGM, using the computer system to process vote results. Legal advisors or shareholders' representatives will serve as volunteers to ensure the accuracy in counting votes, especially for the agenda that involves the election of directors, in that case an individual vote is required (1 share is equivalent to 1 vote) and all the ballots must be collected for inspection and reference to ensure accuracy and transparency.

4. The Company designated various communication channels for shareholders to equally receive information, with the SET Community Portal as a major channel and the persons appointed to disclose the Company's information are the Chief Executive Officer and Chief Financial Officer and Investor Relations. To public relations channels have been arranged via the Company's website (www.pdgth.com/ir) or directly to Investor Relation (ir@pdgth.com)

5. The company has established measures to prevent the use of inside information in writing. Its prohibits directors, executive and staff members who are related to the information from using it to inappropriately seek personal benefits both direct or indirectly stakeholders, by specifying 30 days trading period before the company announces operating results or until such information has already been disclosed to the public.

6. The Board of Directors regulated that directors and the management are obliged to report any changes in ownership of one's own company, spouse and children who have not yet become sui juris to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E.2535.

7. The Board of Directors has identified criteria and approaches in reporting the stakes of directors and executives in writing and shall be regarded as standard practices. In case directors or executives appear to have critical stakes that are of particular significance, the said directors shall refrain from voting and participating in the consideration of the relevant agenda, and this shall be recorded in the meeting minute.

8. The Company regulated and announced the "Information System Security Policy" for the computer network system in order to enhance the Company's information system security to be of international standard, with reference to the ISO/IEC 27001 framework via internal communication channels to align with the regulations and Act on computer crime. The scope is also on impact minimization for any incidents, speedy system recovery right after the attack, and continuous prevention of network threats, to serve as guidelines for effective utilization of the network and computer system and for maximum benefits, as summarized below:

- Access authority is prescribed using passwords, which shall be kept confidential.
- Employees are to use the Internet to facilitate ones' works, and shall not disseminate inappropriate information that goes against the tradition, morality and the laws.
- Use e-mail, the Internet and computer equipment authorized by the Company, according to the regulations and instruction for safety, for the Company's benefits only.
- Inspect, seek for, follow up, interrogate and control the use of information system to ensure safety and appropriateness.

9. The Board of Directors has regulated protocols and procedures in making connected transactions as determined by law and standards prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand and the Stock Exchange of Thailand, approved in principle on general trade agreements for transaction between the company and its

subsidiaries, and transaction with related persons who have conflicts of interest must be considered and commented on the necessity to enter into those transaction before proposing to the Board of Directors for approval, and if there are connected transactions and the acquisition or disposal of assets in accordance with the criteria that must be approved by the shareholders' meeting before entering into the transaction, the company must disclose important details in the notice letter invitation for consideration.

In 2019, there were no reports of connected transactions (Please refer to the “Procedures of the Approval of the Related Transaction”)

8.3 Directorship in Other Listed Companies

The Board of Directors is attentive to the director's performance of duties and responsibilities in order to ensure that their time is fully dedicated to the execution of corporate governance. Thus, directorship policies have been adjusted as below:

1) Assumption of Director Position in Other Listed Companies of the Company's Directors

The Board of Directors has reviewed the policy regarding the assumption of the director position in other listed companies in order to enhance effectiveness in performance as the Company's directors, and thus prescribed “policies” in regulating that directors shall not assume the position in more than 5 other listed companies that are not listed for each director for maximum benefits of the Company's future business growth.

2) Assumption of Director Position in Subsidiaries or Affiliates of High-Level Executives

The Board of Directors has prescribed the policy on the assumption of the director position in subsidiaries or affiliates of high-level executives/Chief Executive Officer, conditional upon the Board of Directors' approval, unless it is the case where the individual has been delegated by the Board of Directors to assume the director position in the Company's subsidiaries or affiliates according to shareholding proportions or as assigned by the Board of Directors.

At present, of the 9 directors, none of them are assuming the director position in other listed and non-listed companies in excess of specified criteria.

8.4 Oversight the Operation of Subsidiaries Company's

The Company, as controlling by stakeholders proportion, setting the direction of strategic plan and budgeting, supervision and allocation of appropriate resources, the Board of Director was oversight the operations of its subsidiaries or affiliates to maintain the benefits of investment, as follows:

1. Appointment of senior executives to represent as directors agent or management of the company in proportion to their shareholding in the Company.
2. Promoted good governance in accordance with the Company's directors and executive officers are assigned both operation processing and personnel systems in accordance with company policy.
3. Follow up on the subsidiaries' operating performance continuously on a regular basis, comply with the strategic plan to be approved by the Board of Directors of the parent company and report the status/key incidents to the Board of Directors or provide suggestions and resolutions in case of incidents (if any).
4. Consider critical matters that need approval before proceeding or seek approval from the mother company according to the authorization structure of the Company, e.g. the appointment and withdrawal of directors, identification of

Managing Directors' remuneration package, capital injection or reduction, strategic plan and business directions or the expansion of business scope that goes beyond core businesses, etc.

5. Arrange for the internal audit activities conducted by the mother company's Internal Audit Division to ensure that the internal control system is appropriately adequate and coheres with the legal compliance and related regulations.

8.5 Corporate Governance Division

The Board of Directors has appointed sub-committees to supervise different aspects of operations, for instance, the Audit Committee is in charge of the investigation process to ensure legal compliance and the regulations of the Stock Exchange of Thailand and other relevant bodies, review the connected transaction that may causes conflict of interest to be correct including practices that are coherent with the policies. The Company Secretary is responsible for providing information and coordinating with the management with regards to comments and/or improvement of criteria by the Good Governance Development Department, the Stock Exchange of Thailand, the Securities and Exchange Commission, and other relevant bodies and proposes to adjust for better suit the business operations. The management has been assigned to execute the corporate governance policy for sustainable growth and reliability in the views of investors or external parties.

Compliance with other Good Corporate Governance Principle

The Director, Executive and Employee of the company and subsidiaries has complied with the corporate governance policy and strictly consistent comply and monitoring to implementation plan. In 2019 there was no issue or situation of non-compliance with the aforesaid policy.

Auditor's Fee

Auditor Appointment

The Company's article of association determines that the General Meeting of Shareholders appoints auditor and determines compensation package for auditor on a yearly basis. The auditor is nominated by Audit Committee and agreed by the Board of Directors, who will later propose to the Meeting of Shareholder for approval of auditor and auditor's compensation for the Company and its subsidiaries. The said auditor have been approved in accordance with the SEC notification to audit and express independence opinion, have no any relationship with and/or conflict of interest with the company, its management, major shareholders, and relevant parties of aforementioned persons. Complying with the notification of the Securities and Exchange Commission (SEC), the Company also arranges to have mandatory auditor rotation in the case that such auditor has audited the same company for 5 consecutive years to.

Audit Fee

For the accounting period of 2019, the Company has reviewed and comments by Ms. Panita Chotesaengmaneekul Certified Public Accountant Number 9575 from "ANS Audit Co., Ltd." is the Company's Auditor, the said auditor signing first year of the company's financial statement . The remuneration of the audit fee of the Company and its subsidiaries for the fiscal year 2019 and 2018 amounted 1,565,000 Baht and 1,490,000 Baht respectively, which including audit fee of subsidiary company amounted 517,000 Baht and 515,000 Baht respectively.

Comparison of the Audit Fee

Unit: Baht

Audit Fee	2019	2018	2017
Audit Fee			
1. Phol Dhanya Public Company Limited	1,048,000	975,000	925,000
2. PD Genesis Engineering Company Limited	5,000	20,000	20,000
3. Phol Palladium Company Limited	252,000	240,000	205,000
4. Phol Water Company Limited.	253,000	230,000	240,000
4. Pholdhanya (Cambodia) Co., Ltd.	7,000	25,000	32,500
Non Audit Fee	-	-	-
Total	1,565,000	1,490,000	1,422,000

Internal Control and Risk Management

The Board of Directors places significant focus on the internal control and risk management systems that are key mechanisms to build confidence for the management to operate the business effectively, achieving goals and aligning with the laws and regulations guided by the SEC and the SET, based on the internal standard: COSO 2013 integrated issued by the Committee of Sponsoring Organizations of the Treadway Commission. By assigning the duties and responsibilities of the operations and executives have been identified, to properly ensure that the operations are effective and efficient, and that the resources are wisely utilized, preventing the assets from getting lost, damaged or caught up in dishonesty. Roles and responsibilities of the operators, controllers/approvers are clearly separated, in order to ensure mutual cross-check and audit, both for financial and non-financial transactions. This is to ensure credibility and timely execution, with sufficient quality of information to be utilized internally and externally, while guaranteeing compliance with the law, rules, regulations, policy and practices regulated by the organization. And communicate to employees at all levels to strictly adhere including regular reviews and reports, summarized as follows;

1. Control Environment

The Company has devised the control structure, comprising of the Board of Directors and sub-committees; Audit Committee, Risk Management Committee, Nomination and Compensation Committee and top-level executives. Each committee member bears responsibility towards shareholders regarding the Company's operating performance and hence must operate the business in accordance with the goals for shareholders' maximum benefits, with reference to the Corporate Governance Policy announcement and the Business Code of Conduct, the principles of honesty and transparency, good practices required of the directors, executives and staff members, monitoring of transactions with relevant parties or ones that may involve conflicts of interest, with the awareness of responsibility towards the society in general. The top-level executives are responsible for supervising all aspects of the operations to align with business objectives and communicating them to staff members at least once a year, to serve as operational guidelines for everybody, for purposes of appropriate resource allocation, monitoring and managing subsidiaries' businesses to have proper internal control system as the mother company does.

2. Risk Assessment

The risk management policy is one of the critical policies, with the objective of identifying, assessing and managing forecasted risks in an appropriate manner, to encourage goal achievement for the Company. The Risk Management Committee in the managerial level was established, comprising of top-level executives of all divisions, with the Chief Executive Officer as the Chairman of the Committee, evaluating internal and external risk factors that may impact business operations to be in an acceptable level and to manage them in a timely manner. This is considered the responsibility of all executives to plan and identify risk management measures that align with the organizational strategy, and they must be cascaded down to all staff members to take part in their relevant responsibility for organizational goal achievement. The risk management operations of different divisions are monitored in a quarterly manner and reported to the Risk Management Committee and the Board of Directors for acknowledgement. It is also ensured that the sufficiency of the internal control system is properly evaluated.

Details regarding organizational risk assessment and management are displayed in the topic "Risk Factors".

3. Control Activities

The Company arranged for the control activities to properly manage risks to ensure they are in an acceptable level, considering the type of work, complexity, and environment to determine the appropriate control and monitoring measures and to ensure compliance. The policy and practices in several aspects have been written out; purchasing manual, financial manual, human resource management manual, as well as information technology security management. Furthermore, the Company has clearly identified the authorization level for the management and the assignment of responsibility for check and balance purposes,

for instance, the role of authorization is separated from the role of bookkeeping and the role of maintaining the assets. Staff members are encouraged to be aware of the significance of strictly complying with relevant rules and regulations, in order for the internal control system to be efficient as prescribed. The operating performance can be monitored via the Chief Executive Officer and/or the Managing Director of a respected subsidiary or the assigned representative.

In this regard, in making transactions with major shareholders, directors, executives or relevant individuals, the Company has a concise measure in following-up and ensuring that such transactions align with the regulations and practices, and comply with the prescribed authorization procedures. Stakeholders shall not take part in considering or approving the transaction to prevent conflicts of interest, considering the Company's maximum benefits as a priority.

4. Information and Communication

The Company places emphasis on the information system and communication to ensure they are accurate and sufficient for the Board of Directors, executives, shareholders and relevant individuals to make decisions. The accounting policy that complies with the generally accepted accounting standard that suits the business is implemented, while the accounting documents are properly maintained for verification. The meeting invitation letters with the supporting documents are prepared and distributed to the Board of Directors to study 7 days in advance. The Company Secretary hereby provides advices regarding the regulations and criteria, supervises the activities carried out by the Board of Directors, and liaises with relevant parties to ensure compliance with the Board's resolutions. The Company Secretary also serves as a hub for preparing and systematically keeping important documents; director registration, Board of Directors' meeting appointment letter, Board of Directors' meeting minutes, shareholders' meeting invitation letter and meeting minutes, for shareholders to verify as appropriate. The function is also responsible for identifying the rights of access to confidential information.

Furthermore, the information disclosure policy to shareholders and investors has been devised in a comprehensive, accurate, sufficient and timely manners, to ensure all individuals fairly have access to the information, as well as identification of whistle blowing channels, and the measures to protect the whistle blowers and other practices as stated in the topic "Anti-Corruption" in the Corporate Governance section as appeared on the website: www.pdgth.com Investor Relations section.

5. Monitoring Activities

The Board of Directors follow up with the operating performance to ensure they are in accordance with the aspired targets. There were 10 Board of Directors' meetings held in 2019, whereby 1 meeting was held without the director in managerial position's presence. The management team holds a meeting on a monthly basis to follow up with the operating performance and benchmark against the targets and organizational strategies that were approved by the Board of Directors and to tackle problems that may arise and adjust the execution plan to suit the changing situations. The management also considers and provides advices in solving problems and reports the outcomes regularly, monitors the Internal Audit Division's performance reports quarterly to ensure that the internal control operations are effective and suitable for the changing environment. If any shortcomings are detected, the responsible person must identify the solution in a timely manner, while the management is accountable for ensuring compliance with the internal control system, and the Internal Audit Division is responsible for inspecting, following-up and reporting results independently to the Audit Committee on a quarterly manner to propose to the Board of Directors respectively.

Opinions of the Board of Directors regarding the Internal Control System

In the Board of Directors' Meeting No.2/2020, dated February 20, 2020, the meeting considered the sufficiency of the internal control system in 2019, with reference to the "Internal Control System Sufficiency Evaluation Form", by the Securities and Exchange Commission as a guideline in assessing the Company's internal control system. The Audit Committee arrived at a conclusion that the Company's internal control system is appropriate and sufficient for business operations and aligns with the COSO framework in 5 components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Board of Directors' monitoring system. It was confirmed that the Company's internal control and monitoring system that tracks transactions involving stakeholders are sufficient, appropriate and in accordance with the ever-changing risks. The Company allocates sufficient personnel and encourages continuous human resource development in order to operate the business effectively.

Internal Audit

In order to implement good governance procedures, the Board of Directors has determined the Internal Audit division to report directly to the Audit Committee and to the Chief Executive Officer. In this regard, the Internal Audit Director shall take the role of the Audit Committee's Secretary, responsibilities under the Internal Audit Charter which has been reviewed and approved at least once a year by the Audit Committee to ensure that the responsibilities specified in the charter and the duties of the internal audit division are consistent. In this regard, the Internal Audit division should report operating performance and present advices or significant short coming to Audit Committee on a quarterly basis and also report to the quarterly audit results to the Board of Directors.

The Head of Internal Audit Department

Audit Committee has appointed Miss. Kamolphobphan Puapansakul, Internal Audit Director, as the head of Internal Audit Division and Audit Committee Secretary, who is the right qualification, knowledge and experience in our internal operation for more than 10 years. In addition, consideration and approval the audit plan, an appointment, deprivation and evaluation and compensation of the head of Internal Audit Division must be approved (or agreed) by the Audit Committees. The head of Internal Audit Division usually internal and external seminars related the internal audit responsibilities to improve her performance i.e.; "Professional Development: Risk Management and Internal Audit Thai Union Group Plc" by Thai Listed Companies Association.

The qualifications of the head of the Internal Audit Division are shown under the topic of 'Detail of Directors and Management Team'.

In 2019, The Company uses internal auditor services, independently from the company "Internal Audit Dharmniti Co., Ltd." continued for the third year, to enter the internal audit work under the scope of internal audit operations plan 2019. Miss. Kamolphobphan Puapansakul, Internal Audit Director, determine the scope of internal audit according internal audit operations plan 2019 which approved by Audit Committee.

Risk Management

The Board of Directors places significant focus on a systematic risk management scheme, which forms an important part of corporate governance, and is a strategy for the annual business plan that will enable goal achievement for the organization, ultimately for sustainable growth. The Risk Management Committee has been appointed to take charge of and manage potential risks that might impact goal achievement of the organization, and to consider the adequacy of the risk management protocols to be in an acceptable level as specified in the risk management manual, to be proposed to the Board of Directors on a quarterly basis. The risk management working team is comprised of the Chief Executive Officer as the Chairman of the group and executives of every relevant department, whereby supporting activities under the risk management plan will be executed and reported to the Risk Management Committee in every quarter.

The risk management plan in 2019 has been executed, summarized as following:

1. Reviewed the Risk Management Committee's Charter is update and consistently, by focusing on risk management cover all access risk of the company-wide risk management and risk culture to occurred at all level.
2. To cultivating risk management into corporate culture, encouraging and educating employees at all levels to have understanding of risk management, to be held as part of everyone's work as they are owners of potential divisional risks, including provide new employee's orientation, provide in-house training by expert speaker with covering internal communication; E-mail and Risk News etc.
3. Provide risk management in corporation as a part of the annual execution plan which is cascaded down to departmental execution all risk management to integrate throughout the organization.
4. To follow-up and monitoring the results of risk management to Risk Management Committee and Board of Director by quarterly.

(The Company has disclosed the "Risk Management Committee's Charter" on the website www.pdgth.com, Investor Relation section).

Corporate Social Responsibility

The company operates the business with good governance, ethics, morality, transparency, accountability and responsibility for all stakeholders. In 2019, the company's listed in Thailand Sustainability Investment (THSI) 2019 in the group of mai listed companies. Adhering, commitment of such development with cover 3 dimensions; Economic, Social and Environmental, in accordance with the policy and guidelines for sustainable development, for business operations to be steadily and continuously.

Sustainable Development Policy	
<p>Governance</p> <ul style="list-style-type: none"> ➤ Adhere to moral principles and transparency in business operations as well as comply with laws, regulations, procedures and standards that are set and practiced. ➤ Adhere to and comply with policies and guidelines that the Company determines, including corporate governance policy, business ethics policy and guidelines to prevent and oppose to corruption and others. 	<p>Economy</p> <ul style="list-style-type: none"> ➤ Continuously seek for development and improvement of operational efficiency in all processes by setting goals, measuring methods, tracking results, and evaluating for efficiency and effectiveness. ➤ Develop and promote innovation as well as new technologies to support operational processes and services as per a business strategy in order to create additional values and long-term organizational growth. ➤ Promote and encourage partners, trading partners and stakeholders throughout the business chain to conduct business in accordance with sustainable development guidelines.
<p>Society and community</p> <ul style="list-style-type: none"> ➤ Promote and develop capabilities of employees by continuously providing trainings and creating safe and healthy working environment to stimulate creativity and potential capabilities to respond to customers' needs and satisfaction in terms of quantity and quality of both products and services. ➤ Strengthen and promote activities between communities and related stakeholders with the openness of opinions and creative consultation, equal treatment, and supports of development of quality of life and the strength of nearby communities. ➤ Cooperate with government agencies, business partners and other stakeholders to participate in the development of nearby communities. 	<p>Environment and Coping with Climate Change</p> <ul style="list-style-type: none"> ➤ Seek for methods to reduce uses of resources and energy as well as wastes in order to prevent, control and reduce impacts on environment, community and society, including campaigning about reducing uses of resources and protecting the environment as well as preparing to cope with various environmental risks in order for the business to be continuously run and encounter the least impact.
<p>Occupational Safety</p> <ul style="list-style-type: none"> ➤ Set goals to be free from injuries and illness from any working process by developing and improving safety standards to be higher than legal requirements. ➤ Do not do anything without safety control policy, safety equipment as well as appropriate and sufficient training by continuously and consistently participating in consciousness stimulation and culture cultivation regarding safety to the community and society. 	<p>Information Disclosure</p> <ul style="list-style-type: none"> ➤ Disclose sustainable development policies, information on sustainability operations, and performance in all dimensions in accordance with the criteria and requirements of relevant agencies, including transparency, sufficiency, and completion to demonstrate the commitment to sustainable organization development. ➤ Disclose this policy to employees and stakeholders to acknowledge and practice to be able to conduct business with the Company.
	<p>Policy Compliance</p> <ul style="list-style-type: none"> ➤ Directors, executives and employees in all levels are responsible for supporting, promoting and complying in accordance with this sustainable development policy of the Company and being parts of the corporate culture as well as carrying out tasks that take into account the overall social responsibilities regarding economic, social and environmental matters.

For more details regarding the sustainability operations were appeared in the Sustainability Report 2019, which is shown on the company website: www.pdgth.com

Connected Transactions

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2018	2019	
1. Phol Palladium Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	999,970	999,970	The Board of Directors approved an establishment of health and safety products to government agencies in order to reach and expand its customer base in this group <u>The Audit Committee's opinion</u> The transaction was the normal trading transaction.
		16,335,294	4,459,884	
	- The Company sold goods to the Subsidiary	16,582,529	123,031	The Company purchased goods from the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin 5-15% <u>The Audit Committee's opinion</u> The transaction was the normal trading transaction.
		9,923,185	225	
- The Company purchased goods from the subsidiary	Purchases of goods	936,402	150	The Company purchased goods from the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin 5-15% <u>The Audit Committee's opinion</u> The transaction was the normal trading transaction.
	Trade payables in the Subsidiary	850,000	1,560,000	
- Other income	Management fee income	53,500	139,100	The Company charges management fee from subsidiary from use of personnel in the support departments of the Company for its operation, such as accounting, finance, human resources, information technology including the equipment of the Company. In 2019, The Company increases the management fee by 130,000 baht per month from the 50,000 baht per month in previous year. <u>The Audit Committee's opinion</u> The transaction was reasonable; because it is the expense of the subsidiary which the company holds 99.99% of shares.
	Management fee receivable			

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction	
		2018	2019		
2. Phol Water Co., Ltd. (Subsidiary)	The Company holds 99.99% of shares	- Investment in the Subsidiary	49,999,970	The subsidiary reported loss earnings. Thus, in order to be in accordance with the accounting standard, the Company provided allowance for impairment of such investment in subsidiary amount of 45.59 MB in 2019	
		Allowance for impairment	41,566,624	<u>The Audit Committee's opinion</u>	
		Net-Investment in the Subsidiary	8,433,346	The Audit Committee opined that the provision was in accordance with the accounting standard.	
	-	- The Company sold goods to the Subsidiary			The Company sold goods to the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin 5-15%
		Sale of goods	1,185,106	1,611,796	<u>The Audit Committee's opinion</u>
		Trade receivables in the Subsidiary	343,328	80,403	The transaction was the normal trading transaction.
	-	- The Company purchased goods and services from the Subsidiary			The company hired the Subsidiary to operate the water treatment as normal business operation with the policy of selling goods and services to the Subsidiary at the cost price with an additional profit of margin 5-30%
		Purchase of goods and services	178,640	245	<u>The Audit Committee's opinion</u>
		Cost of service for water treatment system	971,003	-	The transaction was the normal trading transaction.
	-	Trade and other payables in the Subsidiary	121,969	-	
-The company provided a short-term loans to the Subsidiary.				The company provided short-term loans to the Subsidiary by issuing a promissory note and short-term loan to use for working capital in operation, which is repayable at call and with interest rate 4.70% per annum.	
Promissory Note		3,000,000	3,000,000	<u>The Audit Committee's opinion</u>	
Short-term loans receivable		186,970	142,159	The transaction was reasonable; the Company needs to provide finance to the subsidiary for working capital.	
-	Interest	-	-		
	Short-term loans	-	2,000,000		
-	Short-term loans receivable	-	-		
	Interest	-	8,499		

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2018	2019	
2. Phol Water Co., Ltd. (Subsidiary)	- Other income			
	Management fee income Management fee receivable	600,000 53,500	1,800,000 160,500	The Company charges management fee from subsidiary from use of personnel in the support departments of the Company for its operation, such as accounting, finance, human resources, information technology including the equipment of the Company. In 2019, The Company increases the management fee by 150,000 baht per month from the 50,000 baht per month in previous year. <u>The Audit Committee's opinion</u> The transaction was reasonable; because it is the expense of the subsidiary which the company holds 99.99% of shares.
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	Rental income for water treatment system	720,000	720,000	The Company charges rental for water treatment system from subsidiaries amount to 60,000 Baht per month.
	Rental receivable	64,200	64,200	<u>The Audit Committee's opinion</u> The transaction was reasonable; it represents the actual operating costs.
	- Investment in the Subsidiary	11,500,000	11,500,000	The Company saw an opportunity in the business operation concerning environment, the Company expanded its business to water treatment products. However, the earnings of the Company reported loss. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance of impairment and allowance for doubtful accounts following the loss earnings over capital.
	Allowance for Impairment	11,500,000	11,500,000	<u>The Audit Committee's opinion</u>
	Net investment in the Subsidiary	-	-	The Audit Committee opined that the provision was in accordance with the accounting standard.
	- Short-term loan to the subsidiary	5,000,000	5,000,000	
	Less Allowance for doubtful accounts	5,000,000	5,000,000	
	Net Short-term loan to the subsidiary	-	-	
	- Interest income	126,278	126,278	
	Less Allowance for doubtful accounts	126,278	126,278	
Net Interest income	-	-		

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Bath)		Necessity and reasonability of the transaction
		2018	2019	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	6,770,686	6,770,686	The Board of Directors approved to establishment of the subsidiary to expand investment to Cambodia, which has a high growth potential and to support ASEAN in the future. As of December 2015, The Board of Director approved to the acquisition 30% of shares of a subsidiary from the partner in the total amount of 1 baht, The Company holds 100%. However, the Company reported loss earnings over capital. Thus, in order to be in accordance with the accounting standard, there was a necessity to have an allowance of impairment. <u>The Audit Committee's opinion</u> The provision was in accordance with the accounting standard.
	Allowance for Impairment	6,770,686	6,770,686	
	Net investment in the Subsidiary	-	-	
	- The Company sold goods to the Subsidiary	-	-	The Company sold goods to the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin 5-15% The Company reported loss earnings over capital and the Subsidiary has temporarily ceased its operations. Thus, in order to be in accordance with the accounting standard, there was a necessity to have an full allowance for doubtful accounts. <u>The Audit Committee's opinion</u> The provision was in accordance with the accounting standard.
	Sale of goods	-	-	
	Trade receivables in the Subsidiary	3,564,680	3,312,601	
	Less Allowance for doubtful accounts	3,564,680	3,312,601	
	Trade receivables in the Subsidiary-net	-	-	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Bakh)		Necessity and reasonability of the transaction
		2018	2019	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	<p>The Company holds 100% of shares</p> <p>- Other receivable Less Allowance for doubtful accounts Other receivable-net</p>	<p>3,632,632</p> <p>3,632,632</p> <p>-</p>	<p>3,485,760</p> <p>3,485,760</p> <p>-</p>	<p>The Subsidiary lend from the Company to working capital, which is repayable at call and no interest charge.</p> <p>The Company reported loss earnings over capital and the Subsidiary has temporarily ceased its operations. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance for doubtful accounts.</p> <p><u>The Audit Committee's opinion</u></p> <p>The provision was in accordance with the accounting standard.</p>
5. B&P Agri Product Co., Ltd. (Related Company)	<p>Assoc. Prof. Dr. Ekachidd Chungcharoen, Director of the Company holding shares in related company</p> <p>- The subsidiary of the Company sold goods to the related company</p>	-	105,850	<p>The subsidiary of the Company (Phol Water Co., Ltd.) sold goods to the related company at the market price</p> <p><u>The Audit Committee's opinion</u></p> <p>The transaction was the normal trading transaction.</p>

Note: Shareholders or investors can view historical data to compare 3 years from the previous annual report in connected transactions on the company website www.pdgth.com

Procedures of the Approval of the Transaction

Connected Transaction Policy between the company, subsidiaries, associated companies, executives and related parties as follow

The Board of Directors approved the measures and procedures of related-party transactions and connected transactions between the Company and its subsidiaries or associated companies or the parties that may have the conflict of interest in order to comply with the regulation prescribed by the Securities and Exchange Act, the Stock Exchange of Thailand, and the Securities and Exchange Commission as following measures and procedures

1. Normal business transaction: In case there is the connected transactions between the Company and the related parties, parties with conflict of interest, interest or future conflict of interest, the Company considers the trading terms that must be similar to those terms a reasonable business person would be expected to enter into with other parties in general in similar circumstances with an equal bargaining power, free of any undue pressure as a result of a person being a director, executive or related person and normal trading terms or market price conditions that are under reasonable condition and accountable. The management can do the normal operation in accordance with measures and procedures that the Board of Directors approved and prepares the summary report to the Audit Committee in every quarter such as sales and services. The Company considers based on general trading terms and the terms that must be similar to those with other people or general customers; for example, using cost-plus pricing of 5%-15% as operating criteria.

2. Transactions supporting normal business: (apart from item no.1), in case for approval of the related-party transactions or connected transactions that are not normal trading transactions, the Company proposes to ask the consideration from the Audit Committee on the necessity and appropriateness of the transaction. In case of the Audit Committee does not have relevant expertise to consider the proposed transaction, the Company shall arrange for an expert such as an independent auditor or appraiser, to provide an opinion on the proposed transaction for further consideration of the Board of Directors or the shareholders, as the case may be, to approve the proposed transaction before implementation. A person with the potential conflict of interest in the proposed transaction shall not be allow to vote or approve the proposed transaction as

1. **Transactions supporting normal business** including lease or rental transactions, the Company shall consider based on general trading terms, and the compensation value can be calculated from the assets or the underlying value
2. **Transactions relating to products or services** such as investment or sales of investment, the Company shall appraise the total value of compensation or the book value or the market value of products or services, whichever is higher

3. **Transactions receiving financial assistance** such as loans or guarantees including offer and/or receipt of financial assistance, the Company may consider with fair and generates the optimal benefits to the Company; for example, financial cost/interest rate or the cost-plus pricing of 2% based on general trading terms that are reasonable.
4. **Resource sharing** including assets, human resources or related and/or connected expenses, the Company considers the cost management on expense to reflect the actual cost with fair and transparency

Future Connected Transaction Policy

In case the Company shall have a related-party transaction and/or a connected transaction in the future among subsidiaries, associated companies or any related parties who may have the potential conflict of interest, the Company shall comply with the measures and procedures of related-party transactions and connected transactions mentioned in the above section. The Board of Directors shall ensure that the Company comply with the Securities and Exchange Act, regulations, notifications, orders or requirements prescribed by the Stock Exchange of Thailand as well as the regulations regarding to Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets and comply with the Accounting Standards prescribed by Federation of Accounting Professions. The Company will footnote the connected transaction to the financial statement audited by the Company's auditor and disclose the related-party transactions or connected transactions in annual information disclosure form (Form 56-1) and annual report (Form 56-2)

Assets Acquisition and Disposition of the Company and Subsidiaries or Associated companies

In case the Company shall have asset acquisition and disposition of the Company and Subsidiaries or Associated companies such as purchase, sales, transfer, acquisition of the rights, forgoing of the rights, investment or disinvestment that shall have the significant impact on financial position and performance, the Company shall operate as follow

1. The transactions should be transparent and fair
2. The Company should receive the optimal benefits that must be similar to those benefits received from the transactions with other people.
3. The Company shall operate in the accordance with related laws, notifications, regulations and comply with the regulations regarding to Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets

Report of Board of Director's Responsibilities to Financial Statement

Dear Shareholders

The Board of Directors is responsible for the financial statements of Phol Dhanya Public Company Limited and its subsidiaries which were prepared in consistent with the financial reporting standards. The financial statements were prepared in accordance with generally accepted accounting standards by consistently adopting appropriate accounting policies and practices, careful discretion, and rational reporting in the preparation. Furthermore, the significant information was disclosed in the notes to the financial statements according to the auditor's report for the benefits of shareholders and investors.

The Board of Directors maintained good corporate governance as well as the effective risk management and internal control systems to ensure that accounting records are accurate, completed, and adequate to maintain the assets of the company. Moreover, the Audit Committee was appointed and shown in the report, consisting of independent directors who were in charge of financial reports, internal control system and relevant comments from the Audit Committee.

The Board of Directors opined that the internal control system and internal audit which could relate to the reliability of the consolidated financial statements of Phol Dhanya Public Company Limited and its subsidiaries for the year ended December 31, 2019 in which the auditors have audited and provided the comments in the auditor's report of which was also shown in the annual report.



Assoc. Prof. Dr. Ekachidd Chungcharoen
Chairman of the Board



Mr. Boonchai Suwanvutthiwat
Chief Executive Officer

Report of Risk Management Committee

Dear Shareholders

The Board of Directors of Phol Dhanya Public Company Limited emphasized on the importance of the risk management and business operation under ethics, good governance and transparency in accordance with Code of Conduct, Risk Management Committee Charter under the risk management that comply with Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework by appointing the risk management committee that is comprised of 3 members who are the director, the executive and the independent advisor. They are knowledgeable, specialized and experienced and responsible for monitoring risk management to be at appropriate level, effective and efficient for the organization's objective accomplishment.

Risk Management Committee is comprised of 3 members as follows:

- | | |
|--|---------------------------------------|
| 1. Mr. Teeradej Jarutangtrong, | Chairman of Risk Management Committee |
| 2. Asst. Prof. Dr. Suluck Pattarathammas | Risk Management Committee |
| 3. Mr. Boonchai Suwanvuttivat | Risk Management Committee |

There were 5 meetings held altogether in 2019, with key agendas and progress as follows

1. Risk Management Plan for Business Achievement

The committee of risk management reviews the policy, strategy and framework of risk management plan in relevant with the director of business operation with effectiveness such as corporate strategy, finance, business operation, rules and regulation in order to accomplish the Company's mission that is relevant to the rapid change in business environment. Also, the committee adjusts the risk management framework in order to minimize the big impact to propose to the Board of Directors for review and approval.

2. Risk Management Monitoring

The risk management committee has followed up the progress and evaluated all the risk assessment and business outlook that may have the significant impact on the organization in order to manage the risk to be at the acceptable level. The committee reports the performance of risk management plan to the Boards of Directors on quarterly basis and also advise on Business Continuity Plan (BCP) by asking for rehearsal and review the management plan during crisis to ensure that the plan is appropriately implemented.

3. Instilling Risk Management Culture in the Organization

The risk management committee encourages to promote the activities and issue the articles, news and knowledge regarding to risk management so that the employees are aware of and realize the significance of risk management and participate in a part of risk management by implementing in operation as part of organization's culture.

4. Anti-Corruption

The risk management committee emphasizes the importance of business conduct under good governance, transparency, accountability that complies with risk management, good corporate governance, regulations and laws as well as the commitment in anti-corruption policy and framework in accordance with anti-corruption framework prescribed by the Securities and Exchange Commission. Also, the risk management committee reviews the policy and framework of anti-corruption to be appropriate with the business operation and communicate with customers and partners for the Company's commitment. for 3 years.

The risk management committee confidently performs the risk management duties and manages the important risk of the organization to be appropriate and control to be at acceptable level as appointed by the Board of Directors and in accordance with good corporate governance framework for the optimal benefits of organization and shareholders as well as stakeholders as appropriateness



Mr. Teeradej Jarutangtrong
Chairman of Risk Management Committee

Report of Nomination and Compensation Committee

Dear Shareholders

The Nomination and Compensation Committee comprise 3 members. At least 2 of them and the Chairman of the Nomination and Compensation Committee must be an independent director. The Nomination and Compensation Committee shall hold their office for the term of 3 years.

The Nomination and Compensation Committee comprise of 3 members as follows:

1. Assoc. Prof. Dr. Ekachidd Chungcharoen Chairman of Nomination and Compensation Committee/Independent Director
2. Mr. Noppadol Dheerabutr vongkul Nomination and Compensation Committee/Independent Director
3. General Chaiwat Satondee Nomination and Compensation Committee

The Nomination and Compensation Committee performed duties as assigned by the Board of Directors under the duties and responsibilities specified in the Nomination and Compensation Committee Charter in determining criteria and processes of recruiting qualified persons to serve as directors and senior executives by considering qualifications, knowledge, abilities, experiences, expertise and leadership as well as visions and attitudes towards the organization. This would lead to the effective business operations and management and to be consistent with good corporate governance guidelines as well as the consideration of the criteria and the compensation structure review of the Board of Directors and sub-committees plus guidelines for the performance evaluation and compensation determination of the Chief Executive Officer and senior executives to be presented to the Board of Directors.

In 2019, there were 3 meetings of Nomination and Compensation Committee. All members of the Committee attended every meeting and the meeting minutes were regularly reported to the Board of Directors. The summary of major meeting agenda can be described as in the followings:

1. Nomination of directors who would retire by rotation by providing opportunities for minority shareholders to propose qualified persons to be appointed as directors in advance, but by the deadline, no shareholder nominated any person to be as directors. Therefore, the Nomination and Compensation Committee proposed to consider re-appointing the directors who would retire by rotation in the year 2019 to be as the directors for another term. There were 3 directors, namely, General Chaiwat Satondee to be as a director, Mr. Thanya Wangthamrong to be as a director and Mr. Boonchai Suwanvutthiwat to be as a director. In addition, the Nomination and Compensation Committee has considered nominating 1 director, namely Mr. Chavalit Wangthamrong to replace of Mr. Pornsak Chunchachinda, the resigned director. The general meeting of shareholders approved the appointment of 4 directors to be elected as directors for another term as proposed.

2. Consideration of compensation, meeting allowance and other benefits for the Board of Directors and sub-committees consisting of the Audit Committee, the Nomination and Compensation Committee and the Risk Management Committee in order to propose for the approval by the Board of Directors at the Annual General Meeting of Shareholders as well as the consideration of compensation for the senior executives to be proposed for the approval by the Board of Directors. The Nomination and Compensation Committee considered that it was appropriate and consistent with responsibilities and in accordance with the Company's policies and guidelines in which the Company disclosed information on compensation for the Board of Directors and senior executives in this 2019 annual report.

3. Annual review of the Nomination and Compensation Committee Charter to comply with the best practices of the Nomination and Compensation Committee together with good corporate governance guidelines.

4. Review the structure, composition, and qualifications of the Board of Directors and Sub-Committees according to the Board Skill Matrix that provides an individual director assessment form by using information from skills, knowledge, and experience of each individual director to provide a guideline for the development of directors' continuous training program.



Assoc. Prof. Dr. Ekachidd Chungcharoen

Chairman of Nomination and Compensation Committee

Report of Audit Committee

Dear Shareholders

The Audit Committee was appointed by the Board of Directors consists of three (3) independent directors namely;

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Noppadol Dheerabutrpongkul | Chairman of Audit Committee |
| 2. Mr. Santi Niannil | Audit Committee |
| 3. Dr. Pallapa Ruangrong | Audit Committee |

Audit Committee assumes the roles and responsibilities in governing and ensuring that the Company's operation conforms to its business strategies and policies, that relevant rules, laws, and regulations are strictly complied, that the management and control of business risks are carried out, and that financial reporting are properly done and suitable accounting practices are properly selected. It must also make sure that internal control and internal audit processes are put in place, that related transactions with related parties are monitored, that selection and nomination of auditor are correctly conducted, and that information disclosure are correctly and completely done. While performing its tasks, Audit Committee must maintain its independency.

In 2019, the Audit Committee held six (6) Meetings with the external auditors, Chief Financial Officer and Chief Internal Audit Officer attending the Meeting in related agenda item, which is summarized as follows:

1. Reviewed the quarterly and annual financial statements of 2019, the Audit Committee has reviewed the quarterly financial statements by questioning and listening to the management and the external auditor's clarifications concerning the correctness and completeness of the financial statements, compliances with generally accepted accounting principles. Selecting accounting policies and its adequacy of information disclosure, as well as acknowledged the problems and solutions that beneficial to the Company's business. The Audit Committee agreed with the external auditors that the financial statements were correct and adhered to the general accepted accounting principles and the disclosure of information is correct and complete.

2. Reviewed and commented the connected transactions or transactions that may lead to conflicts of interest, including the disclosure of such transactions, in compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee opined that such transaction is reasonable and for the highest benefit of the Company's business operation, including the disclosure of information is correct and complete.

3. Review the results of internal audit performance by Internal Audit Division, the independently audit team according to 2019 internal audit annual plan, to internal control results more efficient and effectiveness. Overview, the results of the adequate assessment of internal control system of the company was adequacy.

4. Regulated the internal audit by reviewed the internal audit charter, a manual on internal audits, internal audit key performance indicators, according to 2019 internal audit annual plan as well as monitor progress against the annual audit plan every quarter.

5. Reviewed the operational processes to ensure compliance with the Securities and Stock Exchange Law, in line with the regulations of the Stock Exchange of Thailand and other laws related to the Company's business, including compliance with the Company's requirements and obligations to the third parties. The Audit Committee informed that there are no significant issues regarding non-compliance with laws and regulations of the relevant item refer to the Stock Exchange of Thailand's regulatory.

6. Reviewed the scope of information technology management and security measure for the information technology system.

7. Reviewed and commented the Anti-Corruption's procedure was suitability, in accordance with the said policy and practice be efficient and effectiveness.

8. To consider, select, and propose the appointment of the external auditor, and propose the auditor's remuneration for the year 2019 to the Board of Directors to propose the 2019 Annual General Meeting of Shareholders for approval. The Audit Committee has considered the performance, independence, and appropriateness of remuneration, deemed it appropriate the appointment of Mr. Sathien Vongsanan Certified Public Accountant No.3495, or Mr. Atipong Atipongsukul, Certified Public Accountant No. 3500, or Mr. Wichai Rujitanon, Certified Public Accountant No. 4054, or Miss Kultida Pasurakul, Certified Public Accountant No. 5946, or Mr. Yuthtapon Chuamuangpan, Certified Public Accountant No. 9445, or Miss Panita Chotsaengmaneekul Certified Public Accountant No. 9575 of ANS Audit Co. Ltd., as the Company's auditors for the year 2019.

The Audit Committee is of the view that over the course of 2019, the Company's corporate governance and internal control systems have been properly implemented and the financial reports disclosing truthful information have been completely prepared in accordance with the financial report standard and lawful disclosure of information as directed by relevant regulations. Also, it has been ensured that risk management measures are adequately implemented, and that compliance with the law, regulations and commitments are fulfilled. Connected transactions have been accurately disclosed and all aspects of operations are coherent with the corporate governance system, without identification of any significant errors that potentially affect the Company's financial position. Additionally, work systems and procedures have constantly been developed to improve quality and better suit the business landscape.

Mr. Noppadol Dheerabutrongsakul

Chairman of Audit Committee

Independent Auditor's Report

To the Shareholders and the Board of Directors of Phol Dhanya Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Phol Dhanya Public Company Limited and its subsidiaries, and of Phol Dhanya Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2019, the consolidated and separate statements of profit or loss and other 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 the Phol Dhanya Public Company Limited and its subsidiaries, and of Phol Dhanya Public Company Limited, respectively, as at December 31, 2019, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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.

Provision for devaluation of inventories

Risk

According to Notes to Financial Statement No. 7, the Group had inventories as at December 31, 2019 of Baht 169.21 million. I focused on this area because the determination of the appropriateness of the provision for devaluation of inventories involves significant judgment by Management.

Auditor's Response

I assessed the appropriateness of the assumptions used by the Management for the determination of the provision for devaluation of inventories by:

- Observing annual physical inventory counts to determine the slow-moving and obsolete inventory items;
- Testing the report on long outstanding inventory;
- Analyzing the quantity of slow-moving inventories; and
- Considering the appropriateness of the allowance for devaluation in value of inventories.

Other Matter

The consolidated and separate financial statements of Phol Dhanya Public Company Limited and its subsidiaries for the year ended December 31, 2018, which have been presented herewith for comparative information were audited by another auditor of our firm, whose report dated February 21, 2019, expressed an unqualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information include in Annual Report, but does not include the consolidated and separate 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 consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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



Panita Chotesaengmaneeikul

Certified Public Accountant

Registration Number 9575

ANS Audit Company Limited

Bangkok, February 20, 2020

Financial Statement and Note to Financial Statement

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Unit: Baht					
Notes	Consolidated financial statements		Separate financial statements		
	2019	2018	2019	2018	
Assets					
Current assets					
Cash and cash equivalents	5	85,755,065.44	57,212,946.19	76,679,483.67	48,328,800.86
Trade and other current receivables - net	4, 6	146,180,537.06	180,968,645.75	135,997,395.11	170,008,614.23
Short-term loans to related party - net	4	-	-	3,000,000.00	3,000,000.00
Current portion of long-term loans to employees	11	1,326,980.81	1,287,359.12	1,288,320.77	1,250,319.08
Inventories - net	7	153,778,412.07	218,117,489.31	146,368,066.21	208,067,155.49
Current tax assets		545,790.77	287,160.73	-	-
Total current assets		387,586,786.15	457,873,601.10	363,333,265.76	430,654,889.66
Non-current assets					
Restricted deposits with financial institution	8	30,416,180.68	30,251,126.66	30,416,180.68	30,251,126.66
Investment in subsidiaries company - net	9	-	-	5,405,301.42	9,433,315.90
Other long-term investment - net	10	-	-	-	-
Long-term loans to employees - net	11	564,314.55	623,017.77	547,654.64	569,317.82
Investment properties - net	12	5,789,570.69	6,267,246.64	5,789,570.69	6,267,246.64
Property, plant and equipment - net	13	98,753,299.86	113,276,481.59	98,218,199.91	104,389,928.63
Leasehold right - net		1,248,146.02	1,473,546.02	1,248,146.02	1,473,546.02
Intangible assets - net		928,130.64	1,496,316.15	898,695.83	1,417,373.64
Deferred tax assets	14	41,839,034.13	40,281,154.53	40,132,515.84	37,203,243.18
Other non-current assets		22,000.00	574,115.00	22,000.00	574,115.00
Total non-current assets		179,560,676.57	194,243,004.36	182,678,265.03	191,579,213.49
Total assets		567,147,462.72	652,116,605.46	546,011,530.79	622,234,103.15

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

Unit: Baht					
	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	62,023,469.32	134,094,915.63	62,023,469.32	134,094,915.63
Trade and other current payables	4, 16	135,857,977.74	172,563,834.31	124,227,960.33	161,816,417.12
Current portion of long-term liabilities under finance lease agreements	17	234,898.94	4,987,902.68	234,898.94	806,703.77
Current portion of long-term loan from financial institution	18	7,140,000.00	7,140,000.00	7,140,000.00	7,140,000.00
Current income tax payable		6,074,715.43	4,515,770.69	6,074,715.43	4,515,770.69
Provision for constructions project		2,054,448.48	2,000,149.55	2,054,448.48	2,000,149.55
Total current liabilities		213,385,509.91	325,302,572.86	201,755,492.50	310,373,956.76
Non-current liabilities					
Long-term liabilities under finance lease agreements - net	17	40,090.68	7,994,140.19	40,090.68	283,798.01
Long-term loan from financial institution - net	18	14,895,000.00	22,035,000.00	14,895,000.00	22,035,000.00
Non-current provisions for employee benefit	19	37,517,534.00	22,359,699.00	35,269,072.00	20,819,163.00
Other non-current liabilities		321,226.51	1,445,185.50	252,840.00	1,437,185.50
Total non-current liabilities		52,773,851.19	53,834,024.69	50,457,002.68	44,575,146.51
Total liabilities		266,159,361.10	379,136,597.55	252,212,495.18	354,949,103.27

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Authorized share capital					
	210,500,232 ordinary shares, Baht 1 par value				
	(2018 : 250,999,978 ordinary shares, Baht 1 par value)				
20		210,500,232.00	250,999,978.00	210,500,232.00	250,999,978.00
Issued and paid-up share capital					
	202,500,232 ordinary shares, Baht 1 par value				
		202,500,232.00	202,500,232.00	202,500,232.00	202,500,232.00
Premium					
	Premium on share capital				
22		64,784,767.88	137,843,939.03	64,784,767.88	137,843,939.03
Deficit from the change in the ownership interests					
	in subsidiaries				
		(2,187,236.26)	(2,187,236.26)	-	-
Retained earnings (deficit)					
	Appropriated to legal reserve				
22		2,001,000.00	16,200,000.00	2,001,000.00	16,200,000.00
	Unappropriated				
22		34,475,571.43	(80,706,494.94)	24,513,035.73	(89,259,171.15)
	Other component of shareholders' equity				
		716,409.34	632,210.85	-	-
Total shareholders' equity of the Company		302,290,744.39	274,282,650.68	293,799,035.61	267,284,999.88
Non-controlling interests		(1,302,642.77)	(1,302,642.77)	-	-
Total shareholders' equity		300,988,101.62	272,980,007.91	293,799,035.61	267,284,999.88
Total liabilities and shareholders' equity		567,147,462.72	652,116,605.46	546,011,530.79	622,234,103.15

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
	4, 27				
Revenues					
		890,793,559.66	882,210,799.06	838,916,158.13	834,978,538.39
		20,950,837.25	25,354,792.82	3,406,776.12	14,513,150.80
		105,241.14	16,888,668.40	105,241.14	16,841,044.15
		911,849,638.05	924,454,260.28	842,428,175.39	866,332,733.34
Costs					
		(657,303,393.53)	(651,683,357.05)	(619,890,546.62)	(620,146,105.09)
		(17,165,886.32)	(21,740,536.20)	(2,993,151.09)	(8,575,968.53)
		(1,378,900.67)	(23,415,243.32)	(1,378,900.67)	(25,007,181.30)
		(675,848,180.52)	(696,839,136.57)	(624,262,598.38)	(653,729,254.92)
		236,001,457.53	227,615,123.71	218,165,577.01	212,603,478.42
		6,496,081.83	2,218,726.22	6,432,487.54	2,387,179.60
		4,850,060.00	7,127,791.75	8,878,040.66	9,076,022.37
		(89,895,664.81)	(85,375,428.49)	(81,661,203.16)	(78,530,416.55)
		(102,096,464.49)	(104,848,848.46)	(92,325,647.92)	(95,030,023.61)
		-	-	(4,028,014.48)	(5,766,624.10)
		(3,279,956.92)	-	154,254.52	-
		7,241,136.84	(2,513,266.70)	-	-
		(580,527.00)	2,672,740.07	(580,527.00)	2,672,740.07
		(5,166,252.73)	(8,168,922.21)	(4,538,570.94)	(8,092,640.46)
		53,569,870.25	38,727,915.89	50,496,396.23	39,319,715.74
	25	(12,150,886.10)	(2,216,086.49)	(10,487,271.57)	(2,677,667.72)
		41,418,984.15	36,511,829.40	40,009,124.66	36,642,048.02
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements					
		84,198.49	45,672.41	-	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent year</i>					
		(3,370,077.33)	2,295,168.00	(3,370,077.33)	2,060,513.60
		(3,285,878.84)	2,340,840.41	(3,370,077.33)	2,060,513.60
		38,133,105.31	38,852,669.81	36,639,047.33	38,702,561.62

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit: Baht

Notes	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to:				
Equity holders of the Company	41,418,984.15	36,511,829.40	40,009,124.66	36,642,048.02
Non-controlling interests	-	-	-	-
	41,418,984.15	36,511,829.40	40,009,124.66	36,642,048.02
Total comprehensive income attributable to:				
Equity holders of the Company	38,133,105.31	38,852,669.81	36,639,047.33	38,702,561.62
Non-controlling interests	-	-	-	-
	38,133,105.31	38,852,669.81	36,639,047.33	38,702,561.62
Earnings per share				
Basic earnings per share (Baht)	0.20	0.18	0.20	0.18
Weighted average number of ordinary shares (shares)	202,500,232	202,500,024	202,500,232	202,500,024

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit: Baht											
Consolidated financial statements											
Equity attributable to shareholders' equity of the Company											
Notes	Issued and paid-up share capital	Premium on share capital	Change in the ownership interests in subsidiary	Retained earnings (deficit)		Other comprehensive income (loss) Translating financial statements	Actuarial gains - net	Total component of shareholders' equity	Non-controlling interests	Total Shareholders' Equity	
				Appropriated for legal reserve	Unappropriated						
Balance as at January 1, 2019	202,500,232.00	137,843,939.03	(2,187,236.26)	16,200,000.00	(80,706,494.94)	632,210.85	-	632,210.85	(1,302,642.77)	274,282,650.68	272,980,007.91
Changes in equity for the year											
Reduction of legal reserve and premium on ordinary shares to offset the deficits	-	(73,059,171.15)	-	(16,200,000.00)	89,259,171.15	-	-	-	-	-	-
Legal reserve	-	-	-	2,001,000.00	(2,001,000.00)	-	-	-	-	-	-
Dividend paid	-	-	-	-	(10,125,011.60)	-	-	(10,125,011.60)	-	(10,125,011.60)	(10,125,011.60)
Total comprehensive income (loss) for the year	-	-	-	-	41,418,984.15	84,198.49	(3,370,077.33)	(3,285,878.84)	-	38,133,105.31	38,133,105.31
Transfer to retained earnings	-	-	-	-	(3,370,077.33)	-	3,370,077.33	3,370,077.33	-	-	-
Balance as at December 31, 2019	202,500,232.00	64,784,767.88	(2,187,236.26)	2,001,000.00	34,475,571.43	716,409.34	-	716,409.34	(1,302,642.77)	302,290,744.39	300,988,101.62
Balance as at January 1, 2018	202,499,982.00	137,843,439.03	(2,187,236.26)	16,200,000.00	(119,513,492.34)	586,538.44	-	586,538.44	(1,302,642.77)	235,429,230.87	234,126,588.10
Changes in equity for the year											
Increase share capital	250.00	500.00	-	-	-	-	-	-	-	750.00	750.00
Total comprehensive income for the year	-	-	-	-	36,511,829.40	45,672.41	2,295,168.00	2,340,840.41	-	38,852,669.81	38,852,669.81
Transfer to retained earnings	-	-	-	-	2,295,168.00	-	(2,295,168.00)	(2,295,168.00)	-	-	-
Balance as at December 31, 2018	202,500,232.00	137,843,939.03	(2,187,236.26)	16,200,000.00	(80,706,494.94)	632,210.85	-	632,210.85	(1,302,642.77)	274,282,650.68	272,980,007.91

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

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

		Unit: Baht						
		Separate financial statements						
Notes	Issued and paid-up share capital	Premium on share capital	Appropriated - statutory reserve	Retained earnings (deficit)			Total other component of shareholders' equity	
				Unappropriated	Actuarial gains - net	shareholders' equity		
	202,500,232.00	137,843,939.03	16,200,000.00	(89,259,171.15)	-	-	267,284,999.88	
Balance as at January 1, 2019								
Changes in equity for the year								
Reduction of legal reserve and premium on ordinary shares to offset the deficits	-	(73,059,171.15)	(16,200,000.00)	89,259,171.15	-	-	-	
Legal reserve	-	-	2,001,000.00	(2,001,000.00)	-	-	-	
Dividend paid	-	-	-	(10,125,011.60)	-	-	(10,125,011.60)	
Total comprehensive income (loss) for the year	-	-	-	40,009,124.66	(3,370,077.33)	(3,370,077.33)	36,639,047.33	
Transfer to retained earnings	-	-	-	(3,370,077.33)	3,370,077.33	-	-	
Balance as at December 31, 2019	202,500,232.00	64,784,767.88	2,001,000.00	24,513,035.73	-	-	293,799,035.61	
	202,499,982.00	137,843,439.03	16,200,000.00	(127,961,732.77)	-	-	228,581,688.26	
Balance as at January 1, 2018								
Changes in equity for the year								
Increase share capital	250.00	500.00	-	-	-	-	750.00	
Transfer to retained earnings	-	-	-	36,642,048.02	2,060,513.60	2,060,513.60	38,702,561.62	
Total comprehensive income for the year	-	-	-	2,060,513.60	(2,060,513.60)	(2,060,513.60)	-	
Balance as at December 31, 2018	202,500,232.00	137,843,939.03	16,200,000.00	(89,259,171.15)	-	-	267,284,999.88	

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

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities:				
Net profit	41,418,984.15	36,511,829.40	40,009,124.66	36,642,048.02
Adjustment to reconcile profit to net cash by				
(used in) operating activities				
Income tax expenses	12,150,886.10	2,216,086.49	10,487,271.57	2,677,667.72
Bad debt	54,212.44	-	54,212.44	-
Doubtful accounts	175,216.33	4,445,003.65	81,414.49	4,003,848.48
Reversal allowance for doubtful accounts - trade and other receivables	(115,215.09)	(1,401,674.13)	(92,573.09)	(832,173.52)
Withholding tax written-off	48,234.89	(153,760.48)	48,234.89	-
Loss on diminution in value of inventories	13,476,188.97	12,345,824.60	12,527,426.28	12,115,419.49
Reversal of allowance for diminution in value of inventories	(9,856,648.66)	(1,807,034.63)	(9,387,734.53)	(1,320,871.73)
Loss on impairment of investment in subsidiary	-	-	4,028,014.48	5,766,624.10
Depreciation and amortisation	13,066,146.54	18,712,731.53	9,650,285.00	13,530,655.37
(Reversal) loss on impairment of assets - net	(7,241,136.84)	2,513,266.70	-	-
(Gain) loss on disposal of fixed assets	3,279,956.92	95,633.33	(154,254.52)	95,633.33
Employee benefits expenses	11,531,705.00	3,129,137.00	10,823,779.00	2,929,368.00
Unrealized (gain) loss on exchange rate	(45,766.71)	(746,574.05)	(45,766.71)	(752,074.58)
Provision for penalties arising from delays of construction	580,527.00	360,055.56	580,527.00	360,055.56
Reversal of provision for penalties arising from delays of construction	-	(4,638,157.91)	-	(4,628,778.67)
Reversal of payable for warranties	-	(1,398,087.20)	-	(1,192,922.20)
Expected loss on construction contracts	900,000.00	26,885.38	900,000.00	26,885.38
Increase (decrease) in provision for project warranty	(1,426,228.07)	1,960,000.00	(1,426,228.07)	1,960,000.00
Interest income	(567,846.55)	(785,694.34)	(686,013.06)	(956,309.57)
Interest expense	5,166,252.73	8,168,922.21	4,538,570.94	8,092,640.46
Profit from operations before changes in operating				
assets and liabilities	82,595,469.15	79,554,393.11	81,936,290.77	78,517,715.64
Operating assets (increase) decrease				
Trade and other current receivables	30,621,536.77	57,313,857.40	30,342,044.64	55,597,052.39
Inventories	60,774,594.19	6,726,953.60	58,559,397.53	4,072,686.22
Advance payments for constructions	-	5,339,386.99	-	5,339,386.99
Other non-current liabilities	552,115.00	445,958.00	552,115.00	(32,592.00)
Operating liabilities increase (decrease)				
Trade and other current payables	(36,653,464.13)	(7,866,752.41)	(37,536,064.35)	(6,169,108.25)
Other non-current liabilities	(1,123,958.99)	(854,914.20)	(1,184,345.50)	(763,417.72)
Cash received from operating activities	136,766,291.99	140,658,882.49	132,669,438.09	136,561,723.27
Cash paid for employee benefit	(586,466.66)	-	(586,466.66)	-
Cash received from income tax return	4,291,284.08	982,596.16	3,577,885.75	-
Cash paid for corporate income tax	(11,853,092.40)	(2,494,344.31)	(11,015,080.16)	(1,243,842.84)
Net cash from operating activities	128,618,017.01	139,147,134.34	124,645,777.02	135,317,880.43
Cash flows from investing activities:				
Increase restricted deposits with financial institution	(165,054.02)	(164,158.33)	(165,054.02)	(164,158.33)

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

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Repayment from short-term loan to related party	-	-	-	1,000,000.00
Decrease (increase) in loan to employees	19,081.53	(437,506.29)	(16,338.51)	(439,666.30)
Proceeds from sales of fixed assets	9,258,608.14	40,000.00	160,290.38	40,000.00
Acquisition of fixed assets	(2,569,216.60)	(1,271,485.47)	(2,262,838.38)	(1,197,674.17)
Acquisition of intangible assets	-	(232,144.00)	-	(232,144.00)
Interest received	567,846.55	785,694.34	686,013.06	956,309.57
Net cash from (used in) investing activities	7,111,265.60	(1,279,599.75)	(1,597,927.47)	(37,333.23)
Cash flows from financing activities:				
Decrease in short-term loans from financial institutions	(72,071,446.31)	(152,389,581.82)	(72,071,446.31)	(151,964,783.42)
Repayment of long-term loans from financial institutions	(7,140,000.00)	(7,140,000.00)	(7,140,000.00)	(7,140,000.00)
Repayment of liabilities under long-term lease agreements	(13,359,983.08)	(5,269,257.38)	(841,229.18)	(1,237,609.17)
Interest paid	(4,519,948.63)	(8,172,136.67)	(4,519,479.65)	(8,095,854.92)
Dividend paid	(10,125,011.60)	-	(10,125,011.60)	-
Proceeds from increase in share capital	-	750.00	-	750.00
Net cash used in financing activities	(107,216,389.62)	(172,970,225.87)	(94,697,166.74)	(168,437,497.51)
Net (increase) decrease in cash and cash equivalents	28,512,892.99	(35,102,691.28)	28,350,682.81	(33,156,950.31)
Exchange differences on translating financial statements of foreign operation	29,226.26	45,808.44	-	-
Cash and cash equivalents at beginning of the year	57,212,946.19	92,269,829.03	48,328,800.86	81,485,751.17
Cash and cash equivalents at end of the year	85,755,065.44	57,212,946.19	76,679,483.67	48,328,800.86

PHOL DHANYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

- 1.1 Phol Dhanya Public Company Limited (“the Company”) was incorporated and domiciled in Thailand on January 4, 1961 and became a public company limited on April 30, 2008. The Company was listed on the Stock Exchange of Thailand on December 9, 2010.
- 1.2 The address of its registered office and branches are as follows:
- 1.2.1 Head office: 1/11 Moo 3 Lamlukka Road, Tambol Ladsawai, Amphur Lamlukka, Pathumthani.
- 1.2.2 Rayong branch: 155/213 Tambol Thupma, Muang Rayong, Rayong.
- 1.2.3 Chiangmai branch: 47/55-57 Chotana Road, Changphueak, Muang Chiangmai, Chiangmai.
- 1.2.4 Phuket branch: 1/127 Moo 3 Tambol Rasada, Muang Phuket, Phuket.
- 1.3 The Company engages in a trading business, i.e. distribution of occupational safety, health and environmental products and the distribution, production and servicing of water treatment systems.
- 1.4 The Company has the following four subsidiaries:
- 1.4.1 PD Genesis Engineering Co., Ltd., which engages in Water Treatment Systems. The Company held 76.67% of its share capital. This subsidiary was registered to be dissolved with Ministry of Commerce on November 7, 2013. It is currently under the process of liquidation.
- 1.4.2 Phol Palladium Co., Ltd., which was registered with Ministry of Commerce on January 22, 2013 to engage in government bidding related to occupational safety, health and environmental products to facilitate the Company’s business. The Company held 99.99% of its share capital.
- 1.4.3 Phol Dhanya (Cambodia) Co., Ltd., which was registered with Ministry of Commerce of Cambodia on September 5, 2013 to engage in water treatment equipment and systems for the consumer and concessions for water supply to the community in Cambodia. The Company held 100% of its share capital.
- 1.4.4 Phol Water Co., Ltd., which was registered with Ministry of Commerce on March 17, 2014 to engage production and distribution of water supply in the form of concessions, both government and private sector, and distribution and servicing of water treatment systems. The Company held 99.99% of its share capital.
- 1.5 The major shareholders of the Company are Wangthamrong family and Jarutangtrong family.

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, 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 by translating from the Thai version of the financial statements.

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

The 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 that are 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 preparation of consolidation financial statements

- a. The consolidated financial statements include the financial statements of Phol Dhanya Public Company Limited and subsidiaries (together referred to as “the Group”) as follow:

Subsidiaries	Countries	Business Type	Percentage of holding (%)	
			2019	2018
PD Genesis Engineering Co., Ltd.	Thailand	Water Treatment System	76.67	76.67
Phol Palladium Co., Ltd.	Thailand	Government bidding	99.99	99.99
Phol Dhanya (Cambodia) Co., Ltd.	Cambodia	Water treatment equipment and systems for the consumer and concessions for water supply to the community in Cambodia	100.00	100.00
Phol Water Co., Ltd.	Thailand	Production and distribution of water supply in the form of concessions, both government and private sector	99.99	99.99

- b. The Company is deemed to have control over an investee or subsidiary if it has rights to, or is exposed to, variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c. Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d. The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e. Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f. Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

New financial reporting standards

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

During the year 2019, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, these new standards involve changes to key principles, which are summarised below:

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 amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenses recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally 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 discounts.

Revenue and cost of water supply systems for villages and the water treatment system construction contracts

Revenue and cost of water supply systems for villages and the water treatment system contracts are recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the Group's project managers and certificates of works from its customers (output method).

Revenue and cost of water supply systems for villages and the water treatment system contracts are recognised upon completion of service in cases where the projects are low value, the work had a short duration, and control of the assets created has not yet been transferred to the customers.

cost of water supply systems for villages and the water treatment system construction contracts related to satisfying performance obligations under the contracts is recognized in the profit and loss when the cost incurred. The cost of water supply systems for villages and the water treatment system construction contracts comprises the costs of materials, labor, subcontractors' charges, consultation, services and other expenses.

Contract assets and contract liabilities

The recognised revenue which is not yet due per the contracts has been presented under the caption of "contract assets" under current assets in the statements of financial position. The amounts recognised are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "contract liabilities" under current liabilities in the statements of financial position. The amounts are recognised as revenue when the Group performs under the contract.

The Group recognizes expected losses on uncompleted contracts and penalties arising from delays that the Group not seeks to collect from subcontractors as expenses in the period immediately.

Other services revenue

Other service revenue is recognised when services have been rendered.

Interest income and other income

Interest income and other income are recognised on an accrual basis.

Expenses

Expense is recognised in profit or loss on accrual basis.

Cash and cash equivalents

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

Trade, other current receivables and allowance for doubtful accounts

Trade and other current receivables are stated at the net realisable value. The Group has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

Inventories

Finished goods and work in process are valued at the lower of cost calculated by moving average and net realisable value.

The costs of purchased inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Allowance for diminution in value of inventories is recorded by considering obsolete inventories and slow moving inventories.

Investment

Investment in subsidiaries accounted for in the separate financial statements is stated at cost net of allowance for loss on impairment (if any).

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

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount. The impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

Property, plant and equipment

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

The Group separates part of assets and their estimated useful life as follows:

	<u>Useful life(years)</u>
Building and building improvements	20 – 30
Furniture and office equipments	3 – 5
Demonstration goods and tools	5
Vehicles	5
Utility system	10
Water well drillings machines	5
Assets under water sales agreement	periods of agreements, 5 years
Safety equipment for rent	periods of agreements, 3 years

Investment property

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

Investment properties are stated at cost less accumulated depreciation and less allowance for impairment loss (if any).

The Group separates part of assets and their estimated useful life as follows:

	<u>Useful life (years)</u>
Building and building improvements	20 – 30

Depreciation

Depreciation is computed by the straight–line method based on the useful life of assets.

Depreciation is included in determining operating result and no depreciation is provided on assets under installation.

The Group has reviewed and adjusted residual value and expected useful lives of the asset, if appropriate, at the end of each reporting period.

Repairs and maintenance are charged to profit or loss during the financial years in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Major renovations are depreciated over the remaining useful life of the related asset.

Land and building leasehold rights and amortisation

Land and building leasehold rights are stated at cost less accumulated amortisation. Amortisation of land and building leasehold rights is calculated by reference to their costs on a straight-line basis over the periods of lease agreements.

Amortisation is included in determining operating result.

Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on systematic basis over the economic useful live and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

Amortisation is included in determining operating result.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful life(years)</u>
Computer softwares	5

Impairment of assets

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

An impairment loss is recognised in the statement of profit or loss.

Employee benefits

Short-term benefits

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

Post-employment benefits – defined contribution plan

The Group has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Group. Contributions to the provident fund are charged to profit or loss in the period to which they relate.

Post-employment benefits – defined benefit plan

The employee benefits liabilities in relation to the severance payment under the labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in other comprehensive income in the period in which they arise.

Lease agreements

Finance Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to profit or loss over the lease period. The leased asset is depreciated over the useful life.

Operating Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the profit or loss on a straight-line method over the period of the lease agreements.

Foreign currencies

Functional and presentation currency

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currencies of the Company, PD Genesis Engineering Co., Ltd., Phol Palladium Co., Ltd., and Phol Water Co., Ltd., is Thai Baht and of Phol Dhanya (Cambodia) Co., Ltd, is US Dollars.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency using the following exchange rate:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the periods which are approximate the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognized in the other comprehensive income (loss) and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operation.

Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Group and the Company that gives them significant influence over the Group and the Company, key management personnel, directors and officers of the company 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.

Provisions

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

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income (loss).

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

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

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

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

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

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

At the end of each reporting period, the 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.

Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, current financial status of the debts, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Investment properties, and property plant and equipment/Depreciation

In determining depreciation of investment properties, and plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's building and equipment and to review estimate useful lives and salvage values when there are any changes.

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

Retirement employee benefits

The Group has commitments on retirement benefits to employees under the Thai Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Group determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the current yields on long-term government bonds.

4. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

4.1 Related parties consist of::

Name	Country	Relationship	Status
<u>Subsidiaries</u>			
PD Genesis Engineering Co., Ltd.	Thailand	Shareholding	During of liquidation
Phol Palladium Co., Ltd.	Thailand	Shareholding	Operation - active
Phol Dhanya (Cambodia) Co., Ltd.	Cambodia	Shareholding	Operation - inactive
Phol Water Co., Ltd.	Thailand	Shareholding	Operation - active
<u>Related Company</u>			
B&P Agri Products Co., Ltd.	Thailand	Co-director	Operation - active

4.2 The transactions with related parties for year ended December 31, 2019 and 2018, with related parties were as follows:

	Unit: Baht				Transfer pricing policy
	Consolidated financial		Separate financial statements		
	statements		statements		
	2019	2018	2019	2018	
Subsidiaries					
Phol Palladium Co., Ltd.					
Purchases of goods	-	-	123,031.24	936,402.00	Cost plus margin 5 - 15%
Sales of goods	-	-	16,335,293.50	16,852,529.13	Cost plus margin, as mutually agreement
Management fee income	-	-	1,560,000.00	850,000.00	Mutually agreed price
Phol Water Co., Ltd.					
Purchases of goods	-	-	245.00	178,640.00	Mutually agreed price
Cost of construction					
for water project	-	-	-	971,002.66	Cost plus margin 15 - 30 %
Sales of goods	-	-	1,611,796.24	1,185,105.78	Cost plus margin 5 - 15%
Management fee income	-	-	1,800,000.00	600,000.00	Mutually agreed price
Rental income	-	-	720,000.00	720,000.00	Mutually agreed price
Interest income	-	-	150,657.56	186,970.47	Interest rate 4.7% per annum
Related Company					
Revenue from rendering of services	105,850.00	-	-	-	Market price

4.3 The balances of the accounts between the related parties as at December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	2019	2018	2019	2018
Trade and other current receivables-related parties				
Trade receivables - related parties				
Phol Palladium Co., Ltd.	-	-	4,459,883.59	9,923,185.35
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,312,601.02	3,564,679.97
Phol Water Co., Ltd.	-	-	80,403.01	343,327.69
Total trade receivables - related parties	-	-	7,852,887.62	13,831,193.01
<u>Less</u> Allowance for doubtful accounts	-	-	(3,312,601.02)	(3,564,679.97)
Total trade receivables - related parties - net	-	-	4,540,286.60	10,266,513.04

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other receivables - related parties				
PD Genesis Engineering Co., Ltd.	-	-	126,278.09	126,278.09
Phol Palladium Co., Ltd.	-	-	139,100.00	53,500.00
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,485,760.27	3,632,631.60
Phol Water Co., Ltd.	-	-	224,700.00	117,700.00
Total other receivables - related parties	-	-	3,975,838.36	3,930,109.69
<u>Less</u> Allowance for doubtful accounts	-	-	(3,612,038.36)	(3,758,909.69)
Total other receivables - related parties - net	-	-	363,800.00	171,200.00
Trade and other current receivables-related parties	-	-	4,904,086.60	10,437,713.04
Short-term loans to related parties – net				
PD Genesis Engineering Co., Ltd.	-	-	5,000,000.00	5,000,000.00
Phol Water Co., Ltd.	-	-	3,000,000.00	3,000,000.00
Total short-term loans to related parties	-	-	8,000,000.00	8,000,000.00
<u>Less</u> Allowance for doubtful accounts	-	-	(5,000,000.00)	(5,000,000.00)
Short-term loans to related parties – net	-	-	3,000,000.00	3,000,000.00
Trade and other current payables - related parties				
Trade payable - related parties				
Phol Palladium Co., Ltd.	-	-	224.70	149.80
Phol Water Co., Ltd.	-	-	-	2,787.16
Total trade payable - related parties	-	-	224.70	2,936.96
Other payable - related party				
Phol Water Co., Ltd.	-	-	-	119,182.20
Total other payable - related party	-	-	-	119,182.20
Trade and other current payables - related parties	-	-	224.70	122,119.16

4.4 During the year ended December 31, 2019, movements of short-term loans to related parties were as follows:

	Unit: Baht			As at December 31, 2019
	As at January 1, 2019	Movement during the year		
		Increase	Decrease	
	2019	Increase	Decrease	
Short-term loans to related parties – net				
Separate financial statements				
Subsidiaries				
PD Genesis Engineering Co., Ltd.	5,000,000.00	-	-	5,000,000.00
Phol Water Co., Ltd.	3,000,000.00	2,000,000.00	(2,000,000.00)	3,000,000.00
Total short-term loans to related parties	8,000,000.00	2,000,000.00	(2,000,000.00)	8,000,000.00
<u>Less Allowance for doubtful accounts</u>	(5,000,000.00)	-	-	(5,000,000.00)
Total short-term loans to related parties – net	3,000,000.00	2,000,000.00	(2,000,000.00)	3,000,000.00

4.4.1 The Company provided a short-term loan to its subsidiary company, Phol Water Co., Ltd., by issuing a promissory note, which is repayable at call and with an interest rate 4.70% per annum.

4.4.2 The Company provided a short-term loan to its subsidiary company, PD Genesis Engineering Co., Ltd., by issuing a promissory note, which is repayable at call and with an interest rate set at the MLR of KASIKORN BANK plus 3% per annum (10.13% - 10.25%).

The subsidiary had been in default of principal and interest since January 2012. As such, the Company provided allowance for doubtful account in the full amount of both the principal of Baht 5 million and accrued interest income during January 2012 - June 2012, of Baht 0.25 million. The Company has stopped recognising interest income since July 2012

4.5 Compensation for directors and key management personnel

Compensation for directors and key management personnel for the year ended December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	24,372,768.18	25,049,240.87	21,979,073.40	20,854,194.89
Post-employment benefits	3,275,607.00	694,300.00	2,902,028.00	624,132.00
Total compensation for directors and key management personnel	27,648,375.18	25,743,540.87	24,881,101.40	21,478,326.89

4.6 Guarantee commitments for related parties

As at December 31, 2019, the Company has guarantee commitments for related parties were as follows:

- Letter of guarantee with a financial institution for the subsidiary, Phol Palladium Co., Ltd. in the amount of Baht 10 million. As of this report, Baht 3.93 million of this credit facility has been used.
- Promissory notes with a financial institution for the subsidiary, Phol Palladium Co., Ltd. in the amount of Baht 10 million, they have been unused.
- Letter of guarantee with a financial institution for the subsidiary, Phol Water Co., Ltd. under a joint credit facility with a Baht 10 million credit limit. As of this report, Baht 0.92 million of this credit facility has been used.
- Letters of credits and trust receipt with a financial institution for the subsidiary, Phol Water Co.,Ltd. under a joint credit facility with a Baht 10 million credit limit. As at December 31, 2019 they have been unused.

5. CASH AND CASH EQUIVALENTS

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	309,810.08	346,692.06	91,748.74	133,637.89
Saving deposits	26,590,677.49	23,111,695.33	25,534,730.00	21,312,563.59
Current deposits	57,521,885.80	31,693,408.67	49,820,462.48	25,171,411.46
Checks received but not yet deposited	1,332,692.07	2,061,150.13	1,232,542.45	1,711,187.92
Total cash and cash equivalents	85,755,065.44	57,212,946.19	76,679,483.67	48,328,800.86

6. TRADE AND OTHER CURRENT RECEIVABLES - NET

6.1 As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables				
Trade receivables - other parties	141,780,540.09	151,602,830.71	124,375,855.94	129,552,586.05
Trade receivables - related parties	-	-	7,852,887.62	13,831,193.01
Total trade receivables	141,780,540.09	151,602,830.71	132,228,743.56	143,383,779.06
<u>Less Allowance for doubtful accounts</u>	(5,224,764.70)	(5,339,979.76)	(4,582,875.81)	(4,927,527.82)
Trade receivables - net	136,555,775.39	146,262,850.95	127,645,867.75	138,456,251.24
Other receivables				
Other receivables - related parties	-	-	3,975,838.36	3,930,109.69

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other receivables	3,928,321.13	5,424,064.88	3,090,243.50	4,455,084.87
Advance payment for inventories - other parties	419,467.91	1,338,905.03	419,467.91	790,955.03
Receivables for penalties arising from delays of constructions	59,801,218.18	59,409,246.20	59,247,937.68	59,409,246.20
Receivables for construction materials	55,622,247.92	55,622,247.92	55,622,247.92	55,622,247.92
Advance payments	13,764,128.75	18,344,999.71	13,760,128.75	18,322,153.47
Prepaid expenses	2,708,839.17	1,929,804.83	2,582,516.95	1,650,732.16
Input Value Added Tax not yet due	333,335.17	2,190,341.73	293,819.46	1,243,887.00
Withholding tax receivable	471,508.46	4,803,754.32	-	3,626,120.64
Refundable import duty	847,061.58	1,236,337.00	847,061.58	1,236,337.00
Revenue Department receivable	279,689.83	-	-	-
Contract assets	3,687,786.08	16,104,343.38	3,687,786.08	16,104,343.38
Others	492,378.14	857,754.12	106,754.33	508,877.63
Total other current receivables	142,355,982.32	167,261,799.12	143,633,802.52	166,900,094.99
<u>Less</u> Allowance for doubtful accounts	(132,731,220.65)	(132,556,004.32)	(135,282,275.16)	(135,347,732.00)
Other current receivables – net	9,624,761.67	34,705,794.80	8,351,527.36	31,552,362.99
Trade and other current receivables - net	146,180,537.06	180,968,645.75	135,997,395.11	170,008,614.23

6.2 As at December 30, 2019 and 2018, the Group had outstanding balances of trade accounts receivable aged by number of days outstanding as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - other parties</u>				
Not yet due	90,228,683.35	89,296,894.07	83,224,868.48	83,683,426.94
Over due:				
1- 60 days	42,305,132.40	50,321,797.25	37,306,838.49	38,187,464.76
61-120 days	3,209,534.20	1,839,578.72	2,145,001.74	1,587,529.57
121-180 days	603,839.25	110,183.25	220,286.25	63,820.15
Over 180 days	5,433,350.89	10,034,377.42	1,478,860.98	6,030,344.63
Total trade receivables - other parties	141,780,540.09	151,602,830.71	124,375,855.94	129,552,586.05
<u>Less</u> Allowance for doubtful accounts	(5,224,764.70)	(5,339,979.76)	(1,270,274.79)	(1,362,847.85)
Trade receivables - other parties - net	136,555,775.39	146,262,850.95	123,105,581.15	128,189,738.20
<u>Trade receivables - related parties</u>				
Not yet due	-	-	1,963,376.17	10,193,941.36
Over due:				
1- 60 days	-	-	2,562,923.39	72,571.68
61- 120 days	-	-	13,987.04	-
Over 180 days	-	-	3,312,601.02	3,564,679.97
Total trade receivables - related parties	-	-	7,852,887.62	13,831,193.01
<u>Less</u> Allowance for doubtful accounts	-	-	(3,312,601.02)	(3,564,679.97)
Total trade receivables - related parties - net	-	-	4,540,286.60	10,266,513.04
Total trade receivables - net	136,555,775.39	146,262,850.95	127,645,867.75	138,456,251.24

7. INVENTORIES - NET

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	169,213,522.38	210,457,655.55	161,150,923.42	201,679,465.37
Goods in transit	13,842,735.32	31,988,779.43	13,304,490.73	31,415,609.92
Work in progress	324,305.67	1,708,722.59	81,395.86	1,132.25
Total	183,380,563.37	244,155,157.57	174,536,810.01	233,096,207.54
<u>Less</u> Allowance for diminution				
in value of inventories	(29,602,151.30)	(26,037,668.26)	(28,168,743.80)	(25,029,052.05)
Inventories - net	153,778,412.07	218,117,489.31	146,368,066.21	208,067,155.49

Movements of allowance for diminution in value of inventory for the year ended December 31, 2019 and 2018, are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance as at January 1,	26,037,668.26	15,507,882.88	25,029,052.05	14,234,504.29
Increase	13,476,188.97	12,345,824.60	12,527,426.28	12,115,419.49
Decrease	(9,856,648.66)	(1,807,034.63)	(9,387,734.53)	(1,320,871.73)
Exchange differences on translating financial	(55,057.27)	(9,004.59)	-	-
Balance as at December 31,	29,602,151.30	26,037,668.26	28,168,743.80	25,029,052.05

8. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTION

As at December 31, 2019 and 2018 the fixed deposit of the Company amounted to Baht 30 million have been pledged with a financial institution as collateral for short-term loan facility (Note 28).

9. INVESTMENT IN SUBSIDIARY COMPANIES - NET

As at December 31, 2019 and 2018, this account consisted of:

Company	Unit: Baht							
	Share Holding %		Separate financial statements					
			2019			2018		
	2019	2018	Amount	Allowance for impairment	Net	Amount	Allowance for impairment	Net
PD Genesis Engineering Co., Ltd.	76.67	76.67	11,500,000.00	(11,500,000.00)	-	11,500,000.00	(11,500,000.00)	-
Phol Palladium Co., Ltd.	99.99	99.99	999,970.00	-	999,970.00	999,970.00	-	999,970.00
Phol Dhanya (Cambodia) Co., Ltd.	100.00	100.00	6,770,686.00	(6,770,686.00)	-	6,770,686.00	(6,770,686.00)	-
Phol Water Co., Ltd.	99.99	99.99	49,999,970.00	(45,594,638.58)	4,405,331.42	49,999,970.00	(41,566,624.10)	8,433,345.90
Total			69,270,626.00	(63,865,324.58)	5,405,301.42	69,270,626.00	(59,837,310.10)	9,433,315.90

As at December 31, 2019 and 2018 the Company's management considered providing additional allowance for loss on impairment of investment in the subsidiary company, Phol Water Company Limited because Phol Water Company Limited was operating at a loss. The Company provided allowance for impairment of such investment in subsidiary company in the amount of Baht 45.59 million and Baht 41.57 million, respectively.

10. OTHER LONG-TERM INVESTMENT - NET

As at December 31, 2019 and 2018, this account consisted of:

	Share Holding %	Unit: Baht	
		Consolidated and separate financial statements	
		2019	2018
N&P Holding Company Limited			
Cost	2	1,000,000.00	1,000,000.00
Less Allowance for impairment		(1,000,000.00)	(1,000,000.00)
Net		-	-

11. LONG-TERM LOANS TO EMPLOYEES

Long-term loans to employees are in the form of employee welfare loan agreements with an interest rate of 10% per annum.

12. INVESTMENT PROPERTIES - NET

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated and separate financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2018	Increase	Decrease	December 31, 2019
Cost				
Land	1,370,160.00	-	-	1,370,160.00
Building and building improvements	23,061,322.48	-	-	23,061,322.48
Total Cost	24,431,482.48	-	-	24,431,482.48
Accumulated depreciation				
Building and building improvements	18,164,235.84	477,675.95	-	18,641,911.79
Total Accumulated depreciation	18,164,235.84	477,675.95	-	18,641,911.79
Net book value	6,267,246.64			5,789,570.69

The Company has appraised its investment properties and leasehold right on 4 locations as follows:

Location	Unit: Million Baht			Appraisal value	Independent appraisers	Appraisal reports dated
	Net book value					
	Investment properties	Leasehold right	Total			
1	2.44	-	2.44	5.00	Noble Property Valuation Co., Ltd	February 13, 2018
2	1.94	-	1.94	7.80	Noble Property Valuation Co., Ltd	December 27, 2016
3	1.32	-	1.32	6.38	Noble Property Valuation Co., Ltd	October 28, 2014
4	0.09	1.25	1.34	3.94	Noble Property Valuation Co., Ltd	October 28, 2014
	5.79	1.25	7.04			

The appraisal value of investment property No.4 in the amount of Baht 3.94 million has been appraised by inclusive of leasehold right which has net book value of Baht 1.25 million.

The appraisal prices have been appraised by using Market Comparison Approach for investment properties No. 1-3 and income approach for investment property No. 4.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

Depreciations for the year ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated and separate financial statements amounted to Baht 0.48 million for both years

As at December 31, 2019 and 2018, certain investment property items have been fully depreciated but are still in use. The original cost of those assets of consolidated financial statements and separate financial statements are Baht 0.54 million for both years.

As at December 31, 2019 and 2018, investment property, at net book value of Baht 5.70 million and Baht 6.12 million, respectively, has been mortgaged to secure its short-term loan and long-term loan with 2 financial institutions (Note 18 and 28).

13. PROPERTY, PLANT AND EQUIPMENT - NET

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht					
	Consolidated financial statements					
	Movement during the year					Exchange differences on translating financial statements
	Balance as at December 31,2018	Increase	Decrease	Transfer in/out	Balance as at December 31, 2019	
Cost						
Land	32,384,486.00	-	-	-	-	32,384,486.00
Building and building improvements	100,871,008.58	-	-	-	-	100,871,008.58
Furniture and equipment	30,967,610.46	1,132,093.53	(44,206.55)	-	(3,788.07)	32,051,709.37
Demonstration goods and tools	21,880,275.58	1,322,323.07	(21,670.00)	329,451.36	-	23,510,450.01
Vehicles	5,672,780.35	-	(877,336.44)	-	-	4,795,443.91
Utility system	15,255,707.77	78,100.00	-	-	-	15,333,807.77
Water well drilling machines	21,900,589.70	-	(21,404,349.70)	-	-	496,240.00
Assets under water sales agreement	16,267,266.57	-	-	-	-	16,267,266.57
Safety equipment for rent	14,953,898.46	-	(177,750.00)	-	-	14,776,148.46
Assets under installation	292,751.36	36,700.00	-	(329,451.36)	-	-
Total Cost	260,446,374.83	2,569,216.60	(22,525,242.69)	-	(3,788.07)	240,486,560.67
Accumulated depreciation						
Building and building improvements	41,614,905.42	3,293,674.06	-	-	-	44,908,579.48
Furniture and equipment	25,572,036.29	2,526,466.46	(9,783.69)	-	(3,703.04)	28,085,016.02
Demonstration goods and tools	18,804,370.83	1,593,340.62	-	-	-	20,397,711.45
Vehicles	3,216,490.24	479,105.86	(877,333.44)	-	-	2,818,262.66
Utility system	13,327,131.31	704,780.12	-	-	-	14,031,911.43
Water well drilling machines	6,950,045.30	2,277,615.60	(8,921,820.50)	-	-	305,840.40
Assets under water sales agreement	10,218,481.66	919,902.36	-	-	-	11,138,384.02
Safety equipment for	14,953,165.49	-	(177,740.00)	-	-	14,775,425.49
Total Accumulated depreciation	134,656,626.54	11,794,885.08	(9,986,667.63)	-	(3,703.04)	136,461,130.95
<u>Less Allowance for impairment</u>	<u>12,513,266.70</u>	<u>1,129,106.90</u>	<u>(8,370,243.74)</u>	<u>-</u>	<u>-</u>	<u>5,272,129.86</u>
Net book value	113,276,481.59					98,753,299.86

Unit: Baht

	Separate financial statements				Balance as at December 31, 2019
	Balance as at December 31, 2018	Movement during the year			
		Increase	Decrease	Transfer in/out	
Cost					
Land	32,384,486.00	-	-	-	32,384,486.00
Building and building improvements	100,353,060.58	-	-	-	100,353,060.58
Furniture and equipment	30,487,456.71	886,551.47	(15,806.55)	-	31,358,201.63
Demonstration goods	21,931,885.53	1,261,486.91	-	329,451.36	23,522,823.80
Vehicles	5,672,780.34	-	(877,336.44)	-	4,795,443.91
Utility system	15,129,516.45	78,100.00	-	-	15,207,616.45
Assets under water sales agreement	9,884,202.50	-	-	-	9,884,202.50
Safety equipment for rent	14,953,898.46	-	(177,750.00)	-	14,776,148.46
Assets under installation	292,751.36	36,700.00	-	(329,451.36)	-
Total Cost	231,090,037.94	2,262,838.38	(1,070,892.99)	-	232,281,983.33
Accumulated depreciation					
Building and building improvements	41,096,962.42	3,293,674.06	-	-	44,390,636.48
Furniture and equipment	25,308,615.88	2,419,039.22	(9,783.69)	-	27,717,871.41
Demonstration goods	19,045,622.33	1,531,931.98	-	-	20,577,554.31
Vehicles	3,216,490.24	479,105.86	(877,333.44)	-	2,818,262.66
Utility system	13,200,940.99	704,780.12	-	-	13,905,721.11
Assets under water sales agreement	9,878,311.96	-	-	-	9,878,311.96
Safety equipment for rent	14,953,165.49	-	(177,740.00)	-	14,775,425.49
Total Accumulated depreciation	126,700,109.31	8,428,531.24	(1,064,857.13)	-	134,063,783.42
Net book value	104,389,928.63				98,218,199.91

Depreciations for the year ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounted to Baht 11.80 million and Baht 17.32 million, respectively, and have been charged to profit or loss of separate financial statements amounted to Baht 8.43 million and Baht 12.22 million, respectively.

As at December 31, 2019 and 2018, land, including buildings and structure thereon at net book value of Baht 79.53 million and Baht 82.53 million respectively, has been mortgaged to secure its short-term loan and long-term loan with a financial institution (Note 18 and 28).

As at December 31, 2019 and 2018 certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets in consolidated financial statements are Baht 69.93 million and Baht 67.53 million, respectively, and separate financial statements are Baht 68.90 million and Baht 66.82 million, respectively.

As at December 31, 2019 and 2018, the Group had water well drilling machines, equipment and motor vehicles under financial lease agreements with a net book value in consolidated financial statements in the amount of Baht 0.50 million and Baht 8.13 million and separate financial statements in the amount of Baht 0.50 million and Baht 2.02 million, respectively.

14. DEFERRED TAX

Deferred tax as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets	41,839,034.13	40,281,154.53	40,132,515.84	37,203,243.18
Deferred tax liabilities	-	-	-	-

Movements in deferred tax assets during year ended December 31, 2019 and 2018 were as follows:

	Unit: Baht							
	Consolidated financial statements				Separate financial statements			
	As at January 1, 2019	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2019	As at January 1, 2019	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2019
Deferred tax assets								
Allowance for doubtful accounts	26,809,803.82	12,000.25	-	26,821,804.07	26,590,334.03	(2,231.72)	-	26,588,102.31
Allowance for devaluation of inventories	5,051,891.43	723,908.06	-	5,775,799.49	5,005,810.41	627,938.35	-	5,633,748.76
Depreciation of safety equipment for rent	1,043,236.22	(597,275.56)	-	445,960.66	1,043,236.22	(597,275.56)	-	445,960.66
Non-current provisions for employee benefits	4,471,939.80	2,189,047.67	842,519.33	7,503,506.80	4,163,832.60	2,047,462.47	842,519.33	7,053,814.40
Provision for penalties arising from delays of constructions	2,652.84	116,105.40	-	118,758.24	2,652.84	116,105.40	-	118,758.24
Provision for warranties	393,600.00	(273,168.31)	-	120,431.69	392,000.00	(285,245.61)	-	106,754.39
Provision for expected loss on construction contracts	5,377.08	180,000.00	-	185,377.08	5,377.08	180,000.00	-	185,377.08
Allowance for impairment of asset	2,502,653.34	(1,635,257.24)	-	867,396.10	-	-	-	-
Total	40,281,154.53	715,360.27	842,519.33	41,839,034.13	37,203,243.18	2,086,753.33	842,519.33	40,132,515.84

Unit: Baht

	Consolidated financial statements				Separate financial statements			
	As at January 1, 2018	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2018	As at January 1, 2018	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2018
Deferred tax assets								
Allowance for doubtful accounts	25,964,333.76	845,470.06	-	26,809,803.82	25,951,306.41	639,027.62	-	26,590,334.03
Allowance for devaluation of inventories	2,846,900.86	2,204,990.57	-	5,051,891.43	2,846,900.86	2,158,909.55	-	5,005,810.41
Depreciation of safety equipment for rent	888,733.64	154,502.58	-	1,043,236.22	888,733.64	154,502.58	-	1,043,236.22
Non-current provisions for employee benefits	4,419,904.40	625,827.40	(573,792.00)	4,471,939.80	4,093,087.40	585,873.60	(515,128.40)	4,163,832.60
Provision for penalties arising from delays of constructions	878,172.60	(875,519.76)	-	2,652.84	856,397.46	(853,744.62)	-	2,652.84
Provision for warranties	-	393,600.00	-	393,600.00	-	392,000.00	-	392,000.00
Provision for expected loss on construction contracts	-	5,377.08	-	5,377.08	-	5,377.08	-	5,377.08
Allowance for impairment of asset	2,000,000.00	502,653.34	-	2,502,653.34	-	-	-	-
Total	36,998,045.26	3,856,901.27	(573,792.00)	40,281,154.53	34,636,425.77	3,081,945.81	(515,128.40)	37,203,243.18

15. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, this account consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term loan - Promissory notes	20,000,000.00	60,000,000.00	20,000,000.00	60,000,000.00
Short-term loan - Trust receipts	42,023,469.32	74,094,915.63	42,023,469.32	74,094,915.63
Total short-term loans from financial institutions	62,023,469.32	134,094,915.63	62,023,469.32	134,094,915.63

As at December 31, 2019 and 2018, the interest rate of short-term loans from financial institutions, were as follows:

Interest rate per annum

	2019	2018
	Promissory notes	Interest rate of a bank announcement (3.35%)
Trust receipt	Interest rate of a bank announcement (2.70% and 2.90%)	Interest rate of a bank announcement (2.90%)

16. TRADE AND OTHER CURRENT PAYABLES

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables				
Trade payables-other parties				
- Domestic	40,245,405.89	45,260,681.94	35,290,080.78	41,390,448.75
- Foreign	61,954,895.33	93,960,662.36	58,823,955.00	90,943,332.25
Trade payable - related parties	-	-	224.70	2,936.96
Total trade payables	102,200,301.22	139,221,344.30	94,114,260.48	132,336,717.96
Other payables				
Payables for penalties arising				
from delays of constructions	2,928,333.70	3,483,150.23	2,928,333.70	3,483,150.23
Output VAT not yet due	1,579,420.55	2,731,126.72	1,578,238.51	2,731,126.72
Revenue Department payable	2,566,263.55	2,119,491.25	2,161,936.27	1,717,500.99
Accrued commission expenses	2,207,453.17	2,423,393.01	2,042,543.53	2,068,927.29
Accrued bonus expenses	10,498,205.40	8,700,042.00	9,831,290.40	8,162,917.00
Management remuneration	2,432,000.00	1,914,100.00	2,128,000.00	1,676,600.00
Contract liabilities	838,871.63	1,003,267.01	755,511.63	580,767.01
Accrued import expenses	862,209.04	826,995.63	862,209.04	826,995.63
Payable for warranties	4,871,009.06	4,875,518.06	4,454,009.06	4,444,040.96
Accrued expenses	4,012,037.39	4,570,425.53	2,687,072.47	3,119,510.45
Others	861,873.03	694,980.57	684,555.24	548,980.68
Other payables - related party	-	-	-	119,182.20
Total other payables	33,657,676.52	33,342,490.01	30,113,699.85	29,479,699.16
Total trade and other current payables	135,857,977.74	172,563,834.31	124,227,960.33	161,816,417.12

17. LONG-TERM LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Liabilities under finance lease				
- Within 1 year	241,775.92	5,379,038.11	241,775.92	832,419.79
- Over 1 year but not over 5 years	40,296.00	8,263,016.89	40,296.00	290,881.31
<u>Less</u> Deferred interest expenses	(7,082.30)	(660,012.13)	(7,082.30)	(32,799.32)
Present value of liabilities under finance lease agreements	274,989.62	12,982,042.87	274,989.62	1,090,501.78
<u>Less</u> Current portion of liabilities under finance lease	(234,898.94)	(4,987,902.68)	(234,898.94)	(806,703.77)
Net	40,090.68	7,994,140.19	40,090.68	283,798.01

Liabilities under finance lease agreements of subsidiary were guaranteed payment by the Company in the entire amount. During the year 2019, the subsidiary has paid the debt in fully amount, therefore the Company has released the guarantee payment.

18. LONG-TERM LOAN FROM FINANCIAL INSTITUTION - NET

As at December 31, 2019 and 2018, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2019	2018
Long-term loan from financial institution as at January 1,	29,175,000.00	36,315,000.00
Repayment	(7,140,000.00)	(7,140,000.00)
<u>Less</u> Current portion of long-term loan	(7,140,000.00)	(7,140,000.00)
Net	14,895,000.00	22,035,000.00

On January 26, 2016, the Company entered into the long-term agreement facility of Baht 50 million with a local commercial bank for supporting its Core-Trading Asset such as inventories of the Company. The Company has a commitment to repay the loan principal in 84 monthly installments, of which the 1st - 83rd installments are Baht 595,000 each and the 84th installment is the remaining loan principal amount. The loan bearing interest rate of THBFIX plus 1.85% per annum or in case of the interest rate of THBFIX less than 0% per annum, the Company has to use the rate of 1.85% per annum. The Company also entered into an Interest Rate Swap agreement with a lender bank, whereby the Company agreed to swap interest rate of THBFIX plus 1.85% per annum to a fixed annual interest rate (4.7%). The first principal and interest installment were February 2016.

Under the term of such long-term agreement facility for supporting its Core-Trading Asset, the Company has committed to comply with following certain conditions:

- Maintain Debt to Equity Ratio not more than 2 but not less than zero.
- Maintain Debt-Service Coverage Ratio (DSCR) not less than 2.

The Company has mortgaged its land, including buildings and structure thereon recorded in investment properties - net account and property, plant and equipment - net to secure its long-term loan facility with financial institution (Note 12, 13).

19. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of non-current provisions for employee benefit for the years ended December 31, 2019 and 2018 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Non-current provisions for employee				
benefits as at January 1,	22,359,699.00	22,099,522.00	20,819,163.00	20,465,437.00
Current service cost and interest cost	3,101,431.00	2,583,969.00	2,924,354.00	2,425,180.00
Interest cost	689,786.00	545,168.00	639,208.00	504,188.00
Past service cost	7,740,488.00	-	7,260,217.00	-
Actuarial gains (loss) arising from financial assumptions changes	4,212,596.66	(2,868,960.00)	4,212,596.66	(2,575,642.00)
Benefits paid during the year	(586,466.66)	-	(586,466.66)	-
Non-current provisions for employee				
benefits as at December 31,	37,517,534.00	22,359,699.00	35,269,072.00	20,819,163.00

Employee benefit expenses in profit or loss for the year ended December 31, 2019 and 2018, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Selling expenses	4,210,693.00	1,178,995.00	3,876,346.00	1,088,164.00
Administrative expenses	7,321,012.00	1,950,142.00	6,947,433.00	1,841,204.00
Total employee benefit expenses	11,531,705.00	3,129,137.00	10,823,779.00	2,929,368.00

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 mortality table.

Principal actuarial assumptions as at December 31, 2019 and 2018 (represented by the weighted-average) consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.71% - 3.04%	2.82% - 3.04%	1.71%	2.82%
Future monthly salary increase rate	5.00%	5.00%	5.00%	5.00%
Mortality rate	100% of Mortality Tables of 2017	100% of Mortality Tables of 2017	100% of Mortality Tables of 2017	100% of Mortality Tables of 2017

The result of sensitivity analysis for significant assumptions that affect the present value of non-current provisions for employee benefits as at December 31, 2019 are summarised below:

	Unit: Baht			
	Change of the present value of non-current provisions for employee benefits			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,807,601.00)	4,504,094.00	(3,568,097.00)	4,228,060.00
Salary increase rate	4,716,612.00	(4,049,451.00)	4,425,750.00	(3,793,730.00)
Turnover rate	(4,006,484.00)	1,626,478.00	(3,755,159.00)	1,614,321.00

As at December 31, 2019, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated	Separate
	financial statements	financial statements
Over 1 and up to 5 years	8,817,005.00	8,817,005.00
Over 5 years	208,372,791.00	198,082,019.00

The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette on April 5, 2019, and become effective on May 5, 2019. The Act stipulates additional severance pay rates. Employees who have worked for an uninterrupted period of 20 years or more, are entitled to receive no less than 400 days' compensation at the latest wage rate. This change qualifies as an amendment to the post-employment benefits plan. The Company and its subsidiaries reflected the effect of the change by recognizing past service costs as expenses in the income statement for the second quarter of 2019, the period during which the law become effective.

20. SHARE CAPITAL

Annual General Meeting of Shareholders of the Company No. 1/2019, held on April 24, 2019, approved to decrease the Company's registered share capital in the amount of Baht 40,499,746 from the existing registered share capital of Baht 250,999,978 to Baht 210,500,232 by way of cancelling the remain unsubscribed shares reserved for the exercise of right under the warrant No. 1 (PHOL-W1) in the amount of 40,499,746 ordinary shares at a par value of Baht 1 and registered its decrease share capital with Ministry of Commerce on May 2, 2019.

21. WARRANTS

Characteristics of warrants allotted to the shareholders (PHOL-W1)

Type:	Registered and non-transferable warrants to purchase ordinary shares
Offering unit:	40,499,996 Units
Offering price per unit:	Baht 0 (Baht Zero)
Term:	2 years from the issue and offer date
Exercise ratio:	1 warrant: 1 ordinary share. (warrant right adjustment is reserved)
Price of Warrants:	One warrant unit is entitled to purchase one ordinary share at Baht 3 per share (warrant right adjustment is reserved)
Exercise of Warrants:	Warrant holders can exercise the right to purchase the company's ordinary shares. Can be allocated in the last working day of April and October of each year from the date the company issued and offered the warrants.

On October 31, 2018, the shareholders of the Company has exercised the last warrant to purchase ordinary shares (The exercising date is ended on that date) totaling 250 units. The exercise ratio of 1 unit per 1 ordinary share at the exercise price of 3 baht per share, totaling of Bath 750. With a share premium of Bath 500. The Company registered the change of the issued and paid-up capital of Baht 250 with the Ministry of Commerce on November 5, 2018.

The changes for the year ended December 31, 2018 of the warrants are as follows:

	<u>Unit</u>
Balance as at January 1, 2018	40,499,996.00
<u>Less</u> Exercise rights during the year	(250.00)
<u>Less</u> Cancellation due to expiration	(40,499,746.00)
Balance as at December 31, 2018	-

Characteristics of warrants allotted to the directors and/or the employees of the Company and/or its subsidiaries

(ESOP-Warrant)

Type:	Registered and non-transferable warrants to purchase ordinary shares
Offering unit:	8,000,000 Units
Offering price per unit:	Baht 0 (Baht Zero)
Term:	3 years from the issue and offer date
Exercise ratio:	1 warrant: 1 ordinary share. (warrant right adjustment is reserved)
Exercise of Warrants:	One warrant unit is entitled to purchase one ordinary share at Baht 3 per share (warrant right adjustment is reserved)

The Market for Alternative Investment (mai) has granted a listing of certificates representing the rights to purchase shares (warrants) of the Company from December 1, 2016. As at December 31, 2019, there is no exercise of such warrants and such warrants are expired and no longer exercisable.

22. LEGAL RESERVE

22.1 Transfer of legal reserve and premium on ordinary shares to compensate the deficits

Annual General Meeting of Shareholders of the Company No. 1/2019, held on April 24, 2019, approved the transfer of legal reserve in the amount of Baht 16,200,000 and premium on ordinary shares in the amount of Baht 73,059,171.15, to compensate the deficits of amount Baht 89,259,171.15. As at December 31, 2019, the remaining amount of premium on ordinary shares is Baht 64,784,767.88.

22.2 Appropriation of legal reserve

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must appropriate annual net profit as a reserve fund of not less than 5% of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount no less than 10% of the registered capital. This legal reserve is not available for dividend distribution.

23. DIVIDEND PAID

Minutes of Board of Directors' Meetings of the Company No.7/2019 held on August 9, 2019 approved the payment of interim dividend of Baht 0.05 per share from the six-month period operation ended June 30, 2019, in the total amount of Baht 10.13 million. The Company paid the dividend on September 6, 2019.

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 were as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Changes in finished goods and work in progress	42,628,550.04	12,132,911.24	40,448,278.34	10,096,464.36
Purchase of goods	603,808,507.67	712,503,398.75	556,440,586.45	672,657,225.25
Depreciation and amortization	13,066,146.54	18,712,731.53	9,650,285.00	13,530,655.37
Salaries, wages and other employee benefits	129,903,555.64	117,070,698.89	119,068,160.12	108,040,740.74
Advertising and promotion expenses	3,649,226.05	4,239,107.89	3,491,029.22	3,891,882.72
Delivery expenses	10,034,196.78	9,311,950.01	9,531,541.86	9,271,850.71
Utility expenses	3,713,389.23	3,736,291.40	3,622,273.75	3,640,146.97
Doubtful accounts - net	60,001.24	3,043,329.52	11,158.60	3,171,674.96
(Reversal) penalties arising from delays of constructions	580,527.00	(2,672,740.07)	580,527.00	(2,672,740.07)
Loss on impairment of investment in subsidiary	-	-	4,028,014.48	5,766,624.10
(Gain) loss from property disposal	3,279,956.92	-	(154,254.52)	-
(Reversal) loss on impairment of assets - net	(7,241,136.84)	2,513,266.70	-	-

25. INCOME TAX

Income tax expenses for the year ended December 31, 2019 and 2018 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax expense				
Current period	(12,866,246.37)	(6,072,987.76)	(12,574,024.90)	(5,759,613.53)
Deferred tax expense				
Movements in temporary	715,360.27	3,856,901.27	2,086,753.33	3,081,945.81
Tax expense	(12,150,886.10)	(2,216,086.49)	(10,487,271.57)	(2,677,667.72)

Reconciliation of effective tax rate for the year ended December 31, 2019 and 2018 as follows:

	Consolidated financial statements			
	2019		2018	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		53,569,870.25		38,727,915.89
Income tax using the corporate tax rate	20.00	10,713,974.05	20.00	7,745,583.18
Effect from eliminate transactions	(1.50)	(805,603.18)	(2.55)	(986,060.19)
Expenses not deductible for tax purposes	1.77	950,726.36	3.31	1,281,019.32
Expenses that are deductible at a greater amount from actual expenses	(0.96)	(516,333.01)	(1.61)	(624,156.95)
Prior year losses for which no deferred tax assets were recognized, but were used to reduce current tax expenses	-	-	(14.99)	(5,806,756.40)
Current year losses for which no deferred tax assets was recognized	3.38	1,808,121.88	2.18	843,261.68
Prior year temporary differences which no deferred tax assets was recognized	-	-	(0.61)	(236,804.15)
Tax expense	22.69	12,150,886.10	5.73	2,216,086.49

	Separate financial statements			
	2019		2018	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		50,496,396.23		39,319,715.74
Income tax using the corporate tax rate	20.00	10,099,279.25	20.00	7,863,943.15
Expenses not deductible for tax purposes	1.79	904,325.33	3.17	1,244,637.92
Expenses that are deductible at a greater amount from actual expenses	(1.02)	(516,333.01)	(1.59)	(624,156.95)
Prior year losses for which no deferred tax assets were recognized, but were used to reduce current tax expenses	-	-	(14.77)	(5,806,756.40)
Tax expense	20.77	10,487,271.57	6.81	2,677,667.72

The deferred tax asset is not recognized in the statement of financial position consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Unused tax losses				
Expire in 2 - 5 years	5,819,836.09	7,810,638.57	-	-

Foreign subsidiary company

A foreign subsidiary company, Phol Dhanya (Cambodia) Co., Ltd. which was established in Cambodia, is obliged to pay corporate income tax either at the tax rate of 20% of taxable profit or at the minimum tax rate of 1% of total revenue, whichever is the higher.

26. PROVIDENT FUND

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the staff will contribute the same amount at 3% to 5% of staff salary to this fund. Staff will receive payment from the provident fund upon retirement based on the rules of the fund.

During the year ended December 31, 2019 and 2018, the Company, and its subsidiaries contributed Baht 3.16 million and Baht 3.11 million, respectively.

27. OPERATING SEGMENTS

The Group's business operations involve three principal segments (1) Trading in health and safety products (2) Water treatment system and (3) Water supply systems for villages. These operations are mainly carried on in Thailand.

The operating segment's performance is regularly reviewed by the Chief Executive officer, in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Below is the consolidated financial information for the year ended December 31, 2019 and 2018 of the Group segments.

Business segment information

The Group's business segment information and reconciliation of reportable segment profit or loss for the year ended December 31, 2019 and 2018 was as follows:

Unit: Thousand Baht										
	Trading in Health and Safety Products		Water Treatment System		Water supply systems for villages		Elimination of inter-segment revenues		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from sales and rendered services	887,366	888,293	24,379	19,272	105	16,889	-	-	911,850	924,454
Cost of sales and rendered services	(655,121)	(653,650)	(20,068)	(20,140)	(1,379)	(23,769)	720	720	(675,848)	(696,839)
Segment gross profit (loss)	232,245	234,643	4,311	(868)	(1,274)	(6,880)	720	720	236,002	227,615
Reversal (penalties arising from delays of constructions)			-	-	(581)	2,673			(581)	2,673
Unallocated income and expenses:										
Gain (loss) from sales of assets - net					(3,280)	-			(3,280)	-
Reversal(loss) on impairment of assets			7,241	(2,513)					7,241	(2,513)
Gain on exchange rate - net									6,496	2,219
Other income									4,850	7,128
Selling expenses									(89,896)	(85,376)
Administrative expenses									(102,096)	(104,849)
Finance costs									(5,166)	(8,169)
Income tax income									(12,151)	(3,485)
Profit(loss) for the year			11,552	(3,381)	(5,135)	(4,207)			41,419	36,512

The Group's business segment information and reconciliation of reportable segment total assets to the Group's assets as at December 31, 2019 and 2018 as follow:

Unit: Thousand Baht		
Consolidated financial statements		
	2019	2018
Investment properties - net	5,790	6,267
Property plant and equipment - net	98,753	113,276
Unallocated assets	462,604	532,574
Total assets	567,147	652,117

Geographical segments information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Group has insignificant assets located in foreign countries.

The Group's Geographical segments information based on location of customer for the year ended December 31, 2019 and 2018 was as follows:

	Unit: Thousand Baht	
	Revenues	
	2019	2018
Thailand	906,897	918,636
Other countries	4,953	5,818
Total	911,850	924,454

Major customer

The Group has no revenues from transactions with single customer amount to 10 percent or more of the Group's revenues

28. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Operating lease commitments

Phol Dhanya Plc.

Leasehold right of the Company consists of the following two agreements:

- On August 22, 1995, the Company entered into the building leasehold right agreement with a company by paying the amount of Baht 2,800,000, for a lease period of 30 years. The rental fees will be paid yearly, in the amount of Baht 12,000 to Baht 24,000 throughout the lease period.
- On June 4, 2004, the Company entered into a agreement transferring the leasehold right from a related party by paying the amount of Baht 2,800,000, for the remaining lease period of 21 years and 2 months. The rental fees will be paid yearly, in the amount of Baht 12,000 to Baht 24,000 throughout the lease period.

Subsidiary company

Phol Water Co., Ltd.

On March 1, 2018, the subsidiary entered into a building leasehold right agreement with a company by paying the leasehold right fee in the amount of Baht 174,000. Such payment will be made by monthly installment of Bath 14,500 per month totalling 12 mouths. In addition, the rental fees will be paid on a monthly basis, in the amount of Baht 12,500 thru the lease period of 3 years. Such subsidiary has right to extend the lease period for another 3 years by paying the additional leasehold right fee in the amount of Bath 2,000 per month and monthly rental fee in the amount of Baht 12,500 throughout the lease period.

Commitments and contingent liabilities with financial institutions

As at December 31, 2019, there are outstanding commitments and contingent liabilities with financial institutions as follows:

Unit: Million Baht

	Consolidated financial statements			Separate financial statements		
	Credit			Credit		
	arrangement	Used	Unused	arrangement	Used	Unused
1) Letters of credits and trust receipt	183.00	42.02	140.98	183.00	42.02	140.98
2) Promissory notes	175.00	20.00	155.00	165.00	20.00	145.00
3) Letters of guarantee	70.70	19.40	51.30	60.70	14.55	46.15
4) Bank overdraft	56.50	-	56.50	56.50	-	56.50
5) Forward exchange contracts	220.00	-	220.00	220.00	-	220.00
6) Forward exchange contracts US Dollars 1.15 million of credit arrangement and as at December 31, 2019, they have been unused.						

The above facilities were secured by pledged bank deposit and mortgaging certain land and building of the Company recorded in investment properties - net account and property, plant and equipment - net account (Note 8, 12 and 13).

The subsidiary guarantee letters of credits and trust receipt credit facility of the parent company within limit of Baht 10 million.

Letters of guarantee

As at December 31, 2019, the Group has outstanding letters of guarantee issued by financial institutions as follows:

Unit: Baht

	Consolidated financial statements	Separate financial statements
Letters of guarantee		
Guarantee for the construction contracts	9,253,991.00	8,958,601.00
Guarantee for the performance contract	2,931,129.00	259,631.00
Guarantee for bidding	7,010,797.50	5,130,000.00
Guarantee for electricity usage and other	200,000.00	200,000.00
Total	19,395,917.50	14,548,232.00

Contingent liabilities

Litigation

PD Genesis Engineering Co., Ltd.

On October 27, 2015, the creditor sued the subsidiary in the CIPIT Court under Black Case No. Gor Kor. 223/2558 on grounds of breach of a Sales and Purchase Agreement. The subsidiary filed a rejoinder with the CIPIT Court. The CIPIT Court has since been conducting several rounds of conciliation between the parties.

The latest on November 8, 2018, the CIPIT Court issued its judgment that the subsidiary purchased two items from the creditor, but the prescription period for one item has expired. The subsidiary has to pay the creditor in amount of USD 9,806.14, along with interest calculated at the rate of 7.5% per annum, as from January 2, 2012 for its claim in connection with the other item for which the prescription period is still valid. However, the plaintiff did not agree with the CIPIT Court's judgment and willing to appeal by filling the request to extend the appeal period as the third time. The CIPIT Court made permission to the plaintiff for extension appeal period as the last time by filing the appeal to the CIPIT Court within February 22, 2019. As the plaintiff did not file the request to extend the appeal period within the period fixed by the CIPIT Court, the case was settled by final judgment. The plaintiff has a right of execution over the defendant's assets, according to the judgment of the CIPIT Court, for a period of 10 years from the date of the CIPIT Court issued its judgment.

The management of the Company considered that these cases would unlikely significantly affect the Company's financial statements because the Company provided allowance for doubtful accounts of loans and provided allowance for impairment of investment in this subsidiary in the whole amount.

29. FINANCIAL INSTRUMENTS

Credit risk

Credit risk refers to the risk that counterparty will default on its agreement and conditions resulting in collection losses to the Company and its subsidiaries. Credit limit is granted for specific credit amount and is being monitored regularly. Furthermore, the Company manages the risk by adopting the policy of only dealing with creditworthy counterparty and obtaining sufficient collateral or other security where appropriated, as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statements of financial position, net of a portion of allowance for the doubtful account, represents the company maximum exposure to credit risk.

Interest rate risk

The Company has loans from banks, and interest rate is referred at the market rate (MOR rate and MLR rate), therefore, interest rate risk arises from the potential for a change in interest rate.

The Group exposures to interest rate risk relate primarily to their cash at banks, current investments and short-term loans. However, since most of the Company and subsidiaries' financial assets and liabilities have been repaid within one year, the interest rate risk is expected to be minimal.

As at December 31, 2019, the Company had outstanding interest rate swap agreement as detailed below:

<u>Contract date</u>	<u>Due date</u>	<u>Notional amount</u>	<u>Interest rate in the original loan agreement</u>	<u>Interest rate in the swap agreement</u>
		(Million Baht)	(Percent per annum)	(Percent per annum)
January 2016	January 2022	22.04	THBFIX+1.85	4.7

Foreign currency risk

The Group exposed to foreign currency related primarily to anticipated purchases and sales denominated in foreign currencies.

However, the balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2019 are summarised below.

Unit: Thousand Baht						
As at December 31, 2019						
<u>Foreign currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Exchange rate as at December 31, 2019</u>	
	<u>Financial assets</u>	<u>Financial liabilities</u>	<u>Financial assets</u>	<u>Financial liabilities</u>		
					<u>Buying rate</u>	<u>Selling rate</u>
Euro	16.52	553.96	16.52	553.96	33.3775	34.0846
US Dollars	13,149.30	44,187.73	16,423.20	43,507.40	29.9767	30.3313
Singapore Dollars	-	14,209.20	-	14,209.20	22.0554	22.5935
Pound Sterling	-	294.03	-	294.03	33.3775	39.9523
Yen	-	259.37	-	259.37	0.2723	0.2796
Renminbi	0.10	-	0.10	-	4.2558	4.3736

Fair values of financial instruments

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The methods and assumptions are used by the Company and its subsidiaries in estimating fair value of financial instruments are as follows:

Financial assets and liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, account receivable and payable, short-term loans to and borrowing, the carrying amounts in the statements of financial position approximate at their fair value.

Long-term loans, which have the fixed interest rate, the carrying value approximate at their fair values, calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position. Borrowings at fair value, which have the variable interest rate or the nearly interest rate applied at that time by the market to instruments, the carrying value, presented in the statements of financial position.

Leases, which fair values calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position.

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it has an appropriate financing structure and to preserve the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2019, the Group's debt-to-equity ratio was 0.88: 1 (December 31, 2018: 1.39: 1) and the Company's was 0.86: 1 (December 31, 2018: 1.33: 1)

31. RECLASSIFICATION

Certain amounts in the financial statements for the year ended December 31, 2018, been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity the reclassifications are as follows:

Unit: Baht			
Consolidated financial statements			
Account	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Trade and other current receivables - net	164,864,302.37	16,104,343.38	180,968,645.75
Unbilled receivables	16,104,343.38	(16,104,343.38)	-
Unit: Baht			
Separate financial statements			
Account	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Trade and other current receivables - net	153,904,270.85	16,104,343.38	170,008,614.23
Unbilled receivables	16,104,343.38	(16,104,343.38)	-

32. EVENTS AFTER THE REPORTING PERIOD

Minutes of Board of Directors' Meetings of the Company No.2/2020 held on February 20, 2020 approved the the last payment of dividend in the amount of Baht 0.10 per share from net profit of the year ended December 31, 2019, in the total amount of Baht 20.25 million. The Company fixed the date of dividend payment May 20, 2020.

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors to be issued on February 20, 2020.



Phol Dhanya Public Company Limited

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