

New City (Bangkok) Public Company Limited

Annual Report 2019

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SOCIAL ACTIVITIES

For the year 2019, New City (Bangkok) Public Co., Ltd. has joined activities to support the social with organizations as follows

CSR



Cherilon
INTIMATE
มอบผลิตภัณฑ์

เซอร์ลอน อินทิเมท จัดโครงการเพื่อเด็กและสตรี โดยมอบ " บราไร้ตะเข็บ " ให้แก่ผู้พักพิง ณ สถานคุ้มครองสวัสดิภาพผู้เสียหายจากการค้ามนุษย์ บ้านเกร็ดตระการ จ.นนทบุรี เพื่อเป็นส่วนหนึ่งในการให้กำลังใจ และสนับสนุนสิทธิความเท่าเทียมของเด็กและสตรีทุกคน



Cherilon
INTIMATE
สนับสนุนมูลนิธิ

เซอร์ลอน อินทิเมท ร่วมสนับสนุนโครงการ " มูลนิธิสร้างรอยยิ้ม " เพื่อนำไปช่วยเหลือการผ่าตัดและรักษาน้องๆ ที่ป่วยเป็นโรคปากแหว่งเพดานโหว่ให้มีชีวิตที่ดีขึ้นผ่านแคมเปญดีๆ ของ OK CHARITY 2019 " SEAL IT WITH A KISS " ณ ลานเอเทรียม ชั้น 3 ศูนย์การค้าเซ็นทรัลเวิลด์



SanRemo
มอบผลิตภัณฑ์

แซนรีโม จัดทำโครงการมอบ " ถุงเท้าคิตแอรและเสื่อยืด " ให้แก่เจ้าหน้าที่เขตรักษาพันธุ์สัตว์ป่าสลักพระ จ.กาญจนบุรี โดยมี คุณสุทธิชัย โสภุเชียว ผู้ช่วยเขตรักษาพันธุ์สัตว์ป่าสลักพระ เป็นผู้รับมอบ เพื่อสนับสนุนและให้กำลังใจเจ้าหน้าที่ทุกท่าน ในการปฏิบัติหน้าที่พิทักษ์ผืนป่าของประเทศไทย

OVERALL FINANCIAL STATEMENT

As of 31st December 2019 (Unit: Thousand Baht)
Financial statements showing equity investment details

List	Change Rate %				
	2019	2018	2017	2019 /2018	2018 /2017
❖ Total Assets	789,516	745,479	721,993	5.91	3.25
❖ Total Liabilities	339,966	298,897	281,042	13.74	6.35
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	449,550	446,582	440,951	0.66	1.28
❖ Sales Income	637,113	665,719	640,503	-4.30	3.94
❖ Gross Income	646,288	676,678	649,756	-4.49	4.14
❖ Initial Profit	215,296	209,083	208,513	2.97	0.27
❖ Net Profit	8,313	19,089	15,231	-56.45	25.33
❖ Net Profit per share (Baht)	0.56	1.28	1.02	-56.25	25.49
❖ Stated Share value (Baht)	10	10	10	0	0
❖ Accounting Share Value (Baht)	30.07	29.87	29.49	0.67	1.29
❖ Net Profit Rate (%)	1.29	2.82	2.34	-54.26	20.51
❖ Profit Rate per share value (%)	1.86	4.30	3.65	-56.74	17.81
❖ Benefit Rate per Total Assets (%)	1.08	2.60	2.22	-58.46	17.12

Company Financial Statement

List	Change Rate %				
	2019	2018	2017	2019 /2018	2018 /2017
❖ Total Assets	805,572	762,720	739,980	5.62	3.07
❖ Total Liabilities	339,966	298,897	281,042	13.74	6.35
❖ Capitals	149,510	149,510	149,510	0	0
❖ Shares Capitals	465,606	463,824	458,937	0.38	1.07
❖ Sales Income	637,113	665,719	640,502	-4.30	3.94
❖ Gross Income	648,388	682,136	656,574	-4.95	3.89
❖ Initial Profit	215,296	209,083	208,513	2.97	0.27
❖ Net Profit	7,081	18,305	15,375	-61.32	19.06
❖ Earnings per share (Baht)	0.47	1.22	1.03	-61.48	18.45
❖ Par Value (Baht)	10	10	10	0	0
❖ Book Value (Baht)	31.14	31.02	30.70	0.39	1.04
❖ Net Profit Margin (%)	1.09	2.68	2.34	-59.33	14.53
❖ Return on shareholders' equity (%)	1.52	3.97	3.53	-61.71	12.46
❖ Return on assets (%).	0.90	2.44	2.18	-63.11	11.93

REPORT OF THE BOARD OF DIRECTORS

Message from the Chairman

In the first half of 2019, it was a good year. Which is consistent with the plan to penetrate the market of new products. However, the external factors had a great impact on the Thai economy in the second half of the year. Especially in the 4th quarter of this year, although the Thai government has a policy to stimulate the economy. But the baht has continuously appreciated, on average, about 7 percent for the whole year, causing exports to be negative. And causing the price of agricultural products to fall. The company is not directly affected. But the lack of purchasing power has a huge impact on market decisions.

New City (Bangkok) has implemented the plan by creating a group of lingerie products. And exercise under Cherilon Intimate, Cherilon Basic, Cherilon DansMate, Sanremo, and Cara brands continue to grow. In 2019, the company has added many Product Lines under Brands'. And still have the growth rate and make new high continuously

Online trading is still increasingly important in Thailand. It can be seen from the growth of online sales that is still leap. The company has focused on this sales channel. And the department has been opened to support product management, which makes online sales continue to grow continuously.

Lastly, on behalf of the Board of Directors and all employees Thank you to all shareholders, teams and all relevant parties. That supports and helps the company to progress. The company is committed to running the business sustainably under the principles of good governance.

REPORT OF THE AUDIT COMMITTEE

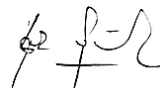
Dear Shareholders

The Audit Committee of New City (Bangkok) Public Company Limited consists of three independent directors, namely, Mr.Piratchai Prakobsup, the Chairman of the Audit Committee, Mr. Sooksant Fuengrith and Miss Waraporn Phekanant are the Audit Committee members. The term of position is 3 years , and Ms. Sam-ang Chantarima, Finance Manager acting as Secretary to the Audit Committee. The Audit Committee has performed its duties in accordance with the charter of the Audit Committee approved by the Board of Directors and has performed the duties assigned by the Company. In 2019, the Audit Committee has conducted five meetings and the three Audit Committee members has attended all meetings and has the duty to review the issues which can be summarized as follows.:

1. Review the financial statements: The Audit Committee has reviewed the quarterly and annual financial statements regularly to see whether the financial statements are accurate in the preparation of financial statements in conformity with accounting changes each year. There is adequate disclosure which are reliable and generally accepted by accounting principles.
2. Review of connected transactions or transactions that may lead to conflicts of interest: The Audit Committee has reviewed the connected transactions or the transactions that may lead to conflicts of interest which are considered as connected transactions in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand and the Securities and Exchange Commission. The review connected transactions, taking into consideration the appropriateness and size of transactions found that there is a normal business transaction of business operation. The disclosure of information is adequate by adherence to the good corporate governance policy and in accordance to the Notification of the Stock Exchange of ThailandInternal
3. Audit Plan: Audit Committee has reviewed the internal audit plan and found that the company has good internal control systems, internal audit and risk management measures are adequate and to focus on implementation of the policy of good governance. The recommendations to improve to be more effective from the previous year
4. Legal Compliance: The Audit Committee has reviewed the performance of the company and found that the company has complied with the laws without being lawsuit against litigation or legal disputes have occurred. The company had the transaction as depicted in detailed notes to the annual financial statements for year 2019 in its entirety without controversy of the benefits and compliance with the law on securities and stock exchange requirements of the Stock Exchange of Thailand.
5. Proposed appointment of auditors and the auditors fees for the year 2020. The Audit Committee has considered the auditor and the Audit Office at the meeting of the Audit Committee has resolved to propose to the Board of Directors to propose to the Shareholders' Meeting appointed Mr. Jedsada Hangsapruk, a Certified Public Accountant License No. 3759 and / or Ms. Kannikar Wipanurat, a CPA. Registration number 7305 and / or Mr. Jiroj Siriroraj, Certified Public Accountant Registration No.5113and/orMs.Nonglak Pattanabundith,CPAregistration No.4713and/orMrs. Sumana Senivongse , CPA registration No.5897 of Karintr Audit Company Limited as the auditors for the year 2020

The Committee is of the opinion that the company has appreciate and reliable disclosure of material information in the financial statements. There are disclosures of data of the related transaction, has appropriate internal control system and risk management. Besides, the company has conducted the good corporate governance principles to the policies of the Stock Exchange.

On behalf of the Audit Committee
New City (Bangkok) Public Co., Ltd.



(Mr.Piratchai Prakobsub)
Chairman to Audit Committee
9th March 2020

NATURE OF BUSINESS

Policy and overall business operations

New City (Bangkok) Public Co., Ltd. is a supplier of clothing products such as stockings, socks, underwear, exercise wears and pajamas as well as cosmetic products under its own brand.

The company is engaged in the following manner.

- Sell in department store (large retailers) in the Bangkok Metropolitan areas and other provinces in the retail sales and cash sales (PAYMENT ON SALE) by the counter at department stores. The company has sales representatives at each department store to be centre of company products sales.
- Sold to department stores, modern trade (Modern Trade) and a general store in the Bangkok metropolitan area and other provinces as a wholesale product in package (Packaging Unit) as a dozen-pack carton, depends on customer's requirements. Majority, client will request in cartons. The type of sales prices are lower than retail prices and focus on big volume of sales (BIG LOT) to wholesalers who will have opportunity to make more profit. The trade credit terms are 30 days, 60 days and 90 days, depending on the suitability of each customer.
- Distributor of products for export to countries in Asia such as Malaysia, India, Singapore and Israel.

Distribution center and showroom. The centers are available to customers and general public in the form of self-service retail where buyers make payment by cash or credit cards. Our showrooms are as follows.

1. Suriwongse Showroom, located at No. 293/16-17, Surawongse Road, Suriwongse Sub District, Bangrak, Bangkok, Tel: 02-237 8460-1.
2. Khon Kaen Showroom, Khon Kaen Branch, located at 250/1, 1st Floor, Com Kosa Complex, Srichan Road, Naimuang Sub District, Khon Kaen, Tel: (043) 389 021.
3. Kard Suan Kaew Chiangmai Showroom, located 21, Huaykaew Road, Suthep Sub District, Muang, Chiangmai, Tel: (053) 894 301.
4. Bumrungrad Hospital Showroom, located at 33/3, 1st Floor, Bumrungrad Hospital Building, Sukhumvit 3, Klongtoey Sub District, Klongtoey, Bangkok, Tel: 0-2667 1248.
5. Korat Showroom, located at The Mall Korat, 1242/2, 2nd Floor, Room No. 2 S-34, Mittaparb Road, City Road, Muang, Nakhonratchasima, Tel: (044) 288 175.
6. Central Plaza Khon Kaen Showroom, located at Central Plaza Khon Kaen Shopping Centre, Room 245, 2nd Floor, 99 Srichan Road, City Road, Muang, Khon Kaen, Tel: (043) 288 114.
7. Central Plaza Udonthani Showroom, No. A114, Prajaksilapakom, Makkaeng Sub-district, Muang District, Udonthani Province, Telephone 042-110 555, extension 1202.

Vision, Goals, Objectives or Strategies for operations

The company is aware of the fashion apparel business has changed over the years. The Board has considered reviewing on a regular basis every year to reflect the popularity of consumers.

In the year 2019, the Company has reviewed the opinion that it is appropriate for the current situation.

Vision

"Committed to developing products up to date, Creating Thai Brand to Global, Creating Jobs and Build Sustainable Society"

Mission

- Develop products to become widely known in the leading level of fashion industry in the country and abroad
- Management to maximize benefits to the organization, Shareholders, society and the environment.
- Business growth by continuing to take loyalty, fairness and ethical trade into account.
- Commitment to strengthening of the organization.
- Focused on bringing new technology to the benefit of the organization.
- Communication through social networks as an alternative to international

Objectives and Goals

- Targeted sales to grow 20% from the previous year.
- Develop products to market in the upper and lower levels in order to maintain its market share at 50-70%.
- Opening new stores to expand distribution channels 20% domestically and 10% abroad.
- Establish online customers
- Send information on product receiving - delivery and report individual sales point using internet operating software to directly link to SAP system software within 5 years.

Implementation Strategy

- Corporate Strategy: operate sustainable business practices by separating the responsibilities of each department.
- Business Strategy: building products brand to be widely known, focusing on product quality to be accepted standards for both quality and price. Developing new and unique products and to strive for being a fashion leader, learning weaknesses and strengths of the competitors to develop competitive strategies.
- Functional Strategy: apparel business is highly competitive in terms of price and imitative, so the company has get set and prepare the appropriate strategies which can be categorized as follows.

Marketing

- **Product:** Focus on bringing in unique design innovation focused on bringing their own unique design, sourcing for quality materials for product manufacturing to superior that product over other similar products to that users can recognize and feel the pride in using our quality products and focus on dressing fashion.
- **Price:** breakdown by products which sell in department stores, distributors and wholesalers. The calculation of the cost, plus direct and indirect costs, plus expected profit based on company structures.
- **Distribution:** Distribution through agents and direct to distribution centers.
- **Sell Promotion:** Advertising via public medias and exhibitions.

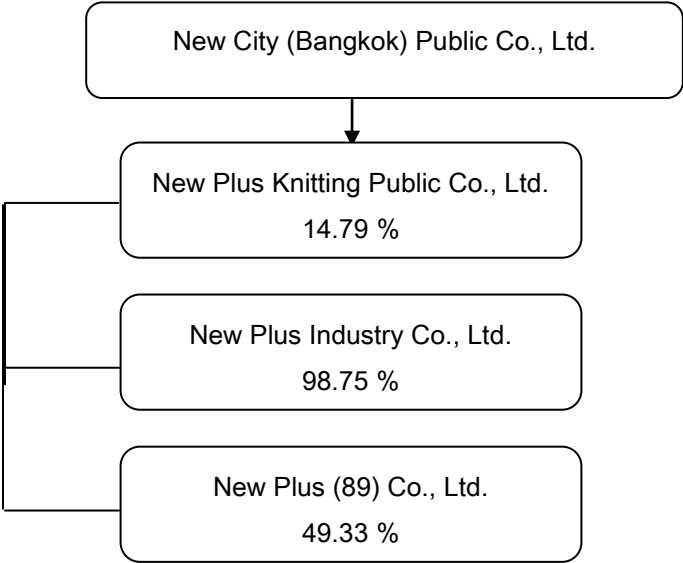
Changes and Developments

New City (Bangkok) Public Co., Ltd. is a subsidiary of Sahapattanaphibul Public Co., Ltd. was established in 1964 as a partnership, located on the Rachawong Pier with a registered capital of 1 million Baht, doing business by selling cosmetics and stockings imported from overseas. The Partnership has grown every year, and was registered and limited company in 1968. Then moved the office to Surawongse Road and increased its registered capital to 3 million Baht. In 1977, the company was registered as a company listed on the Stock Exchange of Thailand with the registered capital of 20 million Baht. The company was transformed from New City (Bangkok) Co., Ltd to a public limited company on 31 May 1994 with registered capital of 120 million Baht and paid fully counted as the first company in Thailand to distribute products such as stockings, socks, underwear and cosmetics.

In 2013, the resolution of the Board of Directors No. 5/2013 on September 13, 2013 approved the sale of the common shares of Seree Control Co., Ltd. to Mizaza International Limited total of 110,000 shares, at a price of 100 baht per share, for the total money of 11 million Baht, with a stake of 11.83 % of the share capital. This is to reduce the management load of the company.

In 2014, the accounting system was improved by using SAP Business One program to record the accounts in the accounting system, stock, debtors, creditors and classification to the prepare and develop in all the tasks to be compliance with international standards. There was a resolution of the Board of Directors Meeting No. 5/2014 held on November 10, 2014 approved the sale of land in Soi Kajornvit, Bangplee, Samutprakan to the third parties, with total area of 390 square meters at a price of 35,000 baht per square, with total amount of 13.65 Million Baht, with profits from the sale of 1.56 Million Baht to reduce the burden of care.

Group Shareholding Structures

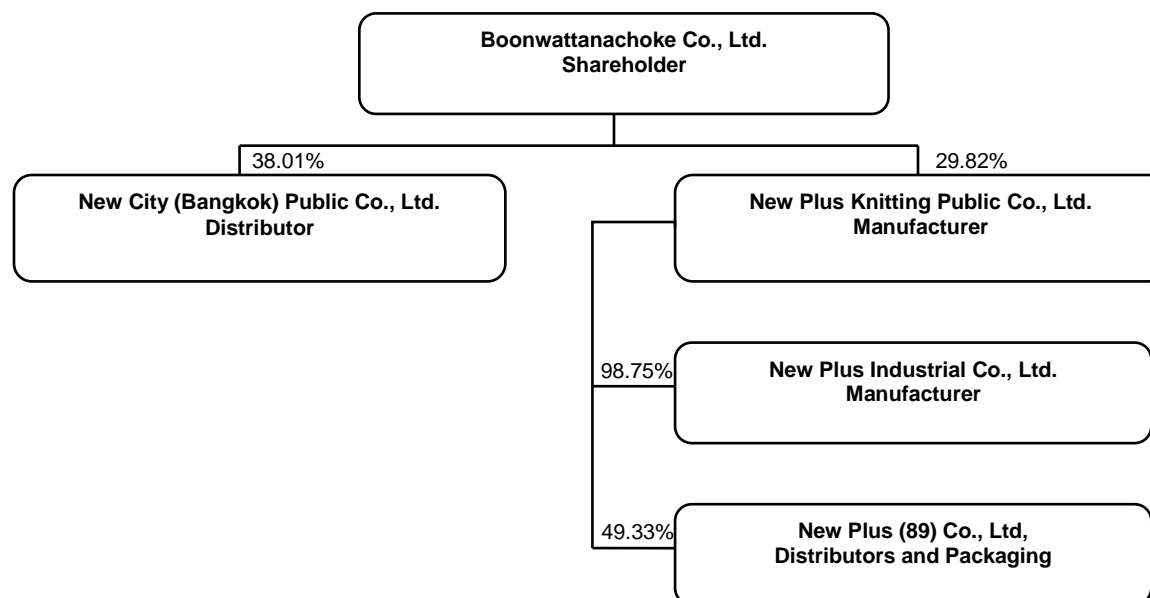


The company has one joint company, namely New Plus Knitting Public Co., Ltd., with a shareholding 14.79%, and New Plus Knitting Public Co., Ltd. has 2 subsidiaries, New Plus Industrial Co., Ltd. holds 98.75% shares and New Plus (89) has 49.33% stake, respectively.

New City (Bangkok) Public Co., Ltd. is a distributor of raiment goods such as stockings, socks, underwear, gymnastics and pajamas which purchase from New Plus Knitting Public Co, Ltd. who are manufacturer of the same type goods above and distribute of orders to two subsidiaries, New Plus Industrial Co., Ltd. and New Plus (89) Co., Ltd.

Relationship with the group of major shareholders

The company is a distributor of garment with 69.11 % of goods order from factory in associate with New Plus Group, which is a manufacturer under the same trade mark which New Plus Group has Boonwattanachoke Co., Ltd. as major shareholder which has the business structure as follows.



The New Plus Group has a policy allowing affiliates, each with its own policies and administration. New City (Bangkok) Public Co., Ltd. is a supplier of raiment goods, with 60-80 % of goods purchased from the affiliated companies, the price set are in accordance with market prices and not different from other action items unrelated to free trade . Negotiation depends on the mechanism of the market in general.

Nature of Business

The company is a distributor of clothing and cosmetics under its own brand, categorized by product lines as follows.

1. Clothing Production Line

- 1.1 Product Line of stockings / socks under the brand of Cherilon and GOLDENLEGS.
- 1.2 Product Line of nightwear and underwear, under the brand Kara and CHERILON INTIMATE.
- 1.3 Product Line of simulated exercises clothes and ballet clothes, under the brand of CHERILON-EX and DANS MATE
- 1.4 Product Line of fashion shirts and trousers under the brand of Cherilon Basic and Cherilon Leggings.
- 1.5 Product Line of men's underwear under the brand of SANREMO.

2. Cosmetic Products

- 2.1 Facial cares Products under "MISASA" brand, e.g. powders, lipsticks, eyeliners, mascara and skin care set.
- 2.2 Body Care Products under the "SCRUPLE" brand e.g. show cream, shower creams, gel soap with bee milk, body lotion with bee milk, body lotion with pearl extracts, hygienic gel, etc.
- 2.3 Skin Care Product, imported from Korea under the brand of DEOPROCE which consist of face care cream and kin care.

Revenue Structure

Products Line/Business Group	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Clothing	596.13	89.55	563.69	88.01	587.20	89.24
Cosmetics	69.59	10.45	76.81	11.99	70.81	10.76
Total revenue from sales	665.72	100	640.50	100	658.01	100
Increase (Decrease) Rates	3.94		-2.66		4.63	

Marketing and Competition

The Company recognizes the importance of trade competition in the market, so we have carefully studied the comparative analysis of the competitors of the similar type of products, especially the clothing business which have high competitive in price reductions, product imitative, and the falsely popularize of the brand. The company is focusing the market sustainability and ready for the changes in circumstances that may occur very carefully and focus on customer satisfaction in the following.

1. **Products.** The companies invent, design and develop products with quality standardized and accepted in the dressing fashion industry continuously each year. For year 2018 has designed the textile products under Plus Size stockings that support thin, clear skin coupled with Opaque Tights, enhances the look of the fashion style. Both models extend the abdomen to widen for the most comfortable wear and hip lift stockings under The Slenderwear Collection, hip-stocking and slimming pants, as well as stockings in the same body! Both lifting the buttocks, reducing the belly, small legs with strong fibers with tough, durable and easy to wear. For underwear garments under Cherilon Intimate, a single short dress slip, decorated with lace, chest and side in the SUMPTUOUS RED SATIN set in three shades of dark red , light orange and dark purple. Short-sleeved bodysuit, split decorated with black crystal under A SPARKLY NEW YEAR PARTY set, satin pajamas decorated with lace fabric in the CELEBRATE YOUR BODY set, lace bodysuit, long sleeves, flared sleeves lining with velvet satin, lace robe. Short dress, full lace using selected fine lace fabric from France. Tailored to blend with satin fabric that is soft and smooth to provide the latest fashion trends, excellent grade velvet fabric in the BOUDOIR collection. Cherilon's design intimate creates a balance between underwear and outer clothing. The user can choose the style, it is one and SEAMLESS BRA underwear with slim-fitting and comfortable bra Seamless Design Slim's really soft. Compact and comfortable, the design that focuses on slender front and back to create an unforgettable impression. For the exercise set under Cherilon DansMate is a set of exercises and casual wear or as appropriate for the use of customers. The shirt is made from flexible polyester fabric and creates comfort when wearing as wearer can move smoothly and pants made from flexible polyamide fabric, that support muscles while moving and also woven fabric with high resolution making it durable.
2. **Product Brand:**
The Company recognizes its own products under the brand strength and popularize in the market. For example, Cherilon is well known in the fashionable stockings sustained over more than 50 years and has developed a brand and symbols under its own trademark. Such brands include CHERILON, GOLDENLEGS, ACCEMT, ANFANA, ANNABEL, AMANDA, ANGELY, AZIRA ,DANS, CARA, DANS MATE, SANREMO and SCRUPLE, etc.
3. **Pricing:**
The company has set the prices to fit the model and can be appropriate adjusted to suit the market competition.
4. **Marketing:**
The company has implemented a marketing strategy through various public media, e.g. advertising in biweekly and monthly magazines, billboard, television such as variety shows and brochure and advertising and performing a variety of exhibitions (Road Show) at places, both public and private sector to make our products more widely known.
5. **Sales Promotion:**
The company promote the sales by joining sales promotion activities with associated companies under the Saha Group companies in the public and private sectors in order to meet demand of the customers with low income. In addition, there are promotions to trading stores as follows.

5.1 Premium(Giveaway)

The company is targeting for the customer who orders the product in the large volume to get free product, this Contributes to higher sales and an incentive to order from this customer will get the attention of a wholesaler group.

5.2 Services

The company focuses on training staff to be efficient and capable in servicing customers by providing training on the company's products to ensure that the customers are confident in buying our products.

5.3 Trade Discounts

We have offered the discount for the customers who purchase our products in the big volume and for those credit customers who make payment before due dates. The discount will be 3% on the top of original sell prices to enable to increase their profit respectively.

6. Customer Group

Competition, trade in customers, the company has a competitive wholesale market and retail market has different products to fit each customer group. Wholesale group such as storeway supply shops who focused on merchandising brand, and to help this type of stores to compete with competitors for goods imported from China and imitated products. This group of storeway shops has been commercial partner for over 50 years with the market share of 40%. The retail group such as modern trade department stores and convenience stores are sales with high quality and standards brand name that can compete with imported goods, and are in equivalent to 60% of market share.

Industry trends and competition

For 2018 The company have realized this by developing and building websites. www.newcity.co.th to increase its sales channels and Social Media or Facebook naming Cherilon Newcity Cherilondansmate, Cherilon, Cara Newcity, Shopatanywhere Cherilon Dans Mat and additional service sales channel and educational seminars about Digital website at [www.NewcityDigitalBusinessNetwork](http://www.NewcityDigitalBusinessNetwork.com) and Facebook Newcity Digital Business Network, as well as online merchants at LAZADA and ZALORA, 11 Street andShopee One pair of stockings, but beautiful, slender, complete from the waist to the toe, lift the buttocks, reduce the lower leg with The Slenderwear is the ultimate stockings from Cherilon's design that includes all the functions of the hip lift and tights that help keep the legs firm and tapered to make women as beautiful as needed and to increase the ease of wearing as much as possible. So, you do not need to wear lot of pieces but beautiful, complete, and can finish only one pair selected products. Each year there are outstanding products with their own unique characteristics and difficult to imitate.

The company has developed products under its own trademark and is a strong brand that can compete with competitors and also is the redevelopment distributor of other unique products. In order to expand the product group to be more diverse in products we have selected good quality products in order to increase sales channels to be in line with the sales plan as well as selecting the customers that are good partners such as modern trade partners, wholesalers and retailers because the trade was not relying on the PC. The payment is done upon agreements and certain conditions to avoid stores that are vulnerable to debt and is expanding sales to online system by creating our own website as well as sales on well-known websites.

Procurement of products or services: Textile products The company has product department where the designer works in conjunction with the manufacturer of the New Plus Group of companies, which is an associated company. The order is sent for 6-9 months in advance to the manufacturer at acceptable prices which is no different from other unrelated businesses with the purchase order accounted for 69.11 %. The amount order for other textile products is 28.89% and the order is sent in advance for 6-9 months or 12 months for some manufacturers. For cosmetic products, there are 3-5 manufacturers from Saha Group which has trade relationship for over 50 years with the order volume of 1-3 %. The OUTSOURCE, the company has order from non-affiliated suppliers in 2018 at the volume of 10.40 %.

RISK FACTORS

The company is a distributor of textile and garment products under their own trademark under the philosophy " We will Develop products under own brand to be widely known in the fashion industry at the leading level, both domestic and internationally. " The main business of the company has the risk of both internal and external factors as follows.

1.1 Market Competition Risk

Doing textile and cosmetic products business is a highly competitive business There is always a change in the modern era and risk for product imitations, price reduction, competition for market share and the products are diverse and over market demand.

RiskPrevention

The Company focuses on developing quality products, unique for consumers to remember and strengthen the brand to be widely known in the fashion industry for over 55 years. We are focusing on the fibers selections that are good for wearing, emphasizing comfort. The innovation has been applied in product development to keep pace with the modern era in order to impress consumers.

The company has products divided by product lines such as textiles and apparel with a proportion of 90 sales % as follows.

- 1.1.1 Product line of stockings and socks under the brands of CHERILON and GOLDENLEGS
- 1.1.2 Product lines for pajamas and underwear under brands of CARA and CHERILON INTIMATE
- 1.1.3 Product line for gymnastics and ballet dress under the brands of CHERILON-EX and DANSMATE
- 1.1.4 Product line for fashion shirts and pants under the brands of CHERILON BASIC and CHERILON LEGGINGS
- 1.1.5 Clothing product line for socks and underwear for men under the brands of SANREMO

Cosmetics product line with a proportion of sales 10 % as follows.

- 1.1.6 Product lines for skin and body care under the brands of SCRUPLE band MISASA.
- 1.1.7 Product line for skin and body care under the brands of DEOPROCE is imported from Korea.
- 1.18. Product line to take care of body and skin under the symbol of DE LEAF THANAKA Is a product that the company is a distributor

2. Risk to inventory

The Company's products are instant products of textiles, fabrics and fashion products. There is sufficient quantity of products for sales over the period of time. There are product estimates in advance according to popularity in the seasons and off-season, so there are products that stored products in various types of warehouses and consignment warehouses at each point of sale. Some products make good sells and some can only sell a few, therefore there is a risk of different management in the warehouse about list of remaining products in the warehouse, data gathering, taking note of incoming goods and paying out with errors and inaccuracies.

Risk Prevention

The Company has inventory in order to generate sales and keep up with customers' requirement. There are many types of products, so it is important to manage the warehouse, inventory and complexity. There are product groups divided by product line. Classify inventory by type by using a computer system to manage disbursements - admission to the accurate and timely identification of items, hold down longer to reduce prices to clear stock and obsolete products. In 2018 there is textile products inventory in the warehouse of 153.23 Million Baht, stock for sales of 127.52 Million Baht, total 8 branches stock of 15.18 Million Baht, and cosmetics products in the warehouse of 11.60 Million Baht, stock for sales of 1.08 Million Baht.

3. The risk of products obsolescence

The company is a distributor of the product in the form of purchase - to sell. Textile goods such as fashion apparel for women and men have to be sold to meet the needs of the consumer. The fashion industry is changing rapidly, resulting in the inventory risk. In 2018 the company had inventory in the amount of 308.61 Million Baht or 66.34% of current assets and 41.40% of total assets and balance 1.57 time of total assets in the consolidated financial statements, and the rate of inventory turnover of 232 days, affecting the distribution of products out late, affecting inventory obsolescence and high management cost, resulting in a reduction bills that affect net income by for year 2018 has been reduced in the amount of 10.79 Million Baht, or 58.96% of net profit. However, the company is aware of this and takes responsibility and prevents the product obsolete by preparing the management plan for these products.

- For new imported goods, the company is planning to order in accordance with the sales target and pre-order plans to allow Supplier to be able to shift the goods on time and the company has delivered the new imported goods to customers immediately without stock-keeping
- For slow-moving or keeping in the stock for long time, the company has plan to reduce the cost and sell at a cheaper price at the trade shows in the public or private exhibition to help consumers with low incomes,
- Reduce selling points in department stores that do not generate profits and create a selling point that can make sufficient profits and sales.

4.The risk of reliance on major customers or revenue

The company sells products such as textiles, fashion apparel to major customers such as Tesco Lotus and Big C which are discount stores with the sales proportion of 20.89% of the total sales volume. The sale was done with quantitative and low price to be in line with the policy.

Risk prevention

The company has good quality products under the brand of Cherilon to supply to the customers demand in according to the department stores to determine annually and the company offers to increase its products to department stores. For remaining products, the department stores will set the promotion activities to reduce goods price. Price difference is absorbed by the company to maintain sales proportion and long-term partnership.

The company has good relationship with Modern Trade group of customers, and is a long time partnership from the start of business operations, and sales increased on each year and still partnership till this day. Dependence on customers in Modern Trade is selling products that do not rely on the company's salespersons. The sales are subject to the payment terms of 30-60 days. Current shops of this group have expanded trading into convenience stores and have effect on company trade expansion. However, the company increased its sales channel system to wholesalers in Social Network Website and the company has development and education to prepare to sell products online to add sales value in the future and can compensate this group of customers. In 2018, the company expanded its customer base overseas. Increased, resulting in an increase of 81.23 % of exports to be a channel to help generate future income and replace customers in this group

5. The risk of dependence on sales (PC) for the mall

The company has sold its products at department stores and consignment by a counter salesperson and the company has incurred costs, including employee salaries, percentage, allowances, gratuities and overtime. The total cost in 2018, number of sales people 244 people Number of sales staff Increased from 3.83% in the previous year with 31.14% of the total sales of products with the risk of sales decline Significantly

Risk prevention

The company has planned sales in department stores by focusing on counters with high sales. If not necessary, do not expand the area and provide sales areas according to the trade show together with the companies in Saha Group. To consumers directly in order to expand sales channels instead of expanding the area in department stores And increase the sale of products online via social networking Website (Social Network Website) to reduce the cost of sales in order to generate revenue from sales in relying on technology to help in sales to replace sales without having to rely on sales staff and department stores too much.

6. The risk of the relying on single manufacturer

The company has ordered products, such as stockings, socks from New Plus Knitting Public Co., Ltd. and its subsidiaries in the amount of 338.95 Million Baht, accounting for 69.07%, which is a subsidiary and Associates which this in risk of relying on only one major manufacturer. If the manufacturer cannot keep up production by a given time, this will result in sales decline. In 2018, the company had sales of products manufactured by the New Plus Knitting and subsidiaries in the amount of 80%.

Risk prevention

Ordering products from New Plus Knitting Public Co., Ltd. which is a subsidiary of New Plus Group of companies and a joint venture with the joint shareholders and directors and the factory was established together to classify trades systematically by the manufacturers and distributors to facilitate the administration of each type clearly. Ordering products each year, it is planned together for 6-9 months in advance to prevent the production delays and problems can be solved together. Working in the same direction with the trust and confidence in the quality management standard ISO 9001, the company is a distributor under purchase for sell model which has variety of non-exclusive to the manufacturers if the product meets the company's needs if required. For the subsidiary that holds a joint company to support the trade business to manufacturers and distributors to grow evenly.

7. Risks from loans

The company has a bank overdraft (OD) with 6 institutions, in the amount of 97.00 Million Baht in 2018, the total used of 30 Million Baht or 30.93% and has the short-term loan (P / N) with financial 3 institutions in the amount of 322.00 Million Baht and total amount used is 60.00 Million Baht or 18.63%. These total the debt of 90 Million Baht, with the risk of interest rate fluctuations on the global market. In 2018, the company paid interest for loan of overdraft (OD) type in the amount of 0.67 Million Baht in interest rates from 6.87 to 7.75% per annum and pay interest on the loan for P/N type in the amount of 1.56 Million Baht in interest rates from 2.30 to 2.50% per annum. The total interest payment is 2.25 Million Baht.

Risk prevention

The company has systems in place to carefully manage finances to ensure the effectiveness of financial to prevent liquidity shortage, The company has not miss any schedule on pay back of the loan agreements with financial institutions and debt.

8. The risk of loss resulting from operations

For each year operations, the company has set a goal to significantly increase sales volume from the previous year and to compare the results to be applied to operations in accordance with set target and compared to the operation taking place to evaluate and measure the target that company has planned throughout the year to be positive. If there are impact of factors outside the company's control, such as the mechanisms of the market is negative the economic fluctuations and recessions, unrest political conditions, and flooding occurred in the country and abroad was a rare event even in unpredictable situations that may affect the company's operating results. This may result in loss to the company operations because the company has selling costs and administrative expenses increased in proportion to the set target for each year sales increase. The company cannot prevent any unforeseen outside factors but was ready for the changes and strive to lead the company get through the crisis to this day

SHAREHOLDER STRUCTURE

The company has registered paid shares for the value of 149,510,000.00 Baht, dividing into ordinary shares value of 14,951,000 shares with each share value of 10.00 Baht.

Shareholders

The 10 Major shareholders with number shares holding and % ratio are summarized below.

Shares Holding Group	As of 30 th December 2019	
	Number of shares	% Ratio
1. Boonwattanachoke Co.,Ltd.	5,683,384	38.01
2. Sahapattana Interholding Public Co.,Ltd.	2,317,738	15.50
3. Seree Control Co.,Ltd.	835,379	5.59
4. Bangkok Insurance Public Co.,Ltd.	788,744	5.28
5. Mr. Boonpakorn Chokwathana	604,492	4.04
6. Ms. Worawan Chokwathana	390,968	2.62
7. Mr. Phiphob Chokwathana	355,882	2.38
8. Ms. Worawong Chokwathana	350,000	2.34
9. Mrs.Sirina Pavarolarvidya	303,414	2.03
10.Universe Beauty Co.,Ltd.	300,033	2.08
Total shares of 10 major shareholders	11,930,034	79.79
Total Shares	14, 951,000	100

Shareholding's Structure

Shares Distribution categorized by shareholding type

Details	Number of Persons	Number of Shares	Percentage (%)
Corporations			
Thai Nationals	26	10,873,806	72.73
Expatriate	1	45	0.00
Total Corporations	27	10,873,851	72.73
Individuals			
Thai Nationals	923	3,840,782	25.69
Expatriate	8	236,367	1.58
Total Individuals	931	4,077,149	27.27
Total	958	14,951,000	100.00

A group of shareholders to influence the policy management are as follows.

List of Major Shareholders	Number of shareholding (share)	Shareholding Ratio (%)
<u>Family Group who has controls authority</u>		
1. Boonwattanachoke Co.,Ltd.	5,683,384	38.01
2. Sahapattana Interholding Public Co.,Ltd.	2,317,738	15.50
3. Mr. Boonpakorn Chokwathana	604,492	4.04
4. Mrs. Chumnian Chokwathana	62,853	0.42
5. Mr. Phiphob Chokwathana	355,882	2.38
6. Ms. Worawan Chokewathana	390,968	2.62
7. Ms. Worawong Chokwathana	350,000	2.34
Total	9,765,317	65.32

Cross Shareholding

The company has cross shareholding structures between them, but the cross-shareholding has no manner of contrary to the rules of Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2016 "Application for and Approval of Offer for Sale of Newly Issued Shares" Article 15.

Cross Shareholding as of 30st December 2018

Company Names	Shareholding Raito (%)	
	Company holding other company's shares	Company holding other company's shares
<p>1. Holding shares more than 50%</p> <p>1. The other company holding the company's share >50% The company must not have cross shareholding.</p> <p>2. The company holding other company's share >50% That company must not have cross shareholding</p> <p>3. The company holding other company's share >50%</p>	-	-
<p>2. Holding share more than 25% but not over 50%</p> <p>(1) Other company holding share of the company more than 25% but not over 50% must not have cross shareholding over 10%</p> <p style="padding-left: 20px;">- Boonwattanachoke Co.,Ltd.</p> <p>(2) The company holding the other company's shares more than 25% but not over 50%. The other company must not have cross shareholding over 10%.</p>	-	38.01
<p>3. Holding share less than 25%</p> <p>(1) The other company holding shares of the company not over 25%, the company must not holding share in other company over 25%.</p> <p>(2) The company holding other company's shares not over 25%. The other company must not have cross shareholding over 25%.</p> <p>1. New Plus Knitting Co.,Ltd.</p> <p>2. Seree Control Co.,Ltd.</p> <p>3. Sahapathanapibul Public Co.,Ltd.</p> <p>4. Sahapattana Interholding Public Co.,Ltd.</p> <p>5. Chokewattana Co.,Ltd.</p> <p>6. Saipin Wattana.. Co.,Ltd.</p>	-	-
	14.79	-
	-	5.59
	0.55	0.45
	0.07	15.50
	-	1.99
	-	0.07

Dividend Payment Policy

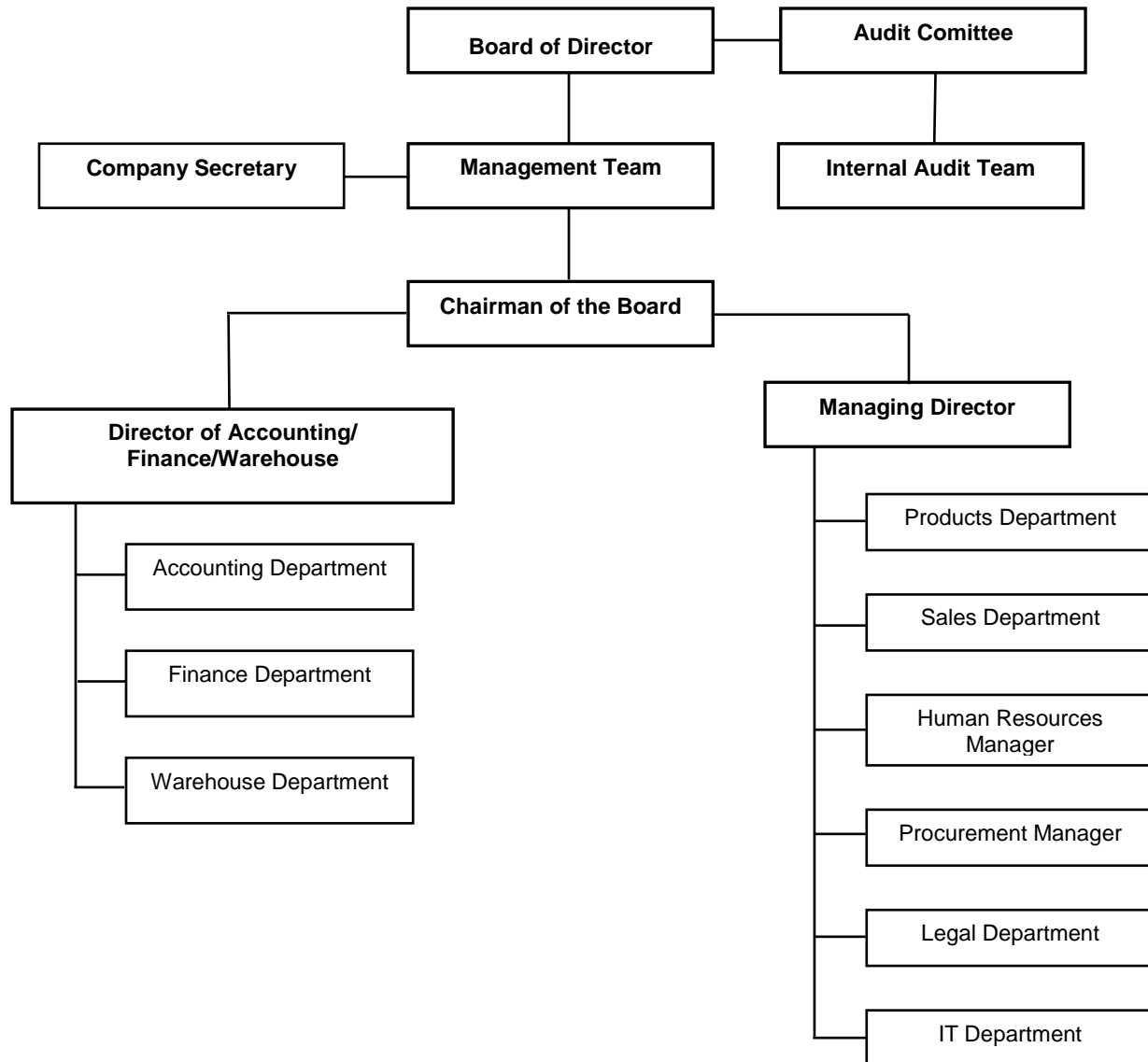
The Company's dividend payment policy is to pay the dividend at the total of not over 50% of net profit of the verified annual financial statements (company's financial statement). The final payment will be made after it has been approved from the annual ordinary shareholders meeting only.

Dividend Payment Details

Description	2018	2017	2016	2015	2014
Number of Shares (share)	14,951,000	14,951,000	14,951,000	14,951,000	14,951,000
Par Value (Baht)	10	10	10	10	10
Dividend per share (Baht)	0.35	0.30	0.22	0.20	0.40
Total Amount (Baht)	5,232,850	4,485,300	3,289,220	2,990,200	5,980,400
Net earnings allocated (Baht)	18,304,632	15,374,802	12,637,749	11,152,800	27,945,338
Ratio of net profit (%)	28.59	29.17	26.03	26.81	21.40

MANAGEMENT STRUCTURE

Organisation Structure



Management Structure

The company management structure consists of the Board of Directors, Management Team and the Audit Committee, dividing into following operations.

1. Operating Management Team, consist of Department Manager and Deputy Department Manager and Head of Departments
2. Internal Audit Control consist of Secretary to the Audit Committee and Internal Audit Team

The scope of work for each department was indicated in written charter, dividing into operational authorities and responsibilities. These were approved by the Board of Directors Meeting No. 8/2008, dated 10th November 2008 by having the secretary to act upon the regulations and as assigned by the Board of Directors.

Changes in Shareholdings of directors and company executives during the year 2019

Name-Surname	Position	No. of shares	Increase (Decrease)	total	Percent
1. Mr. Boonpakorn Chokvathana	Chairman of the Board	604,492	-	604,492	4.04
2. Mrs. Chumnian Chokvathana	Deputy Chairman/Director/Consultant	62,853	-	62,853	0.42
3. Mr. Pipope Chokvathana	Deputy Chairman/Managing Director	355,882	-	355,882	2.38
4. Ms. Vorawan Chokvathana	Director	390,968	-	390,968	2.62
5. Mrs. Duangdao Rattanasopitkul	Director	654	-	654	0.004
6. Ms. Pathaya Ketsatian	Director	36	-	36	0.0002
7. Ms. Jurai-orn Simalawong	Director/Consultant	218	-	218	0.0014
8. Ms. Sam-ang Jantarima	Director/Secretary to Audit Committee	200	-	200	0.001
9. Mr. Piratchai Pragobsub	Chairman of the Audit Committee	-	-	-	-
10. Mr. Sooksan Fuengrit	Audit Committee member	-	-	-	-
11. Ms. Waraporn Phekanant	Audit Committee member	5,000	-	5,000	0.03
12. Dr. Kaweepongse Hirunkasi	Independent Director	-	-	-	-

Note :The total number of shares of spouses and minor children (if any).
: Person No. 1. and 2. Spouses.

Board of Directors

The Board of Directors consists of 12 Directors, 6 of them are members of the Management Team, 6 are non-Management Team members, [4 independent Directors] as per following details.

Names	Position	Board of Directors Meetings	
		Number of Meetings held	Number of Meetings Attended
1. Mr. Boonpakorn Chokvathana	Chairman and President	5	5
2. Mrs. Chumnian Chokvathana	Deputy Chairman and Director	5	5
3. Mr. Phiphob Chokvathana	Managing Director	5	5
4. Mrs. Duangdao Rattanasopitkul	Director	5	5
5. Ms. Pathaya Katesathian	Director	5	5
6. Ms. Jurai-orn Simalawongse	Director	5	5
7. Ms. Worawan Chokewathana	Director	5	5
8. Mr. Piratchai Pragobsub	Chairman to Audit Committee and Independent Director	5	5
9. Mr. Sooksan Fuengrit	Audit Committee member and Independent Director	5	5

10. Ms. Waraporn Pekanant	Audit Committee member and Independent Director	5	4
11. Mr. Kaweepong Hirunkasi	Independent Director	5	5
12. Ms. Sum-ang Jantarima	Director/Secretary to Audit Committee/Secretary to the Board of Directors	5	5

Note: Mr. Piratchai Pragobsub was appointed as a director to replace the director who died in the board meeting No. 1/2561 With effect from 1 March 2018 onwards and has attended the Board of Directors meeting from the 2nd time to the 5th time in total of 4 times

Authorised signatories - 2 Directors signed with company stamp affix.

The names of Directors, two of the seven who can co-sign are as follows.

- | | | |
|-------------------------------|-------------------------------|----------------------------------|
| 1. Mr. Boonpakorn Chokwathana | 2. Mr. Phiphob Chokwathana | 3. Mrs. Duangdao Rattanasopitkul |
| 4. Ms. Pathaya Katesathian | 5. Ms. Jurai-orn Simalawongse | 6. Ms. Sum-ang Jantarima |
| 7. Ms. Vorawan Chokewathana | | |

Authority

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees of different levels.
2. Approved for the loan to a company that has a business relationship with the company as shareholders or companies with businesses trade with each other. Or other company In the amount of excess power to the Management Team.
3. Approve the guarantee for the loan to affiliate companies which have shareholding relationship with the company or other company in the amount that exceed the authority of the Management Team.
4. Approve for participate in legal acts which are non-financial related under the amount exceeding authorisation of the Management Team.
5. Approve for investment, sell of Investments in ordinary shares and / or other securities for the amount that exceed the authority of the Management Team.
6. Authority to approve the disposals, pay or transfer of fixed assets at the amount of not exceeding 10 Million Baht each time.
7. Approve for the procurement and invest in fix assets under the amount exceeding the authority of the Management Team.
8. The authority to approve all types of acts except the legal payment contract which can approve the amount of not exceeding 10 Million Baht each time.
9. The support for reconciliation, dispute resolution by Arbitration Petition Litigation and / or the conduct of any court proceedings on behalf of the Company for non-commercial matters and /or usual trade.
10. The executive powers of the Managing Director related to the acquisition or disposition of assets and the connected transaction to comply with the Notification of the Capital Market Supervisory Board.
11. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, for the amount exceeding the authority of the Management Team.
12. To approve modification, change of price and destruction of raw materials and/or remaining inventories which are deteriorated or out of date, which are of the amount greater than the authority of the Management Team.
13. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not/or normal business course with an amount exceeding the authority of the Executive Board.
14. To propose to shareholders an increase or a decrease of capital, a change of share value; modification of articles of association, regulations and/or objectives of the company.

15. To approve incorporation, merger or dissolution of subsidiaries.
16. To authorize the management, managerial employees of the company, or any other individual to act on their behalf under the company's board of directors policy.
17. To invite members of the management, executives, or relevant employees to provide explanations, opinions or documents as required.
18. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
19. To appoint and remove a company secretary.

Duties and Responsibilities

1. Set the strategy, target and policy for of the company.
2. To approve plans and annual budgets, as well as to supervise the performance of the management in order to ensure effectiveness and compliance with the laws and established policies and plans.
3. To encourage the development of the policy of corporate governance, ethics and business code of ethics in written in order for company directors, executives and employees to observe as guideline in the conduct of the business
4. To arrange for a sufficient internal control system in order to ensure that transactions are approved by authorized individuals, reviewed and well recorded; and, to implement systems preventing inappropriate use of company assets
5. Transactions with possible conflict of interests must be carefully reviewed, with a definite guideline to ensure the interests of the company and the shareholders. Individuals with interests may not be involved in the decision-making process. They must observe the requirements on the proper procedure and disclosure of transactions with possible conflict of interests.
6. To approve the reviewed and/or audited financial reports, which have been approved by the Audit Committee
7. To be equally responsible to all shareholders, and to correctly disclose information to shareholders and investors transparently.
8. To acknowledge business management reports from the Management Team.
9. To call a meeting of shareholders by the date, time, venue and agenda of the shareholders' meeting. The dividend payout (if any) and the Board of Directors' opinion on the matters proposed to the shareholders during the 21 days prior to the meeting date. The Company shall refuse to register the transfer of shares by announcing to the shareholders at the head office and branch offices of the Company not less than 14 days prior to the date of refusal to register the transfer of shares or determine the date for determining the names of shareholders (Record Date: RD up to 2 months prior to the meeting date for the right to attend the shareholders' meeting. And the right to receive dividends..
10. To prepare the report called "Report on the Company Board of Directors' Responsibilities for Financial Statements" and disclose it in the annual report of the company (Template 56-2) and the annual disclosure template (Template 56-1)
11. To follow up on documents to be submitted to relevant regulatory agencies, in order to ensure that the statements or the items are correct as per the data appearing in the account documents, the registration or any other document of the company and to approve the charter of the Board of Directors and/or other committees
12. To approve the charter of the Board of Directors and / or other committees.
13. To engage in any other action, which is beyond the authority of the Management Team, or which the Board of Directors deems appropriate

The company has described the transactions which the Directors may have conflict with the company's interests. Such transaction which may benefit to the Directors, then they are not allowed to vote for.

The following acts need to be approved by the Board of Directors and shareholder's meeting, with the total vote of not less than 3 out of 4 (3/4) from all attendants who have the right to vote.

- An increase/decrease of capital, issuing bonds, merging or dissolution of the Company
- An amendment to the Memorandum or Articles of Association
- Sale or transfer of the company ownership, wholly or partially
- Buying or take over other company or private company
- Doing, verifying or terminating the contract regarding letting to the other company (wholly for partial), assigning personnel to acting on company behalf or merging the business for the profit/loss sharing purpose.

Tenure Period

At each annual ordinary meeting, at ratio of 1 out of 3 Directors will resign from the position. If the numbers of Directors cannot divided into actual number of 3 portions, the nearest numbers to 1 portion out of 3 portions Directors will be released from the position. The released Directors may be appointed to the position again for another term.

Integration or Segregation

Chairman of the Board of Directors as an independent consultant and a separation of duties in the administration are independent of each other and balance each other. The Chairman of the Company has performed the role of leadership and control of the Board of Directors to ensure efficiency and effectiveness, encourage all Directors and Managers to involve in the meeting, helping and supervising the business operations of the Management Team, but will not intervene or routine business of the management. Besides, also defines the scope of authority of each committee and the management can clearly be checked to ensure transparency in management.

Board of Directors Meeting

The Board of Directors recognizes the importance of meeting attendance and treats as the responsibilities to endorse and contribute in decision making for the company operations. The company has set the 2 types of meeting; one is to meet every quarterly to review the budget, and other type of meeting in the critical subject and urgent matters. The Secretary the Board of Directors will send meeting invitation together with the agenda, as well as the minutes of previous meeting to the Board of Directors to acknowledge beforehand in accordance the law and regulations. The Directors may raise the addition agenda at the meeting and can express their views openly. The Secretary to the Board of Directors will prepare the minutes of meeting and file the minutes that were approved by the Board of Directors at the place where the Board of Directors and related persons can audit on required basis.

At the review and consideration of any agenda, the President who act as Chairman of the meeting will give opportunity to Directors and Managers to express their opinion freely.

In all Board of Directors Meeting, the executives will attend to clarify the information as directly related to the problem, and all Directors can request for additional information from the President or Secretary to the Board of Directors in all matters.

After the meeting, Secretary to the Board is responsible for preparing the minutes and submit the the President for review and approve with signature. The Board of Directors Meeting to endorse the first agenda of the next meeting. The Directors can express their view to adjust/add the information in the minutes as to ensure the most accuracy.

The approved minutes of meeting will be filed at the company's office and stored in electronic format together with agendas for each meeting, in order to facilitate the search reference.

Directors Self-Assessment

In 2019, company 12 directors has self-assessed using the assessment form provided by the Secretary of the Company in accordance with the principles of good corporate governance and responsibilities of the Board of Directors, including annual measurement and evaluation carried out at the end of December. The results will be summarized and submitted to the Committee Meeting in the following year. For self-assessment of the Board of Directors for the year 2019, the result has been presented at the Board of Directors Meeting No. 1/2020 on the February 21, 2020 and the resulted has been forwarded the Company Secretary for reference/filing.

Summary of self-assessment results by all 12 members of the committee for the year 2019 are as follows.

Assessment topics	Full Scores	Scored Received (Average)	%
1. Structure and qualifications of the director	1,300	1,300	100
2. Role and responsibilities of the Board of Directors	2,000	1,979	98.75
3. Board of Directors Meeting	900	900	100
4. Duties of directors	700	700	100
5. A relationship with the management	500	498	99.60
6. Development of directors and executive development.	600	600	100
Total	6,000	5,977	99.62

MANAGEMENT TEAM

The Management Team has the responsibility to management of the business operations as per assigned by the Board of Directors, acting as staff and employee of the company, total of 7 persons as per follow.

Names	Position
1. Boonpakorn Chokwatha	President and Chairman of the Board
2. Mr. Phiphob Chokwatha	Vice President and Managing Director
3. Ms. Worawan Chokwatha	Assistant to Vice President and Director of Accounting/Finance and Warehouse
4. Mrs. Duangdao Anansaringkarn	Products and Advertising Manager
5. Ms. Ms. Pathaya Katesathian	Cosmetics Sales Manager
6. Ms. Sumang Chantarima	Accounting Manager
7. Mr. Adul Srimadee	Legal Manager

Authority

1. To appoint, remove, transfer, evaluate and determine compensation and welfare of employees at different levels
2. To appoint and remove any other working committee to carry out actions necessary for the management of the company.
3. Set the working policy and can assign the Director and/or staff at management level to be authorized for disbursement of the company assets.
4. Approve the loan to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
5. Approve the loan guarantee to shareholding or alliance affiliate companies or other companies for the total amount not exceeding 20 Million Baht.
6. To approve engagement in non-financial juristic actions, for total amount not exceeding 20 Million Baht/per action
7. Approve or revoke credit line, at the total amount of not exceeding 20 Million Baht at each time.
8. To approve investment, sale of investment capital in ordinary shares and/or any other securities, for the total amount not exceeding 20 Million Baht.
9. To approve sourcing and investment in fixed assets, in total amount not exceeding 20 Million Baht per case.
10. Approved the disposals, pay or transfer of fixed assets, at the total amount of not exceeding 20 Million Baht at each time.
11. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, provided that the book value does not exceed 10 Million Baht per case.
12. Approve the price adjustment for the conditioning destroy of the raw materials and/or deteriorate, obsolete inventories which will make the accounting value reduced to the actual figure.
13. To approve compromise or settlement of dispute by arbitration, complaint, filing of lawsuits and/or any legal proceeding on behalf of the company on matters which are not normal business course, provided that the amount does not exceed 20 Million Baht. In such case of a normal business course, the amount must not exceed 20 Million Baht.
14. The executive powers of the Executive Board are related to the acquisition or disposition of assets and connected transactions to comply with the Notification of the Capital Market Supervisory Board.
15. To authorize the management level staff of the company or other individual personnel to act on their behalf.
16. Have authorization to invite relevant company staff to attend the meeting to provide the explanation or documents as per necessary on required basis.
17. To consult with specialists or company consultants (if any) or hire third-party consultants or specialists if necessary at the expense of the company.
18. To stipulate any other regulations as deemed appropriate.

Duties and Responsibilities

1. To propose goals, policies, operational plans and annual budgets to the Board of Directors.
2. Responsible for the company business management to meet the target goal and policy of the company.

3. Responsible for strengthen the competitiveness of the company and promote the new innovative continuously.
4. Responsible for the operations to be in accordance with the company policy, objectives and regulations set by the Shareholders Meeting, resolution of the Board of the Directors Meeting, as well as related regulations.
5. The Management Team may distribute the responsibilities among themselves providing that the results of each individual's performance must be reported to the management meeting.
6. Responsible for preparing the financial report for the auditor to audit and/or review before presenting to the auditor committee and the Board of Directors respectively.
7. To review any agenda prior submitting to the Board of Directors for approval.
8. Develop and revise the charger of the Management Team prior submitting the Board of Directors for approval.
9. To engage in any other action as assigned by the Board of Directors.

Authority and Responsibilities of Managing Director

The Board of Directors will appoint the Managing Director who has authority and responsibility as follows.

1. Has authority in company operations management to be in accordance with the company's objectives, regulations, and resolutions of the shareholders' meeting, resolutions of the Board of Directors' meeting, resolutions of the Management Team as well as related regulations.
2. To authorize any necessary and appropriate action to accomplish the deeds under Item 1, and, in the case of any significant matter, the Managing Director needs to report and/or notify the Board of Directors.
3. Has authority to hire, appoint, remove, transfer, reward, issue disciplinary measures against, or issue compensation and welfare for employees, provided that such actions do not conflict with the authority of the Board of Directors.
4. Has authority to issue the company operating regulations which the regulations must not contradict with the policy, regulations, discipline and command of the Board of Directors and/or the Management Team.
5. To source and invest in permanent assets with the total amount not exceeding 10 Million Baht per case.
6. Approved the transfer of disposals in fixed assets. Each credit limit does not exceed 10 million baht.
7. To authorize the company's investment and to sell investment in ordinary shares and/or assets of other companies provided the amount is not exceeding 10 Million Baht per case.
8. To authorize the company's engagement in juristic acts involving non-financial transactions of the amount not exceeding 10 Million Baht per case.
9. Approval of compromise Arbitration, Complaints, Litigation, and / or any court proceedings on behalf of the Company for non-commercial and / or commercial matters.
10. To report any proceeding under Items 5, 6 and 7 to the Board of Directors and/or the Management Team as appropriate at the next meeting.
11. To authorize and/or assign another individual or other individuals to perform certain tasks on behalf of the Managing Director.
12. The above authority of the Managing Director cannot be exercised in the case where the Managing Director is a stakeholder or has a conflict of interests in any manner with the company.
13. In case that there is a doubt or an uncertainty regarding the exercise of any of the above authority, the issue must be presented to the Board of Directors for their consideration.

14. To engage in any other action as assigned by the Board of Directors and/or the Management Team.
- 15.

Company Secretary

Board of Directors has appointed Mr. Adul Srimadee to be the Company Secretary to replace the one who resigned, with effective date of 21st February 2014 with the duties and responsibilities as specified in Section 89/5 and Section 89/16 of the Securities and Exchange Commission (No. 4) Act 2008 which came into enforcement on 31st August 2008 with responsibility, caution and honesty, as well as the requirement to comply with regulations, objectives, Company's policy by the Board resolutions and resolutions of the shareholders' meeting. The qualifications of the person who held position of Company Secretary are shown in in Appendix 1.

The legal duties of the Company are as follows.

1. Prepare and maintain the following documents.
 - Directors Registrations
 - Issue Meeting Invitations of the Board of Directors, minutes of meetings for the Board of Directors meetings and Company annual reports.
 - Issue Meeting Invitations of shareholders' meetings and minutes of meeting for shareholders' meetings.
2. Keeping the reports of interest filed by directors or management and a report on conflicts of interest under Section 89/14, the Chairman of the Board and Chairman of the Audit Committee within 7 days from the date we receive the report.
3. Perform other duties as prescribed by the Capital Market Supervisory Board.
4. Liaise with regulatory agencies such as the Office of the Exchange and maintaining disclosure of information to regulatory agencies and should be specified by law
5. Perform any other duties assigned by the Board of Directors to ensure the Company operations are in accordance in accordance with the standards of good governance

Audit Committee

Audit Committee consists of the 3 company's independent directors, by Mr. Piratchai Pragobsub as personnel with sufficient knowledge and experience to ensure the credibility of the company financial statement.

- | | |
|----------------------------|--|
| 1. Mr. Piratchai Pragobsub | Independent Director and Chairman to the Audit Committee |
| 2. Mr. Sooksan Fuengrit | Independent Director and Audit Committee member |
| 3. Ms. Waraporn Pekanant | Independent Director and Audit Committee member |

Authority

1. Coordination to ensure the unique understanding of all parties between Auditors, The Board of Directors and Internal Audit Team.
2. Has authority to invite the Management Team, or related company staff to explain, express the opinion, attend the meeting or delivery the documents as appropriate, including has access to all level of organisation's information.
3. Has authority to audit related personnel and related topics under the authority and responsibility of the Audit Committee.
4. To consult with specialists or company consultants (if any), or hire third-party consultants or specialists, if necessary, at the expense of the company
5. Has authority to agree for consideration to appoint, transfer, terminate head of internal audit team or other department who is responsible for internal auditing.

Duties and Responsibilities

1. To check and ensure that the company has the accurate and sufficient financial statements.
2. To check and ensure that the company has the suitable and effective internal control and internal audit system and consider for the freedom of internal audit team, including agreement for appoint, transfer, terminate any internal audit team or other department who is responsible for internal auditing.
3. To check and ensure that the company is complying with the law and regulations regarding the securities and stock exchange market under the Stock Exchange of Thailand and related business operating regulations.
4. Considering the selection of the independent personnel to take care of company accounting audit, and propose the benefits for such personnel and also attend the auditors meeting without the Management Team attendance, at least once a year.
5. Considering the related transactions or the transactions which may have contradiction with the benefits and in accordance with the law and regulations of the Stock Exchange of Thailand and to ensure that all transactions are appropriate and to the maximum benefits of the company.
6. To prepare the report of the Audit Committee for disclosure in the annual report of the company. The report must be signed by the Chairman of Audit Committee and contains the following information as a minimum:
 - a) The opinion on accuracy, completeness and credibility of the company's financial reports.
 - b) The opinion on sufficiency of the company's internal control system.
 - c) The opinion on compliance with the laws on securities and stock exchange, Stock Exchange of Thailand regulations and laws relating to the company's business.
 - d) The opinion on suitability of the auditors.
 - e) The opinion on transactions with possible conflict of interests.
 - f) The number of Audit Committee meetings and attendance of each member.
 - g) Overall opinion and observation that the auditors committee recorded from performing in accordance with charter.
 - h) Other matters which the Audit Committee believes that shareholders and investors should be aware of that are within the extent of duties and responsibilities assigned by the Board of Directors
7. In the case where the Audit Committee finds or suspects any of the following matters, which may have significant effect on the financial status and the operations of the company, the Audit Committee must report to the Board of Directors for suitable remedy within a timeframe deemed appropriate by the Audit Committee:
 - a) Transactions with conflict of interests
 - b) Fraud, irregularity or significant defect of the internal control system
 - c) Breaching the laws regarding securities and Stock Exchange as per Regulations of Stock Exchange of Thailand or related business laws.

In the case where the Board of Directors or the responsible executives do not remedy the matter within the timeframe specified by the Audit Committee, a member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

8. Support and follow up to ensure that the company to have an efficient risk management system.
9. Update and revise charter of the Audit Committee and submit the Board of Directors for approval.
10. To engage in any other action as assigned by the Board of Directors at the agreement of the Audit Committee under the authority of company regulations and the laws

Position Tenure

The auditor will be in the position for each period for 3 years from date of position validation date. At the end of assignment, if the Board of Directors has not yet appointed the new set of auditor committee members, the expired auditor committee must carry out the duties until the new committee is appointed. The new auditor committee must be appointed within 2 months after expired date of the previous committee. The previous auditors may be re-appointed as the new auditor committee members.

Independent Director's Qualifications

Definition of "Independent Director" is the person who has complete qualifications and is independent in accordance with regulations of Stock Exchange of Thailand and Securities Exchange Commission.

Qualification of the company's Director as per regulations of the Stock Exchange of Thailand and Securities Exchange Commission are as follow.

1. Holding the shares not more than 1% of the total shares that are entitled for all votes of the company, main company, subsidiary company, or juristic person who might be contradiction. This shareholding includes the shareholding of the person related to that independent shareholder.
2. Not being or never be the Director who take part with the employee's management, staff, permanent consultant, or has authority to control the company, main company, subsidiary company, associated company at the same level or juristic person who has contradiction, except that the person has be obsoleted from being the said person for the period of not less than 2 year before the date of being appointed as Independent Director.
3. Do not have lineage relationship or registered by the law as father, mother, spouse, relatives and children, including the spouse and children of the major shareholders, person who has authority to control or person who will be proposed to be the executive or person who has authority to control the company or subsidiary company.
4. Not have and never have business relationship with the company, main company, subsidiary company, associated company or juristic person who may be contradict in the way that might block the director from expressing the opinion independently. Not being and never be and major shareholder , director which not independent director or executive of the business related company, main company, subsidiary company, associated company or juristic person who might be contradict, except that the person has be obsoleted from the above position for at least 2 year on the date of being appoint as the independent director. The relationship as per the first paragraph including the normal business transaction for the rental business or let of the estates, transaction related to assets or services or providing or receiving the financial assistance by receiving or giving loan, guarantee, giving assets to guarantee the liability, including any other similar habit which will result in the contract party to have liabilities to pay off to other party. The total value is from 3% of assets of the tangible of the requesting person or from 20 Million Baht up, whichever is lower. Liability calculation will use the value calculation of the transaction which is related to each other as per the notice of the Committee of Stock Exchange of Thailand regarding the disclosure of information and follow the regulations of registered company in the allowed transaction. In considering the liability burden, will include the liability that occurred during 1 year before the person has the business relationship with the same person.
5. Not being or never be the company's auditor, main company, subsidiary company, associated company or juristic person which might be contradict and not being the major shareholders of the company. The director who is not independent director, executives or executive partner of the office of auditor which has the company's auditor, main company, subsidiary company, associated company or juristic person, except that the person has been obsoleted from such position or relationship for at least 2 years from the date of being appointed as independent director.
6. Not being or never be the person who providing any professional services, including being legal consultant or financial consultant who earns the income from service providing at the amount of more than 2 Million Baht per annum from the company, main company, subsidiary company, associated company or juristic person which may

be contradict. In this case the professional services provider or juristic person include being major shareholder, director who is not independent director, executives or executive partner of the professional services provider, except that the person has been obsoleted from holding the above position for at least 2 years from the date of being appointed as independent director.

7. Not being the director who is appointed as an agent of the company director of the company's major shareholder or shareholder who is related person to the company's major shareholder.
8. Do not have any other characteristics which preventing the directors from expressing the opinion independently regarding the company operations. After being appointed as independent director which will be in accordance with paragraph 1 to 8, the independent director may be assigned from the Board of Directors to make decision with regards to the business operations of the company, main company, subsidiary company, associated company or juristic company which may have contradict by making decision using the collection decision type.

Principles of Independent Director Selection and recruitment process

Recruitment Committee considering the selection of independent director based on principles and qualifications stated by the Stock Exchange of Thailand and Securities Exchange Commission to propose to the company's Board of Directors and Shareholders' Meeting.

Secretary to the Board of Directors

The company has assigned Ms. Sam-ang Jantarima – Director and Manager of Finance and Accounting and IT who has qualifications and experiences and suitable to take care and responsible for being the secretary to the Board of Directors of the company to ensure that the operations went efficiently as per the good corporate governance.

Secretary to the Board of Directors has the following duties and responsibilities.

1. Provide initial recommendations to the Board on legal matters, Rules and regulations of the Company and to ensure compliance with accuracy and consistency, including the significant changes to the Board.
2. Liaison between Board of Directors, Management Team, overseeing and coordinate with regard to the law, related regulations and follow up that all follow the resolution of the Board of Directors.
3. Arrange the Shareholders' Meeting and Board of Directors' Meeting to be in accordance with the law, company's regulations and other related policy.
4. Record the minutes of Shareholders' Meeting and Board of Directors' Meeting, and follow up the actions from resolutions of the Shareholder's Meeting and Board of Directors' Meeting.
5. Overseeing to ensure that there is disclosure of information and report the related information as per regulations and policy of the Stock Exchange of Thailand and Securities Exchange Commission.
6. Communicate with the general shareholders to ensure that they receive all information and aware of any rights and company information.

Sub Management Team

To give shareholders confidence in the operations of company and that the company operates the business transparently by having the moderator to review and make recommendations carefully.

The Board of Directors has appointed various sub management team to do the check and report to the current Board of Directors. This sub management team consists of the Board of Directors and the Audit Committee. The scope of authority and responsibilities of each committee are set independently to assist in the governance of the company.

The top management

The Company's principal in operating executives' successor replaces commander of all units to be retired, and all executives who cannot perform the duties. The Executive Committee has monitored and evaluated the performance of the persons to be promoted to the Executive level on the basis of the following considerations.

1. Select the qualified candidate under the criteria set by the group who was developed to replace the jobs.
2. Analyze the individual qualification to find out strength and weakness of the person that need to develop further to suit the work placements.
3. Prepare Individual Development Plan to promote the development and empowerment of people who deserve to be selected for the preparation of replacement jobs.
4. Provide leadership to manage the Company to reach strategic goals.
5. Persons who have honesty, justice, moral and ethics, and not being prohibited by law.
6. The persons with visionary, knowledgeable, experienced and understand the business of the Company as well to enable to advise the solutions and the management of the Company efficiently.
7. A person who has gained the respect and confidence of faith from directors and employees, including persons in the business community and the public.

Nomination of Directors

The selection or appointment of a director of the Company is not done through the recruitment process. The company has established guidelines for the appointment of a new Board of Directors to act as the Nominating Committee and the selection of persons to be appointed as a director, by considering the person who has business related knowledge and experience. However, appointment of the new directors will be approved at the meeting of the Board of Directors.

In addition, the nomination of the directors will need to be approved by the shareholder's meeting as per following details.

1. Shareholders have one vote per one share, one vote.
2. Each shareholder must use all his votes in (1) to elect one or many persons to be Directors, but shall not distribute the votes to one more than another.
3. The persons receiving the highest number of votes shall be elected to serve as Directors up to the number of Directors to be elected at the Shareholders' General Meeting. In the case of a persons who has been elected in descending order with an equality of votes exceeded the number of Directors to be elected the Shareholders' General Meeting, the Chairman will have additional casting vote.

In each Annual General Meeting, one-third (1/3) of the directors will resign from the directors. If the number of directors cannot be divided into 3 groups, nearest number to one-third (1/3) ratio will be used.

Directors who will resign in the first and second years after the company registration will be in charge to draw out the names of the directors who will be resigning in the following year. For the years later, the directors who are in the position for longest period will be requested to resign. The resigned directors may be re-elected back to the position again in the future.

In the case of a director becomes vacant other than retirement by rotation. The Committee shall select persons who are qualified and not prohibited by law to fill the vacant position in the next Board of Directors meeting, unless the agenda of the Board is less than two (2) months period, then the replaced director will be in the position for only for the remaining term of the director he represents.

Ratio of Directors who represent shareholders

- None –

Director and Executive Remuneration

Remuneration Committee has set the appropriate remuneration and submits to the Board of Directors for consideration and present to shareholders for approval of such remuneration. The General Meeting of Shareholders No. 51 for the year 2018 on April 23, 2018 has approved the remuneration at the amount of not exceeding 3 million Baht per year and assigned the Remuneration Committee to review and allocate.

Executive compensation is based on the principles and policies of the Remuneration Committee to determine from the performance of each individual executive and pay as per below details.

1. Acting Director

- Meeting Allowance. To serve as Chairman of 5,000 Baht/time and Company directors 3,000 Baht/person/time.
- Annual Remuneration is paid to all the Directors and the remuneration paid to the Board within the limits approved budget and authorized by the shareholders' meeting. The directors who perform duties as the Board of Directors and Management Team as well as Sub Management members will not be entitled for this allowance apart from usual salary.

2. Acting Audit Committee

- Meeting Allowance. The allowance will be paid the Chairman of the Audit Committee at 4,000Baht/time and each Audit committee member at 3,000 Baht /time.
- The remuneration of the Chairman of the Audit Committee 110,000 Baht/annum, and the Audit Committee 90,000 Baht / annum, as from the Annual General Meeting of shareholders and until changed by the compensation paid may not exceed the amount approved Shareholder's General Meeting.

Remuneration of Directors

Compensation in cash for year 2019 (the limit allocate of 3 Million Baht per year).

(a) Compensation Paid to 12 Directors and a Company Secretary, totaling 13 members, comprise of the remuneration and allowances as follows.

List of Directors	Position	Director's Bonus/Allowance (Baht)				Total
		Board of Directors		The Audit Committee		
		Director's Bonus	Meeting Allowance	Auditor's Bonus	Meeting Allowance	
1. Mr. Boonpakorn Chokwathana	Chairman of the Board	400,000	25,000			425,000
2. Mrs. Chumnian Chokewathana	Deputy Chairman/Director/Consultant	200,000	15,000			215,000
3. Mr. Phiphob Chokwathana	Deputy Chairman/Managing Director	400,000	15,000			415,000
4. Ms. Worawan Chokewathana	Director/Consultant	100,000	15,000			115,000
5. Mrs. Duangdao Rattanasopitkul	Director	80,000	15,000			95,000
6. Ms. Pathaya Ketsatian	Director	40,000	15,000			55,000
7. Ms. Jurai-orn Simalawong	Director/Consultant	40,000	15,000			55,000
8. Ms. Sam-ang Jantarima	Director/Secretary to Audit Committee	90,000	15,000	90,000	15,000	210,000
9. Mr. Piratchai Pragobsub	Chairman of the Audit Committee		15,000	110,000	20,000	145,000
10. Mr. Sooksan Fuengrit	Audit Committee member		15,000	90,000	15,000	120,000
11. Ms. Waraorn Phekanant	Audit Committee member		12,000	90,000	12,000	114,000
12. Dr. Kaweepongse Hirunkasi	Independent Director		15,000	90,000		105,000
13. Mr. Abdul Srimadee	Company Secretary	50,000	15,000			65,000
Total		1,400,000	202,000	470,000	62,000	2,134,000
The amount allocated proportion						71.13 %

(b) Executive compensation

Companies paid executives on the basis of the results of Company operations and the performance of each executive in 2019. The Company to pay compensation to executives and 7 operating executives and 2 consultant, by paying by salaries, bonuses in the amount of 11.54 Million Baht.

(c) Other compensation

- Other remuneration of directors - without any special privileges and benefits
- Other compensation of executives - without any special privileges and benefits

Development of Directors and Executives

The company encourages all Directors and Executives to develop their knowledge by giving opportunity for all to attend the seminars which will benefit to the management of the Directors. Such seminars include Director Accreditation Program (DAP) and Director Certification Program (DCP).

In the year 2018, Mr. Phiphob Chokewatthana, Managing Director, attended the Director Accreditation Program (DCP) held by the Thai Institute of Directors. In the year 2019, there were no directors attending the training.

In the year 2019, there were no directors attending the training.

Internal Information Management

There is policy that all directors are responsible for reporting the change of assets' ownership of the company to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Commission Act.

There is regulations to prevent the misuse of the company internal information by the Directors, Managers and all staff which is published internally, this regulations covers the spouse and children who do not become sui juris of the said persons. This is to prevent usage of company's internal information person's own benefits including trading all company's assets, especially during the period of 1 month prior to the release of company's financial statement to public by stating clearly in the staff's Code of Conduct.

In year 2017, there is report on stake holding of the Directors and Managers or related person for the benefit on taking care of stake holding of such persons under the rules and regulations of the Board of Directors to be in accordance with the good government of the company under the new Stock Exchange's Royal Decree. The formal policy to preventing misuse of company's internal information is in written and was distributed to all personnel in the organisation to act upon and this is monitored on regular basis.

There is policy in considering the approval of the related transaction, there is disclosure of stake holding of the Directors, Managers and related person, value of transactions, view of independent Directors and related information for the decision of the Directors/ Shareholders for the company's benefits as a whole.

There is policy preventing the Directors/Shareholders who is stakeholders or related person on company's decision making with such stake holding. The person who is stake holder is not allowed to attend the meeting to make decision on such related agenda to prevent using of internal information for own benefit. All Directors/Shareholders must inform the Stock Exchange on the shareholding change and change on directorship of any companies. Besides, the Company also has a policy on disclosure of critical information to be disclosed only by the persons involved and need to use such information only. However, such information will be disclosed to all Managers together with releasing the information to public.

Personnel

As of 2019 year end, there was 458 staff, divided into categories as follow.

Departments	Number of Staff (person)
Management	15
Sales and marketing	342
Accounting - Finance	33
Warehouse	52
Office	16
Total	<hr/> 458 <hr/>

Employee compensation by category is as follows

	Amount (in thousand Baht)
Salary and bonus	96,835
Director's Bonus	2,134
Overtime and allowances	13,972
Sales Commissioning	6,793

Sales Rewards	4,801
Social Security Fund	3,358
Travel Allowance	953
Welfare Allowance	5,412
Uniform	494
Staff Welfare Cost	69
Vehicles Cost	2,321
Meetings and Membership Cost	4,377
Training and Seminar Cost	131
Total	7,820

Staff Development Policy

New City (Bangkok) Public Co., Ltd. has policy to develop staff at all levels to enable staff to have skills and experience as per requirements of the company. Then the staff will bring success to the company steadily. All staff development will be in accordance with requirements of each function for both offices and stores staff, importantly all training can be evaluated and drastically improved.

There is evaluation process on all training, both before and after the sessions. If found that the training is not effective, there will be improved and repeated, especially for those services and products trainings. Other trainings course will be evaluated based on the effectiveness; especially the seminars will be based on each group's requirements. Besides, providing training,

The training courses conducted in 2019 also about the knowledge of the company products, Sales & Customer Service. In addition, the seminar participants had the opportunity to gain knowledge and understanding in the legal, accounting, human resources management, computer, etc. The number of staff who attended the seminars is approximately 60% of total employees.

the company provides assistance to the staff as follows.

Staff Welfare

- Annual bonuses.
- Retirement Pension
- Group Accident Insurance
- Staff Uniform
- Accident Allowance
- Dead Pension
- Spouse and parent death pension
- Other allowances, such as marriage, childbirth, etc.
- Purchase company products in welfare's prices
- Provident fund

Health and welfare Services

- Promote traditional activities such as give food offerings to a Buddhist monk, watering merit wishes to executives,
- Promote health knowledge

- Promote and encourage employee to exercise
- Outdoors Seminars

Audit Fee

The company pays the audit fee to the Auditors as follows.

Description	Year 2019/baht	Year 2018/baht
The unaudited quarterly financial statements as 1,2,3	581,250.00	555,000.00
Annual finance audit fee	529,250.00	505,000.00
Technology system fee	-	-
Other fees Annual Information Form (56-1).	-	-
Total	1,110,500.00	1,060,000.00
Other fees (reimbursed as per actual expenses), at the amount of not exceeding	15,000.00	15,000.00
Total	1,125,500.00	1,075,000.00

CORPORATE GOVERNANCE POLICIES

The Board of Directors has improved the corporate governance principles of the company. According to the guidelines "Good Corporate Governance Principles for Listed Companies 2012" in order to comply with the ASEAN Corporate Governance Scorecard(ASEAN CG Scorecard) and has developed a new Corporate Governance Handbook To allow the Board of Directors and employees to use as guidelines for performing their duties Correctly, consisting of

1. Corporate Governance Policy
2. The Principles of corporate governance are divided into 5 categories
3. Business ethics
4. Code of Conduct for Company Directors,,Executives and employees

In 2019 Corporate Governance Report Report of Thai Listed Companies 2019 The score is 78. The rating is in the "good" level and the Annual General Meeting of Shareholders for the year 2019 - AGM Assessment is rated at 100 points

As according to the Office of the Securities and Exchange Commission Have changed The 5 Principles of Good Corporate Governance are the Principles of Good Corporate Governance (CG CODE) for listed companies in 2017 which have 8 principles. The Board of Directors acknowledged the said practices. And aware of the roles and responsibilities of leadership of the organization In creating sustainable value for the business Has evaluated and reviewed the implementation of the CG Code as a whole, and saw that the Company has already complied with most practices and is still suitable for the context of the company. The company will consider and review it annually, at least once a year, in order to improve and develop for benefits that are appropriate for the company.

Corporate Governance Code for Listed Companies 2017"(CG Code) of 2017 has the following 8 principles to perform ;

- Principles 1: Establish Clear Leadership Role and Responsibilities of the Board of Director to create the value to the enterprise sustainably.
- Principles 2: Define Objectives the Promote Sustainable Value Creation.
- Principles 3: Strengthen Board of Director Effectiveness.
- Principles 4: Ensure Effective CEO and People Management.
- Principles 5: Nurture Innovation and Responsible Business.
- Principles 6: Strengthen Effective Risk Management and Internal Control.
- Principles 7: Ensure Disclosure and Financial Integrity.
- Principles 8: Ensure Engagement and Communication with Shareholders.

Corporate Governance Policy

The Board of Directors is confident that a proper, transparent and accountable governance system is in place along with checks and balances and an internal control system that is sufficient and appropriate. Alongside these mechanisms are due respect for the rights and equality of shareholders and accountability to all stakeholders. These key factors contribute to the enhancement of the organization's immunity and promotion of a balanced and sustainable growth in the long-term.

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company directors, Executive Officers and all employees.

1. Company Directors, Executive Officers and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executive Officers and employees to Company operations.
2. Company Directors, Executive Officers and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committee and Executive Officer.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely matter to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.

10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.

11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

Corporate Governance principles are divided into 5 chapters, as follows:

1. Rights of Shareholders

1.1 The Board of Directors appreciates and respects the ownership rights of shareholders. No actions are taken to violate or infringe the rights of shareholders. The interests of shareholders are fairly safeguarded and the exercise of rights by all shareholder groups are supported and promoted, whether domestic or foreign, major shareholders, minority shareholders or institutional shareholders, incorporating both the fundamental rights of shareholders, access rights to information in a sufficient and timely manner, and the right to attend shareholders' meetings to determine directions for operations and decisions on matters having a significant impact on the Company.

1.2 The Board of Directors provides opportunities for shareholders to propose items to be included in the meeting agenda and submit questions prior to the shareholders' meeting day. Rules for the proposal of agenda item and advance submission of questions have been published in the Company website.

1.3 The Board of Directors ensures that information pertaining to the day, time, venue and agenda of the meeting are provided together with explanations and reasons supporting each agenda in the notice of the general meeting of shareholders. The shareholders' meeting venue shall be conveniently accessible.

1.4 The Board of Directors has granted shareholders with the authority to approve the remunerations of Company Directors on a yearly basis as well as to determine the rules for paying remuneration to each Company Committee.

1.5 The Board of Directors promotes the use of technology in shareholders' meetings in order to promote accuracy and speed. Votes are taken for each item on the agenda. Shareholders are given the right to elect Company Directors individually and ballot papers are used and independent overseers of the vote count are engaged. 1.6 The Board of Directors publishes shareholders' meeting resolutions along with the voting results for each agenda on the Company website on the day following the meeting. 1.7 The Board of Directors prepares minutes of the shareholders' meeting. The minutes provide an explanation of voting procedures, list of Company Directors, members of Company Committees, and Executive Officers present and absent from the meeting, the voting results in each agenda together with questions and answers. Items which have not been specified in the meeting notice are not added to the agenda. The minutes are published on the Company website.

2. Equitable Treatment of Shareholders

2.1 The Board of Directors treats all shareholders fairly and equitably. Shares of the same class carry equal voting rights, i.e. one vote per share.

2.2 The Board of Directors encourages shareholders who are unable to attend a meeting in person to grant proxies to attend the meeting and vote on their behalves. The proxy form used allows shareholders to determine voting directions and at least 1 independent director will be provided as an alternative for the grant of shareholder's proxy.

2.3 The Board of Directors provides an opportunity for minority shareholders to nominate candidates for election to become Company Directors in the annual general meeting of shareholders.

2.4 The Board of Directors publishes the shareholders' meeting notice in both Thai and English on the Company website at least 30 days in advance of the shareholders' meeting day.

2.5 The Board of Directors encourages all shareholders to exercise their shareholders' rights. Meeting notices as well as supporting documents are sent to shareholders in advance. An English version is also prepared for foreign shareholders.

2.6 The Board of Directors pursues a policy to prevent the use of inside information and has implemented measures to prevent the exploitation of inside information for wrongful interests of oneself or of others. Company Directors, Executive Officers and employees who are in units which expose them to inside information are prohibited from trading in the Company shares in the one month period prior to the public disclosure of financial statements.

2.7 The Board of Directors has directed Company Directors and Executive Officers to declare their interests and the interests of connected persons, to act prudently in regard to the management of conflicts of interests and to comply with rules of the Office of the Securities and Exchange Commission.

3. Role of Stakeholders

3.1 The Board of Directors appreciates and respects the rights of various stakeholders by having regard to rights under the law or agreement with the Company. Stakeholders are ensured that their rights are protected and that they are treated fairly and equitably. A policy has been prescribed as a guideline for the treatment of each stakeholder group, which has also taken into consideration the community, society and the environment, to promote sustainable development, suppress dishonest acts and corruption, avoid intellectual property infringements, including giving due respect to human rights.

3.2 The Board of Directors supports the social responsibility reporting which has been an integral part of the Annual Report.

3.3 The Board of Directors provides channels and procedures for all stakeholder groups to report or file a complaint on any matter which poses a risk of loss to the Company, the accuracy of financial statements or an unfair treatment.

3.4 The Board of Directors has prescribed policies or guidelines for protecting employees or informants of matters which pose a risk of loss to the Company or an unfair treatment.

4. Disclosure and Transparency

4.1 The Board of Directors oversees that there is proper, transparent and timely disclosure of significant information in accordance with the relevant laws and regulations. These disclosures include reports filed in accordance with accounting periods and reports of events having an impact on shareholders' interests, as well as the disclosure of other information pursuant to good corporate governance principles prescribed by the Stock Exchange of Thailand. Disclosure is made to the extent that the Company's legitimate interests are not prejudiced. Information is published in both Thai and English on the Company's website, disclosure channels of the Stock Exchange of Thailand and other channels which are comprehensively and equitably accessible.

4.2 The Board of Directors provides the agency or person responsible for the acts of Investor Relations. Appointing Mr. Adul Srimadee, to be responsible for investor relations to provide the news, information of the Company to investors and other interested persons. These are done via contacting the website of the Company that www.newcity.co.th under the Investor Relations section.

In 2019, the Company and the companies under the Saha Group, together with the Stock Exchange of Thailand has organized the "Analysts and Investors Meet the Saha Group" No. 11 on 28th June 2019, at the Queen Sirikit National Convention Centre In the 23 rd Saha Group Fair for all 13 listed companies to have an opportunity to meet with analysts, investors and the media. To clarify information about the business, operations, views on the industrial economy and important developments of companies in the group As well as allowing everyone to visit the product And new innovations from the group of companies which receive more interest from investors every year

5. Responsibilities of the Board

5.1 The Board of Directors has prescribed a structure for the Board of Directors comprising of persons having a diverse range of knowledge, competencies and experiences, without limitation to gender, and having the qualifications required by law. At least one Company Director is a Non-Executive Director who has experience in the Company's business undertaking. There are also Independent Directors as required under the Notification of the Office of the Securities and Exchange Commission.

5.2 The Board of Directors has provided a definition for an Independent Director which meets the minimum requirements of the Office of the Securities and Exchange Commission.

5.3 The Board of Directors has appointed Company Committees to screen key matters prior to submission to the Board of Directors.

5.4 The Board of Directors has issued a charter for each Company Committee by prescribing the tenure and scope of powers and duties to clearly demarcate the roles, duties and responsibilities of each Company Committee and the management.

5.5 The Board of Directors has a policy which require Company Directors and Executive Officers holding directorial positions in other companies to make a disclosure to the Company Chairman and Chairman of the Audit Committee.

5.6 The Board of Directors has provided for a Company Secretary to perform duties prescribed by law and as entrusted. The qualifications of a Company Secretary should be a person possessing knowledge of law or accounting, or who has completed training relating to the performance of company secretarial duties. Continual training and knowledge development are also continually provided.

5.7 The Board of Directors has prescribed policies for governance, business ethics and codes of conduct for Company Directors, Executive Officers and employees to ensure a harmonized approach.

5.8 The Board of Directors has prescribed a Company vision and mission so that the Company Directors, Executive Officers and employees would strive towards the same goal.

5.9 The Board of Directors has a policy of continually promoting and sponsoring the development of knowledge amongst Company Directors, Executive Officers and employees.

5.10 The Board of Directors prescribes an annual meeting schedule in advance every year. The determination of agenda takes into account the fair interests of shareholders and all stakeholders. All Company Directors enjoy independence in the expression of opinions. A Company Director having an interest in an agenda shall not have the right to vote in such agenda.

5.11 The Board of Directors prescribes a duty for Company Directors to attend all Board Meetings unless there is a necessary cause.

5.12 The Board of Directors has a policy of encouraging senior Executive Officers to attend Board Meetings.

5.13 The Board of Directors provides Non-Executive Directors with opportunities to meet among themselves in the absence of the management when necessary. The Managing Director shall be notified of the meeting outcome.

5.14 The Board of Directors has a policy of promoting the Company Directors' access to essential additional information from the Managing Director, Company Secretary or other assigned Executive Officer within the scope of the set policies. In the event of necessity, the Board of Directors may obtain independent opinions from advisors or external professionals on the Company's expenses.

5.15 The Board of Directors has implemented measures pertaining to conflicts of interest which are prudent, rational and in compliance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

5.16 The Board of Directors prohibits Company Directors and Executive Officers from trading in Company shares in the 1-month period prior to the public disclosure of financial statements.

5.17 The Board of Directors has directed Company Directors and Executive Officers as well as their spouses and children who have not attained legal age to have the duty to disclose shares holdings and changes in holdings of the Company shares to the Office of the Securities and Exchange Commission, and to submit a copy to the Company Secretary for reporting to the Board of Directors in the subsequent Board Meeting.

5.18 The Board of Directors has directed Company Directors and Executive Officers to disclose personal interests and interests of connected persons in accordance with the prescribed rules.

5.19 The Board of Directors has established an internal audit unit as an internal agency accountable to the Audit Committee.

5.20 The Board of Directors requires an annual assessment of the Board of Directors' performance.

5.21 The Board of Directors prepares a report on the responsibilities of the Board of Directors pertaining to the financial statements submitted in the Annual Report.

5.22 The Board of Directors oversees and determines the payment of appropriate remuneration to each committee member pursuant to the powers, duties and responsibilities and draws comparison to the operation levels in the same business sector.

5.23 The Board of Directors has prescribed a succession plan for employees in various positions in view of their advancement to higher positions.

5.24 The Board of Directors provides an orientation for first term Company Directors.

5.25 The Board of Directors has established an internal control system and risk management system.

5.26 The Board of Directors has provided for the monitoring and assessment of corporate governance by establishing a corporate governance committee.

Business Ethics

1. Responsibilities to Stakeholders

1.1 Shareholders

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed.

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with good corporate governance principles, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The Company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders' access to Company information.
5. A report of the Board of Directors' responsibility for the financial statements in the Annual Report shall be prepared.
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders.
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting.
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings.
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

1.2 Customers

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success. The following policies and guidelines have been prescribed in this regard:

1. The Company operates the businesses of manufacturing, product distribution and services which are safe for consumers and environmentally friendly.
2. Businesses are operated with commitment to develop goods and services, introduce new innovations and add value to goods and services in order to continually meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The Company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

1.3 Trading Partners

The Board of Directors treats trading partners equitably and takes into account mutual interests by prescribing the following policies and guidelines.

1. The Company has a system for screening trading partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Trading partners are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality of secrets or communications of trading partners are maintained and not exploited for wrongful gains of oneself or of others.

3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.

4. The Company adheres to trade agreements and makes proper representations of data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.

5. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

1.4 Competitors

The Board of Directors operates businesses in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The Company shall conduct its businesses within the rules of fair competition with due regard to business ethics and trade competition laws of various countries in which the Company operates.

2. The Company will not damage the reputation of its trade competitors.

1.5 Creditors

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.

2. Contracts and terms will be strictly adhered to.

3. Operations will be administered to ensure the confidence of creditors in the Company's financial standing and credit rating.

4. Financial standings shall be accurately and timely disclosed.

5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention.

1.6 Employees

The Board of Directors regards employees as valuable resources and a key factor to the Company's success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.

2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.

3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin colour, race, religion, age, disability or other status that is not directly related to the works.

4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.

5. Employee participation in the determination of the Company's direction and development are promoted.

6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.

7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, Insurance, Bonus, Pension and Employee assistance

8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.

9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.

10. Employees of all levels are encouraged to participate in social responsibility activities

1.7 Community and Society

The Board of Directors operates businesses with due regard for the duties and responsibilities owed to the nation, community and society as well as local traditions in order to maintain a desirable society and participation. In this regard, the following policies and guidelines have been prescribed.

1. A business which could lead to a deterioration of society shall not be undertaken and the rights of others in the community and society shall not be violated.

2. Consciousness of responsibilities towards the community and society as a whole shall be instilled continuously for the benefit of the Company and all levels of employees.

3. Measures shall be provided for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.

4. The preservation of local culture and traditions shall be promoted.

5. Cooperation shall be entered into with various agencies for the development of communities.

6. Public benefit activities shall be sponsored.

7. Incomes shall be generated and the community economy shall be promoted through employment of community members and use of community products.

8. Good relations shall be fostered between the Company and the community and society on the basis of propriety, transparency and fairness.

1.8 Environment

The Board of Directors undertakes businesses with due regard for responsibilities to the environment. In this regard, the following policies and guidelines have been prescribed.

1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.

2. An organisational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.

3. Knowledge promotion and environmental training shall be extended to employees.

4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.

5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.

6. Environmentally friendly technology are developed and published.

1.9 State Sector

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.
2. Proper action shall be taken when conducting transactions with an official or agency of the State.
3. Good relations are fostered between the Company and the State sector within suitable bounds.
4. Relevant laws and business traditions are observed in each country or locality.

2. Conflict of Interests

The Board of Directors has a policy for dealing with conflicts of interests. The following guidelines have been prescribed.

1. The administration of conflicts of interests or connected transactions is undertaken prudently, fairly and rationally. There is a transparent system for approving transactions which primarily takes into account the Company's interests. Interested Company Directors do not have the right to vote and must make a full disclosure in accordance with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Company's interests shall be upheld subject to legality. No action shall be taken that would be a conflict with the Company's interests, and no benefits or privileges will be given to any person.
3. Company Directors and Executive Officers must disclose personal interests and the interests of related persons in accordance with the prescribed rules.
4. Company Directors, Executive Officers and employees who acquire inside information are prohibited from trading in Company shares in the 1-month period prior to public disclosure of financial statements.
5. Company Directors, Executive Officers as well as their spouses and children who have not yet attained legal age shall have the duty to report Company shares holdings and changes in such holdings to the Board of Directors in the subsequent Board Meeting.
6. Company information or secrecy acquired or acknowledged shall not be disclosed or transmitted to third parties or unrelated persons.
7. Disclosure shall be made by authorised Company personnel. Classes of secrecy may be prescribed in accordance with the significance of the information. Disclosure shall be made within the assigned scope of duties and responsibilities.

3. Receptions, receipts and grants of gifts

The Board of Directors aspires to undertake the Company's businesses in line with fair competition. Nevertheless, receptions, receipts and grants of gifts or attendance at receptions in accordance with traditions and practices to maintain good relations are necessary and desirable. In this regard, the following guidelines have been prescribed.

1. No receipts or grants of gifts, tokens or receptions which may influence a decision shall be made. If there is a necessity to receive or grant a gift, token or reception in accordance with tradition to a value in excess of normal circumstances, a report shall be filed with the respective supervisors.
2. In the case of an assignment or authorisation by a supervisor to assist in an external agency, monies, objects or gifts may be received in accordance with the generally applicable rules or standards prescribed by such an agency, e.g. gifts, tokens or lucky draws.
3. In the case where an agent, contractual party, partner or any other person wishes to grant a gift, token or reception to the Company, prior authorisation must be obtained from the Company.
4. Expenses pertaining to these matters shall be maintained within a reasonable budget.

4. Combating Dishonest Acts and Corruption

The Board of Directors has a policy of compliance with the law on combating dishonest acts and corruption. In this regard, the following guidelines have been prescribed.

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in dishonest acts or corruption.
3. Company Directors, Executive Officers and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to

wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.

4. Company Directors, Executive Officers and employees are prohibited from giving or offering to give properties or any other benefits to third parties to induce such person to unlawfully or wrongfully perform or refrain from an act.

5. There shall be a financial reporting system which is transparent and accurate.

6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

5. Non-infringement of Intellectual Property

The Board of Directors pursues a policy of non-infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.

2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorisation.

3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.

4. Intellectual property of creative works produced by employees shall vest in the Company. Upon termination of employment, such intellectual property works must be returned to the Company regardless of the form which it is stored.

6. Non-violation of Human Rights

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities which violate human rights.

2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.

3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions which could cause conflicts or divisions should be avoided.

4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the Company. Such complaints shall be given attention and processed fairly.

7. Safety and Occupational Hygiene

The Board of Directors attaches importance to safety and occupational hygiene. In this regard, the following guidelines have been prescribed.

1. Business undertakings shall comply with laws, regulations and policies on safety, occupational hygiene and working environment with due regard to the safety of life and properties as well as to the impact on the health of employees, trading partners and stakeholders. Regular monitors and safety assessments must be conducted.

2. Occupational safety shall be promoted. Work regulations, procedures and standards are prescribed to ensure working safety consistent with risks. Working environment and safe work procedures are improved. Tools and equipment for safety protection are also provided to employees.

3. Preparations are made for emergency events. An emergency plan has been devised and regular drills and improvements are carried out. This is to prevent and minimize any loss to life or properties of the Company, employees, trading partners and related persons.

4. A safe working culture has been built for the entire organisation to ensure sustainably safe work operations.

Code of Conduct for Company Directors, Executive Officers and Employees

1. Formal Responsibilities

The Board of Directors appreciates the importance of good governance. Continual undertakings are implemented to ensure that Company Directors, Executive Officers and employees are aware and comply with standards under the framework of the Code of Conduct and conduct oneself honestly, cautiously and prudently for the greatest benefit of the Company and all related parties. As a consequence, the following Code of Conduct has been prescribed.

Company Directors and Executive Officers

1. Duties shall be performed responsibly, prudently, honestly and in good faith in compliance with the law, Company Articles and relevant notifications.
2. Duties shall be performed to the utmost of ability in order to generate the greatest returns to the Company. This includes attendance at all meetings, except where there is an unavoidable necessity.
3. Duties shall be performed impartially. In a Board Meeting, Company Directors and Executive Officers shall not vote on matters which they have interests.
4. Conflicts of interests shall be administered prudently and reasonably, in adherence to the Company's interests, to ensure transparent management of operations.
5. The acquisition or disposal of assets of the Company, Company Directors and Executive Officers, including their spouses and children who have not attained legal age, shall comply with the relevant rules and a disclosure shall be made to the Board Meeting in the subsequent meeting.
6. Company Directors and Executive Officers are prohibited from buying or selling Company shares in the 1-month period prior to the public disclosure of financial statements.
7. Company Directors and Executive Officers must disclose personal interests and those of related persons in accordance with the prescribed rules.
8. There shall be regular appraisals of the Board of Directors' performance every year.

Employees

1. Employees must support and cooperate in the Company's activities on a regular basis. Assigned tasks must be performed to the best of ability in order to ensure good results and advancement of the Company and employees.
2. Employees must comply with the relevant law, policies, terms of employment, regulations and notifications.
3. Persons contacting the Company must be treated courteously, hospitably and provided with an excellent service in order to preserve the Company's image and reputation.
4. Trade secrets must be kept and the Company's inside information must not be disclosed to third parties.
5. Loans shall not be obtained from customers, persons connected to customers or business counterparts of the Company, except for loans obtained from a bank or financial institution.
6. Lawful orders of supervisors shall be complied.
7. There shall be a commitment to teamwork, mutual assistance, harmony and mutual respect for the benefit of the Company and employees.
8. Co-workers must be treated generously and with good human relations. No groundless allegations shall be made against others. Credit shall not be claimed for the works of others.
9. Duties shall be performed with determination, in earnest and honesty, and the roles and responsibilities in the Company shall not be abused for the purpose of acquiring wrongful benefits for oneself or for others.
10. Duties shall be performed responsibly, cautiously and without neglect in such a manner which could cause a loss to works or properties of the Company.
11. Employees should conduct themselves as good citizens who comply with the Constitution and relevant laws. Political rights shall be exercised appropriately. Employees shall also avoid any involvement in an activity which is unlawful or inconsistent with public order or the good morals of the people.

2. Maintenance of Company Assets

Company Directors, Executive Officers and employees are under a duty and responsibility to efficiently maintain Company assets and assets under the care of the Company. In this regard, the following guidelines have been prescribed.

1. Assets shall be used for business operations and not used for personal gains or for the gains or third parties.
2. Interests shall be protected and assets shall be cared to prevent loss, damage or wrongful use pursuant to the standards of a reasonable man caring for one's property. Direct or indirect wrongful exploitation of benefits shall be eliminated.
3. Sufficient insurance protection from losses shall be obtained for assets.
4. The use of computers to harass, infringe, spy, corrupt other person's personal data or fabricate evidence which could lead to data theft shall be prohibited. An information security system consistent with international standards shall be installed.
5. E-mails and internet access provided shall used for business purposes. They shall be used cautiously and not prejudice the Company's reputation.
6. Passwords for access to the Company's data shall be kept secret and shall not be disclosed to unauthorized persons.
7. The Company's intellectual property works shall not be reproduced, adapted or used for personal benefit or for the benefit of others without authorisation from the Company.
8. The supervisor shall be reported of any finding of rights infringement or acts which could lead to a rights infringement or any act which could potentially lead to a dispute relating to the Company's intellectual property.

9. The safekeeping of important documents of the Company shall be overseen to ensure full compliance with the relevant laws and regulations. Upon the lapse of the safekeeping period, the relevant employee must oversee that the documents are destroyed by appropriate means.

3. Informants and Complaints

The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behaviour which could cause a problem or loss to the Company. The Company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly. Suitable channels and procedures have been provided by the Company in this regard.

The Company will hear and process all complaints impartially, transparently and fairly. Systematic and just measures for the protection of complainants are provided. Information provided by the complainant is kept confidential in the Company.

Measures for the Protection of Complainants

1. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to insecurity or loss concerns.

2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

4. Interpretations

A supervisor shall be under a duty to take responsibility and give advice to subordinates to ensure knowledge and understanding as well as compliance with the prescribed Code of Conduct. If the Code of Conduct does not provide for any instance, or if there remains a question which renders performance not possible or that a decision cannot be made, the matter shall be consulted with the respectively higher level superior. In the case of a conflict, the decision of the Managing Director, Executive Board and Board of Directors shall be final.

These Good Corporate Governance Principles (First Revision) Approval was granted to this edition in Board of Directors Meeting No. 1/2014 on 21 February 2014, which came into force as of 21 February 2014.

In this year, having considered and considered that it is still suitable for the company. In principle, the company has not implemented such as

1. The Chairman of the Board of Directors should be an independent director

Reason: The company has clearly specified the authority and responsibility of each position.

2. The board of directors should clearly specify the tenure of the independent directors in the corporate governance policy of

Company, which should be no more than 9 years without exception

Reason: The company is confident that the duration of the position does not diminish the independence.

But will increase the experience, knowledge, and understanding of the company's business Which will be better for the performance of duties

3. The committee should consider appointing the compensation committee Nominating Committee

Reason: Appointment of executive directors will be selected from Those with experience, knowledge, competence and understanding in the business of

Company or executive level staff of the company that has experience, knowledge, and ability Working with the company for a long time, which is

Those who understand the business of the company well And have the right qualifications suitable for the company's business operations

CORPORATE SOCIAL RESPONSIBILITIES: CSR

Overall Policies

The Company operates on the principle of good governance and its ethics in business, and focus on social and environmental and anti-corruption by taking into account the interests of all stakeholder groups. We recognize and believe that it will develop and increase the efficiency and effectiveness of improvement across all sectors, literally, which will result in a stable and sustainable business success.

Implementation and reporting

The Company operates under strict compliance with the relevant laws, do not violate or circumvent the legal practice according to the principles of corporate governance as well as the Stock Exchange of Thailand.

Fair Business Operations

The Company recognizes the fair in business, not exploit or take advantage of invalid selfish interests. We operate with equality and fair treatment under the terms of trade that is fair to all trading partners. This will encourage competition and contributes to the development of new types of products and services.

Anti-corruption

The Company emphasizes in the fight against corruption and has written policy set out in the regulations and ethical business practices in the Company's policy to guide the practice for employees, including creating awareness of all staff in honesty, not used for the benefit of dishonest, not to receive payments or other benefits in addition to the trade agreement.

Respect of Human Rights

No action or avoid actions that might cause problems, or affect the the human rights by providing a better understanding of human rights, freedom, equality under the law, and respect for human dignity and equality, regardless of any differences, such as gender, race, religion, etc.

To treat all employees fairly

The Company treats employees fairly and equally, by providing entitled benefits under labor law, Social Security Law and other laws and regulations. The Company provides a reasonable and fair compensation based on knowledge, abilities and performance, by provide training programs and seminars for staff welfare. Provide safe and healthy workplace as well as care to create a good relationship and create no labor dispute between the Company and the employees.

Consumer Responsibility

The Company sale quality products with reasonable price and the products are safe and not harmful to consumers. The products have correct and clear label on product information and items in accordance to law and regulations. No hype that mislead consumers. The staff provides information to consumers, both before and after the sale and receiving feedback from customers, as well as solves the issue raised by customer fairly.

Environmental care

The Company has policy to use invaluable resources for the benefit of reducing waste. The internal communications of the Company is focused on materials recycled or reuse and encourages employees to raise awareness of the importance of environmental conservation. There are various forms of energy saving measures, both in the office and logistics, for example by switching power supplies, change air conditioner to be energy saving type, having decent area and disposal of sewage system, not pollute the environment by avoid using the products that support the nature destruction, etc.

Community and Environment Development

The Company has joint activities in the community by engaging the children's day each year, joining traditional philanthropy event to provide awareness and support to employees of public consciousness and be generous in contributing to society and the community. Also providing cleanliness care event of the Company and nearby areas the keep clean and provide well landscaped.

The company is supporting the Dr. Thiem Chokwatthana Foundation which aims to promote public activities and developing country in various fields, especially with regard to public health and education of children and youth in the remote area. The Foundation has undertaken a variety of activities continuously. Those activities include establishing school scholarship; donate school supplies to schools in deprived rural areas, donation consumables products for philanthropy and donations to the poor and the victims of disaster, as well as the activities that generate benefits to society by the New City (Bangkok) Public Company Limited taking part of the Foundation in donations throughout the period. It also supports the quality of life to the disadvantaged, the disabled, such as donating old calendars to make learning and teaching braille. For the visually impaired such as supporting the implementation of the Prosthesis Foundation, donate blood to Red Cross, etc



Chairman of the Board and employees of the New City (Bangkok) Public Co., Ltd. has joined the merit in the new year occasion and to promote the religious traditional culture

Executives and employees of the company participated in rubber activities to change the volunteer life.

Executives and employees of the company participated in the rubber fabrication activity. At the Buddhasathorn Inpanyo Archives (Suan Mook, Bangkok) distributed to the elderly and patients at the hospital for the benefit of physiotherapy



The innovation and the dissemination of innovation, which operates in responsible to the social and environmental stakeholders

The Company has a policy to improve all stages of the operation based on the principles of social responsibility to create change to the new things that are useful in the improvement of the quality of goods and services, and improve the work process within the Company to use the material well worth the benefits, and when there is a new innovation that benefits the economic value will be published for the benefit of society.

Business practices that affect social responsibility

The Company operates business as apparel distributors, which is classified as management business, not the manufacturer. Therefore, nature of the business is not affiliated or affecting social responsibility or the environment significantly

Social responsibility and environmental for non-core business processes (CSR after process).

The Company and Saha Group of companies have donated money to the Dr. Thiem Chokwathana Foundation, which aims to promote the public activities and support the development in various fields, especially in matters relating to public health and education of children and youth in remote areas, the Foundation has undertaken various activities. Current and ongoing activities include, giving scholarships and supplies for schools in the rural, donations of consumables to the poor and the victims of disaster, as well as activities that generate benefits to society and support the implementation of the Protheses Foundation.

Prevention of corruption involvement

THE COMPANY ADHERES TO THE PRINCIPLES OF GOOD GOVERNANCE IN THE BUSINESS THAT IS FAIR, HONEST, TRANSPARENT AND VERIFIABLE BY PROVIDING A WRITTEN FORM IN THE GOOD CORPORATE GOVERNANCE WHICH HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. THE COMPANY RECOGNIZES THE IMPORTANCE OF THE FIGHT AGAINST CORRUPTION WHICH WAS WRITTEN IN THE GOOD CORPORATE GOVERNANCE UNDER THE BROWSE ETHICS IN THE BUSINESS SECTION ON ANTI-CORRUPTION. IT ALSO RULES TO MEASURES AGAINST CORRUPTION, ALIGNMENT OF PRIVATE PRACTICE IN THAILAND AGAINST CORRUPTION (COLLECTIVE ACTION COALITION) AS A GUIDE TO FURTHER PRACTICE. THE BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES ACKNOWLEDGED AND ADOPT A COMMON PRACTICE.

IN 2016, KHUN BOONPAKORN CHOKEWATTHANA, CHAIRMAN OF THE BOARD, KHUN PIPHOP CHOKEWATTHANA, VICE CHAIRMAN AND MANAGING DIRECTOR, ALONG WITH THE DIRECTORS, EXECUTIVES AND EMPLOYEES OF THE COMPANY AND SAHA GROUP JOINED THE ACTIVITIES TO BUILD UNDERSTANDING IN THE FIGHT AGAINST CORRUPTION AND ATTENDED THE DISSEMINATION OF THE THIRD NATIONAL ANTI-CORRUPTION STRATEGY (BE 2560-2564), ORGANIZED BY THE OFFICE OF THE NATIONAL COMMISSION ON CORRUPTION PREVENTION AND COMBAT.

INTERNAL AUDIT CONTROL SYSTEM AND RISK MANAGEMENT

The Board of Directors recognizes the importance of internal controls and financial performance, operations and governance by appointing the internal audit unit to monitor the performance of such systems, including computing systems, as well as providing guidance to ensure the implementation of the guidelines effectively and can independent check and balance effectively.

At the Board of Directors Meeting No. 1/2020 dated 21nd February 2020, the Board reviews the assessment of the adequacy of the internal control system of the Assessment Report of the Audit Committee, concluded that the evaluation system of internal control of the 17 elements of adequate facilities as follows.

1. The organization demonstrates a commitment to the values of integrity and ethics
2. The Committee is independent from the executive and carry out duty to oversight and the development of the internal control.
3. The management has established the structure of reporting system to determine the appropriate power of command and responsibility to achieve the objective under the oversight of the Committee.
4. The organization demonstrates its commitment to the attraction, developing and retaining the capable staff
5. The organization set the duty and responsibility of the employees who are in charge of internal control to achieve the objectives of the organization.
6. The organization has set objectives clearly enough to be able to identify and assess risks related to the objectives of the organization.
7. The organization identifies and analyzes all kinds of risks that may affect the achievement of the objectives set for an entire organization.
8. The organization has considered the chance of fraud risk assessment to achieve organizational objectives.
9. The organization is able to identify and assess the changes that may affect the internal control system.
10. The organization has control measures to reduce the risk of not achieving the objectives of the organization to be at an acceptable level.
11. The organization chooses and develops the general control system technology to support the achievement of objectives.
12. The organization has control activities over the policy which sets out the expectations and procedures to ensure that the policy can lead to actions.
13. The related and quality Organization information to support the quality of internal control to be proceed as scheduled.
14. The organization internal communication information which include objectives and responsibilities of internal controls that are necessary to support the internal control to proceed as planned.
15. The organization has communicated with external organizations on issues that may affect internal controls.
16. The organization are monitoring and evaluate the internal control performance to ensure that internal controls are carried out to fully appropriate.
17. The organization assesses and communicates deficiencies of the internal control in time to the responsible person. This includes the high level management and committee, as appropriate.

The Company has reviewed the assessment the adequacy of the internal control system to manage the risks that may occur each year to prevent the risks that may occur in the future

TRANSACTIONS

The Company has transactions which are categorized under related transactions under the notice of Stock Exchange of Thailand regarding the disclosure of information and operations of the registered Company for related transactions no. 2, year 2004 and in accordance with the notice of the investment control committee number Tor.Jor.21/2008 by diving into categories as follows.

Type 1 – Business as Usual Transactions

Related Person	Relationship	Nature of transaction	Transaction Value (Thousand Baht)	General Description
Boonwattachoke Co.,Ltd.	As a major shareholder and a director.	Trade Debtor	167	Amount of outstanding debt owed and are not due yet and not more than 3 months.
		Accrued Income	9	Common services such as garbage collection, electricity and water supply are not to be paid within 1 month.
		Goods Sale	375	My shop stocking branded MARYTEX plus the cost. 5-6% is the design and plant sales as the carrier. The Company does not cost a gain of 5-6%.
		Other revenues	151	A centralized garbage collection Cleaning the electric bill
New Plus Knitting PCL and subsidiaries	A joint and common directors	Trade Debtor	2	Amount of outstanding debt owed and are not due yet
		Trade Payables	77,788	The purchase of inventories by aging who have not reached the payment term of 90 days.
		Goods Purchase	291,562	Purchase at market price, which is not acceptable to act different from the other parties unrelated to free trade negotiations based on the mechanism of the market in general terms of 90 days.
		Dividends	592	Receive dividends at a rate of 0.15 baht / share.
		Commission	438	Contact Customer commission from sales abroad
Shapattanaphibul PCL	As a shareholder and a director	Dividends	2,881	Receive dividend at the rate of 1 baht. 2nd time, at the rate of 0.60 baht per share
Sahapattana Inter Holdings	As a shareholder and a director	Dividends	296	Receive dividend at the rate of 0.50 baht. 2nd time, at the rate of 0.20 baht per share
IT City Public Co., Ltd.	As a shareholder and a director	Dividends	248	Receive dividend at the rate of 0.07baht.
Jensilp Industry Co., Ltd.	As a shareholder and a director	Accrued expense	86	Property rental services at outstanding payment 30 days.

Type 3 – Transactions on short term rental or lease of real estate

Related Person	Relationship	Nature of transaction	Transaction Value (Thousand Baht)	General Description
Sahapattanaphibul Public Co.,Ltd.	As a shareholder and a director.	Rental fee	1,843	Rate headquarters building Price / month, 153,600 Baht / month. Contract period of one year starting from 1 January 2019-31 Dec. 2019, according to the rental agreement.
Tiger Distribution & LOGISTICS co.,Ltd.	As a major shareholder	Rental fee	714	The rental fee for warehouse space is 187.50 baht per square meter. The total area is 480 square meters. The contract period is 1 year, beginning 3 May 62 - 30 April 63. Rental prices are in accordance with the agreement.
Jensilp Industry Co., Ltd.	As a shareholder and a director	Property maintenance fee	960	Warehousing and storage rents. Monthly cost of of 80,000 baht / month. Lease term of 2 years from 1 Apr 2017-31 Mar 2019, according to the rental price is based on the area in the vicinity.

Type 4 – Transactions on Assets or Services

Related Person	Relationship	Nature of Transaction	Transaction Value (Thousand Baht)	General Characteristic
Sahapattana Inter Holdings PCL	As a shareholder and a director.	service Fee	1,284	Expenses for organizing sales events in the Saha Group
Tiger Distribution & LOGISTICS co.,Ltd	As a major shareholder	Warehouse management fee	1,511	-Warehouse management fee, service price / month 160,000 baht, for 3 years starting from 3 May 19 - 30 April 2022
		Shipping cost	735	- Shipping cost in Bangkok is 45 baht per box, 70 baht per box in other provinces.
		Service fee	38	- Expenses for the sales of products at the ICC Fair

Type of Securities: Investment in stock market for sale.

List of Securities	Relationship	Cost of acquisition (Thousand Baht)	Market Value (Thousand Baht)
Sahapattanaphibul Public Co.,Ltd.	Shared shareholder and director	12,807	96,785
Sahapattana Inter Holding Public Co., Ltd.	Shared shareholder and director	4,795	29,462
IT City Public Co., Ltd.	Shared director	3,541	9,915
Total		21,143	136,162

Type of Securities: Other long-term investments (Out of stock market)

List of Securities	Relationship	Cost (Thousand Baht)	Fair price / book value (Thousand Baht)
Advance Agrotech Co.,Ltd.	Shared shareholders	3,000	1,306
American Food Co.,Ltd.	Major shareholder	4,200	4,200
Total	Shared shareholders	7,200	5,506

Name of related parties

Related Companies	Relationship Description
1. New Plus Knitting Public Co., Ltd. and subsidiaries	Associated Company
2. Suphatnee Co., Ltd.	Shared Shareholders
3. Advance Agrotech Co., Ltd.	Partly Shared Directors
4. IT City Public Co., Ltd.	Partly Shared Directors
5. Sahaphattanaphibul Public Co., Ltd.	Partly Shared Directors
6. Sahaphattana Interholding Public Co., Ltd.	Partly Shared Directors
7. Ekpakorn Co., Ltd.	Partly Shared Directors
8. Boonwattanachoke Co., Ltd.	Partly Shared Directors
9. Jensilp Industry Co., Ltd.	Partly Shared Directors
10. American Food Co.,Ltd.	As a major shareholder
11. Tiger Distribution & LOGISTICS co.,Ltd.	As a major shareholder
12. Key management member	Authorized persons are planning responsibilities of the company activities both directly or indirectly. This includes company's directors (Whether or not acting in a management level)

Related Transaction Approval Process

The related transaction is proposed to the Audit Committee and/or independent Director for review and makes recommendations to the Board of Directors' Meeting for approval to the appropriate and most beneficial to the organization. Then measure of the NTA to be compliance with the Capital Market Supervisory Board meeting. 21/22008, and in accordance with the Notification of the Stock Exchange of Thailand on the information disclosure and practices of the listed companies on the acquisition or disposition of assets, 2004.

Audit Committee's opinion on the related transaction

The Audit Committee has reviewed the transaction with regard to the appropriate transaction and found that it is a typical of commercial business transaction and to best interest of the Company. The items that received different opinion from the usual list are item on selling products to Boonwattanachoke Co., Ltd.

The selling price added 5- 6% from usual purchase price, which is considered the profitability of products, specifically product under the brand of MARYTEX 5-6% due do noncommercial cost. The buyer that purchases the goods has directly delivered the goods to the Boonwattnachoke Co., Ltd. It is considered to add on the design cost of the factory to the manufacturing Company who have manufactured under the design of the Company. There is no cost incurred, it is reasonable to assume that there is profit at the level of 5-6%.

Policy or related transactions trend in the future

The transaction is a commercial transaction with the size of the increase or decrease of the overall business climate. To enter into a transaction with a person who may have conflicts of interest in the future, this is divided by category below.

- **Business As Usual:** Transaction Type 1, the transaction continues to promote and support the continued trade in the same group. The Company has ordered about 80 - 85% of goods per year from affiliates of New Plus Group, a manufacturer of textiles and has a common trade policy to conduct business ethically and have independent business management by pricing policy terms of trade and trade agreements, as well as the customers that can make comparison as in general. A bargain is depending on the size of the market in the future as a Type 1 are ongoing and recurring. The order quantity is more or less based on the Company's performance and the overall economy.
- **Short-term lease or rental of property.** Transaction Type3. The Company operated under the leases agreement. The Company has its headquarters office building lease, with a lease period of 1 year with an option to renew annually. In the future, the Company will construct a head office building on Suwinthawongse Road, Saladaeng Sub-district, Bangnampreaw District, Chachoengsao, on an area of 12.84 acres. The Company also rent a warehouse to store the products for the period of 2 years and is renewable every two years. In the future, the Company will also move the warehouse to the headquarter at Suwinthawongse

The Company realized its responsibilities to the shareholders and all concerned parties under the principles of good corporate governance in the event of a change in the related transaction. The Company has followed the rules of the Stock Exchange of Thailand on the disclosures and other acts of Listed Companies concerning the related transaction No. 2 year 2014 and the Regulation of the Stock Exchange of Thailand 21/2008.

Shareholders and / or investors can view past related transactions for comparison of 3 years on the company's website. www.newcity.co.th In the 2017 annual report and 2018 annual report
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Management's Statement and Analysis of Financial Status and Performance for the year 2019

Business Operations Overview

In the year 2019, the company had a decrease of 61.31% from accounting records. The loss from employee benefits under the Labor Protection Act (No. 7) 2562 of Section 118 in the calculation of the obligation from 300 days to 400 days, resulting in expenses increased by 7.82 million baht resulting in Profitability decreased And international sales decreased by 55.05% with the sales proportion at 1.94% from the year 2018 with the sales proportion at the level of 4.14%, down 2.20%.

Online e-commerce has a growing sales rate. The sales increased by 416.78% with the proportion of sales at 2.37% to total sales. The company has warehouse management to reduce the risk of product management. There is a warehouse rental with warehouse management from Thaiger Distribution and Logistics Company Limited in order to increase warehouse management efficiency.

Important Change Information

Financial Statements Equity Method

Separate Financial Statements

(Unit : Million Baht)

(Unit : Million Baht)

Item	2019	2018	Increase (Decrease)		2019	2018	Increase (Decrease)	
			Amount	%			Amount	%
Net sales	637.11	665.72	-28.61	-4.30	637.11	665.72	-28.61	-4.30
Reversal of allowance for impairment of investments in associates					1.51	5.09	-3.58	-70.33
Dividend Income	5.06	7.30	-2.24	-30.68	5.65	7.67	-2.02	-26.34
Other income	4.12	3.66	0.46	12.57	4.12	3.66	0.46	12.57
Selling Costs	421.82	456.64	-34.82	-7.63	421.82	456.64	-34.82	-7.63
Distribution Costs	162.63	155.17	7.46	4.81	162.63	155.17	7.46	4.81
Administrative Costs	43.82	47.21	-3.39	-7.18	43.82	47.21	-3.39	-7.18
Loss from employee benefits under labor law	7.82	-	7.82	100	7.82	-	7.82	100
Financial Costs	4.75	2.25	2.50	111.11	4.75	2.25	2.50	111.11
Profit Share	3.03	5.22	-2.19	-41.95				
Profit (Loss) for the year	8.31	19.09	-10.78	-56.47	7.08	18.30	-11.22	-61.31

1. Revenue from sales : For the year 2019, products with sales decreased by 4.30% from sales of foreign products decreased by 55.05% in the country, down 2.11%, divided by textile products decreased 4.60%, fabrics increased by 0.46% and cosmetics decreased Down 0.16%2. Other Income

2. Other income consists of commission, rental of property, service fees with significant changes as per detailed below.Comparison Table Other Income

(Million Baht)

Item	Financial Statements Using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	% Ratio	2019	2018	Increase (Decrease)	% Ratio
Dividend	5.06	7.30	-2.24	-30.68	5.65	7.67	-2.02	-26.34
Reversal of allowance for impairment of investments in associates	-	-	-	-	1.51	5.09	-3.58	-70.33
Other Incomes	4.12	3.66	0.46	12.57	4.12	3.66	0.46	12.57
Total Revenue	9.18	10.96	-1.78	-16.24	11.28	16.42	-5.14	-31.30

Dividend income Dividend income decreased by 30.68% due to lower investment results of securities companies.

Reversal of allowance for impairment of investments in associates: The Company has recognized the investment in New Plus Knitting Plc. At book value 31 December 2019 equals 43.15 baht

Other income: increased from Rental income from property.

3. Selling Costs

In 2019, the cost of goods sold was 66.21% in 2018, 68.59% decreased by 2.39% due to the reduction of non-profit products, focusing on future products and generating profits by Affecting the gross profit up 2.97%.

4. Expenses

In the year 2019, there were distribution expenses in the amount of 162.63 million baht, an increase of 7.46 million baht from year 61, representing 4.81% and administrative expenses of 43.82 million baht, a decrease of 3.40 million baht from year 61. 7.19% with significant expenses for the years ended 31 December 2019 and 2018 as follows:

Item	Administrative Expenses		Selling Expenses		Increase (Decrease)			
	2019	2018	2019	2018	Administration Amount	Sell Amount	Administrative %	Sell
Employees Cost	30.40	33.60	111.44	109.88	-3.20	1.56	-9.52	1.42
Delivery Cost	-	0.01	4.96	5.48	-0.01	-0.52	-100	-9.49
Promotional and Advertising Cost	0.13	0.03	14.92	5.01	0.10	9.91	333.33	197.80
Service Charge	0.33	0.49	13.94	15.02	-0.16	-1.08	-32.65	-7.19
Rental fee	3.07	3.14	2.79	2.07	-0.07	0.72	-2.23	34.78
Public utility free	1.96	1.57	1.87	1.53	0.39	0.34	24.84	22.22

(Unit: Million Baht)

Employee expenses accounted for 68.70% of the total expenses, decreased from the year 2018 by 1.64 million baht, equivalent to 1.14%. Regarding the staff expenses in sales increased by 1.56% because of an increase in overtime allowances. Increased in the year 62, the company created more online advertising media And have supporting activities organized with shops And there was an increase in warehouse rentals

5. Net Profit (Unit: Million Baht)

Item	Financial Statements Using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	% Ratio	2019	2018	Increase (Decrease)	% Ratio
Net profit	8.31	19.09	-10.78	-56.47	7.08	18.30	-11.22	-61.31
Basic earnings per share	0.56	1.28	-0.72	-56.25	0.47	1.22	-0.75	-61.48

The profits of the financial statements showing the investment by the equity method have decreased by 56.47% from the previous year. In the separate financial statements, the rate is lower than 61.31% from the previous year. Employee benefits from 300 days to 400 days have an effect on the use cost increased by 7.82 million baht. In the year 62, the company has created more online media. And supporting activities with shopping malls and stores, resulting in 197.80% increase in sales promotion expenses. Also, an increase in warehouse management and warehouse management has an impact on expenses. Rental increased by 34.78%

6. Financial Status

Assets

Separate financial statements

(Unit: Million Baht)

Item	Financial statements using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Total Current Assets	507.64	465.23	42.41	9.12	507.64	465.23	42.41	9.12
Total Non-Current Assets	281.87	280.25	1.62	0.58	297.93	297.49	0.44	0.15

Increased current assets And non-current assets decreased with the following details

6.1 Inventories increased by 15.03% compared to 69.93% of total current assets because the company has sales points in department stores in Bangkok and other provinces in the form of POS (POS), with 36.80% in stock in department stores. Storage in the warehouse 47.72%, selling products at 11.80%, and products in the showroom 3.68%

6.2 Non-current assets increased From investments in associates 5.13% is a reversal of investment impairment based on book value And additional property purchases in cars and furniture

7. Total Current Liabilities

(Unit: Million Baht)

Item	Financial statements using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Total Current Assets	281.87	250.90	30.97	12.34	281.87	250.90	30.97	30.97
Total Non-Current Assets	58.10	48.00	10.10	21.04	58.10	48.00	10.10	10.10

Total current liabilities increased from the year 2018 in the amount of 12.34 % Million Baht, equivalent to 10.10 percent and the non-current liabilities decreased by 0.91 Million Baht, equivalent to 21.04 percent with details as follows:

- 7.1 Bank overdrafts and short-term loans from financial institutions increased by 73.67% due to investment in fabric product development. And furniture at the point of sale in the mall
- 7.2 Non-current provisions for employee benefits increased by 9.82 million baht or 46.92% from the labor law on employee benefits from retirement from 300 days to 400 days.

8. Shareholders' Equity

(Unit: Million Baht)

Item	Financial statements using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Profit not yet allocated	186.09	171.49	14.60	8.51	203.92	190.11	13.81	7.26
Annual profit	8.31	19.09	-10.78	-56.47	7.08	18.30	-11.22	-61.31
Dividend payment	-5.23	-4.49	-0.74	16.48	-5.23	-4.49	-0.74	16.48
Unallocated retained earnings	189.17	186.09	3.08	1.66	205.77	203.92	1.85	0.91

Retained earnings: At the shareholders' meeting held on 23 April 2019, the shareholders approved the appropriation of retained earnings as at 31 December 2018, at a rate of 0.35 baht per share, totaling 5.23 Million Baht, increasing from the previous year (2018) at 16.48 percent

9. Shareholders' equity

(Million Baht)

Item	Financial Statements Using Equity Method				Separate Financial Statements			
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Issued and paid-up capital	149.51	149.51	-	-	149.51	149.51	-	-
Legal reserve	14.95	14.95	-	-	14.95	14.95	-	-
Unappropriated retained earnings	189.17	186.10	3.08	1.66	205.78	203.93	1.85	0.91
Other components of shareholders' equity	95.91	96.03	-0.12	-0.12	95.36	95.43	-0.07	-0.07
Total liabilities and shareholders' equity	449.54	446.58	2.96	0.66	465.60	463.82	1.78	0.38
Book value	30.07	29.87	0.20	0.67	31.14	31.02	0.12	0.39

Other components of shareholders' equity: Consists of an allowance for market prices of demand securities, 0.07% down from year 2018, Because the stock market price index at the end of the year decreased.

10. Liquidity and Cash Flow

- In the year 2019, the company had cash flow to invest in product development and store decoration equipment, resulting in reduced cash flow, resulting in overdraft and short-term loans by 73.67%

11. Liquidity and Capital Adequacy

The Company received loans from financial institutions in the form of overdraft (OD) and short-term loans (P/ N) as follows:

(Unit: Million Baht)

Category	Amount of credit	Money spent		Balance
		Amount	%	
Overdraft (OD)	97.00	31.95	32.94	65.05
Short-term loan (P/ N)	322.00	125	38.82	197.00
Total	419.00	156.95	37.46	262.05

Factors affecting future performance

The Company operates its core business of fashion apparel for ladies and gentlemen, is a business that is constantly changing according to the era and have an impact on operating results in the future to be as follows.

1. Consumer confidence in the volatility of the economy and natural disasters
2. Utilizing technological innovation in social networking (social network) operations on the internet is a connection to the network to be able to recognize information at the same time, create new connections, start to play a role in doing business which will affect businesses that are not prepared to change. The company has realized the importance and development, online marketing in www.newcitybangkok.com and leading Social Media or Facebook under Cherilon Newcity Bangkok, Cherilon Dansmate, Cherilon, CARA Newcity and www.shopatanywhere.com and consignment goods online to Lazada, ZALORA, and Shope. For the internal work, the work is fitted and eliminate redundant work, reduce unnecessary work and helps to increase coordination between departments to help promote the efficiency and effectiveness of collaboration to be in the same direction to achieve the objectives and reduce the cost of staff by retired employees and resignation, not accepting replacement staff or adding employees without needing, to study bringing technology to develop the organization to enter the digital age.
3. Political stability is an external factor resulting in lacking confidence in expanding investment plans
4. Economic equilibrium is a measure of supply and demand that is important to a good economy or recession, positive or negative effect on business and cannot be controlled.
5. Trade liberalization policy affecting the price competition, counterfeit products is violent and has new competitors. In the future and changing the behavior of consumers from the dress code of women in wearing pants rather than skirts affects the main products of the company, including stockings which the company realized and tried to find other products to replace each year.
6. Traditional shops, like Yee Pua and Sa Pua types, and stall shops have uncertainty in trading as a family system, risking future market expansion.
7. Quality, style and brand of products is important if the product brand is not widely known and product quality and patterns that do not meet the needs of consumers affect direct business operations to generate current and future income. The company can survive because it has a brand that has been known for over 50 years. The Cherilon brand and other brands have tried to create strong and widely known, but still have not quite successful. However, there is continuing research and development for progress and advancement in future success.

COMPANY GENERAL INFORMATION

Company's Name	:	New City (Bangkok) Public Co., Ltd.
Securities Abbreviation	:	NC
Company's registration number	:	0107537001901 (previously Bor.Mor.Jor. 437)
Office Location	:	666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120 Telephone:02-294-6999, Facsimile02-294-4068
Type of business	:	Selling consumables products, both wholesales and retails
Number and Type of Shares	:	Registered Ordinary Shares, 14,951,000 shares
Registered capital	:	14,951,000 shares, at par value of 10 Baht/share, Total 149,510,000 Baht.
Issued capital and called for payment	:	14,951,000 shares, at par value of 10 Baht/share, Total 149,510,000 Baht.

Branch Locations

Branch 1	:	293/16-17 Surawongse Road, Suriyawongse, Bangrak, Bangkok, Telephone (02) 2378460-1.
Branch 2	:	250/1, 1st Floor, Com Kosa Complex, Srichan Road, NaiMuang Sub-District, Muang, Khonkaen, Telephone (043) 389-021.
Branch 3	:	Kardsuankaew Complex, 21 Huaykaew Road, Suthep Sub-District, Muang, Chiangmai, Telephone (053) 894-301.
Branch 4	:	33/3, 1 st Floor, Bamrunrad Hospital, Sukhumvit 3 Road, Klongtoey Sub-District, Klongtoey, Bangkok, Telephone (02) 667-1249.(The rental ended 9/9/2019).
Branch 5	:	1242/2, 2 nd Floor, The Malls Korat, S-34 Mittraparb Road, Muang Sub-District, Muang, Nakhonratchasima, Telephone (044) 288-175.
Branch 6	:	Central Plaza KhonKaen, G45, G nd Floor, 99 Srichan Road, Muang Sub-District, Muang, KhonKaen, Telephone (043) 288-114.
Branch 7	:	Central Plaza Udonthani Showroom, No. A114, Prajaksilapakom, Makkaeng Sub-district, Muang District, Udonthani Province, Telephone 042-110 555, ext.1202.

Juristic Persons who has shareholding value more than 10%

<u>Company's Name</u>	<u>Type of Business</u>	<u>Number of shares</u>	<u>Investment %</u>
Advance Agrotech Co., Ltd.	Flower Planting	29,998	18.28
New Plus Knitting Co., Ltd.	Textiles	1,479,062	14.79

Reference Personnel

Registrar : Assets Deposit Centre (Thailand) Co., Ltd.
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone: (02) 009-9000, Facsimile (02) 009-9991

Accounting Auditor : Ms. Kannikar Wipanurat, a CPA. Registration number 7305
Karintr Audit Company Limited
138 Boonmitr Building 6th Fl. Room B1 Silom Rd.
Kwang Suriyawong Khet Bangrak Bangkok. 10500 Thailand
Tel. (662) 634-2484-6 Fax. (662) 634-2668

Legal Advisor : None

Financial Advisor : None

Consultant or Manager : None
under the management
contract

Investors can learn more on the company annual report
(56-1 Type) of the companies listed. www.sec.or.th or the company's website www.NewCity.co.th

Management Details and Authorized Persons

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
1	Mr. Boonpakorn Chokwathana Position: Chairman of the Board, Chief President Relationship with the executive (2) Relationship with the executive (3) Relationship with the executive (4)	84	Bachelor of Economics The University of Nottingham, United Kingdom Certificate of Director Accreditation Program (DAP) Director Certification Program (DCP) Role of Compensation Committee (RCC)	4.04	1969- present	Chairman of the Board	New City (Bangkok) Public Company Limited
					1962- present	Deputy Chairman of The Board	Sahapattanaphibul Public Company Limited/ Consumable products
					1972- 2018	Deputy Chairman of The Board	Sahapattana Inter Holding Public Company Limited /Investment
					1980- 2012	Independent Director Audit Committee Member and Chairman to the Procurement Department	Bumrungras Hospital Public Company Limited
					2002- 2018	Director	IT City Public Company Limited
					Present	Chairman	Dr. Thiam Chokewattana Foundation
						Director	4 non-listed companies
Holding any position in other organizations or businesses in the past year -none-							
2	Mrs. Chamnean Chokwathana Position: Deputy Chairman and Director Family relationship with executive (1) Relationship with the executive (3) Relationship with the executive (4)	70	Diploma in London in 1969 Certification of Director Accreditation Program (DAP)	0.42	1974- present	Deputy Chairman and Director	New City (Bangkok) Public Company Limited
					1989- present	Chairman of the Board	New Plus Knitting Public Company Limited/Textile
						Director	5 non-listed companies
Holding any position in other organizations or businesses in the past year -none-							
3	Mr. Pipope Chokwathana Position: Director Manager -Executive Chairman	43	Bachelor of Management Information System The University of Central Florida, USA	2.38	2004- present	Director/Managing Director	New City (Bangkok) Public Company Limited
					2018- Present	Director	Sahapattana Inter Holding Public Company Limited /Investment

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years										
					Period	Position	Company/ Business Type								
			Certificate of Director Accreditation Program (DAP) Director Certification Program (DCP)		2018-Present	Director	IT City Public Company Limited								
					2008-present	Assistance Secretary	Industrial Council of Thailand								
						Director	3 non-listed companies								
Holding any position in other organizations or businesses in the past year -none-															
4	Ms.Vorawan chokvathana Position: Director	45	Master of Management Information System Eastern Michigan University , Bachelor of accounting Assumption University Certificate of Director Accreditation Program (DAP)	2.62	2015-present	Director	New City (Bangkok) Public Company Limited								
						Director	3 non-listed company								
					Holding any position in other organizations or businesses in the past year -none-										
5	Ms. Pataya Ketushathira Position: Director	68	Diploma Certificate Bangkok Accounting College Certificate of Director Accreditation Program (DAP)	0.0002	1991-present	Sales Manager – Cosmetics Department	New City (Bangkok) Public Company Limited								
								Holding any position in other organizations or businesses in the past year -none-							
6	Ms. Juraion Chimalawong Position : Director	58	Bachelor of Arts (Accounting) Sunantha Teacher College Certificate of Director Accreditation Program (DAP)	0.0014	1991-Present	Director	New City (Bangkok) Public Company Limited								
					1992-present	Director	Boonwattachoke Company Limited								
						Director	2 non-listed companies								
					Holding any position in other organizations or businesses in the past year -none-										
7	Mr. Suksan Fuangrit Position: Audit Committee	69	Bachelor of Commerce and Finance (Accounting) Thammasart University Certificate of Director Accreditation Program (DAP)	-	2003-present	Audit Committee	New City (Bangkok) Public Company Limited								

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
					1973-1974	Finance Manager	Krung Thai Bank – Ranong Branch
					1975-1976	Finance Manager	Commercial Motors Co.,Ltd.
					1977-1988	General Manager	Thai Takayama Reed Co.,Ltd.
					1989-present	System Planning Consultant	Zabmic Co.,Ltd.
	Holding any position in other organizations or businesses in the past year -none-						
8	Mr.Piratchai Pragobsub Position: Chairman to the Audit Committee	68	Bachelor of Accounting - Honors (Thammasat University) Bachelor of Law (Thammasat University) -Master of Business Administration (Kasetsart University)	-	2018-present	Chairman to the Audit Committee	New City (Bangkok) Public Company Limited
					2001-2006	- Director : Bank of Thailand , Southern Region Office	Bank of Thailand
					2006-2010	- Director : Financial Institutions Monitoring and Analysis Department	
	Holding any position in other organizations or businesses in the past year -none-				2011	-Supervision Group , Bank of Thailand	
9	Mrs. Duangdao Rattanasophitkul Position: Director	64	Bachelor of Information Science Chulalongkorn University Certificate of Director Accreditation Program (DAP)	0.0004	1984-present	Manager of Products Department	New City (Bangkok) Public Company Limited
10	Ms. Waraporn Phekanant Position: Audit	72	D.I.P.S.T. Nicholas Teacher Training Centre for the Montessori Method of Education	0.03	1999-present	Audit Committee	New City (Bangkok) Public Company Limited

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
					Present	Executive Director	Association (Sor.Por.Tor.Thor.) 4 Army Preparatory School
	Holding any position in other organizations or businesses in the past year -none-					Director	1 non-listed company
11	Ms. Sameang Chantrima Position: Director, Secretary to the Board and Secretary to Audit Committee	55	Certificate of High Vocational in Accounting Silom Accounting College Certificate of Director Accreditation Program (DAP)	0.001	1994- present 2002- present	Director Finance Manager Secretary to the Board Secretary to the Audit Committee	New City (Bangkok) Public Company Limited
	Holding any position in other organizations or businesses in the past year -none-						
12	Mr. Kaweepong Hirunkasi Position: Independent Director	70	Bachelor of Commerce Thammasart University Master of Business Management, International Kasetsart University Ph.D. Social Economic Administration Magach University, India Certificate of Public Economics Management for high level executives Kind Mongkut Institute, Class 5 (Por.Sor.Sor.5) Certificate of Director Accreditation Program (DAP)	-	2009- present 1984- 2010 Present 2005- present 2007- present 2009- present	Independent Director Vice Governor Director Director Director Chairman of Audit Committee	New City (Bangkok) Public Company Limited The Metropolitan Power Board Student Alumni Association Triam Udomsuksa under the royal patronage Commerce and Accounting Student Alumni Association Thammasart University Returning Elephant to Nature Foundation AI Energy Public Co., Ltd.
	Holding any position in other organizations or businesses in the past year -none-					Director	2 non-listed company
13.	Mr. Adul Srimadee Position: Company Secretary	55	Bachelor of Law, Ramkhamhaeng University. Diploma of Law, Lawyer Council	-	1992- Present	Company Secretary Legal	New City (Bangkok) Public Company Limited

Item No.	Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding Ratio (%)	Work Experience for the past 5 years		
					Period	Position	Company/ Business Type
14.	Mr Wichian Chaichitorn Position: Chief Accountant Qualifications and conditions of being an accountant in accordance with the rules prescribed in the Notification of the Department of Business Development	36	Bachelor of Accountancy, Accounting, Dhurakij Pundit University	-	2558-Prepresent	Chief Accountant	New City (Bangkok) Public Company Limited

Note: The authorized directors of the company as specified in the certificate are Committee No. 1,3,4,5,6,9,11

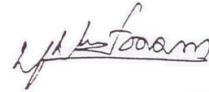
ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT

New City (Bangkok) Public Co., Ltd.'s financial statement is prepared under the policy of the Board of Directors which is in accordance with the generally accepted accounting principles and carefully records the accounting transactions by using the judgment in preparing the financial statement to reflex the actual.

In this regard, the Board of Directors recognized the importance of financial statement's quality by using verification of the financial statement and arrange for disclosure of sufficient important additional information in the notes, definition and analysis of the financial statement for the benefit of the shareholders and general investors in using financial statement.

In addition, the Board of Directors has appointed the Auditor's Committee which consists of the Independent Director, and non-executive Director to be directly in charge for the quality of the financial statement. The opinions and views of the Auditor's Committee are included in the Annual Report.

From the management structure and internal control system together with the report of certified accounting auditor, the Board of Directors are ensured that the New City (Bangkok) Public Co., Ltd.'s financial statement as at 31 December 2019 presenting the financial status, business' s performance and cash flow to be accurate and in accordance with generally accepted accounting principles.



Mr. Boonpakorn Chokwathana
Chairman of the Board

Independent Auditor's Report

To the Shareholders of Newcity (Bangkok) Public Company Limited

Opinion

I have audited the financial statements of Newcity (Bangkok) Public Company Limited which comprise the statements of financial position in which the equity method and the separate statement of financial position as at December 31, 2019, and the statement of comprehensive income in which the equity and the separate statements of comprehensive income, changes in shareholders' equity in which the equity method and separate statement of changes in shareholder's equity and cash flows in which the equity method and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, accompanying financial statement in which the equity method and separate financial statements referred to above present fairly, which comprise the financial position in of Newcity (Bangkok) Public Company Limited financial position as at December 31, 2019, their financial performance which the equity method and the separate and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Allowance for decreasing in inventory valuation

As at December 31, 2019, as describe in note to financial statement Note 6 the Company has inventory amount of Baht 355.01 million, valuation by the lower of cost or net realizable value. The management have to make subjective judgement in consideration of allowance for slow moving and declining value of inventory in accordance to physical damage of each items and the net realizable value consideration from market price at ended date.

I got a confidence of appropriate management's assumption of allowance for inventory calculation. I observed the inventory counting, also sampling invoice to check cost of inventory recording, and also cost allocation related to such inventory. I compared cost of inventory with net realizable value , analyst quantity and movement to find out a slow turn-over and damage.

Impairment of investment in associate

The company recorded impairment of investment in associate in the separate financial statements. The Company has to test of impairment according to Thai financial reporting standard. This test is significant in our audit due to net realizable value of investment in associate is less than investment cost as at December 31, 2019 which significant to the financial statement. The Company considered net realizable value by the last selling price in the Stock Exchange Market and recognized impairment provision in the separate financial statement amount of Baht 6.11 million.

The audit procedure are included check the adjusted value of investment in associate with last selling price in the Stock Exchange Market. I considered the appropriateness of notes to financial statements of the group of the company, refer to Note 8.

Revenue recognition

The Company has many sales channels; such as credit-term sales, wholesale, Point of Sales (POS). Revenue is recognized at the point in time when control of asset is transferred to customer. Revenue recognize is significant in the audit due to there is sizes and number of many transactions.

The audit procedure are included by understanding and test of control in revenue cycle, test to ensure that account system and program system and process of preparing for the financial reporting has appropriate controlling of the revenue recognition when sale to the consumer. Substantive tested of revenue by reconciliation sales reports with cash received and accounting recorded.

Other Information

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Company Financial Statements

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

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

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms.Kannika Wipanurat

(Ms.Kannika Wipanurat)

Certified Public Accountant

Registration No. 7305

Karin Audit Company Limited

Bangkok

February 21, 2020

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED					
STATEMENTS OF FINANCIAL POSITION					
AS AT DECEMBER 31, 2019					
ASSETS					
In Baht					
Financial statements in which					
the equity method is applied					
Separate financial statements					
	Note	2019	2018	2019	2018
CURRENT ASSETS					
Cash and cash equivalents		544,564	461,634	544,564	461,634
Trade and other accounts receivable - net	4,5	152,088,371	156,154,796	152,088,371	156,154,796
Inventories - net	6	355,009,221	308,614,476	355,009,221	308,614,476
Total current assets		507,642,156	465,230,906	507,642,156	465,230,906
NON CURRENT ASSETS					
Available for sale investments - common share - net	7	156,731,072	156,813,217	156,731,072	156,813,217
Investment in associate - net	8	48,987,818	46,595,467	63,821,525	62,312,882
Other long term investment - common share - net	9	12,634,479	12,634,479	12,634,479	12,634,479
Investment property - net	10	2,617,075	2,617,075	2,617,075	2,617,075
Property, plant and equipment - net	11	26,861,722	26,536,798	26,861,722	26,536,798
Other intangible assets - net	12	4,146,883	4,367,819	4,146,883	4,367,819
Leasehold rights - net	13	3,520,333	4,233,581	3,520,333	4,233,581
Deferred tax assets	14	23,249,355	23,241,257	24,471,533	24,765,164
Other non current assets		3,124,814	3,208,535	3,124,814	3,208,535
Total non current assets		281,873,551	280,248,228	297,929,436	297,489,550
TOTAL ASSETS		789,515,707	745,479,134	805,571,592	762,720,456

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED					
STATEMENTS OF FINANCIAL POSITION (CONT.)					
AS AT DECEMBER 31, 2019					
LIABILITIES AND SHAREHOLDERS' EQUITY					
In Baht					
	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
CURRENT LIABILITIES					
Bank overdrafts and short term					
loans from financial institutions	15	156,952,519	90,369,270	156,952,519	90,369,270
Trade and other current payables		123,803,657	155,852,068	123,803,657	155,852,068
Income tax payable		-	2,906,140	-	2,906,140
Current employee benefit obligations	16	1,110,739	1,773,927	1,110,739	1,773,927
Total current liabilities		281,866,915	250,901,405	281,866,915	250,901,405
NON CURRENT LIABILITIES					
Deferred tax liabilities	14	23,841,230	23,857,659	23,841,230	23,857,659
Non current employee benefit obligations	16	30,751,847	20,932,821	30,751,847	20,932,821
Other non current liabilities		3,505,869	3,205,069	3,505,869	3,205,069
Total non current liabilities		58,098,946	47,995,549	58,098,946	47,995,549
Total liabilities		339,965,861	298,896,954	339,965,861	298,896,954
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
14,951,000 shares, Baht 10 par value		149,510,000	149,510,000	149,510,000	149,510,000
Issued and paid - up share capital					
14,951,000 shares, Baht 10 par value		149,510,000	149,510,000	149,510,000	149,510,000
Retained earnings					
- Legal reserve	17	14,951,000	14,951,000	14,951,000	14,951,000
- Unappropriated		189,175,370	186,095,567	205,779,809	203,931,864
Other components of shareholders' equity		95,913,476	96,025,613	95,364,922	95,430,638
Total shareholders' equity		449,549,846	446,582,180	465,605,731	463,823,502
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		789,515,707	745,479,134	805,571,592	762,720,456

EWCITY (BANGKOK) PUBLIC COMPANY LIMITED					
STATEMENTS OF COMPREHENSIVE INCOME					
FOR THE YEAR END DECEMBER 31, 2019					
In Baht					
		Financial statements in which		Separate financial statements	
		the equity method is applied			
	Note	2019	2018	2019	2018
EVENUES					
Net sales	22	637,112,988	665,718,848	637,112,988	665,718,848
Reversal of impairment loss on					
Investments in associates		-	-	1,508,643	5,087,973
Dividend income		5,056,701	7,303,636	5,648,325	7,673,402
Other income		4,118,188	3,655,446	4,118,188	3,655,446
Total revenues		646,287,877	676,677,930	648,388,144	682,135,669
EXPENSES					
Cost of goods sold		421,817,252	456,635,758	421,817,252	456,635,758
Distribution cost		162,629,154	155,166,737	162,629,154	155,166,737
Administrative expenses		43,817,171	47,213,550	43,817,171	47,213,550
Loss employee benefit from labor law	16	7,819,648	-	7,819,648	-
Finance costs		4,753,164	2,251,469	4,753,164	2,251,469
Total expenses		640,836,389	661,267,514	640,836,389	661,267,514
Share of profit of associates		3,030,396	5,224,963	-	-
Profit before income tax		8,481,884	20,635,379	7,551,755	20,868,155
Tax expense	14	169,231	1,545,929	470,960	2,563,523
Profit for the year		8,312,653	19,089,450	7,080,795	18,304,632

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED					
STATEMENTS OF COMPREHENSIVE INCOME (CONT.)					
FOR THE YEAR END DECEMBER 31, 2019					
In Baht					
Financial statements in which					
the equity method is applied					
Separate financial statements					
	Note	2019	2018	2019	2018
Other comprehensive income	20				
Items that will be reclassified					
subsequently to profit or loss :					
- (Loss) on measurement of available					
for sale investments - common share		(65,716)	(7,706,384)	(65,716)	(7,706,384)
- (Loss) on measurement of investment					
in convertible bond		-	(1,226,643)	-	(1,226,643)
- Share of other comprehensive					
(loss) of associate		(46,421)	(40,037)	-	-
Other comprehensive (loss)					
for the year		(112,137)	(8,973,064)	(65,716)	(8,933,027)
Total comprehensive					
income for the year		8,200,516	10,116,386	7,015,079	9,371,605
Basic earnings per share	19	0.56	1.28	0.47	1.22
Weighted average number of					
common shares (shares)		14,951,000	14,951,000	14,951,000	14,951,000

Financial statements in which the equity method is applied (In Baht)

			Other components of shareholders' equity						
			Fair value						
Issued and			changes in	Fair value	Share of other	Actuarial gains	Total other		
paid - up			available - for - sale	changes in	comprehensive	(loss) for	components of	Total	
share	Retained earnings		investments	investment in	income (loss)	employee	shareholders'	shareholders'	
capital	Legal reserve	Unappropriated	common share	convertible bond	of associates	benefit	equity	equity	
149,510,000	14,951,000	171,491,417	103,137,022	1,226,643	635,012	-	104,998,677	440,951,094	
-	-	(4,485,300)	-	-	-	-	-	(4,485,300)	
-	-	(4,485,300)	-	-	-	-	-	(4,485,300)	
-	-	19,089,450	-	-	-	-	-	19,089,450	
-	-	-	(7,706,384)	(1,226,643)	(40,037)	-	(8,973,064)	(8,973,064)	
-	-	19,089,450	(7,706,384)	(1,226,643)	(40,037)	-	(8,973,064)	10,116,386	
149,510,000	14,951,000	186,095,567	95,430,638	-	594,975	-	96,025,613	446,582,180	
-	-	(5,232,850)	-	-	-	-	-	(5,232,850)	
-	-	(5,232,850)	-	-	-	-	-	(5,232,850)	
-	-	8,312,653	-	-	-	-	-	8,312,653	
-	-	-	(65,716)	-	(46,421)	-	(112,137)	(112,137)	
-	-	8,312,653	(65,716)	-	(46,421)	-	(112,137)	8,200,516	
149,510,000	14,951,000	189,175,370	95,364,922	-	548,554	-	95,913,476	449,549,846	

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED									
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY									
FOR THE YEAR END DECEMBER 31, 2019									
Separate financial statements (In Baht)									
	Note	Issued and paid - up share capital	Retained earnings		Other components of shareholders' equity				Total shareholders' equity
			Legal reserve	Unappropriated	Fair value changes in available - for - sale investments common share	Fair value changes in investment in convertible bond	Actuarial gains (loss) for employee benefit	Total other components of shareholders' equity	
Balance as at January 1, 2018		149,510,000	14,951,000	190,112,532	103,137,022	1,226,643	-	104,363,665	458,937,197
Dividend payment	21	-	-	(4,485,300)	-	-	-	-	(4,485,300)
Total contributions by and distributions to owners of the Company		-	-	(4,485,300)	-	-	-	-	(4,485,300)
Comprehensive income (loss) for the year 2018 :									
Profit for the year		-	-	18,304,632	-	-	-	-	18,304,632
Other comprehensive (loss)	20	-	-	-	(7,706,384)	(1,226,643)	-	(8,933,027)	(8,933,027)
Total comprehensive income (loss) for the year		-	-	18,304,632	(7,706,384)	(1,226,643)	-	(8,933,027)	9,371,605
Balance as at December 31, 2018		149,510,000	14,951,000	203,931,864	95,430,638	-	-	95,430,638	463,823,502
Dividend payment	21	-	-	(5,232,850)	-	-	-	-	(5,232,850)
Total contributions by and distributions to owners of the Company		-	-	(5,232,850)	-	-	-	-	(5,232,850)
Comprehensive income (loss) for the year 2019 :									
Profit for the year		-	-	7,080,795	-	-	-	-	7,080,795
Other comprehensive (loss)	20	-	-	-	(65,716)	-	-	(65,716)	(65,716)
Total comprehensive income (loss) for the year		-	-	7,080,795	(65,716)	-	-	(65,716)	7,015,079
Balance as at December 31, 2019		149,510,000	14,951,000	205,779,809	95,364,922	-	-	95,364,922	465,605,731

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED				
STATEMENTS OF CASH FLOWS				
FOR THE YEAR END DECEMBER 31, 2019				
In Baht				
	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit for the year	8,312,653	19,089,450	7,080,795	18,304,632
Adjustment of gain (loss) on cash received (paid)				
Trade and other accounts receivable decrease	2,481,101	78,254	2,481,101	78,254
Other non-current assets (increase) decrease	83,721	(760,549)	83,721	(760,549)
Inventories (increase)	(46,394,745)	(34,112,554)	(46,394,745)	(34,112,554)
Trade and other current payables (decrease) increase	(32,023,849)	29,682,203	(32,023,849)	29,682,203
Other non-current liabilities increase	300,800	546,401	300,800	546,401
Depreciation and amortization	6,295,796	5,954,665	6,295,796	5,954,665
Allowance for doubtful accounts (Reversal)	1,585,324	(184,202)	1,585,324	(184,202)
Impairment loss on investment's in associates (Reversal)	-	-	(1,508,643)	(5,087,973)
Impairment loss other long term investment (Reversal)	-	(396,017)	-	(396,017)
Loss on reduction of capital on other long term investment (Reversal)	-	174,544	-	174,544
Share of profit of associates	(3,030,396)	(5,224,962)	-	-
(Gain) on disposals of equipment	(63,699)	(312,199)	(63,699)	(312,199)
Employee benefits expense	10,409,930	1,631,140	10,409,930	1,631,140
Total Adjustment to reconcile net earnings profit	(52,043,364)	16,166,174	(51,753,469)	15,518,345
Net cash provided by (used in) operating activities				
Dividend income	(5,056,701)	(5,545,554)	(5,648,325)	(5,915,319)
Interest income	(578)	(17,090)	(578)	(17,090)
Interest expense	4,753,164	2,251,469	4,753,164	2,251,469
Tax expense	169,230	1,545,929	470,959	2,563,523
Employee benefits expense	(1,254,092)	(859,343)	(1,254,092)	(859,343)
Income tax (paid)	(3,083,468)	(2,768,853)	(3,083,468)	(2,768,853)
Net cash provided by (used in) operating activities	(56,515,809)	10,772,732	(56,515,809)	10,772,732

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED					
STATEMENTS OF CASH FLOWS (CONT.)					
FOR THE YEAR END DECEMBER 31, 2019					
In Baht					
		Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Cash flows from investing activities					
Cash received interest		578	17,090	578	17,090
Cash paid for purchase of equipment and computer program		(5,304,586)	(4,353,913)	(5,304,586)	(4,353,913)
Cash paid for other intangible assets		(346,288)	-	(346,288)	-
Cash received for sale asset		28,037	373,832	28,037	373,832
Increase in other long-term investments		-	(468,750)	-	(468,750)
Cash received for other long term investment		-	6,325,456	-	6,325,456
Dividend received		5,648,325	5,915,319	5,648,325	5,915,319
Net cash provided by (used in) investing activities		26,066	7,809,034	26,066	7,809,034
Cash flows from financing activities					
Cash paid interest		(4,777,725)	(2,288,880)	(4,777,725)	(2,288,880)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		66,583,248	(11,871,806)	66,583,248	(11,871,806)
Dividend paid		(5,232,850)	(4,485,300)	(5,232,850)	(4,485,300)
Net cash provided by (used in) financing activities		56,572,673	(18,645,986)	56,572,673	(18,645,986)
Net increase (decrease) in cash and cash equivalents		82,930	(64,220)	82,930	(64,220)
Cash and cash equivalents at beginning of the year		461,634	525,854	461,634	525,854
Cash and cash equivalents at end of the year		544,564	461,634	544,564	461,634

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. GENERAL

Newcity (Bangkok) Public Company Limited (“the Company”) is incorporated in Thailand and has registered office at 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok.

The Company was listed on the Stock Exchange of Thailand on September 30, 1977.

The Company engages in the distribution of pantyhose, cosmetics, innerwear and exercise outfits.

2. BASIS FOR FINANCIAL STATEMENT PREPARATION

2.1 Basis for financial statement preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards

2.2.1 Financial reporting standards that became effective in the current period

During the period, the Company have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the company's financial statement.

2.2.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

TAS	Topic
No. 32	"Financial Instruments: Presentation"

TFRS	Topic
No. 7	"Financial Instruments: Disclosures"
No. 9	"Financial Instruments"
No. 16	"Leases"

TFRIC	Topic
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NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

TAS	Topic
No. 16	“Hedge of a Net Investment in a Foreign Operation”
No. 19	“Extinguishing Financial Liabilities with Equity Instruments”

46 numbers of Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standards Interpretation (Revised 2019) have been announced in the Royal Gazette on September 24, 2019 without material change in key concept, which will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when they become effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of the financial statements in which the equity method is applied

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The financial statements in which the equity method is applied include the Company’s share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company’s share of losses exceeds its interest in an associate, the Company’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Segment reporting

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions.

Segment information is presented in respect of the Company's business segments which is based on the Company's management and internal reporting structure (see Note 22).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short - term investments.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Trade and other receivables

Trade and other receivables are stated at their invoice values less allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on the historical collection experience coupled with a review of the current status of existing receivables.

Inventories

Inventories are stated at the lower of cost (after deduction of allowance for obsolete and slow - moving of inventories) or net realizable value.

Cost is calculated using weighted average cost and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less necessary selling expenses.

Allowance for slow - moving and obsolete inventories is based on the ages and conditions of inventories and the historical experience.

Investments

Investments in associates in the separate financial statements of the Company are accounted for using the cost method less impairment losses. Investments in associates in the financial statements in which the equity method is applied are accounted for using the equity method.

Marketable equity securities other than securities held for trading or intended to be held to maturity, are classified as being available - for - sale and are stated at fair value, with any resultant gain or loss being recognized in other comprehensive income.

Equity securities which are not marketable are stated at cost less impairment losses.

Investment properties

Investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment.

The Company has selected the cost model for accounting for its investment properties (if any).

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and allowance for impairment losses (if any).

Depreciation is charged to profit or loss on a straight - line basis over the estimated useful lives of an item of property, plant and equipment. Depreciation is calculated based on cost of the property and equipment less residual value. Useful lives and residual values are reviewed at each year - end. The estimated useful lives are as follows:

	Period (years)
Buildings	20
Furniture, and office equipments	5
Vehicles	5

The company no depreciation is provided on land or assets under construction.

Intangible assets

The Company present intangible assets are stated at cost less accumulated amortization. Such amortization are calculated at cost of assets on a straight - line basis over the estimated useful lives of the assets for 10 years. Intangible assets consist of computer software and intellectual property.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the lease life of 26 - 27 years.

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash -generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Employee benefits

- Provident fund

The Company have established provident fund under the defined contribution plan. The fund's assets are separated entitles which are administered by the external fund manager. The fund is contributed at the rate 2 - 15% of employees' salaries. the Company at the rate of 2% of employees' salaries. The fund contribution payments to the provident fund were recorded as expenses in the statements of income in the incurred period.

- Employee benefit

Short - term employee benefits

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

Post - employment benefits

Defined contribution plans

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

Defined benefit plans

The Company have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from other long - term benefits are recognized immediately in profit or loss. The define benefit plan is recognized immediately in other comprehensive income or loss.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre - tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

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

Revenue is recognized at the point in time when control of asset is transferred to customer and no revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated cost or the probable return of goods.

Interest income is recognized in profit or loss as it accrues.

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established.

Other income is recognized on an accrual basis.

Expenses

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

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred.

Income tax

Tax expense for the year comprises current and deferred tax.

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

Deferred tax is recognized 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 measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

A deferred tax asset is recognized 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 each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Basic earnings (loss) per share

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

Segment information

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments and geography segments of the operations.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 Company 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 Company 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.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Use of estimates

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements 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, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgment and estimates as follow

Impairment of assets

The Company performs impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company determines the devaluation of such assets based on net realisable value. The determination of what is devaluation requires the management to exercise judgment.

Deferred tax assets

The Company recognise deferred tax assets which is calculate on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts that it is probable that future taxable profit will be available. The management needs to make judgment and estimates, based on consideration of the taxable profits that are expected to occur in the future in each period.

Post - employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality rates in Thailand. However, the actual post-employment benefits may differ from the estimates.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. TRANSACTIONS WITH RELATED PARTIES

Related party is a party controlled by the Company or has power control over the Company, directly or indirectly, or has significant influence over the financial or operating policies of the Company.

Name of entities	Nature of relationships
<u>Associate</u>	
New Plus Knitting Pcl. and its subsidiaries	Associate
<u>Other related parties</u>	
Supathanee Co., Ltd.	Common shareholder
Advance Acrotech Co., Ltd.	Common directors
IT City Pcl.	Common directors
Saha Pathanapibul Pcl.*	Common directors
-Chokchaipibul Co., Ltd. and its subsidiaries*	
Saha Pathana Inter-Holding Pcl.	Common directors
Ekpakorn Co., Ltd.	Common directors
Boonwatanachok Co., Ltd.	Common directors
Chensin Industry Co., Ltd.	Common directors
Tiger Distribute & Logistics Co.,Ltd	Shareholder
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

Type of transactions	Pricing policies
Sale	Market price
Purchase	Negotiated Price by the management
Commission income	Market price
Rental income	Market price
Other income	Negotiated price
Rental expense	Market price
Service for inventory	Market price
Other expense	Negotiated price

Significant outstanding balances of assets and liabilities with its related parties as at December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	As at	As at
	December 31, 2019	December 31, 2018
● <u>Trade accounts receivable</u>		
● <i>Related parties</i>		
● Boonwatanachok Co., Ltd.	167	45
● <u>Other receivables</u>		
● <i>Associate</i>		
● New Plus Knitting Pcl. and its subsidiaries	2	81
● <i>Related parties</i>		
● Boonwatanachok Co., Ltd.	9	11
● Total	11	92

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

	In Thousand Baht	
	As at	As at
	December 31, 2019	December 31, 2018
●		
●		
● <u>Other long term investment - common share</u>		
● <i>Related parties</i>		
● Saha Pathanapibul Pcl.	12,807	12,807
● IT City Pcl.	3,541	3,541
● Saha Pathana Inter - Holding Pcl.	4,796	4,796
●	21,144	21,144
● <u>Add fair value changes</u>	115,019	114,559
● Total	136,163	135,703
● <u>Investment - common share</u>		
● <i>Related parties</i>		
● Advance Acrotech Co., Ltd.	3,000	3,000
● American Food Co.,Ltd.	4,200	4,200
●	7,200	7,200
● <u>Less allowance for impairment loss</u>	(1,693)	(1,693)
● Total	5,507	5,507
● <u>Trade accounts payable</u>		
● <i>Associate</i>		
● New Plus Knitting Pcl. and its subsidiaries	77,788	87,183
● Total	77,788	87,183
●		
● <u>Other current liabilities (accrued expense)</u>		
● <i>Related parties</i>		
● Chensin Industry Co., Ltd	86	86

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

● Total	<u>86</u>	<u>86</u>
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Revenues and expense significant transactions with related parties for the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	<u>2019</u>	<u>2018</u>
● <u>Sale</u>		
● <i>Related parties</i>		
● Boonwatanachok Co., Ltd.	375	429
Total	<u>375</u>	<u>429</u>

Purchase

● <i>Associate</i>		
● New Plus Knitting Pcl. and its subsidiaries	291,562	338,946
● <i>Related parties</i>		
● Boonwatanachok Co., Ltd.	-	1
● Total	<u>291,562</u>	<u>338,947</u>

●

Dividend income

Financial statement in which the equity method is applied

Related parties

● Saha Pathanapibul Pcl.	2,966	2,701
Saha Pathana Inter - Holding Pcl.	211	281
IT City Pcl.	248	637
Supathanee Co., Ltd.	-	1,605
Total	<u>3,425</u>	<u>5,224</u>

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

	In Thousand Baht	
	2019	2018
<u>Separate financial statements</u>		
<i>Associate</i>		
New Plus Knitting Pcl. and its subsidiaries	592	370
● <i>Related parties</i>		
● Saha Pathanapibul Pcl.	2,966	2,701
Saha Pathana Inter-Holding Pcl.	211	281
IT City Pcl.	248	637
Supathanee Co., Ltd.	-	1,605
Total	4,017	5,594
<u>Other income (commission, rental, etc.)</u>		
● <i>Associate</i>		
● New Plus Knitting Pcl. and its subsidiaries	438	1,001
● <i>Related parties</i>		
● Boonwatanachok Co., Ltd.	151	144
● Saha Pathana Inter - Holding Pcl.	-	10
Total	589	1,155
<u>Selling and administrative expenses</u>		
<u>(rental, warehouse service, etc.)</u>		
<i>Related parties</i>		
Saha Pathanapibul Pcl.	1,843	1,682
Chokchaipibul Co., Ltd.	-	457
Chensin Industry Co., Ltd.	960	960
Saha Pathana Inter - Holding Pcl.	1,060	1,284
Tiger Distribute & Logistics Co., Ltd.	2,998	-
Total	6,861	4,383

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

	In Thousand Baht	
	2019	2018
<u>Key management compensation</u>		
Short - term employment benefits	13,674	14,631
Post - employment benefits	362	266
Total	14,036	14,897

5. TREAD AND OTHER CURRENT RECEIVABLE - NET

	Note	In Thousand Baht	
		Financial statements in which the equity method is applied/Separate financial statements	
		As at December 31, 2019	As at December 31, 2018
Trade account receivable			
Related parties	4	167	45
Other companies		139,948	146,162
Total		140,115	146,207
<u>Less</u> allowance for doubtful accounts		(3,620)	(5,206)
Total trade account receivable - Net		136,495	141,001
Other current receivables			
Prepaid expense		591	571
Revenue department receivables		13,797	12,508
Accrued income		163	329
Other		1,042	1,746
Total other current receivables		15,593	15,154
Total Trade account and other account current receivables - Net		152,088	156,155

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Aging analyses for trade accounts receivable and related parties were as follows:

		In Thousand Baht	
		Financial statements in which the equity method is applied/Separate financial statements	
	Note	As at December 31, 2019	As at December 31, 2018
● <u>Related parties</u>			
● Undue		167	45
● Total	4	167	45
● <u>Other companies</u>			
● Undue		119,462	113,964
● Overdue			
● Not over 3 months		16,442	24,560
● Over 3 - 6 months		424	2,433
● Over 6 - 12 months		349	1,325
● Over 12 months		3,271	3,880
● Total		139,948	146,162
● <u>Less allowance for doubtful accounts</u>		(3,620)	(5,206)
● Net		136,328	140,956

Movements of allowance for doubtful accounts of account receivables for December 31, 2019 are summarized below.

	In Thousand Baht
Balance as at January 1, 2019	(5,206)
<u>Less Decrease for the year</u>	1,586
Balance as at December 31, 2019	(3,620)

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. INVENTORIES – NET

	In Thousand Baht	
	Financial statements in which the equity method is applied/Separate financial statements	
	As at December 31, 2019	As at December 31, 2018
•		
•		
•		
• Merchandise	355,009	308,614

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

7. AVAILABLE FOR SALE INVESTMENTS - COMMON SHARE - NET

	In Thousand Baht		
	Financial statements in which the equity method is applied/ Separate financial statements		
	Related parties	Others	Total
	(Note 4)		
● As at December 31, 2019			
● Cost	21,144	16,381	37,525
● Fair value changes	115,019	4,187	119,206
● Total	136,163	20,568	156,731
● As at December 31, 2018			
● Cost	21,144	16,381	37,525
● Fair value changes	114,559	4,729	119,288
● Total	135,703	21,110	156,813

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. INVESTMENTS IN ASSOCIATE - NET

		In Thousand Baht						
		Ownership interest		Paid-up Share capital	Investments			
Type business	(%)	December 31,2019	December 31,2018		Cost method		Equity method	
					December 31,2019	December 31,2018	December 31,2019	December 31,2018
<u>Associate</u>								
New Plus Knitting Pcl.	Textiles	14.79	14.79	100,000	69,932	69,932	48,988	46,595
<u>Less</u> allowance for impairment loss					(6,110)	(7,619)	-	-
Net					63,822	62,313	48,988	46,595

Investment in associate as the separate financial statement by cost method and deduct allowance for impairment. The Company considered net realizable value by the last selling price in the Stock Exchange Market and reconized impairment provision as at December 31, 2019 and 2018 amount of Baht 6.11 million and 7.62 million, respectively.

In year 2019 the Company reversed allowance for impairment on investment in associate amount by Baht of 1.51 million because the last selling price is increase.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

The Company accounted its investment in associate in the financial statements, in which the equity method is applied, using the equity method as at December 31, 2019 and share of profit of the associate and share of other comprehensive income of the associate for the years then ended were based on the consolidated financial statements for the years ended December 31, 2019 New Plus Knitting Public Company Limited and its subsidiaries by another auditor. The carrying value of the investment as at December 31, 2019 and 2018 amounted to Baht 48.98 million and Baht 46.60 million, respectively. The Company's share of profit of the associate for the years ended December 31, 2019 and 2018 amounted to Baht 3.03 million and Baht 5.22 million, respectively.

The Company received dividend from New Plus Knitting Public Company Limited for the years ended December 31, 2019 and 2018 amounting to Baht 0.59 million and Baht 0.37 million.

Financial information of the associates were as follows:

	In Thousand Baht	
	2019	2018
As at December 31		
Current assets	197,399	210,358
Non-current assets	298,667	298,661
Current liabilities	33,991	64,936
Non-current liabilities	30,611	22,759
For the years ended December 31		
Revenues	339,467	286,531
Profit	14,454	31,129
Other comprehensive Gain (loss)	(314)	(197)
Total comprehensive income Gain (loss)	14,140	30,392

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. OTHER LONG - TERM INVESTMENTS - NET

	In Thousand Baht		
	Financial statements in which the equity method is applied/ Separate financial statements		
	Related parties	Others	Total
	(Note 4)		
As at December 31, 2019			
• Cost	7,200	16,730	23,930
• Allowance for impairment loss	(1,693)	(9,603)	(11,296)
• Net	<u>5,507</u>	<u>7,127</u>	<u>12,634</u>
As at December 31, 2018			
• Cost	7,200	16,730	23,930
• Allowance for impairment loss	(1,693)	(9,603)	(11,296)
• Net	<u>5,507</u>	<u>7,127</u>	<u>12,634</u>

10. INVESTMENT PROPERTY - NET

	In Thousand Baht	
	Financial statements in which the equity method is applied/Separate financial statements	
	2019	2018
Net Book Value As at January 1	13,823	13,823
Add for the year / Transfer in	-	-
Disposal for the year	-	-
Less Depreciation / Transfer out	(7,370)	(7,370)
Less Allowance for impairment	(3,836)	(3,836)
Net Book Value As at December 31	<u>2,617</u>	<u>2,617</u>

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. PROPERTY, PLANT AND EQUIPMENT - NET

	In Thousand Baht				
	Financial statements in which the equity method is applied/Separate financial statements				
	Land	Building	Furniture and office equipment	Vehicles	Total
Cost					
At January 1, 2018	14,404	35,492	76,790	5,075	131,761
Additions	-	-	4,354	-	4,354
Disposals	-	(79)	(3,582)	(950)	(4,611)
Transfer in / (Transfer out)	-	-	-	-	-
At December 31, 2018	14,404	35,413	77,562	4,125	131,504
Additions	-	-	3,958	1,347	5,305
Disposals	-	-	-	(323)	(323)
Transfer in / (Transfer out)	-	-	(59)	-	(59)
At December 31, 2019	14,404	35,413	81,461	5,149	136,427

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

	In Thousand Baht				
	Financial statements in which the equity method is applied/Separate financial statements				
	Land	Building	Furniture and Office equipment	Vehicles	Total
Accumulated depreciation					
At January 1, 2018	-	34,884	65,042	4,714	104,640
Depreciation charge for the year	-	33	4,755	88	4,876
Disposals	-	(17)	(3,582)	(950)	(4,549)
Transfer in / (Transfer out)	-	-	-	-	-
At December 31, 2018	-	34,900	66,215	3,852	104,967
Depreciation charge for the year	-	33	4,728	206	4,967
Disposals	-	-	-	(322)	(322)
Transfer in / (Transfer out)	-	-	(46)	-	(46)
At December 31, 2019	-	34,933	70,897	3,736	109,566
Net Book Value					
At December 31, 2018	14,404	512	11,347	273	26,536
At December 31, 2019	14,404	480	10,564	1,413	26,861

The gross carrying amounts of the Company's fully depreciated property, plant and equipment those are still in use as at December 31, 2019 and 2018 amounted to Baht 91.58 million and Baht 91.33 million, respectively.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. OTHER INTANGIBLE ASSETS - NET

In Thousand Baht					
Financial statements in which the equity method is applied/Separate financial statements					
	Balance January 1, 2019	Increases	Transfer in (Transfer out)	(Decrease)	Balance December 31, 2019
<u>Cost</u>					
Trademark	853	19	-	-	872
Member property	995	-	-	-	995
Computer software	7,116	328	-	-	7,444
Total	8,964	347	-	-	9,311
<u>Less Accumulated</u>					
amortization	(4,597)	(612)	-	(44)	(5,164)
Total	4,367	(265)	-	(44)	4,147

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. LEASED HOLD RIGHTS - NET

	In Thousand Baht
	<u>Financial statements in which the equity method is applied/Separate financial statements</u>
● At cost	
● At January 1, 2018 and December 31, 2018 and 2019	19,025
● Accumulated amortization	
● At January 1, 2018	(14,078)
● Amortization charge for the year	(713)
● At December 31, 2018	(14,791)
● Amortization charge for the year	(714)
● At December 31, 2019	(15,505)
● Net book value	
● At December 31, 2018	4,234
● At December 31, 2019	3,520

● The Company entered into two lease agreements for building for 26 years 6 months to 27 years ending in January 2027. Under the term of the agreements, the Company paid Baht 19.02 million as leasehold rights on buildings.

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. INCOME TAX

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

	Financial statements in which the equity method is applied (In Thousand Baht)						
	At January 1, 2018	Recognized in		At December 31, 2018	Recognized in		At December 31, 2019
		Profit or loss	Other comprehensive income		Profit or loss	Other comprehensive income	
<u>Deferred tax assets</u>							
Allowance for doubtful accounts	1,005	36	-	1,041	(317)	-	724
Allowance for impairment loss on							
Other long - term investments	2,338	(79)	-	2,259	-	-	2,259
Investment property	767	-	-	767	-	-	767
Post - employment benefit	4,386	154	-	4,540	1,831	-	6,371
Consignment sales	12,526	2,108	-	14,634	(1,506)	-	13,128
Total	21,022	2,219	-	23,241	8	-	23,249
<u>Deferred tax liabilities</u>							
Fair value change in							
investments in contrible bond	307	(307)	-	-	-	-	-
Fair value change in							
available - for - sale investments	25,784	(1,927)	-	23,857	(16)	-	23,841
Total	26,091	(2,234)	-	23,857	(16)	-	23,841

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Separate financial statements (In Thousand Baht)

	Recognized in			At December 31, 2018	Recognized in		
	At January 1, 2018	Profit or loss	Other comprehensive income		Profit or loss	Other comprehensive income	At December 31, 2019
<u>Deferred tax assets</u>							
Allowance for doubtful accounts	1,005	36	-	1,041	(317)	-	724
Allowance for impairment loss on							
Investment in associate	2,541	(1,017)	-	1,524	(302)	-	1,222
Other long - term investments	2,338	(79)	-	2,259	-	-	2,259
Investment property	767	-	-	767	-	-	767
Post - employment benefit	4,386	154	-	4,540	1,831	-	6,371
Consignment sales	12,526	2,108	-	14,634	(1,506)	-	13,128
Total	23,563	1,202	-	24,765	(294)	-	24,471
<u>Deferred tax liabilities</u>							
Fair value change in							
investments in contrible bond	307	(307)	-	-	-	-	-
Fair value change in							
available - for - sale investments	25,784	(1,927)	-	23,857	(16)	-	23,841
Total	26,091	(2,234)	-	23,857	(16)	-	23,841

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Tax expense

For the years ended December 31, 2019 and 2018 are as follow:

Financial statements in which the equity method is applied

	In Thousand Baht	
	2019	2018
Current tax expense	177	3,766
Deferred tax expense		
Movements in temporary differences	(8)	(2,220)
Total	169	1,546
 <u>Reconciliation of effective tax rate</u>		
Profit before income tax	8,482	20,635
Income tax using the corporate tax rate (20%)	1,696	4,127
Income not subject to tax		
Dividend income	(1,011)	(1,461)
Share of profit of associate	(606)	(1,045)
Others	90	(75)
Total	169	1,546

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Separate financial statements

	In Thousand Baht	
	2019	2018
Current tax expense	177	3,765
Deferred tax expense		
Movements in temporary differences	294	(1,201)
Total	471	2,564

Reconciliation of effective tax rate

Profit before income tax	7,552	20,868
Income tax using the corporate tax rate (20%)	1,510	4,174
Dividend income not subject to tax	(1,129)	(1,535)
Others	90	(75)
Total	471	2,564

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

15. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht	
	Financial statements in which the equity method is applied/Separate financial statements	
	As at	As at
	December 31, 2019	December 31, 2018
• Bank overdrafts		
• (interest rate at 6.87 % - 7.75% p.a. at December		
• and 6.87% - 7.75% p.a. at December 31, 2018)	31,953	30,369
• Short-term loans		
• (interest rate at 1.95% - 2.40% p.a. at December		
• and 2.30% - 2.50% p.a. at December 31, 2018)	125,000	60,000
• Total Bank overdrafts and short - term loans from financial institutions	156,953	90,369

As at December 31, 2019 and 2018, the Company had remaining of credit lines for bank overdrafts and short - term loans from financial institutions amounting to Baht 262 million and Baht 328 million, respectively.

Movement of short - term loans from financial institutions for the year ended December 31, 2019.

	In Thousand Baht
	Separate financial statements
Beginning balance at January 1, 2019	60,000
<u>Purchase</u> Additional loans	125,000
<u>Less</u> Payment of loans	(60,000)
Ending balance at December 31, 2019	125,000

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

16. EMPLOYEE BENEFIT OBLIGATIONS

	In Thousand Baht	
	Financial statements in which the equity method is applied/Separate financial statements	
	As at	As at
	December 31, 2019	December 31, 2018
Estimated current liabilities for employee benefits	1,111	1,774
Estimated non current liabilities for employee benefits	30,752	20,933
Total employee benefit obligations	31,863	22,707

	In Thousand Baht	
	As at	As at
	December 31, 2019	December 31, 2018
Obligations as at January 1	22,707	21,935
Recognized transitional obligations for the year ended December 31		
Current service cost	1,670	1,147
Interest on obligations	920	484
Employee benefits paid	(1,254)	(859)
Become Effective labor law	7,820	-
	9,156	772
Obligations as at December 31	31,863	22,707

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Principal actuarial assumptions at the valuation date are as follows:

	Financial statements in which the equity method is applied/Separate financial statements	
	As at	As at
	December 31, 2019	December 31, 2018
Discount rate (%)	2.77	2.77
Average salary increase rate (%)	4.00	4.00
Turnover Rate	Age band	Age band
Retirement age (years)	60	60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 are summarized below:

	In Thousand Baht			
	Change of the present value of the employee benefit obligations increase (decrease)			
	Financial statements in which the equity method is applied/Separate financial statements			
	2019		2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1%)	317	(4,628)	907	(4,098)
Salary increase rate (1%)	(5,328)	1,234	(4,370)	1,431
Turnover rate (5%)	7,414	(14,353)	4,953	(9,311)

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2019 and 2018 the maturity analyses of undiscounted cash flows of benefit payments are as follows:

	In Thousand Baht	
	Separate financial statements	
	As at	As at
	December 31, 2019	December 31, 2018
Within 1 year	1,111	1,774
Over 1 and up to 5 years	9,234	13,488
Over 5 years	71,390	34,707

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company will reflect the effect of the change by recognizing past service cost as an expense in the statements of profit or loss, of the period in which the law is effective of Baht 7.82 million.

17. LEGAL RESERVE

Section 116 of the Public Limited Companies Act, B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

18. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 as follows:

	In Thousand Baht	
	2019	2018
Change in finished goods	46,395	34,113
Purchase	468,212	490,748
Employee expenses	149,664	143,482
Advertising and sale promotion	12,826	5,039
Service expenses	16,108	15,514
Rental expenses	5,863	5,209
Depreciation and amortization	6,296	6,216
Transportation expenses	5,232	5,481
Utilities	3,832	3,098

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

19. EARNING (LOSS) PER SHARE

Basic earnings (loss) per share for the years ended December 31, 2019 and 2018 are calculated by net profit (loss) of ordinary shareholder of ordinary shares and preferred shares issued and paid up during in the years by calculated are as follow;

	Thousand Baht / Thousand Share	
	2019	2018
Profit for the year	7,081	18,305
Weighted average number of share	14,951	14,951
Basic earnings per share	0.47	1.22

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

20. OTHER COMPREHENSIVE INCOME

	In Thousand Baht					
	2019			2018		
	Amount	Tax expense	Net	Amount	Tax expense	Net
<ul style="list-style-type: none"> ● <u>Financial statements in which the</u> ● <u>equity method is applied</u> 						
Items that will be reclassified subsequently to profit or loss						
-Gain (loss) on measurement of available - for - sale investments	(82)	16	(66)	(9,633)	1,927	(7,706)
-Gain (loss) on measurement of investments in contributable bond	-	-	-	(1,533)	306	(1,227)
-Share of other comprehensive income (loss) of associate (gain (loss) on measurements of available - for - sale investments)	(46)	-	(46)	(40)	-	(40)
Other comprehensive income (loss) for the year	(128)	16	(112)	(11,206)	2,233	(8,973)

NEWCITY (BANGKOK) PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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	In Thousand Baht					
	2019			2018		
	Amount	Tax expense	Net	Amount	Tax expense	Net
<ul style="list-style-type: none"> • <u>Separate financial statements</u> 						
Items that will be reclassified subsequently to profit or loss						
-Gain (loss) on measurement of available - for - sale investments	(82)	16	(66)	(9,633)	1,927	(7,706)
-Gain (loss) on measurement of investments in contrible bond	-	-	-	(1,533)	306	(1,227)
Other comprehensive income (loss) for the year	<u>(82)</u>	<u>16</u>	<u>(66)</u>	<u>(11,166)</u>	<u>2,233</u>	<u>(8,933)</u>

21. DIVIDEND PAYMENT

At the shareholders' meeting of the Company held on April 23, 2019, the shareholders approved the appropriation of dividends at of Baht 0.35 per share for 14,951,000 shares, amounting to Baht 5.23 million, The Dividend will be paid on May 22, 2019.

22. SEGMENT INFORMATION

The segmental financial information of the Company for the years ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht			
	Financial statements in which the equity method is applied			
	Textile	Cosmetic	Others	Total
<u>2019</u>				
Net sales	439,733	69,429	127,951	637,113
Gross profit	157,151	11,462	46,683	215,296
Unallocated other income				9,175
Unallocated selling and administrative expenses				(214,266)
Unallocated finance costs				(4,753)
Share of profit of associate				3,030
Unallocated tax expense				(169)
Profit for the year				8,313

In Thousand Baht

	Financial statements in which the equity method is applied			
	Textile	Cosmetic	Others	Total
<u>2018</u>				
Net sales	460,914	69,594	135,210	665,718
Gross profit	140,868	12,663	55,551	209,082
Unallocated other income				10,959
Unallocated selling and administrative expenses				(202,381)
Unallocated finance costs				(2,251)
Share of profit of associate				5,225
Unallocated tax expense				(1,546)
Profit for the year				19,088
Unallocated assets				
As at December 31, 2019				789,516
As at December 31, 2018				745,479

Sales to major customer during the year ended December 31, 2019 and 2018 amounted to Baht 114 million and Baht 116 million, respectively.

Sales by geographic for the year ended December 31, 2019 and 2018 were as follows:

	In Thousand Baht	
	2019	2018
Domestic sales	624,730	638,175
Export sales	12,383	27,544
Total	637,113	665,719

23. DISCLOSURES OF FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non - performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

Interest rate risk

Interest rate risk incurs from the future interest rate instability, which may affect the Company operating result and cash flow. The Company also incurs interest rate risk from investment in financial institutes, bank overdraft, loan from banks, and promissory note - financial institute.

Since the financial assets and liabilities are held primarily in short - term and have fixed interest rates in relation with the current market interest rate, the Company has not used financial derivative to protect against such risk.

	In Thousand Baht						
	Financial statements in which the equity method is applied/Separate financial statements						
	As at December 31, 2019						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating Interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
Financial Assets							
Cash and cash equivalents	-	-	-	376	168	544	0.12 - 0.72
Trade and other receivables	-	-	-	-	152,088	152,088	
	-	-	-	376	152,256	152,632	
Financial liabilities							
Bank overdrafts	-	-	-	31,952	-	31,952	6.87 - 7.75
Short-term loans from financial Institutions	-	-	-	125,000	-	125,000	1.95 - 2.40
Trade and other payables	-	-	-	-	123,804	123,804	
	-	-	-	156,952	123,804	280,756	

In Thousand Baht

Financial statements in which the equity method is applied/Separate
financial statements

As at December 31, 2018

	Fixed interest rates					Total	Effective interest rate (% per annum.)
	Within 1 year	1-5 years	Over 5 years	Floating Interest rate	Non- interest bearing		
Financial Assets							
Cash and cash equivalents	-	-	-	91	370	461	0.12 - 0.75
Trade and other receivables	-	-	-	-	156,920	156,920	
	-	-	-	91	157,290	157,381	
Financial liabilities							
Bank overdrafts	-	-	-	30,369	-	30,369	6.87 - 7.75
Short-term loans from financial Institutions	-	-	-	60,000	-	60,000	2.30 - 2.50
Long-term loans from banks	-	-	-	-	155,852	155,852	
	-	-	-	90,369	155,852	246,221	

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values of financial instruments

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

During the current year, there were no transfers within the fair value hierarchy.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

	In Thousand Baht							
	Financial statements in which the equity method is applied/Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets measured								
at fair value								
Investment in associate	48,988	46,595	-	-	-	-	48,988	46,595
Securities available for sale								
- capital stock	-	-	156,731	156,813	-	-	156,731	156,813

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

24. COMMITMENTS AND CONTINGENT LIABILITIES

24.1 COMMITMENTS

As at December 31, 2019, the Company had commitment under vehicle, building and equipment leased contracts as follows:

	In Thousand Baht
Within one year	5,881
After 1 year but not over 5 years	8,000
After 5 years	1,268
Total	15,149

24.2 CONTINGENT LIABILITIES

As at December 31, 2019, the Company had contingent liabilities in respect of letter of guarantee issued by bank amounting Baht 1.02 million.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of directors on February 21, 2020.