

# ANNUAL REPORT 2019

บริษัท ไทยออปติคอลล กรุ๊ป จำกัด (มหาชน)  
THAI OPTICAL GROUP PUBLIC COMPANY LIMITED





MORE INFORMATION

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A SERIES OF CUSTOMIZED LENSES, DESIGNED AND DEVELOPED  
WITH SUPERLATIVE PATENTED TECHNOLOGY.

# Message from Chairman



## Dear Shareholders,

In the past year of 2019, there were many significant economic situations both at the global scale and at the national level, such as the trade war between the United States and China, which had both positive and negative impacts on the Company's business operations. Including the domestic economic recession, fluctuated Thai baht which has increased dramatically and rapidly and other factors which are considered as the challenges that the Company has faced during the past year.

However, the company and its subsidiaries are still firmly committed to operating and expanding the business so that the company can grow its revenue according to the strategic plan by maintaining existing customers and expanding new customer base from all regions of the world, whether it will be in Asia, Europe or America. Especially, by establishing TOG USA, Inc., a subsidiary company in the United States, the company has seen the significant and satisfying growth of a large customer base, growing credibility and reputation of the company is more known in the Americas region.

In the year 2019, the Company has launched the new product called Zenith series which is high-end RX lens product. This new product is sold in our allied retail shop within in Thailand as well as globally.

## Performance

In the year 2019, the Company's net profit is 132 million Baht from the total revenue of 1,972 million Baht, when compare to the performance of year 2018 which earned net profit of 146 million Baht from the total revenue of 1,842 million Baht. The Company has policy to consistently pay dividend to shareholders, therefore from the operating results of the year 2019, the Company has paid dividend in the amount of 119 million Baht or 0.25 Baht per share.

## Corporate Governance and Corporate Social Responsibility

The Board of Directors recognizes the importance of monitoring good corporate governance, environmental, social responsibility to all stakeholders. In year 2019, the Company has been ranked by the Corporate Governance Report of Thai Listed



Companies 2019 at 4 stars in the 1,000-2,999 million Baht Market Capital Group. The Company has the Corporate Governance score higher than the overall Corporate Governance score of the listed company. The Company was rated as “Excellent” from the quality evaluation for conducting the Annual General Meeting of Shareholder project for year 2019, nine consecutive years (Year 2011 – 2019). In addition, the Company has been re-certified by Private Sector Collective Action Coalition against Corruption, IOD for another 3 year since August 21, 2018. This shows the Company’s commitment to operate its business without and against any kind of corruption. The Company is rated as ESG100 by ThaiPAT Institution for five consecutive years (Year 2015-2019).

The Board of Directors and the Management Team are adhered to conduct business under the principles of good corporate governance, constancy, transparency, ethics with environmental and corporate social responsibility in conformity with the guidelines and framework of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which shareholders, customers, employees, business partners and all stakeholders can be assured and trusted in effectiveness and highly transparency management system of the Company and the Subsidiary companies.

I, on behalf of the Board of Directors and the Management Team of the Company and the subsidiary companies, would like to thank to our customers, business partners, shareholders, employees and all those involved who are the major force in contributing the success and growth continuously as well as financial institutions that have the confidence and support financial operations to the Company continuously all along.



(Dr. Sawang Prachartam)  
Chairman



# สารบัญ



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## **VISION :**

We endeavor to remain one of the leading quality ophthalmic lens manufacturers among the global supply, in terms of profitability, innovation, value creation, growth for stakeholders and social responsibility.

## **MISSION :**

To become a leading, sustainable, independent manufacturer with a global reputation for consistent service excellence, ease of doing business and supplying best value stock lenses and complete Rx service solutions on time every time.

### **Core Values**

- We speak with one common voice.
- We are all accountable – we own and solve any customer issue; we deliver on our promises.
- We strive to execute right first time, on time, every time.
- We are open and adaptable to change, try to keep things simple and operate with a “can-do” attitude.
- We are demanding on performance but equitable, remembering work should be enjoyable.

# Key Financial Highlights

Thai Optical Group Public Company Limited and the Subsidiary Company

Detail	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
<b>Statements of Comprehensive Income (million baht)</b>						
Total Revenues	2,023.57	1,915.36	1,912.26	1,453.23	1,306.55	1,392.93
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	327.83	357.86	380.85	19.74	107.20	121.92
Net Profit (Loss)	132.13	146.03	183.46	128.51	132.26	178.69
<b>Statements of Financial Position (million baht)</b>						
Total Assets	2,582.03	2,559.77	2,637.49	1,840.57	1,802.78	1,792.69
Total Liabilities	774.20	722.33	789.26	463.12	397.06	357.05
Shareholders' Equity	1,807.84	1,837.44	1,848.23	1,377.45	1,405.73	1,435.64
<b>Share Information</b>						
Paid-up shares at the end of the year (million shares))	474.32	474.32	474.32	474.32	474.32	474.32
Earnings per Share (baht)	0.28	0.31	0.39	0.27	0.28	0.38
Book Value per Share (baht)	3.81	3.87	3.90	2.90	2.96	3.03
Dividend per share (baht)	0.25	0.28	0.35	-	-	-
Dividend Payout (%)	90	91	90	-	-	-
Share Price at the end of Financial Period (baht)	5.85	4.36	7.95	-	-	-
Weighted average number of ordinary shares (million shares)	474.32	474.32	474.32	474.32	474.32	474.32
<b>Financial Ratios</b>						
Ratio of Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (%)	16.62	19.43	20.28	1.66	9.72	10.44
Net Profit Margin (%)	6.70	7.93	9.77	10.78	11.99	15.30
Return on Shareholders' Equity (%)	7.25	7.92	9.91	9.23	9.31	12.39
Return on Total Assets (%)	5.37	6.36	8.73	6.19	7.39	9.86
Ratio of Liability to Capital (times)	0.43	0.39	0.43	0.34	0.28	0.25

# TOG Information : The Company, Subsidiary Company and Associated Company

## Information of the Company

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Company's name	Thai Optical Group Public Company Limited TOG
Type of Business	: Manufacturer and Distributor of Organic lenses
Head Office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 194 1145-6 (02) 925 5518- 9
Facsimile	: (02) 925 5710
Registration No.	: 0107547000044
Registered Capital	: 475,000,000 Baht
Paid-up capital	: 474,318,000 Baht
Website	: <a href="http://www.thaiopticalgroup.com">www.thaiopticalgroup.com</a>

## Subsidiary Company

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Company's name (1)	Thai Optical Company Limited TOC
Type of Business	: Manufacturer and Distributor of Mineral Optical Lenses, Plastic Optical Lenses and Glass Mold
Head Office	: 83 Moo 2, Ngarmwongwarn Road, Muang District, Bangkhen, Nonthaburi (11000) Thailand
Telephone	: (02) 952 6429 - 31
Facsimile	: (02) 952 5488





*Production*

Branches	: 61/9 Moo 5, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 194 1126 - 30
Facsimile	: (02) 925 5290
Registration No.	: 0105505002039
Paid-up capital	: 130,000,000 Baht

**Company's name(2) Poly Sun Co., Ltd**

Poly Sun

Type of business	: Manufacturer and Distributor of Photochromic Lenses
Head office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 925 6142-3
Facimile	: (02) 925 6144
Registration No.	: 0125540005766
Paid-up capital	: 20,000,000 บาท
The proportion of the investment	: 99.99 %

**Company's name(3) TOG USA, Inc.**

TOG USA

Type of business	: Distribute products and provide sales and marketing services
Head office	: 1958 Production Court Louisville, KY 40299, United States
Telephone	: +1 502 213 0770
Facimile	: +1 630 524 9095
Registration No.	: FEIN 82-126 8015
Paid-up capital	: USD 50,000
The proportion of the investment	: 100.00%



## Associated Company

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### Company's name (1) MVISION OPTICAL PTE. LTD.

MVision (Singapore)

Type of Business : Manufacturer and Distributor of Prescription Lenses  
(Rx Lenses)

Head Office : 60 Robinson Road #12-01 Bea Building,  
Singapore 068892

Telephone : +65 6222 1079

Facsimile : +65 6827 5198

Registration No. : 201004338 W

Paid-up capital : 2,700,000 SGD

The proportion of : 891,000 SGD (33 %)  
the investment

### Company's name (2) MVISION OPTICAL INDUSTRY SDN BHD

MVision (Malaysia)

Type of Business : Manufacturer and Distributor of Prescription Lenses  
(Rx Lenses)

Head Office : Suite 10.03, Level 10 The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

Telephone : +603 4278 4668

Facsimile : +6034278 4661

Registration No. : 892114-U

Paid-up capital : 6,000,000 MYR

The proportion of : 1,980,000 MYR (33 %)  
the investment

<b>Company's name (3)</b>	<b>Vietnam Visibility Target Company Limited</b> (Vina Vista)
<b>Type of Business</b>	: Manufacturer and Distributor of Prescription Lenses (Rx Lenses)
<b>Head Office</b>	: Floor 9, Room 9.7A, ETown Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, HCMC, VietNam
<b>Telephone</b>	: +84 902 398 828
<b>Facsimile</b>	: +848 38134950
<b>Registration No.</b>	: 411022000664
<b>Paid-up capital</b>	: 1,450,000 USD
<b>The proportion of the investment</b>	: 475,000 USD (32.76%)

## References

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<b>Company's Auditor Office</b>	<b>EY Office Limited</b> 33rd Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Klongtoey, Klongtoey, Bangkok (10110)-Thailand
<b>Telephone</b>	: (662) 264 9090
<b>Facsimile</b>	: (662) 264 0789 to 90
<b>Registrar</b>	<b>Thailand Securities Depository Co., Ltd.</b> 93Ratchadaphisek Road, Dindaeng, Bangkok (10400) Thailand
<b>Telephone</b>	: (662) 009 9000
<b>Facsimile</b>	: (662) 009 9991
<b>Website</b>	: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>



## Nature of Business



**Thai Optical Group Public Company Limited (the Company) or TOG** is a world-class independent ophthalmic lenses manufacturer and distributor with distribution channels covering all over the country and expanding to all regions around the world, having customer base in more than 50 countries, as well as a manufacturer of prescription lenses for both domestic and international customers (OEM).

TOG's ophthalmic lenses products, in addition to having quality features, a variety of products that cover the use, suitable for all ages, but also outstanding value for money at all prices. There are outstanding values for all levels of price, aesthetics and different use, whether they are lenses for daily life, including value-added lenses such as photochromic lenses, high-impact resistant lenses, sun lens and prescription lenses (Rx Lenses). The company utilizes product research data to contribute to product development to meet the needs of the international market, while also focusing on improving service levels through online platforms, making it easy for customers around the world to access, whether Manufacturers, wholesalers, retailers, and focus on delivering products that are accurate and on time.

The Company was originally established by the Prachartam family to operate the retail distribution of mineral lenses from year 1951 (B.E. 2494). In year 1962, the Company has established Thai Optical Company Limited (the Subsidiary Company) or TOC, where was the first factory producing the mineral lenses in Thailand with its initial investment of 50 million Baht. TOC manufactured and export mineral lenses to Asia

and Europe. It also established the production line of Prescription Lenses or Rx Lenses as well as initiated to produce the organic lenses by mold procedure in its factory located at 15/5 Moo 6, Bangbuathong-Suphanburi Rd., Laharn, Bangbuathong, Nonthaburi -Thailand, in the area of 30-2-92 Rai. TOC is located on Bangbuathong-Suphanburi Road with the area of 18-3-57 Rai for manufacturing Organic Lenses and Prescription Lenses or Rx Lenses.

Due to the growth of the consumption of optical lenses, Thai Optical Group Limited ("TOG") was established on March 8, 1991 (BE 2534) in the name of Thailand Polymer Lenses Co., Ltd, with an initial registered capital of 20 million Baht to expand the production line for normal organic lenses. The business of TOG and TOC had grown significantly and TOG has increased its capital to 120 million Baht for expanding its capacity of producing the normal Organic Lenses, Photochromic Lenses, High-index Lenses, and High-impact-resistant Lenses and TOC has increased its registered capital from 50 million Baht to 130 million Baht.

In year 2003, TOG and TOC has restructured their shareholding. TOG has increased its registered capital to 265 million Baht to buy 99.99 percent of ordinary shares of TOC. Hence, TOC has become a subsidiary of TOG. Then, TOG had converted itself into a public company and had increased its registered capital to 400 million Baht in year 2004 (BE 2547). and On May 16, 2006 ( BE 2549) TOG raised 135 million Baht from the issuance of shares for sale to the general public and is publicly traded on the Stock Exchange of Thailand.



In year 2008 (BE 2551), the Company strengthened its business by increasing its registered capital to 475 million Baht by raising funds from Specsavers who is one of the largest glasses retailers having wide range of operations network in Europe and Australia, who has been Company’s business partner and customer for long time. Specsavers 25.04% after the capital increase thereof.

The Company and its subsidiaries have developed processes for continuous production by using Lean Manufacturing continued investment in the production of Optical Lenses and Digital Surfacing Prescription Lenses and established a joint venture company to do the wholesale of optical lenses and manufacture optical lenses for specific person in Singapore, Malaysia and Vietnam to expand its distribution channels.

In year 2011 (BE 2554), TOG has succeeded in producing High-impact resistant lenses and ultra slim type which makes TOG is known as the first manufacturer to produce this kind of lenses, the product is called “Tribrid”. And in year 2015 (BE 2558), the Company has expanded its business to anti sun lenses by taking over the business of Poly Sun Co.,Ltd who was a manufacturer and distributor of colored lenses and polarize lenses.

Currently, the Company and its subsidiary are the manufacturer, distributor and service provider of the various optical lenses, including comprehensive type of material i.e. Lens Material, Lens Design and Lens Coating, Original Design Manufacturing Edging and Glazing Service, with a customer base spread over 50 countries around the world, at present, the Company has registered capital of 475 million baht with paid-up at 474.32 million baht (31. December 2015 (BE 2558) remains unpaid at 0.682 billion Baht, where a warrant has expired.

**TOG Milestones in Ophthalmic Lenses Business**

B.C.	History
1951	Started to open optical shop
1962	TOC - The first Mineral Lenses factory in Thailand was established with registered capital of 50 million Baht to export to Asia and Europe.
1973	TOC established the Installation Prescription Lenses system (Rx)
1981	TOC started the prototype of CR39 Lenses manufacturing
1991	TPL was established with registered capital of 20 million Baht to expand the normal optical lenses business
1994	TPL increased its registered capital to 120 million Baht for business expansion.
1997	TOC increased of its registered capital to 130 million Baht for business expansion.
1998	TPL conducted the experimentation and development the processes of Photochromic Lenses production.
2002	TPL conducted the Experimentation and development the processes of High Refractive Index Lenses and High Impact Resistant Lenses production. (Excelite® Trivex®)
2003	TPL increased its registered capital to 265 million Baht to purchase ordinary shares 99.99 % of TOC
2004	TPL changed its name to become Thai Optical Group Public Company Limited and increased its registered capital to 400 million baht to sell shares to specific groups of investors as a prerequisite to sell shares to the public

2006	TOG issued shares for initial Public Offering and had the first trading day on May 16, 2006.
2007	TOG conducted the experimentation and development the processes of High Refractive Index Lenses.
2008	TOG increased its capital to 475 million Baht to sell its shares of 68,750,000 shares (par valued at 1 Baht per share) and offered to Specsavers Asia Pacific Holdings Limited for supporting the rights to exercise warrants under ESOP
2010	TOG and TOC started to use the ‘Lean’ concept in manufacturing’ system. established MVsion Optical Pte Ltd in Singapore and MVsion Optical Industry SDN BHD inMalaysia to operation the business for prescription lenses and finished lenses by having TOG hold the shares at 33%.. TOG increase production line for normal optical lenses. TOC expand its business by increasing the investment in Digital Surfacing Prescription Lenses.
2011	TOG launched the new product “Tribrid” Lenses (Excelite® Tribrid™).
2013	Joint Venture with Vina Vista, Vietnam for expanding business.
2014	TOG and TOC started Productivity Improvement Program to increase the production significantly without additional investment on the machine.
2015	TOG purchased ordinary shares 99.99% of Poly Sun Co.,Ltd who is a manufacturer of photochromic lenses and polarize lenses. .
2016	TOG jointly developed to produce lenses “LeafECOTM” with Mitsui Chemical Co. Ltd
2017	TOG invested in Rx Automation production line.
2017	TOG established TOG USA Inc. to expand the business in America market continental.
2018	TOG launched Bluloc™ Anti-Blue Light Lenses Products
2019	TOC invested in Automation Production Line (RX Automation) Phase 2 and TOG launched z design ™ Personal Digital Progressive Lenses

The Company and its Subsidiary Company manufacture and distribute optical lenses which products can be divided into 4 groups according to product types as follows :

1. **Organic lenses : sub-divided into 4 categories according to the raw materials :**
  - 1.1 CR39® Lenses
  - 1.2 Photochromic Lenses
  - 1.3 High Index Lenses
  - 1.4 High Impact Resistant Lenses
  - 1.5 Sun-filtered Lenses
  - 1.6 Polarized Lenses
2. **Mineral Lenses**
3. **Prescription Lenses or Rx Lenses**
4. **Other products and services** such as Glass Mold used in casting process, other trading lenses and hard coating lenses and anti reflected multi coating lenses.

The Company and its Subsidiary Company distribute to wholesalers both domestic and foreign countries on an “OEM”(Original Equipment Manufacturer) basis, and also under the Company’s own brand called “Excelite®”.

## Product Characteristics

### 1. Organic Lenses

Organic lens is produced from plastic materials which is categorized by types of monomers as follows :

- 1.1 CR39®** - The lens is made of Monomer with trade names as CR-39 and has the refractive index (Index) of 1.498. At present, it has been used in common as general organic lenses which both the Company and the subsidiary company had manufactured this organic lenses as generic products.
- 1.2 Photochromic Lenses** –plastic whose tint adapts to the changing of light conditions, becoming darker in brighter conditions and clearing once in more reduced lighting conditions.
- 1.3 High Index Lenses** – more aesthetically pleasing lenses, as thickness is greatly reduced; this lens is light and therefore suitable for extreme myopia or hypermetropia, which will ordinarily require very thick lenses.
- 1.4 High Impact Resistant Lenses** - with its lightness, thinness and high tensile strength, lenses of this type offer maximum safety and protection to children and adults with active lifestyles. It is also suited to rimless frames. According to U.S. Food and Drug Administration which has set the regulations for those children under the age of eighteen to use the impact resistant lenses but if parents' intension deny to use this kind of lenses for their children then, they have to sign a Limitation of Liability Letter with Optical/ Eyewear shop. Moreover, several countries in European zone have prepared to launch the same regulation that children have to use high Impact-resistant lenses. The company's High Impact Resistant Lenses made from Monomer under the trade name of "Trivex™ " At present, TOG is the only one independent manufacturer which can produce High Impact Resistant Lenses from "Trivex™" both in Finished and Semi-Finished Lenses form.
- 1.5 Sun Filtered Lens** This lens is made from the same Monomer as normal plastic lens with UV filter substance passed the controlled color coating.
- 1.6 Polarized Lenses** This lens is mad from the same Monomer as normal plastic lens incorporating polarizing film into the lens. This lens has ability to filter out glare and the horizontal reflection of sunlight. This lens is perfect for using in too much light atmosphere such as, outdoor or driving. This lens is made by subsidiary company.



## The products of Organic Lenses are produced in 2 types :

**Semi-Finish Lenses** : are optical lenses with standard outer surface curves. Customers must have their own Rx Lab for grinding to adjust the inner surface to get eyesight which match with customers' requirement.

**Finished Lenses** : are optical lenses with standard curves on both outer and inner surfaces that can be promptly mounted on the frame as required. Finished lenses are available both with and without surface treatment coatings which is considered as Value Added product.

The coating lenses are available as follows :

- **Hard coated**, scratch resistant finished lenses with chemical coating on optical surface.
- **Multi-coated**, the anti-reflection finished lenses which add extra qualification by coated Chemical on optical surface that reduce the light reflecting, also known as “Hard-Multicoated” .
- **Water Repellent Coated**, it is finished lens which is added extra qualification by coated Chemical on optical surface with the quality in repelling water. If there is the mist of water on the surface then it will be wiped off with ease.

The above lenses can also be categorized according to the functional usage into 3 types :

### Single Vision Lenses :

An optical lens uses for correcting either myopia or presbyopia, including oblique astigmatism correction. The standard single vision lens ranges from +/-0.25 to +/-6.00 and/or oblique from -0.25 to -2.00 at every 0.25 steps, which means the single vision lens can be divided into 384 items depending on the ratio of visual correction.

### Bifocal Lenses :

An optical lens with 2 different focal lengths normally used by elderly people who have problems with far and near/reading distance visions. This kind of lenses demands advanced technology to assemble the 2 sections of lenses. Once assembled the two zones are appeared visibly marked on the lens.

### Progressive Lenses :

This type of lens (also known as “Progressive Addition Lenses” (or PAL)) provides a similar function as Bifocal lenses for presbyopia, but with highly advanced technology, its curve is designed to continuously adjust to the viewing of different distances with no visible markings on the finished product, so that the appearance of progressive lenses is similar to those of a single vision lenses.



## 2. Mineral Lenses

The mineral lens is made primarily of glass by grinding both inner and outer surfaces of the glass blank to achieve the required curves. Mineral lenses can be divided into 4 categories :

**2.1 Mineral 1.523** – the most commonly used glass lens with index of 1.523

**2.2 High Index Mineral 1.6** – the special component mineral lenses which have index at 1.6 which are higher and Thinner, lighter weight than general lenses. This kind of lens is suite with abnormal eyesight such as high myopia or high presbyopia.

**2.3 High Index Mineral Extra 1.7-** the special component mineral lenses which have index at 1.7 which is the highest index lenses, causing to produce mineral lenses with thin and light weight. The end products of mineral lenses are delivered in 2 types :

- Semi-Finished Lenses
- Finished Lenses

Finished Lenses are available both with and without surface treatment Multicoated which are value added product. There are also 3 other categories of lenses derived by functional usage as follow :

- Single Vision Lenses
- Bifocal Lenses
- Progressive Lenses

In the Global market, Mineral Lenses tend to decrease in demand and the production and distribution of Mineral Lenses in subcategory, do not have significant value. As a result, the company and its subsidiaries company do not separate revenue structure and aggregate all categories of Mineral Lenses into one group. Hence, Mineral Lenses are totally produced by the subsidiary company.

## 3. Prescription / Rx Lenses

Prescription Lenses or Rx Lenses are value added products of both the Company and its Subsidiary. This type of lens is made by grinding semi-finished organic or mineral lenses to the specific needs of customers (tailor- made). Normally, buyers should grind the semi-finish Lenses by themselves but some foreign Customers of the subsidiary company have limitation to set up Rx

Lab for grinding semi-finish Lenses because it is high cost of investment in machines and grinding equipments. Notwithstanding, professional employees have to employ and their salary are also high therefore buyers hire Lens Manufacturer to produce this kind of lens instead. Prescription Lenses are totally produced by the subsidiary company.



#### 4. Other products and services

- Glass mold used in the process of casting organic lenses production consisting of 2 pieces of glass molds : the out front mold and the inner back mold which are ground with the specific required curves as designed for each type of specific lenses conformed with the types of raw materials being produced. Moreover, the Subsidiary Company had exported its glass mold since 2004.
- Trading Goods purchased for resale, which are raw materials, consuming materials and other Lens products.
- Surface treatments of hard coatings and anti-reflection coating service for organic lenses.

The main products and services of the Company, the Subsidiary Company and Associated Company are summarized in the table below :

The Company	The Subsidiary company (TOC)	The Subsidiary company (Poly Sun)
Organic lenses (CR-39)	Organic lenses (CR-39)	Sun Lenses
Photochromic Lenses	Mineral Lenses	Polarized Lenses
High Index Lenses	Prescription / Rx Lenses	
High Impact Resistant Lenses	Glass Mold	
Coating services and surface hardness Coating cut reflection.	Coating services and surface hardness Coating cut reflection.	
Glass Mold		



**The Subsidiary Company  
(TOG USA)**

Distribute products and provide sales and marketing services in America Continent.



**The Associated Company  
(MVision)**

**The Associated Company  
(Vina Vista)**

Organic lenses  
(CR-39)

Organic lenses  
(CR-39)

Prescription / RX Lenses

Prescription / RX Lenses

# Revenue Structure of the Company and its Subsidiaries by Product Line

## Revenue Structure by Value

Unit : %	Manufacturer	Consolidated Financial Statement		
		2019	2018	2017
1. Standard Organic Lenses	The Company and its subsidiaries	33.00	33.04	35.90
2. Value-added Lenses *	The Company	26.25	25.68	24.99
3. Rx /Prescription Lenses	The Subsidiary Company	33.60	33.58	31.09
4. Mineral Lenses Other Products and Services	The Company and its subsidiaries	7.15	7.70	8.02
Total		100	100	100

## Revenue Structure by Quantity

Unit : %	Manufacturer	Consolidated Financial Statement		
		2019	2018	2017
1. Standard Organic Lenses	The Company and its subsidiaries	79.30	75.30	77.54
2. Value-added Lenses *	The Company	14.03	16.79	15.38
3. Rx /Prescription Lenses	The Subsidiary Company	6.51	7.78	6.74
4. Mineral Lenses Other Products and Services	The Company and its subsidiaries	0.16	0.13	0.34
Total		100	100	100

Notes : \* Value-added Lenses consist of High Refractive Index Lenses, Photochromic Lenses and High Impact Resistant Lenses.

## Industrial Conditions and Competitions

The volume of lenses exported from Thailand to foreign countries is as follows; (Data from the Customs Department of Thailand, as at December 31, 2019).

	2019	2018	Increase (Decrease) (%)
<b>Export Value (Million baht)</b>			
1. Spectacle Lenses	29,472.95	32,271.93	-8.67
2. Corrective Eyeglass	2,642.70	1,969.27	34.20
3. Sunglasses	617.14	514.76	19.89
4. Glass lenses	3.98	84.26	-95.27
<b>Export Quantity (Million Pieces)</b>			
1. Spectacle Lenses	241.60	238.68	1.22
2. Corrective Eyeglass	2.95	2.28	29.51
3. Sunglasses	0.59	0.77	-23.53
4. Glass lenses	0.12	0.31	-62.45
<b>Unit Average (Baht per Piece)</b>			
1. Spectacle Lenses	121.99	135.21	-9.78
2. Corrective Eyeglass	894.98	865.34	3.43
3. Sunglasses	1,048.03	667.09	57.10
4. Glass lenses	34.20	269.62	-87.31

### Investments tend and Market expansion.

Export data shows the export of spectacles and significant changes in the eyewear industry incoherent with the decreasing demand of mirror glasses significantly, in line with the company's policy to cancel the production of glass lenses.

Optical Lens are necessary for the persons who have eyesight problem from

the child age, working age and elderly therefore the consumers pay more attention in selection of high quality of eyeglasses and optical lens. As a result, the quality of optical lenses is also the Company's concern to deliver the best product that suite the trust of customers consistently.



Moreover, the Company has always supported to invest in Research & Development for developing product in various types of lenses for matching the need of consumers in Optical Lenses Market together with provide quality optical lens to the target market continuously.

Additionally, in the USA market, the Company has a policy to expand the sale via the insurance company as the USA government provides support to American people to change eyeglasses as a social welfare. As this result, the Company sees the opportunity to expand the sale and marketing in this region by making a connection to health insurance company and eye clinic where the Company can create growth in this region.

## Policy and the Nature of Marketing

### 1. Competitive Strategy

The Company and its Subsidiary do not focus on pricing competition but concentrate on awareness of price effectiveness to quality which will ensure the satisfaction of customers with the Company's products. Also, the Company uses three main key strategies of the competition which are the quality of products, services and providing complete range of variety products in optical lenses, which can be summarized as follows;

#### ▶ Quality of Products

The utmost important strategy of The Company and its Subsidiary is to manufacture quality products. Every step of production is strictly controlled according to quality control process. Every lens is inspected for quality of visual power, thickness, color and free of any imperfection. Every batch of products is produced with the same high standard, ensuring quality and long shelf life that customers can rely on, resulting in long term customer relationship. At the same time, the Company and its Subsidiary can use this focus on quality to develop relationship with premium customers and acquire new customers who demand high quality products. Moreover, the Company and its Subsidiary also focus on the management of using resources efficiently for high quality products. As at January 13, 2015, the Company has recently received DS / EN ISO -13485 : 2012 certificate by Bureau Veritas which is an internationally

standard that defines requirements within quality management systems for manufacturers of medical devices and equipment apart from ISO 14001 by TUV CERT in the production standard, and all products are certified under international standards of U.S. Food and Drug Administration and European Union.

#### ▶ Services

By maintaining a good production plan and product inventory, the Company and its Subsidiary are able to supply large customers' orders and makes delivery on time. The Company and its Subsidiary provide information on the Internet via the Company's website as well as E-mail contact. The Company and its Subsidiary accept all of customers' opinion in order to develop and improve products and services, including with providing more other products to meet customer's needs. This service is provided for every customer and is account for the important strategy which can bring customers satisfaction towards the Company and its Subsidiary.

#### ▶ Products Category

The Company and its Subsidiary provide variety of products covering all types of optical lenses needed in the market including Prescription Lenses (Rx lenses) which is not produced by any independent optical manufacturers. The Company and its Subsidiary are the sole manufacturers who



have the capability to produce all type of products in-house. With the “One Stop Shop” service, customers can get convenience and save their budget as well as control their orders easily. This strategy makes the Company and its Subsidiary

prevails over other competitors. The Company had launched a new product named “ Tribrid™ “ : a kind of high-impact lenses and thinness which the Company is the first manufacturer of this lenses in the world.

## 2. Target Customers

Target customers of the Company and its Subsidiary are wholesale distributors, group of large chain stores and finishing factories that use semi-finished lenses as raw materials. The target customers are customers who wish to market their own brands but do not have their own factories or any suppliers in their countries. The Company and its Subsidiary play the role of original equipment manufacturer that produce high quality lens under customers’ brand names. These customers do not source their branded products from the major branded producers as they are considered as threat and competitors.

## 3. Channel of Distribution

The Company and its Subsidiary distribute products to both domestic and foreign markets, which can be summarized the proportion of revenue and services based on financial statements as follows;

Distribution	Consolidated financial statements Year 2019	Consolidated financial statements Year 2018	Consolidated financial statements Year 2017
Domestic	5.60%	4.76%	4.70%
Foreign	94.40%	95.24%	95.30%

Most of domestic sales and services of the Company and its Subsidiary are made to a related company, Nam Silp Thai Co., Ltd., as the sole representative distributor in Thailand. The details of connected transactions are shown in ‘Note to Consolidated Financial Statement’.

For distribution channel of the Company in foreign market, a proportion in each region of the world is as follows;

Foreign Markets	Consolidated financial statements Year 2019	Consolidated financial statements Year 2018	Consolidated financial statements Year 2017
Europe	40%	44%	46%
Australia	37%	36%	37%
Asia and Pacific	14%	14%	12%
America	8%	5%	4%
Africa and Middle East	1%	1%	1%



The Company and its Subsidiary do not have any customer who holds more than 30 % of total revenue gaining from product sales and services, except the major shareholders of the Company which sale price is the market price and also is presented to the Audit Committee for approval in the beginning of each year.

## Product Provision

### 1. Production

At present, the Company and its Subsidiary produce lenses 300 days per year, working 1-2 shifts /day (8 hours per shift) which depend on production line and products delivery time as ordered within the production capacity of machines to produce each category products of the Company and its Subsidiary. Moreover, this year the Company

has applied Productivity Improvement Program for reducing cost and increasing productivity which make the Company can produce Casting lens about 50% up without investment to buy more machine and setting plan to cost down in Prescription/Rx at 5% per year.

### 2. Raw materials

The Company and its Subsidiary use all raw materials purchasing from abroad. The price of raw materials does not depend on the fluctuation of oil price. In case that the prices of raw material have been changed, the suppliers will inform the

case in advance, so that it will not affect the customer's production. From the past, the change in raw materials prices affected the cost of production a little.

## Environmental Impact

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The Company and its Subsidiary have awareness on the environmental impact, employee health, and its neighbor premises. Therefore, the Company has regulation in the chemical production process, particularly to wear rubber gloves and boots, protective gown, and nose and mouth guards for and safety. In the plant, there are installation of powder tracking device for the grinding process,

and the waste-water treatment to eliminate refuse and sewage. The Company has been certified to qualify the standard sewage treatment from the Ministry of Industrial. Since established, the Company and its Subsidiary have never conducted any disputes or do receiving lawsuits in connection with the environmental issues.

## Research and Development

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Among Ophthalmic Lens Industry, whenever the new material that suitable for producing lens is discovered, each manufacturer will bring that material to experiment and develop the production process with customized technology. The Company has established Research and Development

Institution that is responsible to experiment new technology and new material that change in regard to the market demand. After developing researches, some kind of thinness High-impact resistant lenses which named "Tribrid™" has been launched to market.

## Business Objectives and Future Plans

The company has set a 5-year goal between 2020-2024 with sales expected to grow by 10% -15% according to the changing business conditions and according to the income structure which is divided into 2 structures as follows;

**1. Lenses sales to foreign customers** – The company has a customer base in all regions of more than 50 countries around the world with a diverse group of customers, including manufacturers, distributors, large and medium retailers, as well as online glasses dealers. At present, foreign customers are the company’s large customers, accounting for approximately 95% of revenue.

**2. Lenses sales to domestic customers** - The company sells lens to domestic customers through the group retail stores that have a long reputation in Thailand and have branches throughout the country and in neighboring countries, the proportion of revenue of domestic customers is approximately 5 percent.

**Thai Optical Group Public Company Limited (“the Company”) and its Subsidiary Companies** are committed to continually produce optical lenses to the highest international quality standards, with attention to details in all areas of production. Moreover, by focusing on Research & Development as well as stringent controls and sound business practices, customers can be assured of the efficiency, cost-effectiveness and quality of the Company’s products and services. The Company aims to maximize growth opportunities and enhance profitability to the benefit of shareholders and business partners, while optimizing its product offering, to suit all customers demand, meanwhile conduct social and environmental responsibility.

The Company realizes on the importance of producing quality products and follow standards deemed to be acceptable at the global level through the prime strategies includes the enhancement on potential and consistency to the business with the objectives of achieving extensive high returns that would yield long term benefits to the investors. Therefore, the Company and its Subsidiary Companies set business objectives as follows :

### Marketing

- ▶ Increasing sales volume and market shares both domestically and globally especially in Asia and Australia by enhancing the quality and diversity of products such as the provision of optical services for customers in abroad, in connection with their prescription (Rx) lenses orders of the Subsidiary company. This can reflect an impressive and premium services as well as delivering the most convenient and rapid means to the customers.



- ▶ Build up profits by emphasizing efficient work force development as well as establishing an effective expenditure controlling system.
- ▶ Expanding Rx Lens Laboratories for fast delivery to customers.
- ▶ In the year 2015, take over all share of Poly Sun Co.,Ltd. for adding Tinted lenses and Polarized lenses(Blocked light) product to meet the need of target market.
- ▶ In the year 2016, the Company expanded the production line of RX automation
- ▶ In the year 2017, the Company established TOG USA Inc. to distribute more products in America continent with the anticipation to have fast delivery and logistic service.
- ▶ In the year 2018, Bluloc™ was launched. The BLULOC lens can reduce the harmful light with frequency below 420 nanometer for more than 95% from the lens material itself.
- ▶ In the year 2019, the Company invested in the new RX Automation Phase 2 and launched the z design™, premium digital RX progressive lenses.

#### **Human Resource**

- ▶ Emphasize the continuity of human resource development by progressive training, and modification to become a learning organization in its professional fields.
- ▶ Set target and establish a system to record the training programs for the employees including an evaluation process as well as the assessment procedure to validate the benefit of the training programs given to the employees where the Company can develop and improve the potential in the employees continuously.
- ▶ Provide social welfare to all employees equitably, improve the social welfare and benefit to all employees ensuring they have a better living life.
- ▶ Provide health insurance and accident insurance to all employees' equivalent to the same standard in other company having the same location and same type of business.
- ▶ Provide concentration to the working period of employees ensuring that the employees have appropriate rest period as well as improve the working area to have a good landscape and improving the working area condition.

#### **Research and Development**

Focus on Research and Development in order to create new products to meet market demands as well as continue to develop the quality of existing products of the Company. The Company has signed MOU with NECTEC Institution ,Thailand for co-developing year 2015 to 2017.

- ▶ Emphasize value added products by increasing greater qualities to the high impact resistant lenses. The Company has been acknowledged to be the first Ophthalmic lenses manufacturer of High impact resistant lenses – “Excelite® Trivex®”, in finished single vision, and Progressive lenses. The Company has joined the agreement with Transitions Optical Inc., the world-leading producer of photochromic lenses, to add the quality to change color for 2 kinds of lenses, i.e. High impact resistance lenses “Excelite® Trivex®” and High index lenses. These lenses have their quality in being darken immediately when exposed to light, and can be turned into clear lenses when they are in shade. Besides, they prevent 100% UV, both UV-A and UV-B and serve to prevent risk from the ultraviolet ray. Popular colors among customers are gray and brown.

- ▶ TOG has joined with PPG Industries which is a chemical manufacturing in the United States in launching super thin

High-Impact Resistant Lenses - Excelite® Tribid™. This material was developed with advanced technology by hybrid combination that a research in the optical lens production process with this material had been studied for more than one year. In addition, the lens had been launched on October, 2011 at International Eyewear Exhibition (SILMO)-Paris, France and International Eyewear Exhibition (MIDO)-Italy which had received high interest from optical wholesalers in various countries.

- ▶ TOG has jointed researched and developed with Mitsut Checimal Inc. to produce LeafECO™.

### Corporate Social and Environmental Responsibility

- ▶ Build trust with DS / EN ISO -13485 : 2012 Certificate which is an internationally published standard that defines requirements within quality management systems for manufacturers of medical devices and equipment.

- ▶ Maintain standard procedures of efficient operations in accordance with the international standard of ISO 9001 : 2015

From Bureau Veritas in order to enhance its capability in the global market competition.

- ▶ Maintain and Develop in accordance with ISO 14001 :2004 certification.

- ▶ Continuing to implement the Corporate Social Responsibility (CSR) and CSR-DIW 2012 both inside and outside organization.



# Risk Factors

In the year 2019, the Company and its Subsidiaries require all departments to assess systematically any possible risks, effects, prevention and solution including with appoint Risks Management Team to assess, analyze risk, set measure or action plan for risks management as well as systemically follow-up and taking into account internal factors and external factors such as production process, marketing, exchange rates and personnel, etc. The Company has reviewed and prepared medium-term-plan which will analyze the risk of business related to economic conditions including marketing and procurement of raw materials to prevent and respond the risk that may occur in the future, including setting proactive strategy to manage the problems. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly. Risk mitigation measures will be announced guidelines to employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business.

## 1. Business Risk

### 1.1 Risks from Substituted Products

The optical lenses of the Company and its Subsidiary are internationally considered as medical products that are used to correct visual disorders, such as myopia, hypermetropia and oblique astigmatism. At present, there are two alternative technologies that are considered to be substituted for optical lenses, namely contact lenses, and a laser eye surgery method including Laser Assisted In-Situ Keratomileusis (Lasik). However, the detractions of contact lenses are their relatively shorter lifespan, special care required and the continual expenses of cleaning solutions. It can be uncomfortable for people with parched eyes as contact lenses sit directly on their cornea, which may also lead to other eyes diseases that can easily be infected due to unsanitary conditions. As for LASIK, this method now can cure only one type of myopia or hypermetropia and cannot cure presbyopia in elderly people. Lasik is also very costly and cannot guarantee that the eye disorder will not return. Therefore, the aforementioned product and method have inherent limitations, which prohibit them from replacing the use of eyeglasses.

## 1.2 Risks from Competition

In Thailand, the Ophthalmic Lenses Industry is mainly an export industry. Aside from domestic competition, the Company has to compete globally with manufacturers from many other countries, especially China, whose manufacturers can produce CR39 (basic plastic lenses) at very low cost. Therefore, the competition for pricing CR39 is very aggressive. Due to changing of economic condition, customers want to save money as well as getting good quality products. Thus, the Company has coped with price competition by implementing 'Lean Manufacturing' system and "Productivity Improvement program" to apply in production process. These systems help to produce the best quality of products and provide the lowest production cost and shortest production time. Therefore, the Company can fulfill customers' requirements and also compete with others.

## 2. Production Risk

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### 2.1 Risks over Price and Raw Material Procurement

The company intends to use environmental-friendly raw materials. Currently, the use of raw materials that are produced from vegetable oils in lenses 1.74 leafeco, and the company is also trying to find opportunities to increase the use in other products as well. As for the exchange rate, the appreciation of the Thai Baht has a positive effect on the raw materials in terms of prices, since the main raw materials are imported from abroad resulting in lower production costs. However, the company does not have a policy to increase the amount of raw materials due to the quality control of the raw material storage period. Therefore, it is necessary to monitor the effects of exchange rates in the future.

### 2.2 Labor Risk

The company saw the need to develop the production line to be more efficient by increasing production with semi-automatic and automatic systems. This will result in risk in terms of labor shortages when production increases at a lesser risk level. The improvement of this production line caused the company to change its labor structure. To become workers with more specialized knowledge which in the long run, the company will be able to effectively manage the impact of the minimum wage increase for normal labor and can increase production and delivery efficiency to support the expansion of the customer base in the future.

### 2.3 Risk from 3D Printing

Although it has been known that the growth of 3D printing technology in the last decade but the development to be used in the production of eyeglass lenses at present is still at a level that does not have risk factors for the production of current technology. This is because it has not been found that raw materials have been developed in order to have properties and quality suitable for use compared to current raw materials. For more prevalent use in the business, such as making



glasses frames from 3D printers, the company considers this an opportunity to develop in the future that the company will be able to use technology to respond to products that are better individuality for users

### 3. Financial Risk

#### 3.1 Financial risk management

The Company and its Subsidiary have risks from Foreign Currencies Exchange Forward Contract (FX Forward) which term is not more than 1 year as Risk Management Tools. Risk management as in audited financial statements as of December 31, 2019, the Company and its subsidiary have balance of financial assets and liabilities denominated in foreign currency is summary below;

Unit : Baht

Currency	Assets	Liabilities	Different of Asset and Liabilities	Average Exchange Rate as at December 31,2018	Different of Asset and Liabilities in Thai Baht
US Dollar	12,651,300	2,882,434	9,768,866	30.1084	294,124,955
SG Dollar	163	-	163	22.2846	3,632
EURO	1,785,845	3,942,650	(2,156,805)	33.6780	(72,670,557)
JPY	20,505,817	23,059,496	(2,553,679)	0.2754	(703,283)
MYR	16,354	-	16,354	7.2999	119,383
GBP	-	189,029	(189,029)	39.4435	(7,455,965)

#### 3.2 Risk from related parties guarantees

As at 31 December 2019, the Company has contingent liabilities in respect of the guarantees of TOC subsidiary's credit facility amounting to 51.1 million baht and EUR 3.7 million or total equivalent to Baht 176.0 million Baht provided to banks. (Year 2019 : 54.9 million Baht and Euro 4.83 million or equivalent to Baht 242.0 million)

As at 31 December 2019, the Company has an obligation to guarantee credit facilities of Poly Sun Company Limited, a subsidiary company, for banks amounting to Baht 17 million (2018 : Baht 17 million).

As at 31 December 2019, Thai Optical Company Limited, a subsidiary, has contingent liabilities in respect of guarantees for credit facilities of the Company, amounting to Baht 191.2 million (2018 : Baht 152.9 million).

This guarantee is binding on the company and subsidiaries as long as the debt has not been paid. The Company and its subsidiaries charge a guarantee fee of 1.5 percent per annum.

## 4. Risks from Information Technology (IT)

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### 4.1 Risk from cyber threats

Changing business models and working methods that rely on more digital technology. The introduction of automated systems in factories and production processes to increase production efficiency. Including the trend of linking information of devices and various departments in industrial plants via the internet, linking to customers. This makes business operations more vulnerable to cyber threats, such as attacks on the infrastructure used in the production process. Data theft such as product and product development, trade information and personal information of employees Which may have a financial impact Business continuity Reputation and credibility of the company Which the company has promulgated Information Technology Security Policy As well as assessing cyber risks with computer systems that is used to control the production process and carry out periodic risk prevention.

### 4.2 The risk of changing digital technology

Changes in technology are happening rapidly. It plays a huge role in doing business like more exchanges of access to company and customer information through digital channels. The above change is a risk that affects the market condition. Customer behavior in choosing to buy products and services causing increased business competition. In addition, it also changes the business model and the cost of doing business as well. However, digital technology is an opportunity to create new business opportunities that add value to the organization. The company requires monitoring and analysis of technological change trends to bring work development and business strategy adjustment and to increase the ability to compete further. In addition, automation technology and robots are used in production process to create an advantage in production costs and increase business efficiency.

## 5 Management Risk

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### 5.1 Risks from Distributing Domestic Sales via an Affiliated Company

The sole domestic distributor of products manufactured by the Company and its Subsidiary is Nam Silp Thai Co., Ltd., an affiliated Company that may have a potential conflict of interest. The products of the Company and its Subsidiary are mainly exported, whereas only 5 % of sales in total are in the domestic market where the selling prices are set on the same basis as exports. For clarity and transparency in price setting, the Company and its Subsidiary have product pricing policies controlled by the Board of Directors and the Audit Committee. In case of selling products to person or related company, a report on such matter must be sent to the Audit Committee in every quarter for its clarity and transparency.



# Dividend Payout Policy



The dividend payout at any period and its amount (if any) will be based on the results of the Company's performance, financial status, available cash flow and the need of cash investment, and other related factors in accordance with an agreement of the Board of Directors. The Company runs its own business as well as holding shares in its Subsidiary Company, thus the Company's capability to pay dividend to Shareholders will depend on profits and cash flow of the Company and its Subsidiary. In addition, the Board of Directors Meeting No.49 (1/2555) held on February 22nd ,2012 had a resolution to approve in regard to the new dividend payout policy since 2012 that "Pay dividend not less than 40 percent of Net Profit of Consolidated financial statements after less of all reserved fund required by law and the Company"

The dividend payout announcement will comply with the rule of Civil and Commercial Code which is under discretion of the Shareholders' meeting in accordance with the proposal from the Board of Directors. And, the Interim dividend payment, the discretion will be made by the Board of Directors. In addition, in compliance with Thailand laws, the Company is required to pay dividend only from profits (i.e. Net profit including accumulated Income and is deducted with any accumulated Loss). Besides, the Company is required to appropriate reserved fund until it has reached one-tenth of the Company's registered capital or more than the said amount regarding to the Company's Articles of Association. For the Subsidiary Company, dividend will be paid to the Company with not less than 90 percent of the Net profit of the Subsidiary Company.

Year	Earnings Per Share (Baht)	Dividend Per Share (Baht)	Dividend Payout Ratio (%)
2019	0.28	0.25	90
2018	0.31	0.28	91
2017	0.39	0.35	90
2016	0.53	0.42	80
2015	0.48	0.38	78
2014	0.43	0.35	82
2013	0.33	0.26	86
2012	0.32	0.25	77
2011	-0.14	0.05	(36)
2010	0.3	0.25	83
2009	0.28	0.25	89
2008	0.34	0.25	82
2007	0.34	0.2	59
2006	0.24	0.16	71

# Shareholder Structure

## 1.Shareholders

As of December 30, 2019 (the recent closing date), Thai Optical Group Public Company Limited has 1,984 shareholders. (counted from paid-up capitals of 474,318,000 shares) are; The major shareholder, the Prachartam Family is comprised of 31 persons as follows;

No.	Name of Shareholders	Relation with Dr. Sawang Prachartam	Number of Shares	Stockholdeing Proportion (%)
1	Mr. Prateep Prachartam	Brother	16,000,000	3.37%
2	Mrs. Rattana Prachartam	Sister-in-law (The wife of Mr. Prateep)	6,554,200	1.38%
3	Mrs. Pornpun Thotrakul	Niece (The daughter of Mr. Prateep)	6,930,000	1.46%
4	Mr. Chakorn Thotrakul	Great-grandchild (The Son of Mrs. Pornpun)	2,600,000	0.55%
5	Miss Pornpen Prachartam	Niece (The daughter of Mr. Prateep)	2,920,000	0.62%
6	Miss Porntip Prachartam	Niece (The daughter of Mr.Prateep)	8,730,000	1.84%
7	Mrs. Chalinee Laosuwan	Niece (The daughter of Mr.Prateep)	7,170,000	1.51%
8	Mr. Sarin Laosuwan	Great-grandchild (The Son of Mrs. Chalinee)	1,100,000	0.23%
9	Mr. Issara Laosuwan	Great-grandchild (The Son of Mrs. Chalinee)	1,100,000	0.23%
10	Mrs. Nonglak Somboontam	Niece (The daughter of Mr. Prateep)	8,830,000	1.86%
11	Mrs. Waranya Prachartam	Daughter-in-law (The wife to Mr. Wirach (Mr. Prateep's Son))	185,000	0.04%
12	Ms. Lakshmi Prachartam	Great-grandchild (The Daughter of Mrs. Waranya)	6,190,000	1.31%
13	Mr. Sippanon Prachartam	Great-grandchild (The Son of Mrs. Waranya)	6,183,200	1.30%



No.	Name of Shareholders	Relation with Dr. Sawang Prachartam	Number of Shares	Stockholding Proportion (%)
14	Mr. Witoon Prachartam	Nephew (The son of Mr. Prateep)	11,830,000	2.49%
15	Mrs. Amolrat Prachartam	Niece (The daughter of Mr.Prateep)	8,830,000	1.86%
16	Mr. Kamron Prachartam	Brother	26,410,000	5.57%
17	Mr. Pakee Prachartam	Nephew (The son of Mr. Kamron)	25,000,000	5.27%
18	Mr. Anan Prachartam	Great-grandchild (The Son of Mr. Pakee)	1,000,000	0.21%
19	Mr. Puwit Prachartam	Great-grandchild (The Son of Mr. Pakee)	1,000,000	0.21%
20	Mr. Torn Prachartam	Nephew (The son of Mr. Kamron)	24,179,700	5.10%
21	Mr. Samrit Prachartam	Brother	14,840,000	3.13%
22	Mr. Bancha Yongritthikul	Nephew (The son of Miss Walnapa )	1,260,469	0.27%
23	Miss Kornwara Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,515	0.36%
24	Miss Ruedeepon Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,516	0.36%
25	Miss Roongnapa Prachartam	Sister	9,382,000	1.98%
26	Dr. Sawang Prachartam	-	12,000,000	2.53%
27	Miss Prinda Prachartam	Daughter	10,507,700	2.22%
28	Mr. Sarote Prachaktam	Brother	3,250,000	0.69%
29	Mr. Yosanon Prachaktam	Nephew (The son of Mr. Sarote)	20,353,893	4.29%
30	Lieut. Col. Ketnapa Teganjanavanich	Sister	3,050,000	0.64%
31	Mr. Sarath Teganjanavanich	Nephew (The son of Lieut. Col. Ketnapa)	4,687,500	0.99%
<b>Total of shares held by the Prachartam Family</b>				<b>53.87%</b>

### Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of December 30, 2019 there was 25.60% of the total shares of the Company held by foreign shareholders.

# Shareholders Structure

## 1. Shareholders

As of December 30, 2019 (the recent closing date), the first 10 major shareholders (counted from paid-up capital of 474,318,000 shares) are as follows :

Rank		30 Dec 2019		23 Aug 2019		Increase (Decrease)
		# Shares	% Shares	# Shares	% Shares	
1	The Prachartams	255,642,693	53.9%	255,542,693	53.9%	100,000
2	Specsavers Asia Pacific Holdings Limited	118,767,600	25.0%	118,767,600	25.0%	0
3	Aberdeen Small Cap Open Fund	20,951,500	4.4%	21,226,100	4.5%	-274,600
4	Mr. Kriangsak Isarayanguen	5,640,700	1.2%	5,943,500	1.3%	-302,800
5	Bangkok Life Assurance Public Company Limited by Aberdeen Asset Management Company Limited	5,407,100	1.1%	5,407,100	1.1%	0
6	NST Ventures Co.,Ltd.	5,000,000	1.1%	5,100,000	1.1%	-100,000
7	Mr. Chai Polpanumas	2,289,000	0.5%	1,430,000	0.3%	859,000
8	Mrs. Supratra Chansangavej	2,173,645	0.5%	2,173,645	0.5%	0
9	Mr. Mongkol Jirapatthanakul	1,540,000	0.3%	1,540,000	0.3%	0
10	Mr. Wonchud Chuunchom	1,460,000	0.3%	1,460,000	0.3%	0
	Other Shareholders	55,445,762	11.7%	55,727,262	11.7%	-281,500
<b>Total</b>		<b>474,318,000</b>	<b>100.0%</b>	<b>474,317,900</b>	<b>100.0%</b>	



# The Board of Directors and Management

## Sawang Prachartam, Ph.D.

- Chairman of the Board of Directors

Age :	75
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	2.53
Family Relationship with Other Directors and Members of Management :	Yes*



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### Educational Qualifications :

- Ph.D. CE University of Akron, Ohio, U.S.A. (Class of 1974)
- MSCE The University of Akron, Ohio, U.S.A. (Class of 1970)
- BSCE Chulalongkorn University, Bangkok, Thailand (Class of 1966)

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### IOD Training Program and Management Development :

- DCP : Director Certification Program, Class 83/2007
- UFS : Understanding the Fundamental Financial Statement, Class 2/2006
- FND : Finance for Non-Finance Director, Class 17/2005
- RCP : Role of Chairman Program, Class 11/2005
- DAP : Director Accreditation Program, Class 18/2004



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**Past Experience :**

2004-Present	Thai Optical Group Public Co., Ltd.	1974-1976	Civil Engineering Department, The University of Akron, Ohio, U.S.A.
	<b>Chairman</b>		
2009-2014	Thai Optical Group Public Co., Ltd.		
	<b>Chairman of the Business Strategic Committee</b>	1970-1974	<b>Research Associate</b> Hale & Kullgren, Akron, Ohio, U.S.A.
2004-2008	Thai Optical Group Public Co., Ltd.		Structural Analysis System, Kent, Ohio, U.S.A.
	<b>Managing Director</b>		
1982-2003	Thai Optical Co., Ltd.		<b>Engineer</b>
	Better Vision Group Co., Ltd.	1968-1969	Aisun & Associates Co., Ltd.
	Nam Silp Thai Eyewear Co., Ltd.		<b>Engineer</b>
	<b>Executive Director of Sales and Marketing</b>	1967-1968	Soil Testing Service Co., Ltd.
			<b>Engineer</b>
1979-1981	Architect 110 Co., Ltd.	1966-1967	Universal Engineering Consultants Co., Ltd.
	<b>Director and Engineer</b>		
	Thai Group Consultants Co., Ltd.		<b>Engineer</b>
	<b>Senior Structural Engineer</b>		
1976-1978	Department of Applied Science, Brookhaven National Lab, NY, U.S.A.		
	<b>Structural Engineer</b>		

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<b>Position in Subsidiaries or Associated Companies :</b>	None
<b>Position in Related Company :</b>	Yes
• NST Ventures Co., Ltd.	Director
<b>Positions in Other Listed Companies :</b>	None
<b>Positions in Other Non-Listed Companies :</b>	Yes
• Thai Optometric Association	Director Consultant
• The Engineering Institute of Thailand Under H.M. the King's Patronage	Member
• Thai – Italian Chamber of Commerce (TICC)	Director
• TopCon Co., Ltd.	Director
<b>Law Dispute in the Past 10 Years :</b>	None

## Singh Tangtatswas

- Independent Director
- Chairman of the Audit Committee



Age :	77
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

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### Educational Qualifications :

- MBA Banking and Finance, Wharton School of Finance and Commerce, University of Pennsylvania, U.S.A.
- BEcon Thammasat University, Bangkok, Thailand

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### IOD Training Program and Management Development :

- FGP : Financial Institutions Governance Program, Class 2/2011
- MIA : Monitoring the Internal Audit Function, Class 6/2009
- DCP : Director Certification Program, Class 0/2000

### Management Development Program :

- Executive Development Program, Harvard Business School, U.S.A.
- Management Development Program, Wharton School of Finance and Commerce, U.S.A

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**Past Experience :**

2004-Present	Thai Optical Group Public Co., Ltd.	1986-1996	Thai Pulp and Paper Industry Association <b>Independent Director</b> <b>Chairman of the Audit Committee</b>
2005-2013	TWZ Corporation Public Co., Ltd.		Siam Industrial Finance and Securities Company <b>Director</b>
2002-2009	The Stock Exchange of Thailand		The Siam Pulp and Paper Public Co., Ltd. <b>Corporate Governance Center Adviser</b> <b>Deputy Managing Director</b>
1999-2001	Krung Thai Bank Public Co., Ltd.	1980-1986	Siam Cement Public Co., Ltd. <b>President and Chief Executive Officer</b> <b>Finance and Planning Manager</b>
1996-1999	The Stock Exchange of Thailand	1978-1980	Fiscal Policy Office, Ministry of Finance <b>Director of Fiscal Planning Division</b>
1991-1996	Siam Cellulose Co., Ltd,	1968-1978	Fiscal Policy Office, Ministry of Finance, <b>Managing Director</b> <b>Economist</b>

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**Position in Subsidiaries or Associated Companies :**

None

**Position in Related Company :**

None

**Positions in Other Listed Companies :**

Yes

- Bangkok Insurance Public Co., Ltd.

Director

Chairman of the Nomination and Compensation Committee

- Bangkok Bank Public Co., Ltd.

Director

**Positions in Other Non-Listed Companies :**

Yes

- Thai Institute of Directors

Director

**Law Dispute in the Past 10 Years :**

None



## Phairuch Mekarporn

- Independent Director
- Chairman of Nomination and Remuneration Committee
- Member of Audit Committee



Age :	74
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

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### Educational Qualifications :

- M.S.M.E., California State University, Long Beach, U.S.A.
- B.S.M.E., Chulalongkorn University, Bangkok, Thailand

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### IOD Training Program and Management Development :

- Advanced ACP : Advanced Audit Committee Program, Class 1/2009
- ACP : Audit Committee Program, Class 17/2007
- DCP : Director Certification Program, Class 81/2006
- Seminar : Directing in the Year of the Rooster : Hot Issues and Outlook for 2017

### Management Development Program :

- Advanced Management Program : The International Senior Managers' Program, Harvard University, Graduated School of Business Administration, U.S.A.
- Seminar : Business in the Age of Uncertainty 2007, EY Office Limited

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**Past Experience :**

2014-Present	Thai Optical Group Public Co., Ltd.	1996-2003	Siam Kraft Industry Co., Ltd. Thai Kraft Paper Industry Co., Ltd. Thai Union Paper Industry Co., Ltd.
	<b>Member of the Audit Committee</b>		
2004-Present	Thai Optical Group Public Co., Ltd.		<b>Managing Director</b>
	<b>Independent Director/ Chairman of the Nomination and Remuneration Committee</b>	1989-1996	Thai Paper Co., Ltd. Thai Union Paper Public Co., Ltd.
2004-2014	Thai Optical Group Public Co., Ltd.		<b>Managing Director</b>
	<b>Member of the Business Strategic Committee</b>		

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**Position in Subsidiaries or Associated Companies :**

None

**Position in Related Company :**

None

**Positions in Other Listed Companies :**

Yes

- TTW Public Company Limited

Independent Director  
Chairman of Audit Committee  
Chairman of Nomination and Remuneration Committee  
Member of the Corporate Governance Committee

**Positions in Other Non-Listed Companies :**

Yes

- Pathum Thani Water Co., Ltd.

Chairman of the Board of Directors

**Law Dispute in the Past 10 Years :**

None



## Assoc. Prof. Dr. Wicha Jiwalai

- Independent Director
- Member of the Audit Committee
- Member of Nomination and Remuneration Committee



Age :	75
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

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### Educational Qualifications :

- Ph.D. Geodetic Science, The Ohio State University, U.S.A.
- M.S. Geodetic Science, The Ohio State University, U.S.A.
- M.S. Engineering, ITC, The Netherlands
- BSCE Chulalongkorn University, Bangkok, Thailand

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### IOD Training Program and Management Development :

- CDC : Charter Director Class, Class 1/2007
- ACP : Audit Committee Program, Class 11/2006
- DAP : Director Accreditation Program, Class 8/2004
- RCP : Role of Chairman Program, Class 2000
- DCP : Director Certification Program, Class 14

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**Past Experience :**

2015-Present	Thai Optical Group Public Co., Ltd.	1993-1998	Thai Condominium Association
	<b>Member of Nomination and Remuneration Committee</b>		<b>President</b>
2004-Present	Thai Optical Group Public Co., Ltd.	1986	Ghajamadha University, Indonesia (under the MUCIA – World Bank Project)
	<b>Independent Director</b>		<b>Visiting Professor</b>
	<b>Member of the Audit Committee</b>	1985-1989	<b>Deputy Governor of Bangkok, Metropolitan Administration</b>
2012- 2013	The ASEAN Federation of Land Surveying and Geomatic	1979-1985	Chulalongkorn University
	<b>President</b>		Survey Engineering Department, Faculty of Engineering
2000- 2005	Geo-Informatics and Space Technology Development Agency (Public Organization),		<b>Associate Professor and Head of Survey Engineering Department</b>
	<b>Chairman of Executive Board</b>	1966-1979	Chulalongkorn University
1994-199	The Sub-Committee for National Housing Policy		Survey Engineering Department, Faculty of Engineering
	<b>Director</b>		<b>Lecturer</b>

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**Position in Subsidiaries or Associated Companies :**

None

**Position in Related Company :**

None

**Positions in Other Listed Companies :**

Yes

• STP &amp; I PCL.

Chairman of the Audit Committee

• TNDT PCL.

Chairman of the Audit Committee

**Positions in Other Non-Listed Companies :**

Yes

• Salintara Co., Ltd.

Chairman

• World Resort Co., Ltd.

Director

• Surveying and Mapping Society of Thailand

President

• The Engineering Institute of Thailand

Under H.M. The King's Patronage

Civil Engineering Technical Board

**Law Dispute in the Past 10 Years :**

None





## Banchong Chittchang

- Independent Director
- Chairman of the Business Strategic Committee
- Member of the Nomination and Remuneration Committee

Age :	71
Date of Appointment to the Board :	April 8, 2008
Years of Directorship :	11
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None



### Educational Qualifications :

- MS. Mechanical Engineering, University of Akron, U.S.A.
- B.Eng. Mechanical (Magna Cum Laude or Second-Class Honors), Chulalongkorn University, Bangkok, Thailand

### IOD Training Program and Management Development

- 2005-Present : Facilitator of Strategic and Management Program Courses at IOD
- CDC : Charter Director Class, Class 1/2007
- DCP : Director Certification Program, Class 7/2001 (Fellow Member)

### Past Experience :

2015-Present	Thai Optical Group Public Co., Ltd. <b>Chairman of the Business Strategic Committee</b>	Federation of Thai Industries <b>Vice Chairman Food Processing Industry Club</b>
2008-Present	Thai Optical Group Public Co., Ltd. <b>Independent Director</b> <b>Member of the Business Strategic Committee</b>	Thailand Management Association (TMA) <b>Councilor</b>
	<b>Member of the Nomination and Remuneration Committee</b>	1989- 1994 Inchcape Manufacturing Co., Ltd. <b>Managing Director</b>
1995- 2004	Malee Sampran Public Co., Ltd. <b>President</b>	1981-1989 Foremost Dairies (Bangkok) Co., Ltd. <b>Operations Manager</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	Yes
• Lam Soon (Thailand) Public Co., Ltd.	Independent Director Member of the Audit Committee Member of Remuneration Committee Member of Nomination Committee
• PTBI Public Co., Ltd.	Chairman Independent Director
Positions in Other Non-Listed Companies :	Yes
• Thai Institute of Directors (IOD)	Director Member of Compensation Committee
Law Dispute in the Past 10 Years :	None

## Paul Bryan Fussey

Non-Executive Director

- Member of the Business Strategic Committee



Age :	53
Date of Appointment to the Board :	November 6, 2019
Years of Directorship :	—
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- FCMA Qualification, Chartered Institute of Management Accountants, United Kingdom (2006)
- ACMA Qualification, Chartered Institute of Management Accountants, United Kingdom (1999)

### Past Experience :

2010-Present	Specsavers Optical Group <b>Chief Financial &amp; Commercial Officer</b>	2003-2005	Boots Contract Manufacturing <b>Managing Director</b>
2005-2009	Boots The Chemist <b>Financial Director</b>	2001-2003	Boots The Chemist <b>Divisional Finance Director</b>
		1996-2001	Hygena Kitchens <b>Finance Director</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	Yes
Holding the position of Director position in 40 companies	
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	None
Law Dispute in the Past 10 Years :	None



## David Andrew Cross



- Non-Executive Director
- Member of the Business Strategic Committee

Age :	64
Date of Appointment to the Board :	December 2, 2009
Years of Directorship :	10
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- Graduate of Australian Institute of Company Directors (2008)
- Bachelor of Economics (Adelaide University 1977)
- Chartered Accountant (since 1979)

### IOD Training Program and Management Development :

- |   |                       |
|---|-----------------------|
| Australian Institute of Company Directors | • The Chairman (2013) |
|---|-----------------------|

### Past Experience :

2009-Present	Thai Optical Group Public Co., Ltd.	2002-2004	SOLA International Inc.
	<b>Director/ Member of the Business Strategic Committee</b>		<b>Vice President Business Planning and Development</b>
2007	Carl Zeiss Vision-AG	1999-2002	SOLA International Inc.
	<b>Vice President Strategic Business Development</b>		<b>Vice President Finance Global Operations</b>
2004-2007	SOLA International Inc.	1996-1999	SOLA Australia
	Carl Zeiss Vision-AG.		<b>Commercial Director</b>
	<b>Managing Director Asia Pacific</b>	1993-1996	SOLA Australia
	Optical Distributors and Manufacturers Association of Australia (ODMA)	1980-1993	<b>Finance Director</b>
	<b>Non Executive Director</b>	1976-1980	Clarks Shoes Australia LTD.
			<b>Commercial Director</b>
			Hungerfords/KPMG

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	Yes
• Royal Automobile Association of South Australia Inc.	Non-Executive Director • Member of Group Remuneration • Committee • Member of Governance and Nominations Committee
• Specsavers Pty Ltd.,	Director of Global Strategy (Supply Chain)
• Lion Distribution Pte Limited (Singapore)	Director
• Optic Century International Limited (Hong Kong)	Director
Law dispute in the Past 10 Years :	None

## Mr. Sarote Prachaktam

- Non-Executive Director
- Member of the Business Strategic Committee



Age :	72
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	0.69
Family Relationship with Other Directors and Members of Management :	Yes*

### Educational Qualifications :

- Master of Industrial Engineering, North Carolina State University, U.S.A.
- Bachelor of Mechanical Engineering, Chulalongkorn University, Thailand

### IOD Training Program and Management Development :

- DCP : Director Certification Program, Class 86/2007
- DAP : Director Accreditation Program, Class 18/2004
- FND : Finance for Non-Finance Director, Class 13/2004

### Past Experience :

2006-Present	Thai Optical Group Public Co., Ltd.	2009-2011	Thai Optical Group Public Co., Ltd.
	Director		Managing Director
	Member of the Business Strategic Committee	2004-2008	Thai Optical Group Public Co., Ltd.
			Deputy Managing Director of Operating Sector
2012-2015	Thai Optical Group Public Co., Ltd.	1972-2003	Thai Optical Co., Ltd.
	Director		Thai Polymer Lens Co., Ltd.
	Member of the Nomination and Remuneration Committee		Director and Factory Manager
2011-2015	Thai Optical Co., Ltd.		
	Chairman		

Position in Subsidiaries or Associated Companies : None

Position in Related Company : Yes

- NST Ventures Co., Ltd. Director

Positions in Other Listed Companies : None

Positions in Other Non-Listed Companies : None

Law Dispute in the Past 10 Years : None

Remark See distribution table of major shareholders, the Pracharktam on page 33-34

## Pornpun Thotrakul

- Non-Executive Director



Age :	65
Date of Appointment to the Board :	February 20, 2004
Years of Directorship :	15
% of Shareholding as of 30 December 2019 :	1.46
Family Relationship with Other Directors and Members of Management :	Yes*

### Educational Qualifications :

- M.Sc. Chemical Engineering, University of Akron, Ohio, U.S.A.
- B.Sc. Chemical Engineering, Chulalongkorn University, Bangkok, Thailand

### IOD Training Program and Management Development :

- BRP : Board Reporting Program, Class 2/2010
- DCP : Director Certification Program, Class 90/2007
- RCC : Role of the Compensation Committee, Class 2/2007
- FND : Finance for Non-Finance Director, Class 28/2006
- DAP : Director Accreditation Program, Class 15/2004

### Past Experience :

2004-Present	Thai Optical Group Public Co., Ltd.	1977-2004	Thai Optical Co., Ltd. <b>International Trade Manager</b>
2012-2014	Thai Optical Group Public Co., Ltd.	1975-1979	King Mongkut Institute of Technology, Bangmod, Thonburi <b>Special Instructor in the Chemical Engineering Department</b>
2004-2014	Thai Optical Group Public Co., Ltd.		
	<b>Director</b>		
	<b>Procurement and General Affair Division Manager</b>		
	<b>Administrative Deputy Managing Director</b>		

Position in Subsidiaries or Associated Companies : None

Position in Related Company : Yes

- Nam Silp Thai Eyewear Co., Ltd. Director
- NST Ventures Co., Ltd. Director
- NST Training Centre Co., Ltd. Director

Positions in Other Listed Companies : None

Positions in Other Non-Listed Companies : None

Law Dispute in the Past 10 Years : None

Remark See distribution table of major shareholders, the Prachartams on page 33-34

## Wichit Thaveeprechachat

- Non- Executive Director



Age :	59
Date of Appointment to the Board :	April 8, 2008
Years of Directorship :	11
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- M.B.A., Banking and Finance, Ramkamhaeng University, Bangkok, Thailand
- B.B.A., Accounting, Ramkamhaeng University, Bangkok, Thailand

### IOD Training Program and Management Development :

- ACPG : Anti-Corruption Practical Guide, Class 7/2013
- DCP : Director Certification Program, Class 138/2010
- BRP : Board Reporting Program, Class 2/2010
- DAP : Director Accreditation Program, Class 76/2008
- EMT : Effective Minutes Taking, Class 2/2006
- CSP : Company Secretary Program, Class 6/2004
- Chulalongkorn University, Bangkok, Thailand : MMP, Class 27

### Past Experience :

2008-Present	Thai Optical Group Co., Ltd. <b>Director</b>	1989-1993	Thai Central Steel Co., Ltd. <b>Assistant Accounting Manager</b>
2018	Thai Optical Group Co., Ltd. <b>Business Planning and Finance Division Manager</b>	1987-1989	Kiatpaisal Co., Ltd. <b>Treasury</b>
2005-2017	Thai Optical Group Co., Ltd. <b>The Company Secretary</b>	1985-1987	Khumsappaisal Co., Ltd. , <b>Treasury</b>
1993-2004	Sin Thai Estate Co., Ltd. <b>Accounting Manager</b>	1984-1985	Nana Condominium Co., Ltd. , <b>Accountant</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	None
Law Dispute in the Past 10 Years :	None

## Torn Prachartam

- Executive Director
- Member of Business Strategic Director
- Chief Executive Officer



Age :	52
Date of Appointment to the Board :	November 10, 2010
Years of Directorship :	9
% of Shareholding as of 30 December 2019 :	5.10
Family Relationship with Other Directors and Members of Management :	Yes*

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### Educational Qualifications :

- M.Sc. Industrial and Systems Engineering, Ohio University, U.S.A.
- BChE King Mongkut's University of Technology Thonburi, Bangkok, Thailand

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### IOD Training Program and Management Development :

- BMT : Board Matters and Trends, Class 8/2019
- SBM : Strategic Board Master Class, Class 2/2017
- SFE : Successful Formulation and Execution of Strategy, Class 15/2012
- DCP : Director Certification Program, Class 149/2011
- Kellogg School of Management, Northwestern University :
- Executive Development Program Session 87/2014



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**Past Experience :**

2019-Present	Thai Optical Group Public Co., Ltd.	2004-2012	Thai Optical Group Public Co., Ltd.
	<b>Chief Executive Officer</b>		<b>Division Manager, TOG Plant</b>
2010-Present	Thai Optical Group Public Co., Ltd.	2001-2003	Thai Polymer Lens Co., Ltd.
	<b>Director/Member of the Business Strategic Committee</b>		<b>Division Manager, Production and Quality Control</b>
2014-2018	Thai Optical Group Public Co., Ltd.	1995-2001	Thai Polymer Lens Co., Ltd.
	<b>Managing Director</b>		<b>Division Manager, Planning and Quality Control</b>
2012-2014	Thai Optical Group Public Co., Ltd.	1994-1995	Thai Optical Co., Ltd.
	<b>Deputy Managing Director of Operating Sector</b>		<b>Division Manager, Glass Mold Manufacturing</b>

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**Position in Subsidiaries or Associated Companies :**

• Thai Optical Co., Ltd.	Yes Chairman, Director, and Managing Director
• Poly Sun Co., Ltd.	Director, and Managing Director
• TOG USA, Inc.	Director

**Position in Related Company :**

None

**Positions in Other Listed Companies :**

None

**Positions in Other Non-Listed Companies :**

Yes

- National Electronics and Computer Technology Center (NECTEC) Thailand  
Sub-committee on Electronic Devices and System Program

**Law Dispute in the Past 10 Years :**

None

**Remark** See distribution table of major shareholders, the Pracharktams on page 33-34



## Amolrat Prachartam

- Executive Director
- Chief Administrative Officer



Age :	52
Date of Appointment to the Board :	December 7, 2017
Years of Directorship :	2
% of Shareholding as of 30 December 2019 :	1.86
Family Relationship with Other Directors and Members of Management :	Yes*

### Educational Qualifications :

- Bachelor Degree of Civil Distribution and Marketing, Faculty of Commerce, Waseda University, Tokyo, Japan

### IOD Training Program and Management Development :

- DCP : Director Certification Program, Class 256/2018

### Past Experience :

2019-Present	Thai Optical Group Public Co., Ltd.	2004-2007	Thai Optical Group Public Co., Ltd.
	<b>Chief Administrative Officer</b>		<b>Sales and Marketing Manager</b>
2018-Present	Thai Optical Group Public Co., Ltd.	2002-2003	Thai Polymer Lens Co., Ltd.
	<b>Director</b>		<b>Purchasing &amp; Logistics Manager</b>
2015-2018	Thai Optical Group Public Co., Ltd.	1994-2002	Thai Polymer Lens Co., Ltd. ,
	<b>Division Manager, Logistics and Supply Chain</b>		<b>Export Sales Manager</b>
2008-2014	Thai Optical Group Public Co., Ltd.	1991-1994	Bangkok Float Glass Co., Ltd. ,
	<b>Division Manager, Business Development</b>		<b>Export Section Chief</b>
		1991	Asahi Glass Co., Ltd., Japan
			<b>Trainee</b>

### Position in Subsidiaries or Associated Companies :

- |                          |          |
|--------------------------|----------|
| • Thai Optical Co., Ltd. | Yes      |
| • Poly Sun Co., Ltd.     | Director |
| • TOG USA, Inc.          | Director |

Position in Related Company : None

Positions in Other Listed Companies : None

Positions in Other Non-Listed Companies : None

Law Dispute in the Past 10 Years : None

Remark See distribution table of major shareholders, the Prachartams on page 33-34

## Lindsay Jon Wynne Brown

- Chief Commercial Officer



Age :	52
Date of Appointment as a Senior Management Officer :	1 January 2019
Years of Management :	19
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- Optometry, Optometrist and Contact Lens Practitioner, University of the Witwatersrand, Johannesburg, South Africa
- Bachelor of Science, majoring in Biochemistry, Zoology and Botany, University of Port Elizabeth, South Africa

### Past Experience :

2019-Present	Thai Optical Group Public Co., Ltd. Chief Commercial Officer (CCO)	2005-2014	Transitions Optical Managing Director/General Manager EMEA
2015-2018	Hoya Vision Care Europe Sales Director for EMEA General Manager European and Global Key Accounts		Director Commercial Sales EMEA Business Director UK, Ireland & Nordics
		2000-2005	KFML Pty Ltd. Board Member
		1993-2000	Private Optometric Practice

Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	Yes
• LJWB Consultants Limited	Owner
Law Dispute in the Past 10 Years :	None

## Chaiwat Chittikun

- Chief Operating Officer



Age :	46
Date of Appointment as a Senior Management Officer :	1 October 2018
Years of Management :	5
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- Master of Engineering (Chemical Engineering), Chulalongkorn University
- Bachelor of Science (Chemistry), Mahidol University

### Past Experience :

2018–Present	Thai Optical Group Public Company Limited <b>Chief Operating Officer</b>	2011 – 2015	Hoya Lens Thailand Ltd. <b>Executive Officer</b> Hoya Lens Vietnam Ltd. <b>Director</b>
2015 – 2018	Hoya Lens Thailand Ltd. <b>Director &amp; Executive Officer</b> Global technology Leader Hoya Lens Vietnam Ltd. <b>Director</b>	2007 – 2011	Hoya Lens Thailand Ltd. <b>General Manager, RX Factory</b>
		2001 – 2007	Hoya Lens Thailand Ltd. <b>Production Manager</b>
		1996 – 2001	Hoya Lens Thailand Ltd. <b>Production Engineering Chief</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	None
Law Dispute in the Past 10 Years :	None

## Jirasuda Sumpaotong

- Chief Financial Officer



Age :	48
Date of Appointment as a Senior Management Officer :	1 October 2018
Years of Management :	1
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None

### Educational Qualifications :

- Master of Business Administration in Management, Ramkhamhaeng University
- Bachelor of Accountancy in Cost Accounting, Chulalongkorn University

### IOD Training Program and Management Development :

- DCP : Director Certification Program, Class 208/2015
- CSP : Company Secretary Program, Class 66/2015

### Past Experience :

2019-Present United Palm Oil Industry Public Company Limited	Kohler (Thailand) Public Company Limited
<b>Executive Director</b>	<b>Cost Accounting Manager</b>
<b>Assistant Managing Director - Accounting and Finance</b>	American Standard B&K (Thailand) Co., Ltd.
Lam Soon (Thailand) Public Company Limited	<b>Commercial Finance Analysis Manager</b>
<b>VP - Accounting and Finance</b>	<b>Senior Cost Analysis Manager</b>
<b>Company Secretary</b>	Globe IS Manager, Nestle (Thai) Co., Ltd.
<b>Secretary to the Audit Committee</b>	<b>Industrial Accounting Manager</b>
<b>Member of Risk Management Committee</b>	United Palm Oil Industry Public Company Limited
Lam Soon Holding Company Limited	<b>Executive Director</b>
<b>Director</b>	<b>Assistant Managing Director - Accounting and Finance</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	None
Law Dispute in the Past 10 Years :	None

## Anuruk Rattanasuntorn

- Internal Audit Manager
- Secretary to Audit Committee

Age :	52
% of Shareholding as of 30 December 2019 :	None
Family Relationship with Other Directors and Members of Management :	None



### Educational Qualifications :

- M.B.A., Kasetsart University
- B.S. (Accounting), Kasetsart University

### Past Experience :

2005-Present	Thai Optical Group Public Company Limited <b>Internal Audit Manager</b> <b>Secretary to Audit Committee</b>	1998-2003	The Thai Containers Industry Company Limited <b>Accounting and Budgeting Section Manager</b>
2004-2005	Thai Optical Group Public Company Limited <b>Consultant</b> <b>Internal Auditor (Independent)</b>	1995-1998	The Siam Pulp and Paper Public Company Limited <b>Senior Accountant Budgeting and Reporting section to the SEC and SET of Thailand</b>
2003-2004	Industrial Paper Business <b>Reporting and Budgeting Section Manager</b>	1991-1995	The Siam Pulp and Paper Public Company Limited <b>Internal Auditor</b>

Position in Subsidiaries or Associated Companies :	None
Position in Related Company :	None
Positions in Other Listed Companies :	None
Positions in Other Non-Listed Companies :	None
Law Dispute in the Past 10 Years :	None

## Supat Kuanpradit

- Company Secretary
- Personal Assistant to Chief Executive Officer

Age : 30

% of Shareholding as of 30 December 2019 : None

Family Relationship with Other Directors and Members of Management : None

### Educational Qualifications :

- B.B.A., Hospitality and Tourism Management, DPU International College (Summa Cum Laude (1st Class honour), Gold-medalist)

### IOD Training Program and Management

#### Development :

- CSP : Company Secretary Program, Class 100/2019
- CRP : Company Reporting Program, Class 24/2019
- BRP : Board Reporting Program, Class 30/2019
- EMT : Effective Minutes Taking, Class 45/2019

#### Company Secretary Forum Seminar :

- Role of Company Secretary in Shaping Corporate Culture, 2019

### Past Experience :

2017–Present Thai Optical Group Public Company Limited

**Company Secretary (Commencing on 7 August 2019)**

**Personal Assistant to Chief Executive Officer**

2016 Tavanchaivithaya School, Nakhonratchasima Province  
**Full-time English Teacher**

2013-2015 Best Western International, Asia and Middle East Head Office

**Personal Assistant to Regional Director of Operations**

**Operations Coordinator**

2012-2013 Thai-Italian Chamber of Commerce (TICC)

**Marketing Executive**



**Changing in Directors' Shareholding of Thai Optical Group Public Company Limited Report  
(as of December 30, 2019)**

No.	Full-name	Thai Optical Group Public Co., Ltd.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Decrease) During Jan-Dec. 2019	Own	Increase (Decrease) During Jan-Dec. 2019	Own	Increase (Decrease) During Jan-Dec. 2019
1	Dr. Sawang Prachartam	12,000,000	--	--	None	--	--	--
2	Mr. Singh Tangtatswas	None	--	--	None	--	--	--
3	Mr. Phairuch Mekarporn	None	--	--	None	--	--	--
4	Assoc. Prof. Dr. Wicha Jiwalai	None	--	--	None	--	--	--
5	Mr. Banchong Chittchang	None	--	--	None	--	--	--
6	Mr. Paul Bryan Fussey	None	--	--	None	--	--	--
7	Mr. David Andrew Cross	None	--	--	None	--	--	--
8	Mr. Sarote Prachaktam	3,250,000	--	--	None	--	--	--
9	Mrs. Pornpun Thotrakul	6,930,000	--	--	None	--	--	--
10	Ms. Wichit Thaveeprechachat	None	--	--	None	--	--	--
11	Mr. Torn Prachartam	22,179,700	2,000,000	--	None	--	--	--
12	Mrs. Amolrat Prachartam	8,830,000	--	2,000,000	None	--	--	--

**Remarks :**

- TOG has registered capital of 475,000,000 Baht, paid-up capital 474,318,000 Baht (as of December 30, 2019) and total ordinary share 474,318,000 shares.
- According to Public Limited Company Act, "Company's Subsidiary" means a public company limited which has connected with a private company or a public corporation or multiple companies as follows :
  - a company which has the power to appoint and deprive directors who have totally or majority control of one company.
  - a company which holds more than 50% of issued shares of one company.
- The information of shareholding may change, if any director, spouse or underage child buys stock after the date as said.



Changing in Managements' Shareholding of Thai Optical Group Public Company Limited Report  
(as of December 30, 2019)

No	Full-name	Thai Optical Group Public Co., Ltd.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Decrease) During Jan-Dec. 2019	Own	Increase (Decrease) During Jan-Dec. 2019	Own	Increase (Decrease) During Jan-Dec. 2019
1	Mr. Torn Prachartam	22,179,700	2,000,000	--	None	--	--	--
4	Mrs. Amolrat Prachartam	8,830,000	--	2,000,000	None	--	--	--
2	Lindsay Brown	None	--	--	None	--	--	--
3	Chaiwat Chittikun	None	--	--	None	--	--	--
5	Jirasuda Sumpaotong	None	--	--	None	--	--	--

# The Nomination of Directors and Management

## 1. The Nomination of Directors

With reference to Articles of Association of Thai Optical Group Public Company Limited (the Company), the selections for the Company's Directors are indicated that :

1. The Company requires a Board of Directors comprising at least five members. Not less than a half of the members are to be residents of the Kingdom of Thailand. The qualifications of the directors have to be in accordance with the law. The directors may be Company shareholders, or not.

2. The election of the Company directors is to be made in the Company shareholders' meeting, with respect to the following rules :

(a) A shareholder has 1 vote per 1 share held.

(b) The election can be made individually, person by person or by any other method chosen in the meeting. But each shareholder has to give all votes he/she has in (a) to one candidate only, and he/she cannot split his/her votes among any other candidate(s).

(c) The candidates will be ranked in descending order of votes received, and will be appointed as Directors, until all positions are filled. If there is a tie of votes for candidates in descending order, which cause an excess in total number of directors; the Chairman of the meeting will have the casting vote.

3. At the Annual General Meeting, one-third of directors have to resign in the first and second year. If the number of the Board of Directors cannot be separated into three parts, the number of

resigning directors should be vicinal to one-third. In subsequent years, the ones holding the longest term on the Board will be requested to stand down, and may be elected back to the Board.

4. Other than expire by rotation, Directors shall retire under the following conditions :

(a) Death

(b) Resignation

(c) The directors are unqualified or discovered to have any forbidden characteristics, in accordance with the law and regulations of Public Company Limited.

(d) The shareholders' meeting has a resolution vote to resign.

(e) A Court of Law orders the directors to resign.

5. The directors can submit their resignation letter to the Company and it is effective immediately. The directors, themselves, can also inform their resignation to the registrar.

6. In case of any vacancy due to other reasons, aside from the director's expiry term, the Board of Directors will choose a person who has completely qualifications and not disqualified by the law and regulations of Public Company Limited to replace, unless the remaining term of membership is less than two months. The newly appointed director will only hold the remaining term of directorship that he/she replaced. The replacement shall obtain at least three quarters of votes from the remaining directors.





7. The shareholders 'meeting may make a resolution vote to remove any directors from the Board before their expiry term, with three quarters of shareholders in attendance and being eligible to vote. Furthermore, the number of shares held by those voting at the meeting should exceed half of the total shares held by all shareholders entitled to vote.

8. The shareholders 'meeting will determine the number of authorized directors to legally bind the Company with affix its seal. Under the first section, the Board has authority to reset or amend the list of authorized directors to legally bind the Company.

As of December 31, 2019, the Board of Directors of the Company consists of 12 members as follows :

	Name	Position
1	Dr. Sawang Prachartam	Chairman of the Board of Directors
2	Mr. Singh Tangtatswas	Independent Director
3	Mr. Phairuch Mekarporn	Independent Director
4	Assoc.Prof.Dr. Wicha Jiwalai	Independent Director
5	Mr. Banchong Chittchang	Independent Director
6	Mr. Paul Bryan Fussey	Non-Executive Director
7	Mr. David Andrew Cross	Non-Executive Director
8	Mr. Sarote Prachaktam	Non-Executive Director
9	Mrs. Pornpun Thotrakul	Non-Executive Director
10	Ms. Wichit Thaveeprechachat	Non-Executive Director
11	Mr. Torn Prachartam	Executive Director
12	Mrs. Amolrat Prachartam	Executive Director

#### The Directors Authorized to sign on behalf of the Company

The following 5 directors have the authority to sign on behalf of the company.

	Name	Position
1	Dr. Sawang Prachartam	Chairman of the Board of Directors
2	Mr. Sarote Prachaktam	Non-Executive Director
3	Mrs. Pornpun Thotrakul	Non-Executive Director
4	Mr. Torn Prachartam	Executive Director
5	Mrs. Amolrat Prachartam	Executive Director

Note : To bind the Company, two of these five directors are required to co-sign, and stamped with the Company's corporate seal.

Regarding to, the resolution of the Board of Directors' Meeting No. 90 (1/2020), held on February 12, 2020, the approval as proposed by The Nomination and Remuneration Committee, was granted to reappoint four directors whose term had expired as follows;

1. Assoc.Prof.Dr. Wicha Jiwalai
2. Mr. Banchong Chittchang
3. Mr. Paul Bryan Fussey
4. Mr. David Andrew Cross

## 2. The Nomination of the Audit Committee

The Company has determined condition to elect members of the Audit Committee in accordance with the Securities and Exchange Act (No.4) B.E.2551, hereto :

### 2.1 Components of the Audit Committee

1. The Audit Committee has to be the Company's Director.
2. The Audit Committee comprises of 3 independent directors.
3. At least 1 member of the Audit Committee must have knowledge or experience in accounting or finance and sequent knowledge of factors concerning to changes in financial reports.
4. The Company's Internal Audit Manager was appointed as the secretary of the Audit Committee.

### 2.2 Qualifications of the Audit Committee

1. Have qualifications in accordance with the related law, especially the Securities and Exchange Act and regulations of the Stock Exchange of Thailand.
2. Not hold more than 0.5 percent of paid-in capital of the Company, Subsidiary Company, the Associated Company, or Affiliates Company. Shares that held by relatives or related persons are also included.
3. Not be involved in the management of the Company, the Subsidiary Company, the

The four directors who had been re-elected to be the members of the Boards for another term as well as they shall also maintain to take their positions in the Sub-committee, and will be proposed to the Annual General Meeting of Shareholders No.17 which will be held on Thursday, April 2, 2020 for approval further. In addition, the Company has provided the opportunity for shareholders to propose nominee directors during October 1, 2019 to December 31, 2019, however, no person was proposed.

Associated Company, the Affiliates Company or major shareholders. He/She must not be the Company's employees or consultants who receive salary from the Company, the Subsidiary and related companies or the major shareholder. Plus, they must not be the authorized person in the Company dating back two years before appointment to be members of the Audit Committee of the Company.

4. Have no directly or indirectly benefits or gain and loss from the Company's finance and management, the Company, the Subsidiary Company, the Associated Company, the Affiliates Company or major shareholders in two years before his/her appointment, except on the condition that those benefits or gain and loss are considered by the Board of Directors that not affect on the Audit Committee's work and opinions..

5. Not be a related person or a relative of the Company's executives or major shareholders.

6. Not be appointed as representatives to protect benefits of the Company's Directors, major shareholders, and other shareholders who are related to the majority shareholders.

7. Be able to perform their duties and report on the performance which assigned by the Board of Directors independently. He/She must not be under the control of the Company's executives, major shareholders, and their relatives.



## 2.3 Appointment, Term in Position, and Termination

1. Appointment of the Audit Committee
  - The Company's Board of Directors is in charge of appointing independent directors to be members of the Audit Committee
  - The Audit Committee is in charge of choosing a representative to be a chairman of the Audit Committee.

The Company will report the appointment of the Audit Committee to the Stock Exchange of Thailand within 3 days after the appointment by the Board of Directors and will report changes of the Audit Committee to the Stock Exchange of Thailand conforming to the Stock Exchange of Thailand's regulation concerning reporting through the electronic system.

2. Term in position
  - Member of the Audit Committee has a 3-year-term in position and is in accordance with the term of the Company's Director. Member of the Audit Committee, who leaves his position as the Company's Director due to the expiry of the term, when being re-appointed to be the Director again, shall also be elected to be the Audit Committee as well.
  - When there are any factors causing an early expiry of member of the Audit Committee which later results in

uncomplete number of the Committee, the Company's Board of Directors will appoint a Director to be new member of the Audit Committee in order to complete the number of the Committee within 3 months after the expiry.

## 2.4 Vacancy

1. Member of the Audit Committee will terminate when
  - Completing the term
  - No longer being the Company's director
  - Lack of qualifications to be member of the Audit Committee
  - Dead
  - Resignation
  - Being withdrawn
2. In case member of the Audit Committee resigns before completing the term, written resignation specified reasons should be submitted to the Company at least 1 month in advance; in order that the Board of Directors are able to process the appointment of a replacement, and the Company will report and send a copy of resignation document to the Stock Exchange of Thailand.
3. In case member of the Audit Committee is withdrawn before completing the term, the Company will report the withdrawal together with reasons to the Stock Exchange of Thailand.

As of December 31, 2019, The Audit Committee consists of 3 Independent Directors as follows;

	Name	Position
1.	Mr. Singh Tangtatswas *	Chairman of the Audit Committee
2.	Assoc.Prof.Dr. Wicha Jiwalai	Member of Audit Committee
3.	Mr.Phairuch Mekarporn	Member of Audit Committee

**Remark :** \* Mr. Singh Tangtatswas is knowledgeable and experienced person to review the Company's financial statements.

Mrs. Anuruk Rattanasansuntorn, Internal Audit Manager was appointed as an the Secretary to the Audit Committee.

And, two members from total three members of the Audit Committee of the Company had completed Audit Committee

Program (ACP) which organized by Thai Institute of Directors Association (IOD).

To ensure the understanding in the duties and responsibility of the Audit Committee, the charter of Audit Committee was reviewed by the Audit Committee in the Board of Directors Meeting No.90 held on February 12, 2020.

#### Scope of Duties of the Audit Committee

1. To verify that the Company has an accurate financial report in keeping with accounting standards and related laws, as well as disclosure of accurate information and revelation of the Company's information in case of relative transactions or transactions in dispute.

2. To encourage improvement of financial reporting system to be tantamount to the international accounting standards.

3. To consider and verify remarks of external auditor and internal auditor about connected transactions or transactions which may have conflict of interest in order to be in accordance with the laws and regulations of the Stock Exchange of Thailand for reasonability of those transactions and maximum benefit of the Company.

4. To verify that the Company has a suitable and effective internal control and internal audit in keeping with international standards.

5. To supervise to have a defensive working system in order to minimize or restrain the Company's losing of resources in order to increase all Company's sectors performance effectively.

6. To verify Risk Management systems in order to ensure that risk management system is working efficiently and effectively to manage all

the risks of the Company, as well as being regularly suitable update.

7. To verify suitability of the IT system related to internal auditing, preparing financial reports, and risk management, to suggest, and to suitable update for the Company's business.

8. To verify that the Company is performing in accordance with The Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or Laws related to the Company's business.

9. To consider, select, propose to the Board of Directors to consider appointing and determine compensation for external auditors, as well as to assess independence, ability and efficiency of those appointed external auditors.

10. To give consent in appointment, transfer, withdrawal and give opinions regarding performance and consider goodness of Internal Audit Manager together with the Chief Executive Officer.

11. To verify and approve the Internal Audit Charter, Internal Audit planning program, and performance of the Office of Internal Audit with periodic review on the Internal Audit Charter.

12. To consider independence of the Office of Internal Audit and to approve budget and manpower model of the Office of Internal Audit.

13. To employ the professional consultants with the Company's budget when necessary. Hence, each employment shall be in accordance with the Company's internal regulations.

14. To invite the Executives or related individuals to give opinions, attend meetings, or submit documents if necessary.

15. To verify that the Company is performing in accordance with commitments with the outsiders.

16. Chairman of the Audit Committee or members of the Audit Committee should attend the Company's shareholder meeting in order to clarify subjects related to the Audit Committee or the appointment of the auditors.



17. To consider and give consent to quarterly financial reports to the Stock Exchange of Thailand.

18. To report annual performance related to internal auditing to the Board of Directors. The report comprises of the Audit Committee's opinions towards subjects related to internal auditing, opinions towards financial reports, adequacy of internal control system, and other reports regarded as necessary for the Board of Directors to be acknowledged.

19. To consider and give consent to the Audit Committee Charter before proposing to the Board of Directors for re-approval and reconsideration at least once a year.

20. To prepare a report of the Audit Committee signed by the chairman of the Committee. The report should be revealed in the Company's annual report in accordance with the regulations determined by the Stock Exchange of Thailand with information as follow :

- Opinions towards accuracy and reliability of the Company's financial reports.
- Opinions towards adequacy of the Company's internal control system.
- Opinions towards complying to Securities and Exchange Act, regulations determined

by the Stock Exchange of Thailand, and other laws related to the Company's business.

- Opinions towards suitability of the auditors.
- Opinions towards transactions likely to have conflict of interest.
- Number of the Audit Committee's meetings and attendance of each member.
- Opinions and overall remarks that the Audit Committee will receive from performing their duty in accordance with the Audit Committee Charter.
- Other reports as necessary for shareholders and investors to perceive under the circumstance of duties assigned by the Board of Directors.

21. To report the examination result in a subject which the external auditors found a suspicious behavior concerning corruption or violation related to performance of the Directors and the Executives to Securities and Exchange Commission and auditors within 30 days from the date receiving the notice from the auditors.

22. Other operations assigned by the Board of Directors with the consent from the Audit Committee.

### 3. The Business Strategic Committee

As of December 31, 2019, The Business Strategic Committee consists of 5 directors as follows :

	Name	Position
1.	Mr. Banchong Chittchang	Chairman of the Business Strategic Committee
2.	Mr. Sarote Prachaktam	Member of Business Strategic Committee
3.	Mr. Torn Prachartam	Member of Business Strategic Committee
4.	Mr. Paul Bryan Fussey	Member of Business Strategic Committee
5.	Mr. David Andrew Cross	Member of Business Strategic Committee

Mr.Sarath Teganjanavanich, was appointed as the Secretary to the Business Strategic Committee, pursuant to the Business Strategic Committee Meeting No. 1/2558 dated as of 11 May 2015

### Scope of Duties of the Business Strategic Committee

1. Work with the Chief Executive Officer and the management team to oversee the development of the Company's strategy, and to provide guidance for the strategic planning process to ensure that the strategic implementation plan is developed, adhered to and imbedded in the organization.

2. Review risks and opportunities of the strategy as identified by the Company's strategic risk assessment and other processes, and the impact of emerging or evolving competitive activity, governmental or legislative developments and global economic conditions.

3. Monitor the Company's progress against strategic goals and provide feedback and advice on merger and acquisition strategy, capital strategy, market capabilities, and resource requirements.

4. Work with the Chief Executive Officer and the management team to oversee the review and recommendation to the Board of certain significant strategic decisions regarding the potential exit from existing lines of business and entry into new

lines of business, acquisitions, joint ventures, investments or dispositions of businesses and assets.

5. Evaluate post transaction audits to track performance against acquisition plan target

6. In carrying out its responsibilities, the Business Strategic Committee will draw on the expertise of the management and corporate staff and, when required or helpful, will work with management to hire outside advisors or experts to assist the Business Strategic Committee with its work.

7. Make reports to the Board on its activities.

8. Review the adequacy of this Charter and recommend to the Board proposed changes from time to time as needed.

9. Annually conduct an evaluation of its performance.

10. Carry out such other duties and responsibilities as may be assigned to the Business Strategic

## **4. The Nomination and Remuneration Committee**

As of December 31, 2019, The Nomination and Remuneration Committee consist of 3 directors as follows;

	<b>Name</b>	<b>Position</b>
1.	Mr. Phairuch Mekarporn	Chairman of the Nomination and Remuneration Committee
2.	Mr. Banchong Chittchang	Member of the Nomination and Remuneration Committee
3.	Assoc.Prof.Dr. Wicha Jiwalai	Member of the Nomination and Remuneration Committee



Miss Siriporn Pholuayporn, Human Resources Manager, was appointed as the Secretary to the Nomination and Remuneration Committee, pursuant to the Nomination and Remuneration Committee Meeting No. 1/2559 dated as of 17 February 2016.

As of November 1, 2015 the Board of Directors meeting No.5/2558 had a resolution to approve “The charter of Nomination and Remuneration committee”-revised version, which the charter had been first used on February 18, 2009, to ensure the understanding in the duties and responsibility of the Nomination and Remuneration Committee, the charter of Nomination and Remuneration Committee was reviewed by the Nomination and Remuneration Committee in the Board of Directors Meeting No. 90 held on February 12, 2020. The scope of duties of the Nomination and Remuneration committee as follows;

#### Scope of Duties of the Nomination and Remuneration Committee

1. To establish criteria, nomination procedure, qualification, selection of the qualified candidates to be the Board of Directors, Sub-committee, Chief Executive Officer of the Company and its subsidiaries and, then, propose to the Board of Directors prior proposing the list to the nominated person to be considered and appointed by the general meeting of the shareholders.

2. To propose the budget and criteria concerning remuneration of the Board of Directors and Sub-committees to the Board of Directors prior the proposing to the general meeting of the shareholders for approval.

3. To consider and propose the overall budget for increasing of the annual salary and bonus, as well as the other benefits of the Chief Executive Officer, the management team who reports directly to the Chief Executive Officer, employees of the Company and its subsidiaries to the Board of Directors for approval.

4. To report the self-assessment of the Board of Directors and Sub-committees to the Board of Directors.

5. To determine the guideline for knowledge and skills development of the person will hold the Chief Executive Officer position of the Company and its subsidiaries including the executives who report directly to the Chief Executive Officer.

6. To establish guidelines and criteria for evaluation and evaluate the performance of the Chief Executive Officer and executives who report directly to the Chief Executive Officer of the Company and its subsidiaries.

7. To consider the management structure and the control chart of the Company and its subsidiaries.

8. To determine the succession plan of the Chief Executive Officer and executives who report directly to the Chief Executive Officer of the Company and its subsidiaries.

9. To perform any other tasks related to the nomination and remuneration as assigned by the Board of Directors.



## 5. The Company's Executives

The Nomination and Remuneration Committee is responsible to recruit and select persons who are suitable to be the Company's executives, and

then propose to be appointed by the Board of Directors further.

The Company's executives as of December 31, 2019 consist of 5 persons as follows;

	Name	Position
1	Mr. Torn Prachartam	Chief Executive Officer
2	Mrs. Amolrat Prachartam	Chief Administrative Officer
3	Mr. Lindsay Brown	Chief Commercial Officer
4	Mr. Chaiwat Chittikun	Chief Operations Officer
5	Ms. Jirasuda Sumpaotong	Chief Financial Officer

The Board of Directors and Management Team of the Company have qualifications in compliance with the Article 68 of Public Company Limited Act (B.E. 2535) and possess no prohibited qualification in term of the regulation of Security

Exchange Commission (SEC) about requesting and permission to sell new shares, as well as no illegitimacy records have been found during the past 10 years.

### Delegation of executive power to Chief Executive Officer

Regarding to, the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005, the scope of authority of Chief Executive Officer was clearly stated as follows; Chief Executive Officer is responsible for managing normal business operations of the Company and perform in regarding to the Company's Board of Directors has assigned under the rules and regulations of the Company as well.

1. To set the Company's missions, objectives, methods and policy, including conducting and controlling business operations to accomplish the Company's objectives.

2. To recruit, employ, appoint, dismiss, revoke, fire, as well as set wages and rewards, adjusts

salary, remuneration and bonuses for all Company employees in the positions lower than Chief Executive Officer, including with appoint a person as employer's representative in the Company's Provident Fund Committee.

3. To consider and approve payments for expenses of ordinary business operations, such as purchasing goods and services to the extent of 20 Million Baht per time, or authorizes another person to perform this task.

4. To issue instructions, orders, regulations, announcements, and memos to control business operations of the Company for profit and objective achievement, including maintaining discipline in the organization.





5. To act and appear as the Company representative to contact external parties or sectors related to and advantageous for the Company's business.

6. Carefully considers the Company investment before proposing to the Board of Directors.

7. To consider appointing any consultant that necessary for the operations of the Company before proposing to the Board of Directors.

8. To consider and approve general commercial conditions related to market price offering for sales and credit terms to general customers, which are set for commercial standard policy, reviewed by the Audit Committee and approved by the Board of Directors.

9. Manages Company's general activities.

10. To perform other duties assigned by the Board of Directors.

11. To consider funding activities in order to propose to the Board of Directors.

In addition, the Chief Executive Officer can authorize a suitable person to perform some of his/her duties under the authorization of the Board of Directors.

However, Chief Executive Officer does not has any power to approve the connected

transactions which are not considered as normal commercial conditions of the Company and its Subsidiary's related parties for assets acquired and/or sold, and/or transactions in which Chief Executive Officer has a conflict of interest with other parties or in any other conditions.(according to the rules, regulations and announcements of the Company, the Office of Securities and Exchange Commission and the Stock Exchange of Thailand), except transactions in accordance with normal commercial conditions, which are reviewed by the Audit Committee and approved by the Board of Directors, and/or the Company and its Subsidiary's related party transactions and the Company's acquired and sold assets which have been approved by the Board of Directors and agreed by the Shareholders. This rule must comply with the regulations of the Stock Exchange of Thailand.

#### **Delegation of Power to other person for acting on behalf of the Company**

Chief Executive Officer delegates his power to the descendant executives, in ranking order as his representative to perform such as approving payment for the expense of purchasing raw materials, consumable materials, etc. The delegated individual can sign on cheque for withdrawal cash from the Company's account within the limits and conditions of payment, agreed upon corresponding to their levels and under agreement of the Board of Directors.

# The Remunerations of Directors and Executives

## 1. Directors Remuneration

From year 2017-2019, the Board of Directors of the Company had conducted total 5 meetings for each year. Each Director attended the meetings and obtained the remuneration as follows;

Name of the Company's Directors	2019		2018		2017	
	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
Dr. Sawang Prachartam	5/5	517,000	5/5	517,000	6/6	517,000
Mr. Singh Tangtatswas	5/5	294,000	5/5	294,000	5/6	294,000
Mr. Phairuch Mekarporn	5/5	294,000	5/5	294,000	6/6	294,000
Assoc.Prof.Dr. Wicha Jiwalai	3/5	294,000	5/5	294,000	6/6	294,000
Mr. Banchong Chittchang	5/5	294,000	5/5	294,000	6/6	294,000
Mr. David Andrew Cross	4/5	294,000	5/5	294,000	5/6	294,000
Mr. Nicholas Philip Green****	5/5	294,000	1/1	73,500	-	-
Mr. Sarote Prachaktam	4/5	294,000	5/5	294,000	5/6	294,000
Mrs. Pornpun Thotrakul	5/5	294,000	4/5	294,000	6/6	294,000
Ms. Wichit Thaveeprechachat	5/5	294,000	5/5	294,000	6/6	294,000
Mr. Torn Prachartam	5/5	294,000	5/5	294,000	6/6	294,000
Mrs. Amolrat Prachartam**	5/5	294,000	4/4	294,000	-	-
Mr. Sean Darren Lawe***	-	-	2/4	220,500	5/6	294,000
Mr. Wirach Prachartam*	-	-	-	-	5/5	294,000
Mr. Paul Bryan Fussey*****	-	-	-	-	-	-
		<b>3,751,000</b>		<b>3,751,000</b>		<b>3,751,000</b>

### Remark :

\* Mr. Wirach Prachartam passed away on November 27, 2017.

\*\* Mrs. Amolrat Prachartam had been appointed to replace Mr. Wirach Prachartam on February 14, 2018.

\*\*\* Mr. Sean Darren Lawe had resigned from Director Position since August 7, 2018

\*\*\*\* Mr. Nicholas Philip Green had been appointed to replace Mr. Sean Darren Lawe on August 7, 2018. Mr. Nicholas Philip Green shall remain in office only for the remaining term of office of Mr. Sean Darren Lawe.

\*\*\*\*\* Mr. Paul Byran Fussey has been appointed to replace Mr. Nicholas Philip Green on November 7, 2019. He shall remain in the position for the remaining term of Mr. Nicholas Green.

From year 2017-2019, the Audit Committee of the Company conducted total 4 meetings for each year. Each director attended the meetings and obtained the remuneration as follows;

Names of The Audit Committee	2019		2018		2017	
	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
Mr. Singh Tangtatswas	5/5	344,000	4/4	344,000	3/4	344,000
Assoc.Prof.Dr. Wicha Jiwalai	5/5	229,000	3/4	229,000	4/4	229,000
Mr. Phairuch Mekarporn	5/5	229,000	4/4	229,000	4/4	229,000

From year 2017-2019, the Business Strategic Committee (BSC) of the Company conducted total 4 meetings for each year. Each director attended the meetings and obtained the remunerations as follows;

Names of The Business Strategic Committee	2019		2018		2017	
	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
Mr. Banchong Chittchang	4/4	211,000	4/4	211,000	4/4	211,000
Mr. David Andrew Cross	3/4	140,000	4/4	140,000	4/4	140,000
Mr. Nicholas Philip Green	4/4	140,000	1/1	35,000	--	--
Mr. Sarote Prachaktam	3/4	140,000	4/4	140,000	3/4	140,000
Mr. Torn Pracharktamt	4/4	140,000	4/4	140,000	4/4	140,000
Mr. Sean Darren Lawe**	--	--	1/3	105,000	4/4	140,000
Mr. Wirach Pracharktamt*	--	--	--	--	4/4	140,000

**Remark :**

\* Mr. Wirach Pracharktamt passed away on November 27, 2017.

\*\* Mr. Sean Darren Lawe had resigned from Director Position since August 7, 2018.

\*\*\* Mr. Nicholas Philip Green had been appointed to replace Mr. Sean Darren Lawe on August 7, 2018. Mr. Nicholas Philip Green shall remain in office only for the remaining term of office of Mr. Sean Darren Lawe.

From year 2017-2019, the Nomination and Remuneration Committee conducted total 4 meetings in each year. Each director attended the meetings and obtained the remunerations as follows;

Names of The Business Strategic Committee	2019		2018		2017	
	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
Mr. Phairuch Mekarporn	4/4	211,000	4/4	211,000	4/4	211,000
Mr. Banchong Chittchang	4/4	140,000	4/4	140,000	4/4	140,000
Assoc.Prof.Dr. Wicha Jiwalai	4/4	140,000	3/4	140,000	4/4	140,000

The Annual General Meeting of Shareholders No. 16/2019 which held on April 4, 2019 had approved to pay the remuneration and compensation to members of the Board of Directors and members of subcommittee for the year 2019 to directors of the Company as follows;

The remuneration of the Company's directors in the year 2019 can be summarized in the table below;

Type of Remuneration	Total number (person)	Remuneration (Baht/person/year)	Total Remuneration (Baht /year)
Chairman of the Board of Directors	1	517,000	517,000
Member of the Board of Directors	11	294,000	3,234,000
Chairman of the Audit Committee	1	344,000	344,000
Member of the Audit Committee	2	229,000	458,000
Chairman of the Business Strategic Committee	1	211,000	211,000
Member of the Business Strategic Committee	4	140,000	560,000
Chairman of the Nomination and Remuneration Committee	1	211,000	211,000
Member of the Nomination and Remuneration Committee	2	140,000	280,000
<b>Total Remuneration</b>			<b>5,815,000</b>

The Bonus of the Company's directors in the year 2018 can be summarized in the table below;

Name of Directors	Positions	Bonus 2018
Dr. Sawang Prachartam	<ul style="list-style-type: none"> <li>Chairman of the Board</li> </ul>	160,000
Mr. Singh Tangtatswas	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Audit Committee</li> </ul>	198,000
Mr. Phairach Mekarporn	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Nomination and Remuneration</li> <li>Member of the Audit Committee</li> </ul>	228,000
Assoc.Prof.Dr. Wicha Jiwalai	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of the Audit Committee</li> <li>Member of the Nomination and Remuneration</li> </ul>	205,000
Mr. Bangchong Chittchang	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Business Strategic Committee</li> <li>Member of the Nomination and Remuneration</li> </ul>	200,000
Mr. David Andrew Cross	<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	134,000
Mr. Nicholas Philip Green****	<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	134,000
Mr. Sarote Prachaktam	<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	134,000
Mr. Torn Prachartam	<ul style="list-style-type: none"> <li>Executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	134,000
Mrs. Pornpun Thotrakul	<ul style="list-style-type: none"> <li>Non-executive Director</li> </ul>	91,000
Ms. Wichit Thaveeprechachat	<ul style="list-style-type: none"> <li>Non-executive Director</li> </ul>	91,000
Mrs. Amolrat Prachartam**	<ul style="list-style-type: none"> <li>Non-executive Director</li> </ul>	91,000
Mr. Sean Darren Lawe** (Resigned)	<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	-
Mr. Wirach Prachartam* (Passed)	<ul style="list-style-type: none"> <li>Non-executive Director</li> <li>Member of the Business Strategic Committee</li> </ul>	-
<b>Total</b>		<b>1,800,000</b>

## 2. Remunerations of the Management team

The Company's executive have the remuneration from year 2017 to year 2019 as in the table below;

Type of Remunerations	2019		2018		2017	
	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)
Executive Salary	5	19,707,810	8	17,523,644	6	14,704,718
Executive Bonus	5	1,347,924	8	1,500,030	6	2,295,391
Provident Fund	5	797,370	8	1,058,809	6	863,640
<b>Total Remuneration &amp; Compensation</b>		<b>21,853,104</b>		<b>20,082,483</b>		<b>17,863,749</b>

**Remark :** Directors who received remunerations as being the Company's executives are Mr. Torn Prachartam and Mrs. Amolrat Prachartam.

Other benefits (other than regular employee's benefits) : none

# Report of Good Corporate Governance



The Board of Directors of Thai Optical Group PCL.(the Company) has strong intention to administrate the Company in comply with Practice and guidelines of the Stock Exchange of Thailand, and also aims to develop the good corporate governance policy of the Company in order to bring out the best practice for the organization.

Therefore, the Board of Directors has initially resolved, in the meeting held on February 18th, 2009 and the latest reviewing on February 12, 2020 to implement “Corporate Governance Policy” and The Code of Business Ethics” respectively as the good practice for directors, executive directors and employees as well as to make the corporate governance policy in a good quality standard to cover all of any practices and also meet expectations of shareholders, investors, and stakeholders.

The Board of Directors is responsible to supervise the stringent use of policy and practice in order to achieve the Company’s goals and lead to the strength and sustainability growth of the Company and shareholders. The Board of Directors and Management Team are aware of the importance of knowledge development and experience in performing of duty as a result all directors of the Company have been certified the training course which organize by The Thai Institute of Directors Association (IOD). If, there is changing new directors, the Board of Directors will provide The Code of Business Ethics/Director Handout/Orientation for new Director, including with the Company’s business and direction information. The Board of Directors has delegated to the Company Secretary for cooperating with all directors about directors training courses.

The Principles of Corporate Governance of the “Organization for Economic Co-operation and Development” (“OECD”). The principles were presented in 8 categories namely:

1. Establish clear leadership role and responsibilities of the Board
2. Define objectives that promote sustainable value creation
3. Strengthen Board effectiveness
4. Ensure effective CEO and people management
5. Nurture innovation and responsible business
6. Strengthen effective risk management and internal control
7. Ensure disclosure and financial integrity
8. Ensure engagement and communication with shareholders

In year 2019, the Company had received Awards on assessment relating to good corporate governance activities as follows:

- The Company has been recertified from Private Sector Collective Action Coalition Against Corruption Council : CAC which organized by Thai Institute Of Directors(IOD).
- The Company has received “ESG100 certificate” from Thai Path Institute.
- The assessment resulted in the year 2019 on “The Corporate Governance Report” (CGR), TOG was ranked in 4-stars,from Thai Institute of Directors (IOD).
- The Company had been assessed by the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of The Annual General Meeting: AGM for the year 2019. The meeting was rated “Excellent”. (received since year 2011 until present)
- Award for Happy Retirement Company “Silver Award”, organized by the Office of the Securities and Exchange Commission (SEC) on 16th October 2019
- 3Rs Awards and 3Rs+ Awards on creativity, economic return, and efficiency in reducing the amount of waste that must be disposed “Silver Award”, organized by Department of Industrial Works, Ministry of Industry on 8th August 2019
- Certificate of Reduce the Carbon Footprint project, organized by Thailand Greenhouse Gas Management Organization (TGO) on 19th September 2019



Award for Happy Retirement Company “Silver Award”, organized by the Office of the Securities and Exchange Commission (SEC) on 16<sup>th</sup> October 2019





The Company has received “ESG100 certificate” from Thai Path Institute.



3Rs Awards and 3Rs+ Awards on creativity, economic return, and efficiency in reducing the amount of waste that must be disposed “Silver Award”, organized by Department of Industrial Works, Ministry of Industry on 8th August 2019



Certificate of Reduce the Carbon Footprint Organization (CFO) project, organized by Thailand Greenhouse Gas Management Organization (TGO) on 19th September 2019

**Principle 1 Establish clear leadership role and responsibilities of the Board**

The Board of Directors of the Company has set the policy to establish clear leadership roles and responsibilities as follows;

- 1) The Board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the Company, and strengthen good governance.
- 2) To achieve sustainable value creation, the Board should exercise its leadership role and pursue the following governance outcomes.
- 3) The Board of Directors should ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the Company operates in accordance with applicable law and standards.
- 4) The Board of Directors should demonstrate a thorough understanding of the division of board and management responsibilities. The Board should clearly define the roles and responsibilities of management and monitor management’s proper performance of its duties.

The Board of Directors performs duties with care, honesty, and supervises the management to be in accordance with the policy, guideline, and goal that will bring the greatest benefit to the shareholders and within the framework of good ethics by taking into account the interests of all stakeholders at all times.

In addition, the Company also arranges for the company to prepare business ethics handbook for the Board of Directors to allow directors to use as reference for their operations and to review the principles of good corporate governance on an annual basis. At least 1 time per year. Also communicate for the directors, executives and all employees to understand. And evaluated through the performance evaluation mechanism and behavior according to the above policies

## **Principle 2 Define objectives that promote sustainable value creation**

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The Board of Directors of the Company has set the policy to Define objectives that promote sustainable value creation as follows;

1) The Board of Directors should define objectives and goals that promote sustainable value creation and governance outcomes as a framework for the operation of the Company.

2) The Board of Directors should ensure that the Company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilising innovation and technology effectively.

The company sets clear and appropriate key targets on an annual basis through the Board of Directors' Medium Term Plan meeting (MTP). From the 3-year strategic plan, approved by the board of directors, it is also communicated to everyone in the organization in order to drive the business in the same direction.

In addition, the Business Strategy Committee is set up as a sub-committee consisting of five directors including one executive director, one non-executive director, one independent director, and two representatives from major shareholders, all of which have independent directors as chair of the business strategy committee. All directors have business expertise and have the following powers and duties.

- To be responsible in study of the significant business matters those need close attention.
- To propose the new strategies of production and new innovation trends as well as expand the distribution channels.
- To consider on projects of investments so that the business can run effectively.
- To provide advice and suggest other related business strategies, and also reports to the Board of Directors.

The Board of Directors will ensure that the Company's strategies and plans take into account all relevant factors influencing the value chain, including the Company's ecosystem, risks, resources, competitiveness, and stakeholders. There is mechanism for stakeholder engagement.

**Employees :** The Company and its Subsidiaries provide them with good and complete welfare including with set provident fund, organizing safety working environment for both physically and mentally, and also has the policy to provide them better quality living and safety in work. Company conducted training to improve the working skill to employee and Executives of Company continuously which is in accordance with Development of Labor Skill ACT B.E. 2545.

**Society/ communities :** The Company and its Subsidiaries have waste treatment and industrial savage treatment without causing any pollution to the communities around the factories. Moreover, the Company and its Subsidiaries also participate and support beneficial social activities to the communities around the factory.

**Business partners/ creditors :** The Company and its Subsidiaries will strictly and equally follow commercial terms and conditions bonded with other parties. In case of any deficiency, the Company will hold a negotiation meeting with them to find the best solution.

**Competitors :** The Company and its Subsidiaries will run business fair and square, under the laws and orders, business common practices, and will not take any advantage to demolish its competitors.

**Customers :** The Company and its Subsidiaries have strong willingness to serve, help and treat customers equitably. In case of having any problems, the Company will listen to the customers, give advice, and help them find solution. The Company will not disclose any information of the customers unless having their written permission or being under the condition by law.

**Shareholders :** The Company and its Subsidiaries operate its business with transparency, straightforwardly, accountability including with operate business continuous growth, sustainable and can generate suitable return on investment in the long term.

The channels for any suggestions or complaints: Customers, shareholders, and stakeholders can send their suggestions or any complaints to the **Company Secretary** through these following channels:

Telephone : +66(0) 2 194 1145 to 50 Ext. 3119

Fax : +66(0) 2 862 0705

Website : [www.thaiopticalgroup.com](http://www.thaiopticalgroup.com)

E-mail : [companysecretary@thaiopticalgroup.com](mailto:companysecretary@thaiopticalgroup.com)

### **Principle 3 Strengthen Board effectiveness**

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The Board of Directors of the Company has set the policy to strengthen board's effectiveness as follows;

1) The Board of Directors should be responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.

2) The Board of Directors should select an appropriate person as the chairman and ensure that the Board composition serves the best interest of the Company, enabling the Board to make its decisions as a result of exercising independent judgement on corporate affairs.

3) The Board of Directors should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the Board.

4) When proposing director remuneration to the shareholders' meeting for approval, the Board of Directors should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and Company performance, and provide incentives for the Board of Directors to lead the Company in meeting its objectives, both in the short and long term.

5) The Board of Directors should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

6) The Board of Directors should ensure that the Company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

7) The Board of Directors should conduct a formal annual performance evaluation of the Board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the Board.

8) The Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the Company's operations, relevant law and standards, and other applicable obligations. The Board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and Board committees.

9) The Board of Directors should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The Board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the Board in performing its duties.

The Board of Directors consists of members who have skills, knowledge and performance, and specialization, that are useful for the Company. Directors should be the person who adheres to the virtue and morality and can fully devote much and enough time to work in such position. At least one of the non-executive directors will be experienced and competent in the company's main industry



As of 14 February 2020, the Company comprises of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors accounting not less than one - third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of “Independent Directors” that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The Board of Directors works and makes any decisions independently from the administrative team and major shareholders. Every director can perform duty and be independent to ask questions, express opinions, or opposes to any conflict matter relating to the benefit of shareholders or stakeholders.

In addition to the qualification specified in item No. 3.1.1, then the Board of Directors has set the qualification of “Independent Director” in accordance with the requirements of the Stock Exchange of Thailand as follows;

1. Cannot hold more than 0.5 % of the Company and its Subsidiary paid- up shares. The shares held by relatives or related persons are included into this account.
2. At least 2 years prior to be appointed as the Independent directors, they must have no responsibility in the management of the Company and its Subsidiary, partnerships or related companies and have no authority to sign their name in any business matters or work as a consultant who receives salary from the Company and its Subsidiary, partnerships, related companies, major shareholders or is under control of any stakeholders.
3. Not be stakeholders dealing with the financial and administrative work directly or indirectly.
4. Not be the Audit Committee for the Company and its Subsidiary, partnerships or any juristic persons that may cause the conflicts.
5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
6. Not have relationships with the executives, shareholders or major shareholders of the Company.
7. Must not be appointed as representatives to protect assets of the Company’s directors or shareholders.
8. Be capable of performing their duties, express opinions or report independently to the Board.

The Board of Directors fixed that Chairman and Chief Executive Officer have to be different persons in order to monitor and balancing power in the management. Their duties and responsibilities are separately clarified as follows;

### **Responsibility of Chairman of the Board of Directors:**

1. To perform as the Chairman in the Company's Board of Directors meeting;
2. To have a casting vote if there is a tie vote case;
3. To call for the meetings of the Board of Directors;
4. To perform as the Chairman in the Annual General Meeting of Shareholders;
5. To oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's objectives.
6. To ensure that all directors contribute to the Company's ethical culture and good corporate governance.
7. To set the Board meeting agenda by discussing with the Chief Executive Officer/Chief Executive Officer.
8. To provide enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
9. To encourage provision of opportunities to meet and exchanges opinions among the Directors, Chief Executive Officer/Chief Executive Officer, and Deputy Chief Executive Officer. This can create the good relationships for them and help the Directors can communicate to each administrative person directly without the sense of work interference.

### **Responsibilities of Chief Executive Officer:**

1. To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;
2. To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;
3. To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
4. To perform other duties assigning by the Board of Directors.

The assignment of the authority to the Chief Executive Officer or Chief Executive Officer is in accordance with the resolution of the Board of Directors Meeting on April 20, 2004 and on April 8, 2005.

Regarding the Company Secretary, the resolution of the Board of Directors meeting No.89 on 6 November 2019, the Company had appointed Ms. Supat Kuanpradit as the Company Secretary including with define qualification of the Company Secretary hereunder:

1. To be competent and understands well in the Company's business and other related work which concern the duties of the secretary, the board of the directors, and the management;
2. To have good knowledge about the relevant rules, regulations and laws of SET and SEC;
3. To work carefully with high responsibility and honesty;
4. To have good relationship with other people that is needed for effectively communicating with many sectors.
5. To understand the key principle of Accounting and Finance.

The duties and responsibilities of the Company Secretary are:

1. To produce and keep filing the following documents;
  - (a) Registration records of the members of the Board of Directors.
  - (b) Meeting invitation letters to the Board of Directors, the minutes of the Board of Directors' meeting and the annual report of the Company.
  - (c) Meeting invitation letters to the Shareholders and the minutes of the Shareholders' meetings.
2. To keep filing reports on any important matters dealing with gain and loss that are reported by directors or executive directors, and delivers the copy of the said reports to the Chairman of the Board and the Chairman of the Audit Committee within 7 days after the first date in receiving those reports.
3. To perform duties on other matters in accordance with the regulations of the Stock Exchange of Thailand.
4. To communicate to shareholders, take care of them appropriately and give sufficient information to investors as doing such is a part of reports on the Company's progress.
5. To coordinate with other related sectors.

Independent directors have a tenure of 3 years. They are able to be in the position exceeding a cumulative term of nine years from the first day of service, if the Board of Directors has reasonably considered such necessity.

The Board of Directors of the Company appointed these following 3 sub-committees:

- (1) the Audit Committee;
- (2) the Nomination and Remuneration Committee and
- (3) the Business Strategic Committee;

This is to review specific matters, to screen information, and to recommend action for Board approval. The Board of Directors discloses the name list and roles of the Board and sub-committees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.



The Nomination and Remuneration Committee consists of 2 out of 3 independent directors. The chairman of the Nomination and Remuneration Committee is an independent director. The Nomination and Remuneration Committee performs duty to search and elect qualified persons to be the Company's directors. They present a description of the nomination criteria and process to the Board of Directors prior nominating new directors to replace the expired directors. They set the criteria and procedures for nomination and appointment of key executives. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, the Sub-committees, Chief Executive Officer/Chief Executive Officer and Deputy Chief Executive Officer. Besides, they consider and review the remuneration system to be suitable for directors, executives and other employees' responsibility and be in accordance with the Company's performance.

Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting. The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility. The Board of Directors discloses service fee that each director has received in every category including remuneration from being the director of its Subsidiary or any other position, such as a consultant in the annual report (form 56- 2) and the annual statement (form 56-1).

Each director has ability to devote sufficient time to the Company and be a director of not more than 5 listed companies. The Board will ensure reporting and public disclosure of directors assuming or holding positions at other companies. The Board will ensure that the Company's policies prohibit and prevent a director from creating a conflict of interest with the Company, including by using the Company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Each director will be required to attend not less than 75 percent of all Board meetings in any whole financial reporting year.

The Board of Directors determines to have an evaluation on the performance of the Board of Directors and Chief Executive Officer every year in order to considerate the operation performance and or improve its adequately. According to the Board of Directors Meeting No.89 held on November 6, 2019, there was the Board self-assessment (The whole Board) for the year 2019, in accordance with the sample of Board Self- Assessment Form of the Stock Exchange of Thailand which conclude in 3 formats hereto;

### 1. Self-assessment for the Board of Directors as a Whole

Criteria	No. (Items)	Full score	2019	2018
1. Board structure and qualifications	13	4.00	3.83	3.78
2. Roles, duties and responsibilities of the board	20	4.00	3.74	3.78
3. The board meeting	9	4.00	3.96	3.89
4. Duties of directors	7	4.00	3.98	3.89
5. Relationship with management	5	4.00	3.85	3.85
6. Director's self-improvement and management training	6	4.00	3.78	3.76
<b>Total</b>	<b>60</b>	<b>4.00</b>	<b>3.86</b>	<b>3.83</b>

### 2. Self-assessment of committee as a whole

Criteria	No. (Items)	Full score	2019	2018
1. Board structure and qualifications	7	4.00	3.96	3.34
2. Sub-committee Meeting supports the Board meeting effectively	6	4.00	3.92	3.88
3. Role and responsibility of Subcommittee gives the important to review the relevant agenda appropriately				
3.1 Audit Committee	7	4.00	3.91	3.38
3.2 Nomination Committee	4	4.00	3.72	3.81
3.3 Compensation Committee	2	4.00	3.78	3.89
3.4 Good Corporate Governance Committee	5	4.00	3.88	3.97
3.5 Risk Management Committee	5	4.00	3.71	3.93
<b>Total</b>	<b>23</b>	<b>4.00</b>	<b>3.84</b>	<b>3.74</b>

### 3. Self-assessment of the Board of Directors and of Committee Members on an Individual Basis

Criteria	No. (Items)	Full score	2019	2018
1. Board structure and qualifications	2	4.00	3.92	3.83
2. The board meeting	4	4.00	3.98	3.92
3. Roles, duties and responsibilities of directors	5	4.00	3.90	3.82
<b>Total</b>	<b>11</b>	<b>4.00</b>	<b>3.93</b>	<b>3.86</b>

In sum, there is no significant change from the previous year.



## Principle 4 Ensure effective CEO and people management

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The Board of Directors of the Company has set the policy to ensure effective CEO and people management as follows;

1) The Board of Directors should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

2) The Board of Directors should ensure that an appropriate compensation structure and performance evaluation are in place.

3) The Board of Directors should consider its responsibilities in the context of the Company's shareholder structure and relationships, which may impact the management and operation of the Company.

4) The Board of Directors should ensure the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

According to the resolution from Board of Directors meeting No. 85 (1/2019), the board has appointed the senior management team effective on March 1, 2019 onward;

1) In the position of Chief Commercial Officer or CCO, the board has appointed Mr. Lindsay Brown.

2) In the position of Chief Operating Officer or COO, the board has appointed Mr. Chaiwat Chittikun.

3) In the position of Chief Financial Officer or CFO, the board has appointed Ms. Jirasuda Sumpaotong.

4) In the position of Chief Administrative Officer or CAO, the board has appointed Mrs. Amolrat Prachartam.

### Management Training

#### 1. Leadership Development Program

Objectives

- 1) To strengthen the relationship between the senior management team
- 2) To stimulate the attitude of working together across lines
- 3) To specify clear directions for cross-functional collaboration. Do not be effective.
- 4) To review and upgrade the leadership skills in the senior management group



## 2. The 7 Habits of Highly Effective People

### Objectives

- 1) To study the level of character development to be highly effective 7 points according to the principles of Stephen R.Covey.
- 2) To compare and find the relationship between the character level With common features





### 3. Global Sales Strategic

#### Objectives

1. Break thought strategic thinking
2. Leadership Development
3. Communication and working better together



### Principle 5 Nurture innovation and responsible business

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The Board of Directors of the Company has set the policy to nurture innovation and responsible business as follows;

1) The Board of Directors should prioritize and promote innovation that creates value for the Company and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.

2) The Board of Directors should encourage management to adopt responsible operations, and incorporate them into the Company's operations plan. This is to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards, and contributes to the sustainable growth of the Company.

3) The Board of Directors should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives.

4) The Board should establish a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.

### Principle 6 Strengthen effective risk management and internal control

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The Board of Directors of the Company has set the policy to strengthen effective risk management and internal control s as follows;

1) The Board of Directors should ensure that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards.

2) The Board of Directors shall establish an audit committee that can act effectively and independently.

3) The Board of Directors should manage and monitor conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

4) The Board of Directors should establish a clear anti-corruption policy and practices (including communication and staff training), and strive to extend its anti-corruption efforts to stakeholders.

5) The Board of Directors should establish a mechanism for handling complaints and whistleblowing.

To disclose important information such as financial and non-financial, the Company has been disclosed via website of The Stock Exchange of Thailand and the Company's website both in Thai and English Version such as Information about the Company, Financial information Annual report(Form 56-2), Annual Information Disclosure Report(Form 56-1), financial ratios, Presentation, and Non Financial information such as Corporate Governance Policy, Anti-Corruption Policy, PR news and etcs., these information are always updated.

The Board of Directors has crucial role in the corporate governance so that the Company and its Subsidiary can gain the highest profit. The Board of Directors is responsible to perform their duties for shareholders and is independently from the management. The Board of Directors and Management Team have encouraged the importance of Good Corporate Governance, the Code of Business Ethics, the CSR Policy and Anti-Corruption Policy among directors ,executives and employees of the Company ,therefore the Boards and Management Team provide communication channels for such information through Orientation of new directors and employees, as well as add content in the training of employees, including with disseminate the said information on the Company's website and Internal communication(Intranet).

### **The Sub Committees of the Company**

#### **(1) The Audit Committee:**

The Audit Committee consists of at least 3 independent directors who are responsible to verify the accuracy and adequacy of the financial statement and the effectiveness of internal control system and the internal audit including the practices regarding the related laws. They also elect and appoint the auditor and consider the related transactions or any transactions which may cause the conflict of interest to be in accordance with the criteria. Moreover, they create and are in charge of doing reports, determine and set policies and the guideline practices for the corporate governance and the ethical business as well as control the use of the practices with morality.

#### **(2) The Business Strategic Committee**

The Strategic Committee consists of 1 executive directors, 1 independent directors and 2 expert directors in running businesses, who are representatives from the major shareholders. This committee has duty to study the important matter that needed for close supervision, proposes strategy for

producing new products and trends of new innovations, expand distribution channels as well as scrutinizing the matters related to investment in order to run the business effectively. Moreover, they also give advice and launch other related business strategies.

### **(3) The Nomination and Remuneration Committee:**

The committee consists of 2 out of 3 independent directors. They perform duty to search and elect qualified persons to be the Company's directors. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, The Sub-committees, Chief Executive Officer and Deputy Chief Executive Officer. Besides, they consider and review the remuneration system to be suitable for directors and executives' responsibility and be in accordance with the Company's performance.

### **Responsibilities of the Board of Directors**

The Board of Directors is responsible to the Shareholders in term of management and controlling the administration following the business plans and goals in order to create the highest profit for the Shareholders on the basis of morality and consideration on the benefit of every stakeholder.

(1) The Board of Directors has the duty to determine and is authorized to approve these following issues:

1. Policies and business strategic guidelines, goals, plans, and the yearly budget of the Company and its Subsidiary.
2. The Company performance and the quarterly Company operating performance comparing to the budgets and plans including tentative performance in the next phase.
3. The investment in any project that is not included in the budget year plan.
4. The use of budget which is over the expense proposed in the investment plan and over the other investment which is not investment budget.
5. Buying and selling asset, corporation, and being a partnership in the business which is not against the regulations of the Stock Exchange of Thailand and its cost is exceeded the scope of authority of Chief Executive Officer.
6. Transactions or any acts that can affect the financial status, liability, the business strategies and reputation of the Company.
7. Any contract which is not related to the ordinary business operation and contract which is related to the important ordinary business operation.
8. The related transactions between the Company and its Subsidiary and connected person that are not followed regulations of the Stock Exchange of Thailand.
9. The interim dividend payments.
10. Change of policies and practices which are significantly related to the account, the risk management and the internal control of the Company.
11. Hire of the Chief Executive Officer and Top Executives.
12. Determination and change of the approving authorization of Chief Executive Officer and Top Executives.
13. Approval of the budget, the reformulation of payments, bonus or remunerations for the management and employees.

14. Proposal of appointment and the expiry of the status of the Company's directors.
15. Allowing and change authority to any one of the Chairman, Chief Executive Officer, or directors that is not against the regulation of the Stock Exchange of Thailand.
16. Appointment and determination of the scope of authority of The Sub-committees.
17. Providing and controlling the management in accordance with the good corporate governance.
18. Appointment directors in the Subsidiary company.
19. Other acts that target to follow the laws, objectives, rules and regulations and the approval from the Shareholders' meetings.

(2) The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.

(3) The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.

(4) The Board of Directors will carefully consider any matter that may cause conflict of interest and keeps control of the regulations of operation procedures and discloses the accurate and adequate information.

(5) The Board of Directors provides the internal audit department to perform duty independently. The internal audit department reports directly to the Audit Committee and is responsible for auditing the control system in management of the financial report as well as operation following the policy. The Board has revision and evaluation of an adequacy of the control system at least once a year.

(6) The Board of Directors assigns the administrative team to have the risk management covering the whole organization. The management must report to the Board regularly as well as review and evaluate the effectiveness of the risk management at least once a year.

### **The Board of Directors' Meetings**

The Board of Directors performs their duties through the meetings as follows:

(1) The Company conducts the meetings at least four times a year and schedules the whole year meetings of the Board of Directors in advance and also inform each director accordingly.

(2) The Board of Directors had arranged the meetings of the year 2019 are 5 times in total.

(3) The Chairman of the Board of Directors and/ or Chief Executive Officer considers the matters to put on the agenda of meetings and each director can propose the matters independently.

(4) There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 5 days before the date of meeting.



(5) The Chairman provides enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.

(6) All directors can get more necessary information from the Chief Executive Officer, the Secretary, the Board of Director and other Administrative Sections.

(7) The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Chief Executive Officer. For the year 2019, the said meeting had arranged on November 6, 2019.

(8) The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of Chairman before proposing to the Board for an approval.

(9) The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board. For the year 2019, the said meeting had arranged on August 7, 2019.

The Company has the policy to prevent corruptions in the whistle-blowing contact persons:

- 1) Chairman of Directors
- 2) Chairman of Audit Committee
- 3) Chief Executive Officer
- 4) Internal Audit Manager
- 5) Anti-Corruption Committee

**Address:** Thai Optical Group Public Company Limited

15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi 11110

**E- mail:** [Anti-Corruption@thaiopticalgroup.com](mailto:Anti-Corruption@thaiopticalgroup.com)

#### **Ethics for Business Operation and Ethical Practices for Employees.**

- 1) Adhere to the virtue and morality.
- 2) Behave in accordance with rules and regulations, acquaint and respect own rights and duties and of others by realizing that the rules and regulations are not set for punishment but as guidelines of good behaviors.
- 3) Perform duties delegated by the Company, upon lawful rules and regulations, with honesty, in good faith and discretion to prevent any disgrace to the Company's image.
- 4) Not to intend to do any harm, damage or distort the reputation, progress or business of others, both directly and indirectly.
- 5) Use leadership, abilities and knowledge in performing success to the Company rather than personal benefits.

6) Reveal to the Company immediately if there is any personal interest, aside from the Company's. Moreover, avoid involving in other business, which may create conflict of interest or affect the efficiency of work.

7) Create an open working environment for opinion exchange, creative ideas, new initiative proposal and reasonable decision with justice and without discrimination.

8) Neither reveals inside concealed information getting from duties nor uses it for personal benefit, which may cause damages to the Company.

9) Keep in conscious that performing in business is not only duties or obligation to business owner but also is responsible to buyers, sellers, shareholders, and other employees. Then the benefit for all stakeholders is the first priority to be concerned.

10) Be responsible to own achievement and subordinates.

11) Aspire, improve and increase own knowledge and working ability, and perform standard of work as assigned by the Company with attention and responsibility for self- progress and for prosperity of the Company.

12) Planning, determine and analyze goals of missions to achieve Company's objectives with consideration on virtue, professional ethics and culture of involved persons within the Company.

13) Take good care for health and safety, maintain good environment for everyone in the Company and maintain all the Company's assets such as buildings and offices to be orderly, fine, and hygienic.

14) Use the Company's assets efficiently and effectively.

## **Principle 7 Ensure disclosure and financial integrity**

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The Board of Directors of the Company has set the policy to ensure disclosure and financial integrity as follows;

1) The Board of Directors must ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

2) The Board of Directors should monitor the Company's financial liquidity and solvency.

3) The Board of Directors should ensure that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

4) The Board of Directors should ensure sustainability reporting, as appropriate.

5) The Board of Directors should ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

6) The Board of Directors should ensure the effective use by the Company of information technology in disseminating information.

The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company's shares. The Company discloses the financial information and other related information about the Company's performance correctly, adequately, regularly, and timely. Therefore the Company has set the strictly control of using regulations as follows:

- (1) The Company discloses all specified information in relevant regulations through the channel of the SET, in the annual statement (form 56-1), and the annual report (form 56-2) including on the website (<http://www.thaiopticalgroup.com>).
- (2) The Board of Directors reports the Company's performance in accordance with the corporate governance in the annual statement (form 56-1), and the annual report (form 56- 2).
- (3) The Board of Directors explains its responsibilities in providing the Company's financial statement parallel with the reports of financial auditor and presents the report on the corporate governance of the internal audit committee in the annual report (form 56- 2).
- (4) The Board of Directors discloses the name list and roles of the board and subcommittees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.
- (5) The Board of Directors discloses service fee that each director has received in every categories including remuneration from being the director of its Subsidiary or any other position, such as a consultant. The first four directors according to the name list of the Board (starting from the Chief Executive Officer) will disclose their service fee in the annual report (form 56- 2) and the annual statement (form 56-1).
- (6) The Company has set the Investors Relations section in order to communicate equitably with the outsiders such as, shareholders, institutional investors and investors, analysts including with related government sectors. The detailed communication will be disclosed in the annual report and on the Company's website.
- (7) The Board of Directors and Executives have reported on the holding and having transaction of the Company's assets in accordance with the regulations of The Securities and Exchange Commission (SEC.).
- (8) The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).

- (9) The Company sets the risk management which covers all of the risks related to the missions, business strategic plans, financial, productions, securities, and information as well as considers the tentative and degree of effectiveness that can be occurred including with setting the rules and regulations to prevent any incidents. The clear responsibilities will be stated to the concerned people. Moreover, the Company sets the policy to report and assess performance by appointing manager to be in charge of its responsibilities and also presents the plan and performance to the Management.
- (10) The Company has set up Investor Relations Section to communicate with Investors, Institutional investors, Shareholders, Analysts and Governmental Agency. In the year 2019, the Company had open opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and etc., both domestics and abroad, to have a meeting with the Company's executive in various channels such as Email, Tele Conference, meeting visit including participate in activities that organize by the Stock Exchange of Thailand(Oppportunity Day ) and Television programs: Money Channel and Smart Focus. And, the Company has set quiet period that do not disclose or provide interview about the Company's operating results within 7 days before the Company will disclose quarterly financial statement and MD&A to the Stock Exchange of Thailand. Moreover, the Company had defined The Code of Ethics for Investor Relations since the year 2011. In addition, Investor Relations of the Company is also attending to the Board of Directors meeting.
- (11) The Board of Directors sets the internal control system for financial management, the operation and procedure in accordance with the rules and regulations stipulated by law. The Company arranges the efficiency audit system to prevent, protect, and manage the shareholders' investment and the Company's assets regularly. The rules and regulations are clearly written as manual and it is the duty of an independent internal audit unit to check up the performance of every connected department and send reports to the Audit Committee directly.

## **Principle 8 Ensure engagement and communication with shareholders**

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The Board of Directors of the Company has set the policy to ensure engagement and communication with shareholders as follows;

- 1) The Board of Directors should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.
- 2) The Board of Directors should ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.
- 3) The Board of Directors should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

## Rights of Shareholders

Every shareholder occupies the ownership right of controlling the Company through the appointment of the Board of Directors to act as their representatives. Shareholders have rights and are eligible to make decision on any of significant corporate changes. Therefore the Company should encourage shareholders to exercise their rights as follows:

- 1) Right to exercise their ownership to control the Company through the appointment the Board of Directors to act as their representatives.
- 2) Right to sell, buy, or transfer the Company's shares.
- 3) Right to obtain adequate information of the Company in a timely manner.
- 4) Right to attend and vote in the shareholders' meetings.
- 5) Right to have proxy holder to attend and vote on their behalf at the shareholders' meeting.
- 6) Right to be informed of the criteria and procedures governing the shareholders' meeting.
- 7) Right to express their opinions and ask questions at the shareholders' meeting.
- 8) Right to appoint or remove the members of the board of directors and considering the remunerations to members of the board of directors.
- 9) Right to vote for appointing the Company's auditors and considering service fee.
- 10) Right to be provided dividend payment.
- 11) Right to vote in approving or amending the Company's articles of associations or the Company's Memorandum of Association by law.
- 12) Right to vote for the increases or decreases of the capital of the Company.
- 13) Right to vote for an approval of any extraordinary transactions.

In addition, the Company has reported and disclosed any transactions of the Company with correctly, completely, adequately, transparently and timely, as well as Good Corporate Governance Policy and The Code of Business Ethics" to all shareholders, investors, and others through the Company's website at <http://www.thaiopticalgroup.com>., both Thai and English version. If there is an issue that may affect shareholders, the Company will be informed through the website of the Stock Exchange of Thailand immediately.

Moreover, the Company has set the shareholders ordinary meeting within 4 months after the accounting period. For other meetings, the Board of Directors can hold the extraordinary meeting as when is necessary. The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably. The minutes of the meeting must be noted correctly and completely to report and request for approval on the significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings. In order to let the shareholders get the information

needed for the meeting in advance, the Company will send the relevant information to the shareholders, at least 14 days or 21 days according to the agenda that is required by the law before the meeting date, and also will announce through the newspaper of 3 consecutive days before the meeting day, to allow shareholders for consideration the agenda of the incoming meeting in advance. It shall be noted that the 2019 Annual General Meeting of Shareholders (AGM), the Company will publicize the AGMs' invitation letter including with all relevant meeting documents both Thai and English version on the Company's website more than 30 days prior to the AGM meeting's day. On the day of the Shareholders' meeting (AGM), the Company will assign its staffs to facilitate registration for the shareholders or the proxy holders to attend the meeting.

## **Equitable Treatment of Shareholders**

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The Board of Directors of the Company has set the policy to enable shareholders to take part of the business as well as express their opinions. Thus, the Board sets equitable treatment of shareholders by assigning the Company Secretary to notify shareholders via website of The Stock Exchange of Thailand and the Company as follows:

1) The channels for any suggestions or complaints: Customers, shareholders, and stakeholders can send their suggestions or any complaints to the Company Secretary through these following channels:

**Company Secretary:** Ms. Supat Kuanpradit

**Telephone:** (662) 194 1145 to 50 Ext. 3119

**E-Mail:** [CompanySecretary@thaiopticalgroup.com](mailto:CompanySecretary@thaiopticalgroup.com)

2) For shareholders, interested investors and institutional investors to get comprehensive information so the Company has set Investor Relations Section to provide information through the following channels;

**Investor Relations:** Ms. Jirawan Namnart

**Telephone:** (662) 194 1145 to 50

**E-mail:** [ir@thaiopticalgroup.com](mailto:ir@thaiopticalgroup.com)

3) After the Company has completely prepared the Minutes of Annual General Meeting of Shareholders (AGM) then it will be distributed through the Company's website at <http://www.thaiopticalgroup.com> within 14 days from the date of the meeting.

4) The Company provides opportunities to shareholders who are unable to participate the meeting to exercise their rights by proxy. The Company encourages the use of proxy forms on which shareholders are able to specify their votes and also provides an option to shareholders whereby they may appoint 2 independent directors of the Company as their proxy and for the shareholders equitable treatment, the Company has disclosed information completely, transparency and sufficiently for shareholders in a manner that encourages and provides opportunities for the shareholders equally to express opinions and ask questions by paying attention to the recommendation of shareholders and clearly fixing the rights to votes of shareholders in the Annual General Meeting of Shareholders (AGM).

## Company Visit

- 24-2-19 YPO (Young Presidents' Organization)
- 23-5-19 DBS VICKERS SECURITIES (THAILAND)
- 21-8-19 Aberdeen Standard Investment
- 26-11-19 Country Group Securities



## Oppday

- 7-6-19 TOG Oppday Q1/2019
- 20-11-19 TOG Oppday Q3/2019



## Structures of the Board of Directors

### 1) Independence and Neutrality of the Directors

The Board of Directors works and makes any decisions independently from the administrative team and major shareholders. Every director can perform duty and be independent to ask questions, express opinions, or opposes to any conflict matter relating to the benefit of shareholders or stakeholders.



## 2) Qualifications of the Board of Directors

The Board of Directors consists of members who have skills, knowledge and performance, and specialization, that are useful for the Company. Directors should be the person who adheres to the virtue and morality and can fully devote much and enough time to work in such position.

## 3) Qualifications of Independent Director

In addition to the qualification specified in item No. (2), then the Board of Directors has set the qualification of “Independent Director” in accordance with the requirements of the Stock Exchange of Thailand as follows;

1. Cannot hold more than 0.5 % of the Company and its Subsidiary paid- up shares. The shares held by relatives or related persons are included into this account.
2. At least 2 years prior to be appointed as the Independent directors, they must have no responsibility in the management of the Company and its Subsidiary, partnerships or related companies and have no authority to sign their name in any business matters or work as a consultant who receives salary from the Company and its Subsidiary, partnerships, related companies, major shareholders or is under control of any stakeholders.
3. Not be stakeholders dealing with the financial and administrative work directly or indirectly.
4. Not be the Audit Committee for the Company and its Subsidiary, partnerships or any juristic persons that may cause the conflicts.
5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
6. Not have relationships with the executives, shareholders or major shareholders of the Company.
7. Must not be appointed as representatives to protect assets of the Company’s directors or shareholders.
8. Be capable of performing their duties, express opinions or report independently to the Boards.

## 4) Structure of the Board of Directors

As of 31 December, 2015, the Company comprise of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors accounting not less than one- third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. Independent directors have a term of 3 years. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of “Independent Directors” that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand(the SET).



5) The Board of Directors can have an agreement to appoint the new director to continue working instead of resigned director within his/her remaining term. The number of companies that any director can be in directorships should be considered according to the principle of the good corporate governance. The Company also provide orientation for the new director and executive.

6) Chief Executive Officer and Top management can served as directors in the other companies but it have to approve by the Board of Directors. The Board of Directors fixed that Chairman and Chief Executive Officer have to be different persons in order to monitor and balancing power in the management. Their duties and responsibilities are separately clarified as follows;

**Responsibility of Chairman of the Board of Directors:**

- 1) To perform as the Chairman in the Company's Board of Directors meeting;
- 2) To have a casting vote if there is a tie vote case;
- 3) To call for the meetings of the Board of Directors; and
- 4) To perform as the Chairman in the Annual General Meeting of Shareholders.

**Responsibilities of Chief Executive Officer:**

- 1) To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;
- 2) To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;
- 3) To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
- 4) To perform other duties assigning by the Board of Directors.

**Remunerations of the Directors**

1) Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting.

2) Remuneration of the Executives bases on the criteria and policy stated by the Board of Directors, relating to the Company' operating performance as well as each person's performance.

3) The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility.

4) The Nomination and Remuneration Committee consider the remuneration for Chief Executive Officer every year in accordance with the earlier agreement on criteria. Chief Executive Officer will be informed about the result by the Chairman of the Boards.

## **Developments of Directors and Executives**

1) The Board of Directors has duty to promote and facilitate Directors and Executives with trainings in order to improve their performance continuously. For year 2019, the Company has conducted the training Leadership Development Program in high performance to the managements.

2) The Board of Directors assigns the administrative team to have an orientation for the new director, invite them to the meeting and participate in the operation plan's presentation of the Company and its Subsidiary.

3) The Board of Directors determines the plan to improve the competency of Chief Executive Officer and Deputy Chief Executive Officer by assigning the administrative team to make the continuing plan and report to the Board of Directors.

## **Performance Evaluation of the Chief Executive Officer**

The Nomination and Remuneration Committee consider and give opinions to the Board on criteria for a yearly performance evaluation of Chief Executive Officer. The criteria must be relevant to the Company's goals for both short- term and long- term.

## **Communication with the administrative team**

The Board of Directors encourages Chief Executive Officer and Top executive to attend the Board's meeting in order to propose their agenda so that the Board can be informed and get any suggestions from the responsible person directly meanwhile the management can learn and have understanding in the Board of Directors' points of view.

Aside from the general meeting of the Board of Directors, the Board encourages provision of opportunities to meet and exchanges opinions among the Directors, Chief Executive Officer, and Deputy Chief Executive Officer. This can create the good relationships for them and help the Directors can communicate to each administrative person directly without the sense of work interference. However, this should be prior informed to Chief Executive Officer.

# GOOD CORPORATE GOVERNANCE CODE, 2020 AMENDMENT



## THAI OPTICAL GROUP PUBLIC COMPANY LIMITED

The Board of Directors of Thai Optical Group Public Company Limited (the Company) has strong intention to administrate the Company in comply with Practice and guidelines of the Stock Exchange of Thailand, and also aims to develop the good corporate governance policy of the Company in order to bring out the best practice for the organisation.

The Board of Directors has resolved to utilize the “Good Corporate Governance Code, 2020 Amendment” on February 12, 2020. This Good Corporate Governance Code, 2020 Amendment is the update version of the Company’s Good Corporate Governance Code which was prepared and provided in accordance with the Principles of Corporate Governance of the “Organisation for Economic Co-operation and Development” (“OECD”). This version is not only keeping the said Principles, but this version is also added the new principles in accordance with the Good Corporate Governance Code 2017 for Listed Companies, which is introduced by the Securities Exchange Commission of Thailand (SEC).

### **Principle 1 : Establish clear leadership role and responsibilities of the Board**

**Principle 1.1** The Board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the Company, and strengthen good governance, including:

- (1) defining objectives;
- (2) determining means to attain the objectives; and
- (3) monitoring, evaluating, and reporting on performance.

**Principle 1.2** To achieve sustainable value creation, the Board should exercise its leadership role and pursue the following governance outcomes:

- (1) competitiveness and performance with long-term perspective;
- (2) ethical and responsible business;
- (3) good corporate citizenship; and
- (4) corporate resilience.

### Guidelines

- 1.2.1 The Board of Directors has a duty to ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties with the required responsibility, due care and loyalty. The Board of Directors is responsible to the Shareholders in term of management and controlling the administration following the business plans and goals in order to create the highest profit for the Shareholders on the basis of morality and consideration on the benefit of every stakeholder.
- 1.2.2 The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.
- 1.2.3 The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.
- 1.2.4 The Board of Directors will ensure effective implementation including regular communication of the Company's policies and guidelines to all directors, executives, employees and staff. The board should ensure adequate mechanisms are in place for monitoring, reviewing and reporting compliance with the Company's policies and guidelines.

### **Principle 1.3**

The Board of Directors should ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the Company operates in accordance with applicable law and standards.

### Guidelines

- 1.3.1 In assessing whether directors and executives have performed their fiduciary duties with the required responsibility, due care and loyalty, reference should be made to the applicable laws, rules and regulations.
- 1.3.2 The Board of Directors is responsible for the implementation of adequate systems and controls to ensure that the Company complies with applicable laws, articles of association, shareholders' resolutions, concerned policy or guideline, as well as having the approval systems concerning the important matters as specified by laws.

### **Principle 1.4**

The Board of Directors should demonstrate a thorough understanding of the division of board and management responsibilities. The Board should clearly define the roles and responsibilities of management and monitor management's proper performance of its duties.

### Guidelines

- 1.4.1 The Board of Directors adopts the Board Charter setting out the roles and responsibilities of the directors and review such Charter at least once a year.

1.4.2 The Board of Directors sets its written ability, responsibility, and accountability in the Board Charter.

Delegation of executive power to Managing Director/Chief Executive Officer is in accordance with the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005. The scope of authority of Managing Director/Chief Executive Officer is clearly stated.

## **Principle 2 : Define objectives that promote sustainable value creation**

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**Principle 2.1** The Board of Directors should define objectives and goals that promote sustainable value creation and governance outcomes as a framework for the operation of the Company.

### **Guidelines**

2.1.1 The Board of Directors will ensure that the Company has clearly defined objectives that support the Company's business model. The Board of Directors will ensure Company-wide communication of the Company's vision, mission and values.

2.1.2 Defining the business model for sustainable value creation, the Company has the Business Strategic Committee. The Business Strategic Committee consists of 6 members who are 1 executive director, 1 independent director and 2 expert directors in running businesses, who are representatives from the major shareholders and other directors. The independent director is the Chairman of the Business Strategic Committee. Scope of duties of the Business Strategic Committee are as follows:

- To be responsible in study of the significant business matters those need close attention.
- To propose the new strategies of production and new innovation trends as well as expand the distribution channels.
- To consider on projects of investments so that the business can run effectively.
- To provide advice and suggest other related business strategies, and also reports to the Board of Directors.

2.1.3 The Board of Directors will promote the Company's mission and vision to be the corporate culture. The Board of Directors will supervise to communicate the objectives and goals via strategy and plan throughout the Company.

**Principle 2.2**

The Board of Directors should ensure that the Company’s annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilising innovation and technology effectively

**Guidelines**

2.2.1 The Board of Directors supervises to have the strategies and annual plan in accordance the company’s goals objectives, while considering the business environment, opportunities, and the Company’s risk appetite. The Board of Directors ensures that the Company’s goals, strategies for medium-term (for example, 3 - 5 years) will be prepared, reviewed and updated as appropriate.

2.2.2 The Board of Directors will ensure that the Company’s strategies and plans take into account all relevant factors influencing the value chain, including the Company’s ecosystem, risks, resources, competitiveness, and stakeholders. There is mechanism for stakeholder engagement.

Employees: The Company and its Subsidiaries provide them with good and complete welfare including with set provident fund, organizing safety working environment for both physically and mentally, and also has the policy to provide them better quality living and safety in work.

Company conducted training to improve the working skill to employee and Executives of Company continuously which is in accordance with Development of Labor Skill ACT B.E. 2545.

Society/The Company and its Subsidiaries have waste treatment and industrial savage treatment without causing any pollution to the communities around the factories. Moreover, the Company and its Subsidiaries also participate and support beneficial social activities to the communities around the factory.

Business partners/creditors: The Company and its Subsidiaries will strictly and equally follow commercial terms and conditions bonded with other parties. In case of any deficiency, the Company will hold a negotiation meeting with them to find the best solution.

Competitors: The Company and its Subsidiaries will run business fair and square, under the laws and orders, business common practices, and will not take any advantage to demolish its competitors.

Customers: The Company and its Subsidiaries have strong willingness to serve, help and treat customers equitably. In case of having any problems, the Company will listen to the customers, give advice, and help them find solution. The Company will not disclose any information of the customers unless having their written permission or being under the condition by law.

Shareholders: The Company and its Subsidiaries operate its business with transparency, straightforwardly, accountability including with operate business continuous growth, sustainable and can generate suitable return on investment in the long term.

The channels for any suggestions or complaints: Customers, shareholders, and stakeholders can send their suggestions or any complaints to the Company Secretary through these following channels:

Telephone : +66(0) 2 194 1145 to 50 Ext. 3119  
Fax : +66(0) 2 862 0705  
Website : [www.thaiopticalgroup.com](http://www.thaiopticalgroup.com)  
E-mail : [companysecretary@thaiopticalgroup.com](mailto:companysecretary@thaiopticalgroup.com)

For employees of the Company and its Subsidiaries, if they found any contravention or non-compliance with the Code of Ethics then can submit any suggestions or complaints to the Boards and Management as follows;

1. Chairman
2. Chairman of the Audit Committee
3. Managing Director/Chief Executive Officer
4. Internal Audit Manager
5. Anti-Corruption Sub-committee

Post : Thai Optical Group Public Company Limited  
15/5 Moo 6 Bangbuathong-Suphanburi Road,  
Laharn, Bangbuathong, Nonthaburi 11110 Thailand  
E-mail : [Anti-Corruption@thaiopticalgroup.com](mailto:Anti-Corruption@thaiopticalgroup.com)

The Company has protection measures and remedy for damage to reporter, complainant or cooperative person who report any violations or non-compliance with the Code.

2.2.3 When developing strategies and plans, the Board of Director will promote innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities.

- 2.2.4 In considering the approval of the Company's targets (financial and non-financial), the Board of Directors will ensure that they are suitable to the Company's business profile, and they do not cause the Company to engage in illegal or unethical conduct.
- 2.2.5 The Board of Directors will ensure effective communication of the Company's objectives, goals, strategies, plans, and targets throughout the Company.
- 2.2.6 The Board of Directors will ensure proper resource allocation and effective systems and controls, and monitor the implementation of the Company's strategies and plans.

### **Principle 3: Strengthen Board Effectiveness**

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**Principle 3.1** The Board of Directors should be responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.

#### **Guidelines**

3.1.1 The Board of Directors consists of members who have skills, knowledge and performance, and specialization, that are useful for the Company. Directors should be the person who adheres to the virtue and morality and can fully devote much and enough time to work in such position.

At least one of the non-executive directors will be experienced and competent in the company's main industry

3.1.2 As of 14 February 2020, the Company comprises of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors accounting not less than one - third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of "Independent Directors" that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

3.1.3 The Board of Directors works and makes any decisions independently from the administrative team and major shareholders. Every director can perform duty and be independent to ask questions, express opinions, or opposes to any conflict matter relating to the benefit of shareholders or stakeholders.



In addition to the qualification specified in item No. 3.1.1, then the Board of Directors has set the qualification of “Independent Director” in accordance with the requirements of the Stock Exchange of Thailand as follows;

1. Cannot hold more than 0.5 % of the Company and its Subsidiary paid-up shares. The shares held by relatives or related persons are included into this account.
2. At least 2 years prior to be appointed as the Independent directors, they must have no responsibility in the management of the Company and its Subsidiary, partnerships or related companies and have no authority to sign their name in any business matters or work as a consultant who receives salary from the Company and its Subsidiary, partnerships, related companies, major shareholders or is under control of any stakeholders.
3. Not be stakeholders dealing with the financial and administrative work directly or indirectly.
4. Not be the Audit Committee for the Company and its Subsidiary, partnerships or any juristic persons that may cause the conflicts.
5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
6. Not have relationships with the executives, shareholders or major shareholders of the Company.
7. Must not be appointed as representatives to protect assets of the Company’s directors or shareholders.
8. Be capable of performing their duties, express opinions or report independently to the Boards.

3.1.4 The Board will explicitly disclose in the Company’s annual report and on the website its diversity policies and details relating to directors, including directors’ age, gender, qualifications, experience, shareholding percentage, years of service as director, and director position in other listed companies.

### **Principle 3.2**

The Board of Directors should select an appropriate person as the chairman and ensure that the Board composition serves the best interest of the Company, enabling the Board to make its decisions as a result of exercising independent judgement on corporate affairs.

#### **Guidelines**

3.2.1 The Board of Directors fixed that Chairman and Managing Director/Chief Executive Officer have to be different persons in order to monitor and balancing power in the management. Their duties and responsibilities are separately clarified as follows;

**Responsibility of Chairman of the Board of Directors:**

1. To perform as the Chairman in the Company's Board of Directors meeting;
2. To have a casting vote if there is a tie vote case;
3. To call for the meetings of the Board of Directors;
4. To perform as the Chairman in the Annual General Meeting of Shareholders;
5. To oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's objectives.
6. To ensure that all directors contribute to the Company's ethical culture and good corporate governance.
7. To set the Board meeting agenda by discussing with the Managing Director/Chief Executive Officer.
8. To provide enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
9. To encourage provision of opportunities to meet and exchanges opinions among the Directors, Managing Director/Chief Executive Officer, and Deputy Managing Director. This can create the good relationships for them and help the Directors can communicate to each administrative person directly without the sense of work interference.

**Responsibilities of Managing Director/Chief Executive Officer:**

1. To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;
2. To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;
3. To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
4. To perform other duties assigning by the Board of Directors.

The assignment of the authority to the Managing Director/Chief Executive Officer is in accordance with the resolution of the Board of Directors Meeting on April 20, 2004 and on April 8, 2005.

3.2.2 Independent directors have a tenure of 3 years. They are able to be in the position exceeding a cumulative term of nine years from the first day of service, if the Board of Directors has reasonably considered such necessity.

3.2.3 The Board of Directors of the Company appointed these following 3 sub-committees: (1) the Audit Committee; (2) the Nomination and Remuneration Committee and (3) the Business Strategic Committee; to review specific matters, to screen information, and to recommend action for Board approval

3.2.4 The Board of Directors discloses the name list and roles of the Board and sub-committees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.

**Principle 3.3**

The Board of Directors should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the Board.

**Guidelines**

3.3.1 The Nomination and Remuneration Committee consists of 2 out of 3 independent directors. The chairman of the Nomination and Remuneration Committee is an independent director.

3.3.2 The Nomination and Remuneration Committee performs duty to search and elect qualified persons to be the Company's directors. They present a description of the nomination criteria and process to the Board of Directors prior nominating new directors to replace the expired directors. They set the criteria and procedures for nomination and appointment of key executives. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, the Sub-committees, Managing Director/Chief Executive Officer and Deputy Managing Director. Besides, they consider and review the remuneration system to be suitable for directors, executives and other employees' responsibility and be in accordance with the Company's performance.

**Principle 3.4**

When proposing director remuneration to the shareholders' meeting for approval, the Board of Directors should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and Company performance, and provide incentives for the Board of Directors to lead the Company in meeting its objectives, both in the short and long term.

**Guidelines**

3.4.1 The Nomination and Remuneration Committee per Item 3.3.1 is responsible for setting the remuneration policy.

3.4.2 Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting.

The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility.

3.4.3 The Board of Directors discloses service fee that each director has received in every category including remuneration from being the director of its Subsidiary or any other position, such as a consultant in the annual report (form 56- 2) and the annual statement (form 56-1).

**Principle 3.5**

The Board of Directors should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

**Guidelines**

3.5.1 The Board will ensure that there is a mechanism to support directors in understanding their roles and responsibilities per Item 3.8.

3.5.2 Each director has ability to devote sufficient time to the Company and be a director of not more than 5 listed companies.

3.5.3 The Board will ensure reporting and public disclosure of directors assuming or holding positions at other companies.

3.5.4 The Board will ensure that the Company's policies prohibit and prevent a director from creating a conflict of interest with the Company, including by using the Company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a director's other directorships and positions should be reported to shareholders, as appropriate per Item 6.3.2.

3.5.5 Each director will be required to attend not less than 75 percent of all Board meetings in any whole financial reporting year.

**Principle 3.6**

The Board of Directors should ensure that the Company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

**Guidelines**

3.6.1 The Board will ensure that the Company's governance framework and policies extend to its subsidiaries, including written policies relating to:

- (1) Appointment directors in the subsidiary companies;
- (2) Supervision of the directors in the Subsidiary companies to manage in accordance with the Company's policy for the Subsidiary companies' best interest;
- (3) Having the risk management covering the subsidiary companies; and
- (4) Disclosure of the financial information and performance, related transactions with connected person, acquisition and disposition of assets, and other important transactions.



3.6.2 For businesses that the Company has or plans to hold a significant investment, shareholder agreements or other agreements must be made.

**Principle 3.7**

The Board of Directors should conduct a formal annual performance evaluation of the Board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the Board.

**Guidelines**

3.7.1 The Board of Directors determines to have an evaluation on the performance of the Board of Directors and Managing Director/Chief Executive Officer every year in order to considerate the operation performance and or improve its adequately.

3.7.2 The Nomination and Remuneration Committee requires all directors to conduct the Board self-assessment (The whole Board), in accordance with the sample of Board Self-Assessment Form of the Stock Exchange of Thailand which conclude in 3 formats hereto:

- (1) Self-assessment of the Board of directors as a whole;
- (2) Self Assessment of committee as a whole; and
- (3) Self Assessment of the Board of Directors and of committee members on an individual basis.

The criteria, process, and results of the evaluation should be disclosed in the annual report.

3.7.3 The evaluation results will be used for ensuring that the directors collectively possess the right combination of knowledge, skills, and experience.

**Principle 3.8**

The Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the Company's operations, relevant law and standards, and other applicable obligations. The Board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and Board committees.

**Guidelines**

3.8.1 The Board of Directors has duty to promote and facilitate Directors and Executives with trainings in order to improve their performance continuously. The Company has conducted the internal training program and external training to boost up the leadership team. The Board of Directors assigns the administrative team to have an orientation for the new director, invite them to the meeting and participate in the operation plan's presentation of the Company and its Subsidiary in order to have knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment as well as to receive accurate, timely and clear information, including timely and regular updates.

Training and knowledge development of the Board are disclosed in the annual report.

### **Principle 3.9**

The Board of Directors should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The Board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the Board in performing its duties.

#### **Guidelines**

3.9.1 The Board determines the Board of Directors meeting and the meetings of sub-committee in advance for a whole year and also inform each director of such planned meeting date.

3.9.2 The Board of Directors had arranged the meetings at least 5 times a year and the meetings hold at 10.30 a.m. on every Wednesday of sixth week after end of each quarter or other designated day and to consider together with Executives on the operation of the Company that it pursues the business in compliance with Vision and Mission of the Company.

3.9.3 The Chairman of the Board of Directors and/ or Managing Director/Chief Executive Officer considers the matters to put on the agenda of meetings and each director can propose the matters independently.

3.9.4 There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 7 days before the date of meeting for consideration and study.

3.9.5 The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board.

3.9.6 All directors can get more necessary information from the Managing Director/ Chief Executive Officer, the Company Secretary, the Board of Director and other Administrative Sections.

If necessary to discharge their responsibilities, the Board may seek independent professional advice at the Company's expense.

3.9.7 The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director/Chief Executive Officer.

3.9.8 The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of Chairman before proposing to the Board for an approval.

The Board will disclose the qualifications and experience of the Company Secretary in its annual report and on the Company's website.

3.9.9 The Company Secretary will receive ongoing training and education relevant to performing his/her duties.

## **Principle 4: Ensure Effective CEO and People Management**

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**Principle 4.1** The Board of Directors should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

### **Guidelines**

4.1.1 To consider and nominate the qualified candidate to be as Managing Director/Chief Executive Officer, in case, there is vacancy of the position and then propose to the Board of Directors.

4.1.2 The Managing Director/Chief Executive Officer will be in charged of appointing knowledgeable, skilled, and experienced key executives. The Managing Director/Chief Executive Officer together with the Nomination and Remuneration Committee will establish the criteria and procedures for nomination and appointment of key executives.

4.1.3 The Board of Directors determines the plan to improve the competency of Executive and succession plan for top positions by assigning the administrative team to make the continuing plan and report to the Board of Directors.

4.1.4 Managing Director/Chief Executive Officer and top management can serve as directors in the other companies but it has to approve by the Board of Directors. The number of companies in which they are allowed to simultaneously serve as a director will be in accordance with the approval of the Board.

**Principle 4.2** The Board of Directors should ensure that an appropriate compensation structure and performance evaluation are in place.

### **Guidelines**

4.2.1 The Board will ensure that the compensation structure rewards individual performance, incentivizes the chief executive officer, key executives, employees and staff at all levels to act in support of the Company's objectives and values, and fosters long-term commitment by aligning incentives with future Company performance through:



- (1) appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation);
- (2) ensure that the individual total compensation takes into account industry standards and Company performance; and
- (3) predetermined and communicated performance evaluation criteria.

4.2.2 The Nomination and Remuneration Committee consider and give opinions to the Board on criteria for a yearly performance evaluation of Managing Director/Chief Executive Officer. The criteria must be relevant to the Company's goals for both short-term and long-term.

The Nomination and Remuneration Committee consider the remuneration for Managing Director/Chief Executive Officer every year in accordance with the earlier agreement on criteria. Managing Director/Chief Executive Officer will be informed about the result by the Chairman of the Boards.

4.2.3 The Board approves the performance evaluation criteria and overall compensation structure of key executives. In addition, the Board should ensure that the chief executive officer evaluates the performance of key executives based on clear and predetermined performance evaluation criteria.

Remuneration of the Executives bases on the criteria and policy stated by the Board of Directors, relating to the Company's operating performance as well as each person's performance.

4.2.4 The Board will ensure that clear and predetermined performance evaluation criteria are in place for all employees and staff throughout the Company.

### **Principle 4.3**

The Board of Directors should consider its responsibilities in the context of the Company's shareholder structure and relationships, which may impact the management and operation of the Company.

#### **Guidelines**

4.3.1 The Board understands the Company's shareholder structure and relationships, and consider their impact on the control over the Company, including written and non-written family agreements, shareholder agreements, or group Company policies.

4.3.2 The Board will ensure that the company's shareholder structure and relationships do not affect the board's exercise of its duties and responsibilities, including in relation to succession planning, in the best interest of the Company.

4.3.3 The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).

**Principle 4.4**

The Board of Directors should ensure the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

**Guidelines**

4.4.1 The Board will ensure that the Company is properly staffed, and that human resources management aligns with the Company's objectives and furthers sustainable value creation. All employees and staff must receive fair treatment.

4.4.2 The Company set the provident fund for its employees.

**Principle 5: Nurture Innovation and Responsible Business**

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**Principle 5.1**

The Board of Directors should prioritize and promote innovation that creates value for the Company and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.

**Guidelines**

5.1.1 The Board will prioritize and promote a corporate culture that embraces innovation and the Business Strategic Committee will ensure to include the innovation in corporate strategy, and the Management will include the innovation for operational development planning, and operation monitoring.

5.1.2 The Board will nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models under supervision of the Business Strategic Committee, products and services, promoting research, improving production and operation processes, and collaborating with partners.

**Principle 5.2**

The Board of Directors should encourage management to adopt responsible operations, and incorporate them into the Company's operations plan. This is to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards, and contributes to the sustainable growth of the Company.

### Guidelines

5.2.1 Beside the duties to perform achievement of business goals and objectives, the Company also treats all stakeholders with equality according to the principles of morality and ethical practices, as well as the Company also define the policy for caring and treating of all stakeholders including with disclose it in the Company's SD Report. Policies and procedures will at least cover employees, customers, business partners, society, environment, fair competition, and anti-corruption.

#### **Principle 5.3**

The Board of Directors should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives.

### Guidelines

5.3.1 The Board will have a thorough understanding of the Company's resource needs to support its business model, and how available resources correlate.

5.3.2 The Board will have a thorough understanding of how the business model affects resources optimization in support of ethical, responsible, and overall sustainable value creation.

5.3.3 The Board will ensure that management continuously reviews, adapts, and develops the Company's use and optimization of resources, considering internal and external factors to meet the Company's objectives.

#### **Principle 5.4**

The Board should establish a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.

### Guidelines

5.4.1 The Board will ensure that the Company has an IT resource allocation policy that ensures adequate and optimal investment in and allocation of IT resources.

5.4.2 The Board will ensure that the Company's risk management includes IT risk management as well as IT security policies and procedures. For the details, please see Item 6.1.2.

## **Principle 6: Strengthen Effective Risk Management and Internal Control**

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#### **Principle 6.1**

The Board of Directors should ensure that the Company has effective and appropriate risk management and internal control systems that are aligned with

the Company's objectives, goals and strategies and comply with applicable law and standards.

#### **Guidelines**

6.1.1 The Board of Directors assigns the administrative team to have the risk management covering the whole organization. The management must report to the Board regularly as well as review and evaluate the effectiveness of the risk management at least once a year.

6.1.2 The Company sets the risk management which covers all of the risks related to the missions, business strategic plans, financial, productions, securities, and information as well as considers the tentative and degree of effectiveness that can be occurred including with setting the rules and regulations to prevent any incidents. The clear responsibilities will be stated to the concerned people. Moreover, the Company sets the policy to report and assess performance by appointing manager to be in charge of its responsibilities and also presents the plan and performance to the Management.

The Company's Board of Directors assigned the Audit Committee to review the Company's internal control system and risk management system to ensure that they are adequacy and effectiveness.

6.1.3 The Board has to ensure and monitor that the Company complies with relevant and applicable law and standards, whether domestic, international or foreign.

#### **Principle 6.2**

The Board of Directors shall establish an audit committee that can act effectively and independently.

#### **Guidelines**

6.2.1 The Audit Committee consists of 3 Independent Directors. Scope of duties of the Audit Committee are as follows:

1. To review the Company's financial report accurately and adequately;
2. To review the Company's internal control and internal audit system to ensure that they are appropriately and efficiently, as well as to approve the appointment, transfer and dismissal of the head of internal audit or any other parties which responsible for the internal audit.
3. To review the Company's compliance with The Securities and Exchange Act, The Stock Exchange of Thailand regulations, and the laws that relate to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

5. To consider the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and The Stock Exchange of Thailand regulations, are reasonable and for the maximum benefit of the Company;
6. To prepare and disclose in the Company's annual report, about the Audit Committee's minutes which must be signed by Chairman of the Audit Committee;
7. To verify the documents and self-assessment concerning the anti-corruption measure in accordance with the Private Sector Collective Action Coalition Against Corruption Council, or CAC; and
8. To perform any other act assigned by the Board of Directors, with the approval of the Audit Committee.

6.2.2 The Audit Committee has authorization to inform the management to attend the meetings notify matters or do reports in order to give suggestions or recommendation as necessary.

6.2.3 The Board of Directors provides the internal audit department to perform duty independently. The internal audit department reports directly to the Audit Committee and is responsible for auditing the control system in management of the financial report as well as operation following the policy. The Board has revision and evaluation of an adequacy of the control system at least once a year.

**Principle 6.3**

The Board of Directors should manage and monitor conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

**Guidelines**

6.3.1 The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company's shares

6.3.2 The Company's Board of Directors and Management must disclose information of stakeholders and related persons to the Board. It is the duty of the Board to consider any transactions that may cause conflict of interest. Anyhow,

directors and executives who are stakeholders must not take part in making decision on such transactions. Besides, the consideration must follow the steps and policy of the Company's approval of transactions.

The Company has set clearly written policy and steps of approval for the related matter that the Board of Directors must approve the item, which may cause any conflict of interest. Any practice that may cause conflict of interest, the Board will hold directors meeting to consider such matter. In case that it needs an approval from the Shareholders, an extraordinary general meeting will be held before starting the project. However, the consideration of the Board must be made carefully, faithfully and reasonably for the best benefit of the Company and shareholders as a whole.

6.3.3 The Board of Directors will carefully consider any matter that may cause conflict of interest and keeps control of the regulations of operation procedures and discloses the accurate and adequate information.

**Principle 6.4**

The Board of Directors should establish a clear anti-corruption policy and practices (including communication and staff training), and strive to extend its anti-corruption efforts to stakeholders.

**Guidelines**

6.4.1 The Company had already certified by the Private Sector Collective Action Coalition Against Corruption Council, or CAC on 16 January, 2015. (see more at: [www.thaiopticalgroup.com](http://www.thaiopticalgroup.com)) Later, the Company has renewed such certification from the Collective Action Coalition Project.

The Board of Directors has passed the Anti-Corruption Policy and Guideline which are clearly communicated throughout the organization and relevant third party in order to be used.

**Principle 6.5**

The Board of Directors should establish a mechanism for handling complaints and whistleblowing.

**Guidelines**

6.5.1 The Company has Whistle-Blowing Policy for the Company and its subsidiaries stated the scope of whistle-blowing policy, complaining or whistle blowing procedure (via e-mail, letter, and website), procedure after complaint or whistle-blow, whistle-blower protection, committed person protection, and false complaint or whistle-blow.

## Principle 7: Ensure Disclosure and Financial Integrity

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**Principle 7.1** The Board of Directors must ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

### **Guidelines**

7.1.1 The Board of Directors will ensure that any person (including chief financial officer, accountant, internal auditor, company secretary, Investors Relation officer) involved in the preparation and disclosure of any information of the Company has relevant knowledge, skills and experience, and that sufficient resources, including staffing, are allocated.

7.1.2 When approving information disclosures, the Board will consider all relevant factors, including for periodic financial disclosures, namely, (1) the evaluation results of the adequacy of the internal control system; (2) the external auditor's opinions on financial reporting, observations on the internal control system, and any other observations through other channels; (3) the audit committee's opinions; and (4) Consistency with objectives, strategies and policies.

7.1.3 The Company discloses the financial information and other related information about the Company's performance (including financial statements, annual reports, and Form 56-1) correctly, adequately, regularly, and timely reflecting financial status and performance as well as the Company's future business.

The Board of Directors prepares and provides the Management Discussion and Analysis (MD&A) in quarterly financial reports.

7.1.4 For disclosures related to any individual director, that director will ensure the accuracy and completeness of the information disclosed by the Company, including of shareholders' information and any shareholders' agreement.

The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).

**Principle 7.2** The Board of Directors should monitor the Company's financial liquidity and solvency.

### **Guidelines**

7.2.1 The Board of Directors will ensure that management regularly monitors, evaluates and reports on the Company's financial status. The Board and management should ensure that any threats to the Company's financial liquidity and solvency are promptly addressed and remedied.



7.2.2 The Board of Directors will ensure that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency.

**Principle 7.3**

The Board of Directors should ensure that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

**Guidelines**

7.3.1 The Board of Directors sets the internal control system for financial management, the operation and procedure in accordance with the rules and regulations stipulated by law. The Company arranges the efficiency audit system to prevent, protect, and manage the shareholders' investment and the Company's assets regularly. The rules and regulations are clearly written as manual.

**Principle 7.4**

The Board of Directors should ensure sustainability reporting, as appropriate.

**Guidelines**

7.4.1 The Board of Directors will consider and report data on the Company's compliance and ethical performance (including anti-corruption performance), its treatment of employees and other stakeholders (including fair treatment and respect for human rights), and social and environmental responsibilities, using a report framework that is proportionate to the Company's size and complexity and meets domestic and international standards.

7.4.2 The Board of Directors will ensure that the Company's sustainability reporting reflects material corporate practices that support sustainable value creation.

**Principle 7.5**

The Board of Directors should ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

**Guidelines**

7.5.1 The Company has set up Investor Relations Section to communicate with Investors, Institutional investors, Shareholders, Analysts and Governmental Agency. The Company opens opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and etc., both domestics and abroad, to have a meeting with the Company's executive in various channels such as Email, Tele Conference, meeting visit including participate in activities that organize by the Stock Exchange of Thailand (Opportunity Day) and Television programs. And, the Company has set quiet period that do not disclose or provide interview about the Company's operating results within 7 days before the Company will disclose quarterly financial statement and MD&A to the Stock Exchange of Thailand. Moreover, the Company had defined

The Code of Ethics for Investor Relations since the year 2011. In addition, Investor Relations of the Company is also attending to the Board of Directors meeting.

7.5.2 The Managing Director/Chief Executive Officer has the authority to act and appear as the Company representative to contact external parties or sectors related to and advantageous for the Company's business in accordance with the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005.

**Principle 7.6**

The Board of Directors should ensure the effective use by the Company of information technology in disseminating information.

**Guidelines**

7.6.1 The Company discloses all specified information in relevant regulations through the channel of the SET, in the annual statement (form 56-1), and the annual report (form 56-2) including on the website (www.thaiopticalgroup.com) in both Thai and English languages.

**Principle 8: Ensure Engagement and Communication with Shareholders**

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**Principle 8.1**

The Board of Directors should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

**Guidelines**

8.1.1 The significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings will be included in the agenda for the shareholders' meeting.

8.1.2 The Company has the policy to facilitate shareholders to present candidates for director nomination and propose the Annual General Meeting of Shareholders' meeting (AGM) agenda according to the criteria publicized on the Company's website www.thaiopticalgroup.com.) The proposal should be delivered in December every year through the following channels:

E-mail :        companysecretary@thaiopticalgroup.com  
Tel. :            +66 (0) 2 194 1145 to 50 Ext. 3119  
Fax :             +66 (0) 2 862 0705  
Postal :         The Company Secretary  
Address :        The Office of Company Secretary  
                    Thai Optical Group Public Company Limited  
                    15/5 Moo 6, Bangbuathong-Suphanburi Road,  
                    Laharn, Bangbuathong Nonthaburi 11110

For shareholders, interested investors and institutional investors to get comprehensive information so the Company has set Investor Relations Section to provide information through the following channels; E- mail : ir@thaiopticalgroup.com Fax : +66(0) 2 862 0705 Tel : +66 (0) 2 194 1145 to 50

8.1.3 Concerning the shareholders' meeting, the Company will send the relevant information to the shareholders, at least 14 days or 21 days according to the agenda that is required by the law before the meeting date, and also will announce through the newspaper of 3 consecutive days before the meeting day, to allow shareholders for consideration the agenda of the incoming meeting in advance.

The Company will publicize the shareholders' meeting invitation letter including with all relevant meeting documents both Thai and English version on the Company's website more than 28 days prior to the meeting day.

## **Principle 8.2**

The Board of Directors should ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

### **Guidelines**

8.2.1 The Board of Directors will set the date, time, and place of the meeting by considering the interests of shareholders, such as allocating sufficient time for debate, and choosing a convenient location.

8.2.2 The Company will not through its meeting attendance requirements or prerequisites prevent attendance by or places an undue burden on shareholders.

8.2.3 In the interest of transparency and accountability, the Company will promote the use of information technology to facilitate the shareholders' meetings, including for registration and vote counting.

8.2.4 The Chairman of the Board of Directors is the chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the Company's Articles of Association, allocating sufficient time for consideration and debate of agenda items, and the Company has encouraged and provided opportunities for the shareholders equally to express opinions and ask questions by paying attention to the recommendation of shareholders and clearly fixing the rights to votes of shareholders in the shareholders' meetings.

8.2.5 Directors who are shareholders will not be allowed to add items to the meeting agenda that have not been duly notified in advance.

- 8.2.6 The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably.
- 8.2.7 The attending shareholders will be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods before the start of the meeting.
- 8.2.8 There should not be any bundling of several items into the same resolution. For example, the appointment of each director will be voted on and recorded as separate resolution.
- 8.2.9 The Company supports the use of ballots for voting on resolutions proposed at the shareholders' meeting and designates an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "for", "against" and "abstain" votes. The voting results for each proposed resolution should be included in the minutes of the meeting.

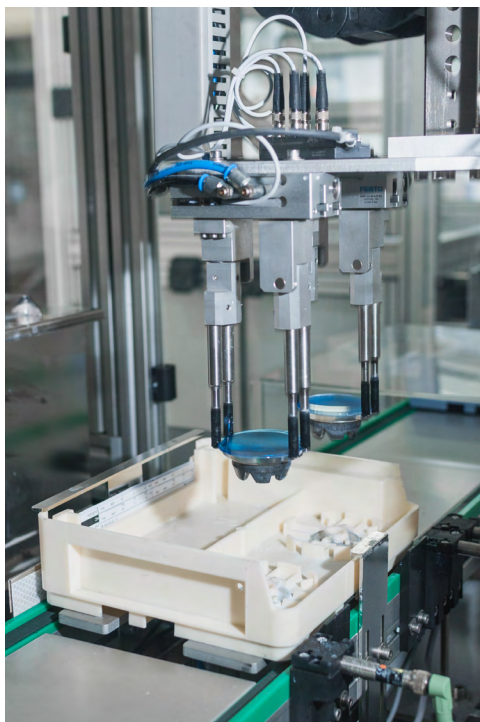
**Principle 8.3**

The Board of Directors should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

**Guidelines**

- 8.3.1 The Company will disclose the results of voting on proposed resolutions at the shareholders' meeting through the designated Stock Exchange of Thailand channels and through [www.thaiopticalgroup.com](http://www.thaiopticalgroup.com) by the next business day.
- 8.3.2 After the Company has completely prepared the Minutes of Annual General Meeting of Shareholders (AGM) then it will be distributed through the Company's website at [www.thaiopticalgroup.com](http://www.thaiopticalgroup.com) within 14 days from the date of the meeting.
- 8.3.3 The Company promptly prepares the minutes of the shareholders' meeting, including the following information, namely, attendance of directors, executives, and the proportion of attending directors; voting and vote counting methods, meeting resolutions, and voting results for each proposed resolution; and questions asked and answers provided during the meeting, including the identity of the persons asking and answering the questions.

## Control of the use of Internal Information



Thai Optical Group Public Company Limited (the Company) has required Directors and Management to send the securities trading report of the Company on the same date as sending the report of securities holding to the Securities and Exchange Commission (SEC) and compliance with SEC's regulation about reports on the holding of securities. Also, the Company shall comply with the Stock Exchange of Thailand (SET) practice guideline for securities trading of listed companies on the use of internal information. Directors and Management of the Company shall not do any securities trading during the period before having disclosures of financial statements or any important information that may influence securities prices.

To control the use of Internal Information, the Company has continuously educated and updated new rules and regulations relating to the business and operation of the Company including new Security Act B.E. 2535 (No. 5) enacted in year 2017 to members of the board of directors, executives and all employees to be aware and pay attention on the liability, responsibility, duty as well as the sanction and penalty in the violation of the laws and regulations.

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Please go through the part of 'Report of Good Corporate Governance' for more details.

# Internal Control and Internal Audit Systems

The Company's Board of Directors and Management give the priority to internal control system and aware that the internal control system is the important mechanism which builds the confidentiality to the Management Team by decreasing business risks. The internal control system also helps to create the effective business operation by appropriate resources allocation and target achievement.

The Company's Board of Directors assigned the Audit Committee to review the Company's internal control system and risk management system to ensure that they are adequacy and effectiveness, including to observe the Company's compliance with the related regulations and laws, prevention of the conflict of interest, the connected transactions as well as to monitor the Company's operation, the misuse of the Company's assets, and to prevent the Company's assets from losing or corruption or misconduct. The Company created the auditing and balancing systems by having the independent Internal Audit Office to monitor and assess the adequacy and effectiveness of the

internal control system, risk management system and good corporate governance system of all Company's operation units. The internal control system under the COSO framework (The Committee of Sponsoring Organizations of the Tread Way Commission) and Enterprise Risk Management are applied to internal control and risk management effectively in order to have the most effectiveness in Company's operations. The Company's Management Team will take the result to correct and amend the related matters in order to have the operation's quality improvement. The Internal Audit Office has regularly applied the follow-up system concerning the Company's operation.

The Audit Committee had evaluated the sufficient internal control system. The result had been regularly reported to the Company's Board of Directors every year by referring to the Evaluating the Adequacy of Internal Control Form of the Securities and Exchange Commission.

In the year 2019, no important error of the Company's audit system was found, as follows:

## Control within Organization

The Company and its Subsidiaries arranges to have good environment for the internal control system. The Company and its Subsidiaries have appropriately clear organization's structure and line function. The Internal Audit Office works independently and reports directly to the Audit Committee. The Company and its subsidiaries have set annual goals and Key Performance Indicators (KPI) for operation evaluation whether it is in accordance with the annual goals. The Company has improved personnel management system by developing pay-on-performance to motivate employees reasonably and adequately.

The Company has planned to nominate and develop key successor. The Company and its subsidiaries have written authorization manual and practice manual of each system as the operation guideline. The Company encourages every member of its Management Team and employees about the awareness of the corporate good governance. The Company has defined the corporate good governance, business ethics, and directors and employees' morality policy to avoid any conflict of business with the Company and its Subsidiaries, as well as, the fairness treatment to the concerned persons.



## Risks Management

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Above the adequacy assessment of the internal control system under the COSO (The Committee of Sponsoring Organizations of the Tread way Commission) Framework of the Office of Securities and Exchange Commission (SEC), the Company has arranged to have the risk assessments per the Enterprise Risk Management Framework covering four (4) risks, namely, strategy risk, operation risk, report risk, and compliance risk. The Company has analyzed risks, possible results that may occurred in the future, and risk mitigation measures including following up the risk management systematically. The strategy risks are assessed and followed up by the Business Strategic Committee's Meeting quarterly. Other risks are reviewed and monitored by the Risk Management Committee, consisted of the Chief Executive Officer as the President and all members of Management Team as members to the Committee. This Committee has a responsibility for determining the structure, policy, and framework of risk management in accordance with the ISO31000 standard. In the year 2019, ISO9001 version 2015 has been implied, thus, the Company has a duty to have risk management in all activities which may affect the

customers' satisfaction. This will enable all concerned departments to be more aware of risk and more systematical management. The Company has followed up and taken into account internal factors and external factors such as production process, marketing, exchange rates and personnel, etc. The Company has reviewed and prepared medium-term-plan which will analyze the risk of business related to economic conditions including marketing and procurement of raw materials to prevent and respond the risk that may occur in the future, including setting proactive strategy to manage the problems. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly. Risk mitigation measures will be announced guidelines for employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business.

## Management Control

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The Company and its Subsidiaries have clearly specified the duty and responsibility of each position. To ensure that the Company and its Subsidiaries have sufficient and appropriate internal control system and effective operation, the Company and its Subsidiaries have frequently updated their systematically process of authorization guideline and general practice regulation to be suitable for Company's current structure and operation. The Company and its Subsidiaries have also frequently reviewed their operation results in order to comply with laws regulations and other general practices regulation. Moreover, the Company handles its businesses in accordance to related laws and is assessed through the internal audit control. Hence, the Audit Committee has monitored and reviewed the annual internal audit plan of

each year carefully in order to cover every high risk level operation. The Company has confident that all departments have sufficient internal control of risk management in operation including financial issue and operation in compliance to relevant laws and regulations and also, the important issues that are found by the internal and external auditors to be reported to management team and involved person for close encounter of the problems and prevention. So far, the Company and its Subsidiaries have never had such a case that was against the law. Regarding the related persons' transactions, the Board of Directors' Meeting approved the basic practice concerning the business agreement between the related persons in purpose to comply with laws. The Management is able to enter into transactions with the related persons per the



Securities and Exchange Law, if those transactions are based on the same basis of commercial terms as the Company shall agree with any unrelated counterparty under the similar circumstances and commercial negotiations occurs without controls by any one due to his/her position in as Directors or Executives, or being as a related person (“General Commercial Term Transaction”) both previous and future transactions. The Management is able to set the regulation as the working guideline. In conducting any transaction with related persons, the Company and its Subsidiaries place the highest interest and priority to the Company or its Subsidiaries and treat the related persons as external parties. Moreover, the Company also has

the internal audit to verify every transaction and report to the Audit Committee to consider and acknowledge quarterly. In the case where there is a transaction between the Company and the person who may have the conflict of interest occurring in the future, the Company will arrange the Audit Committee to consider such transaction. If the Audit Committee is not specialize in such transaction, the Company will arrange the experts, such as, auditor, assessor, or experts from legal office, who are independent from controlling of the Company and such person who may have the conflict of interest occurring in the future, to provide the comment to this transaction.

### **IT System with Information and Communication Management**

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The Company and its Subsidiaries give the priority to IT system with information and communication management. To ensure that the Management or concerned person having correct and enough information for making decision in due course, the Company and its Subsidiaries continually promote and support the IT system development. The Company and its Subsidiaries use modern and effective IT system for obtaining correct and present information together with security starting from collecting, analyzing, storing, and following up information. The Company and its Subsidiaries set up the security policy for information technology and utilization. The Company and its Subsidiaries arrange to have the intranet system as the communication channel within the organization for advertising their policy, regulation, order and general practice guideline as well as other related news. Also, the IT system has been set risk management standard for securities.

In every Annual General Meeting of Shareholders, the Company shall prepare complete

information with documents sufficiently to make the decision and propose to the Board of Directors and shareholders in advance, not less than 5 days before a meeting. The Company’s Secretary will provide the advice of rules and regulations to the Board of Directors and coordinate with the related section to operate as the resolution of the Board of Directors and will be the center in providing all documentations and procure all important documents such as directors registration book, invitation letters for Board of Directors meetings, minutes of Board of Directors meetings, invitation letter to shareholders and the minutes of shareholders’ meeting. The Company set up the communication channel for third party to complain or provide the misconduct information.

The Audit Committee will quarterly join the Company’s external auditors, Internal Audit Office and concerned persons for preparing the Company’s financial statement to ensure that the Company has performed in compliance with the general Thai accounting standard and appropriate to its business as well as sufficient disclosing information.

### **Follow-up System**

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The Board of Directors set up the Internal Control System which covers all aspects of internal control such as, financial and account, business

operation, legal compliance, and asset protection. In order to follow up the operation’s result whether it is in accordance with the target and supervision



over the progress under business strategic plan, operation plan, and projects in accordance with the approved yearly business plan from the Board of Directors, the Company arranges to have the Board of Directors' Meetings and to use the follow-up system in each of all level starting from the Board of Directors and Management. The Company has usually compared the business operation target and operation result. All of follow-up report will be submitted to the Board of Directors. In the year 2019, the Company had held total 5 meetings of the Board of Directors.

The Company has frequently evaluated the internal control system practice. The Internal Control Team has responsibility to investigate and report such result independently to the Audit

Committee. In the year 2019, the Audit Committee had total 4 meetings.

During the Audit Committee Meeting No. 1/2019 held on February 13, 2019, the Audit Committee had reviewed the Internal Control System in five (5) issues, namely, control within organization, risk assessment, management control, IT system with information and communication management, and follow-up system. The Audit Committee concluded that the Company and its Subsidiaries have sufficient Internal Control System. The Company and its Subsidiaries have acceptable risk management. The account system and financial reports are correct and reliable. Moreover, the Company and its Subsidiaries has operated their business complying with related laws and regulations.

### **Manager of the Internal Audit Office**

The Audit Committee of Thai Optical Group Public Company Limited (the Company) has comprised of three (3) professional independent directors who are Mr. Singh Tangtatswas - Chairman of the Committee, Mr. Wicha Jiwalai-Member and Mr. Phairuch Mekarporn-Member including with Mrs. Anuruk Rattanasansuntorn – Internal Audit Manager and also as secretary to the Committee. According to the Board of Director's meeting No. 8 (2/2005), held on April 8, 2005 that Mrs. Anuruk Rattanasansuntorn has been appointed to take

the position of Internal Audit Manager of the Company as she has experience to perform internal audit principle in business as well as she understand activities and operations of the Company. The Audit Committee opines that it is appropriately that she had ability to perform Internal Audit Manager with sufficiency and effectiveness. In this regard, all promotion, evaluation, demotion, transfer, or termination of employment of the Internal Audit Manager must be prior approved by the Audit Committee.

Duties and responsibilities of the Internal Audit Manager:

1. To assess the sufficiency and appropriate of operation and IT system, internal control and risk management under the internal audit mission and boundary.
2. To report all necessary important issues concerning the internal control in the Company's operations and improvement guideline concerning those issues.
3. To give an advice to the Management Team in order to have effective and safe operation together with the corporate good governance.
4. To provide the information concerning the progress and result of operation per yearly audit plan and efficiency of the necessary resource in operation.
5. To coordinate and supervise other follow-up and internal control such as risk management, legal compliance, safety, ethnic, environment, and account audit.
6. To work on other internal control assigned by the Audit Committee.

# Connected Transactions



## 1. Nature and Policies of Connected Party's Transactions

In the past, the nature of connected transactions was the business agreement under normal business practices of the Company and its Subsidiary in doing the transactions with Directors, Executives, or related persons. As, The Board of Directors' meeting No. 5/2551 which held on August 13, 2008, resolved with the assigned practice that "the Company and its Subsidiary may have future connected transactions (such as purchasing of raw materials, trading products, employment, or services ,etc.) with Directors, Executives, or related persons. Therefore, the Board approved on the basic practices in allowing the management team to approve the said transactions according to their scope of authority stated in the Company's operating guidelines. With this authority, those connected transactions must base on the same basis of commercial terms as the Company shall agree with any unrelated counterparty under the similar circumstances. In addition, commercial negotiations must occur without controls by anyone due to his/her position in as Directors or Executives, or being as a related person. The Company shall do a report for any transactions with over one million Baht presenting to the Board of Directors' meeting in quarterly basis", and this, managed by the Internal Audit Manager who is in a position of an Secretary to the Audit Committee, and shall be reported to the Audit Committee for consideration in each quarter.

To follow the good corporate governance practice and reflect morality of the Company's Directors, any transactions which is not under normal business practices will not be approved by executives or stakeholders in that transactions. In case, there is appraised requirement, the Company will use the service from the appraisal company which registered with the Securities and Exchange Commission (SEC) for approval the transactions. All, transactions, the Company and its Subsidiary will online disclosure of such information via Set Portal System within the time which require by The Stock Exchange of Thailand. In the year 2019.

The Company had significant business transactions with its Subsidiary and related companies/ persons (related by the mutual shareholders and /or directors.), such transactions, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties. The Company has the following policy on pricing for its related transactions.

### Policy on pricing for subsidiary companies.

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee of not more than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determined at agreed rate. However, the pricing policy is subject to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.



4. Management and document service income are charged at the contract price agreed between the parties.
5. Guarantee fee income and expenses are charged at the rate of 1.5 percent per annum.
6. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.
7. Dividend income is recognised when declared and the right to receive the dividend is established.
8. Loans to subsidiary company are charged interest at the rate of 2.19 - 2.40 percent per annum (2018: 2.4 percent per annum).
9. During the year ended 31 December 2018, loan from subsidiary company is charged interest at the rate of 2.75 - 3.25 percent per annum.

**Policy on pricing for associated and related companies related by the way of common shareholders and/or common directors.**

1. Sales prices of finished goods are determined at market price.
2. Service income is charged at market price.
3. Dividend income is recognised when declared and the right to receive the dividend is established.
4. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.

**The Subsidiary Company :**

**1. Thai Optical Company Limited**

Line of business : Produce optical Lenses, Prescription /Rx lenses, and Glass molds  
 Relation : Thai Optical Group Public Company Limited holds 99.99 % of shares of Thai Optical Company Limited.

**2. Poly Sun Co.,Ltd.**

Line of business : Manufacture and Distributor Tinted lenses  
 Relation : Thai Optical Group Public Company Limited holds 99.99 % of shares of Poly Sun Co.,Ltd.

**3. TOG USA, Inc.**

Line of business : Sale and Distributor Products  
 Relation : Thai Optical Group Public Company Limited holds 100.00 % of shares of TOG USA, Inc.

**The Associated Company :**

**1. MVISION OPTICAL PTE. LTD.(established in Singapore)**

Line of business : Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses.  
 Relation : Thai Optical Group Public Company Limited holds 33 % of shares of M Vision Optical Pte., Ltd.

**2. M VISION OPTICAL Industry SDN BHD.(established in Malaysia )**

Line of business : Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses.  
 Relation : Thai Optical Group Public Company Limited holds 33 % of shares of M VISION OPTICAL Industry SDN BHD.

### 3. Vietnam Visibility Target Company Limited . (Vina Vista)

Line of business : Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses  
Relation : Thai Optical Group Public Company Limited holds 33% of shares of Vina Vista.

#### Related Companies :

#### 1. Nam Silp Thai Company Limited (Nam Silp)

Line of Business : Wholesaler of optical lenses, Optical frames, Contact lenses, Optometric equipment and tools.

Relation : Shareholders of Nam Silp are common shareholders of the Company.

#### 2. Better Vision Group Company Limited (BTV)

Line of Business : Retail business with chain stores, Provider of retail optometric services of measuring eyesight and prescribing corrective lenses relating to vision or optics, supply optical frames, contact lenses, and other related accessories.

Relation : Shareholders group of BTV are common shareholders of the Company.

#### 3. Specsaver Asia Pacific Holding Limited.

Line of Business : Retail business with chain stores of glasses composing, supply optical lenses and contact lenses.

Relation : Specsavers Asia Pacific Holding Limited is the major shareholder of the Company with two directors who involve in consideration and setting policy for the Company and its Subsidiary.

#### 4. NLRX Services Ltd.

Line of Business : Wholesaler of optical lenses.

Relation : Specsavers Asia Pacific Holding Limited is the major shareholder of NLRX Services Ltd.

The details of connected transactions in 2019 and 2018 are shown in Note to Consolidated Financial Statements, item no. 10 (Connected Party Transactions) including transactions between the Company, Subsidiary Companies, and related companies both domestic and international, the balance of trade account receivable and payable of the Company, Subsidiary Companies and Related Companies.

## 2. Necessity and Rationality of Transactions

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The Company and its Subsidiary have a policy in conducting any the connected transactions with transparency manner by emphasis on fairness and achieving maximum benefits to the Company and its Subsidiary company in the same manner as general practice applied to external parties in accordance with the rules and regulations of the Office of Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand. The connected transactions are summarized as follows:

### 1. Selling and Purchasing of products, raw materials, and others

#### 1.1 Trading with Optical Lenses Wholesalers

The Company and its Subsidiary have a policy of selling products to one or a limited number

of wholesalers and distributors in each country to minimize potential conflict among the Company's customers as well as simplifying logistics and administration of the Company's customers. The Company has dealt with Nam Silp Thai Co., Ltd. and NLRX Services Ltd. who are wholesalers supplying products to their domestic retail customers further. Regarding to, the past record, there were no late payments or bad debts caused by these related companies. These business activities were carried out under normal business basis according to the general commercial conditions, with the same manner as sales to other customers in the overseas market and were conducted for the highest benefits of the Company and its Subsidiary company.

Since transactions with wholesalers and distributors will continue to exist in the future, the Company and its Subsidiary have set a standard product pricing policy to ensure transparency according to Board of Directors Meeting No. 15/2551 dated August 13, 2008. The policy must be used for product pricing to all wholesalers and distributors of the Company and its Subsidiary. The significant issue of the policy enforcing those said wholesalers is that the Company and its Subsidiary use the same price list standard both in domestic and exports.

However, the Company and its Subsidiary may give discount from that price list depending on local competition but the profit must not be lower than fixed profit standard. The Company and its Subsidiary will not provide benefits to any individuals or related companies, the transactions will be summarized and reported to the Audit Committee in quarterly basis. In addition, this policy will be applied with individuals or related companies (if any) in future.

### **1.2 Trading with Retail Business as 'Chain Store'**

The Company and its Subsidiary have the policy for selling products to retailers who do chain store business, in order to be able to deliver products to customers rapidly as well as benefit in spreading out information of any new product launching to the market. The existing retail companies who deal with the Company and its Subsidiary are Better Vision Group Company Limited/ Specsaver Asia Pacific Holding Limited. From the past, there were no late payments or bad debts caused by these retail companies. These business activities were carried out under normal business basis according to the general commercial conditions, with the same manner as sales to other customers in the overseas market and were conducted for the highest benefits of the Company and its Subsidiary.

### **1.3 Purchase of Products with Related Companies**

The Company and its Subsidiary purchased some products from related companies for supplying to customers who needed certain products that were not produced by the Company or its Subsidiary. This is the Company's strategy of providing a wide breath of services to develop and sustain loyal customers' base. As a manufacturer, the Company cannot purchase certain products directly from other manufacturers. For these products, the purchase prices are set based on market prices under the commercial terms and conditions that the Company and its Subsidiary must be able to make profit from the subsequent sales. The Company and its Subsidiary constituted policy to minimize the sales of such products at the least quantity as possible, however price setting was implemented at the market rate in order to control such trade. The quarterly reports pertaining details of trading transactions shall be submitted to the Audit Committee and the Board of Directors for consideration.

## 2. Leasing, Services and Others

Lease of Assets: Lease of warehouse buildings for the Factory 1 of the Subsidiary Company

Factory 1 of the subsidiary company has leased a 4-story warehouse building of Karai Estate Company Limited. For transparency and good corporate governance, the Company entered into a lease agreement with the terms summarized as follows:

<b>Issued date</b>	: January 3, 2019
<b>Lessor</b>	: Karai Estate Company Limited
<b>Lessee</b>	Thai Optical Company Limited
<b>Lease Term</b>	: 1 years, since January 1, 2017 - December 31, 2017.
<b>Rental Fee</b>	: 22,000 Baht (Twenty Two Thousand Baht Only) per month. The Lessee agree to pay rental fee to the lessor in quarterly by fixing payable on 25th of Every month.

## 3. Loan Transactions

For purpose of transparency, the Company and its Subsidiary will use credit lines from financial institutes instead of borrowing from related parties. However, the Company and its Subsidiary may occasionally borrow from one another when necessary.

## 4. Collateral Transactions

The collateral for related parties must be applied for the Company and its Subsidiary only.

### Criteria for Approval Connected Transactions

The Managing Director is authorized by the Board of Directors to approve transactions of the Company and its Subsidiary with related parties that is considered normal business practice and in compliance with laws and regulations of the Stock Exchange of Thailand. The Company and its Subsidiary have set a standard product pricing policy and a normal term of sales to ensure transparency regarding to the Board of Directors' Meeting No.15/ 2551 as at August 13, 2008.

Any matters that may have potential of conflict of interest with related parties or individuals will be referred to the Audit Committee and the Board of Directors for reviewing and considering, except for directors who have the conflict of interest in the matter, will not have the right to consider and vote. In case of the Audit Committee does not have expertised to consider any particular issues, the Company shall acquire specialist or the Company's auditors prior to express opinions to the Board of Directors or shareholders for consideration. It is also required that the Company prepares quarterly report of connected transactions to the Audit Committee and the Board of Directors for acknowledgement and consideration. The related parties' transactions will be disclosed and appended in the financial statements of the Company. Apart from the mentioned transactions, the Company and its Subsidiary do not have a policy of financial support to any juristic persons or individuals who may have conflict of interest.

# Management Discussion and Analysis of the 2019 Financial Status and Operating Performance



## Operating Performance

### Overall Performance

The opinion of the Management team for operating results of the Company and its subsidiaries for the year ended 2019 as follows:

Million Baht	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Total Revenue	2,024	1,915	1,912	1,453	1,307	1,393
Net Profit (Loss)	132	146	184	129	132	179

The Company and its subsidiaries had earned total revenues 2,024 million Baht, which was increased by 108 million Baht or 5.6% from the same period prior year. The net profit was 132 million Baht, which was decreased by 14 million Baht or 9.5% from 2018. The decreased of net profit as such mainly derived from the impact of the severance pay adjustment (according to new labour law) amount 16 MB. This change was adjustment stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. According to The Labor Protection Act (No.7) B.E. 2019 is effective from 5 May 2019. By recognizing past service costs as expenses in the profit or loss for year 2019. In addition, there was an effect from decrease of gain from foreign exchange rate amount 17 MB. (Mainly from unrealized loss on foreign exchange rate translations from USD currency to BAHT currency of balance foreign cash and account receivable as of period ending, this due to the effect of Thai Baht depreciation against the US Dollar).

#### 1. Revenue from sales and services

In 2019, The Company and its subsidiaries had earned total revenues from sales and services of 2,001 million Baht which was increased by 131 million Baht or 7% from 2018. The Revenues structure as shown in the table below:

Structure of revenue from sales and services by region value



Unit: %	Revenue from Sales and Services (Consolidated Financial Statement)		
	2019	2018	2017
European Region	38.03	41.79	43.74
AU-NZ Region	34.90	34.80	35.73
Asia-Pacific Region	18.64	18.38	15.87
America Region	7.78	4.41	4.12
Africa & Middle East Region	0.65	0.62	0.54

The Company and its subsidiaries had earned total revenues from sales and services which was increased from 2018. The increased of sales revenue as such mainly derived of Value-added Lenses 45 million Baht, Rx/Prescription Lenses 44 million Baht and Standard Organic Lenses 42 million Baht or 2.4%, 2.4% and 2.3% of total revenue, respectively. In view of regional segment, sale revenue increased 89% in America, 12% in Africa & Middle East and 9% in Asia-Pacific.

Structure of revenue from sales and services by product category

Unit: %	Manufacturer	Revenue from sales and services (Consolidated Financial Statement)		
		2019	2018	2017
Standard Organic Lenses	The Company and its subsidiaries.	33	33	36
Value-added Lenses *	The Company	26	26	25
Rx/Prescription Lenses	The Subsidiary Company	34	33	31
Mineral Lenses & Other Products and Services	The Company and its subsidiaries.	7	8	8
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>

Note: \* Value-added Lenses are consisted of Hi-index Lens, Photochromic Lens and High Impact Resistance Lens.

## 2. Cost of Goods Sold

In 2019, The Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 82% higher than prior year 2%, mainly due to severance pay adjustment (according to new labour law) as mentioned above.

## 3. Selling and Administrative Expenses

In 2019, The Company and its subsidiaries had selling and administrative expenses 250 million Baht which decreased from prior year by 1 million Baht, due to the decreased import expenses by using incentives from project of the Board of Investment of Thailand (BOI).



#### 4. Other Revenues

In 2019, The Company and its subsidiaries had other revenues 23 million Baht; decreased from prior year by 22 million Baht, due to the decrease in gain of exchange rate 17 million Baht.

#### 5. Net Profit

In 2019, The Company and its subsidiaries had net profit 132 million Baht which decreased from prior year by 14 million Baht or 10%, mainly due to the impact from gain of exchange rate as mentioned above.

#### 6. Dividend per Share

The Company's dividend payment policy is **“Dividend payment shall not be not less than 40 percent of Net Profit of Consolidated financial statements after less of all reserve fund required by law and the Company”**

Regarding to the Board of Directors Meeting No.87 (3/2019) held on August 7, 2019, had a resolution on approval to pay interim dividend from the six-month operating results of Consolidated financial statements from January 1 to June 30, 2019, at 0.10 Baht per share from paid-up shares of 474,318,000 shares on total of 47,432,000 Baht (Forty-seven-million, four-hundred-thirty-two-thousand Baht only.)

For Operating Results of 2019, the Board of Director's Meeting No.89 (1/2020), held on February 12, 2020, had a resolution on approval to pay dividend of 2019 at 0.25 Baht per share which interim dividend had already been paid at 0.10 Baht per share and the remaining dividend payment of Operating period July 1, 2019 to December 31, 2019 will be at 0.15 Baht per share, and will propose for approval to the next 2020 Annual General Meeting of Shareholders which will be held on April 2, 2020, accordingly.

The dividend payment at the above rate, the company had considered the operating cash flow and plan of capital in year 2020

### Financial Status

#### 1. Assets

The Company and its subsidiaries had total Assets of 2,582 million Baht which increased by 22 million Baht from 2018, as details described below;

**Current assets increased by 17.11 million Baht from the following changes;**

- Cash and cash equivalents decreased by 27.38 million Baht.
- Trade and other receivables increased by 21.61 million Baht. The trade and other receivables related to the company increased by 20.58 and the non-related to company increased by 1.03 million Baht. (More details as shown in note to financial statements no.9).
- Net inventories increased by 8.25 million Baht. Increase from Goods in transit 18.12 million Baht, Work in process 4.54 million Baht, finished goods 1.93 million Baht and Decrease from Raw materials 15.36 million Baht, glass mold 2.59 million Baht. (More details as shown in note to financial statements no.13).

- Other current assets increased by 8.24 million Baht.  
Non-current assets increased by 5.15 million Baht from the following changes;
- Deferred tax assets increased by 25.90 million Baht.
- Intangible assets increased by 3.27 million Baht.
- Land, Building and net equipment include Investment properties decreased by 25.99 million Baht.
- Other long-term receivables - net of current portion increased by 4.97 million Baht.

## 2. Liabilities

The company and its subsidiaries had total Liabilities of 774 million Baht, increased by 51.9 million Baht from 2018, as details described below;

Current liabilities increased by 94.57 million Baht from the following changes;

- Short-term loan from bank increased by 75.00 million, derived from normal operations.
- Trade payable and other accounts payable increased by 36.31 million Baht. Trade account payable increased by 29.36 million Baht and other accounts payable increased 6.95 million Baht. (More details as shown in note to financial statements no.20).
- Accrued unpaid corporate income tax increased by 6.82 million Baht.  
Non-current liabilities decreased by 42.70 million Baht with details as follows;
- Long-term loans from banks - net of current portion decreased by 63.53 million Baht.
- Provision for long-term employee benefits increased by 20.83 million Baht.

## 3. Shareholders' Equity

The company and its subsidiaries had Shareholders' equity of 1,808 million Baht which was decreased from the amount of 2018 by 29.61 million Baht.

### Liquidity

In 2019, the Company and its Subsidiaries had net cash decreased by 28.89 million Baht resulted from increased in Company's operations of 56.41 million Baht and decreased in earnings from Investments of 36.70 million Baht and increased in using the financing activities 9.18 million Baht. The summarized key financial ratios as follows:

### Adequacy of Liquidity

Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Current ratio (times)	2.29	2.67	2.08	2.62	2.78	2.93
Quick ratio (times)	0.79	0.94	0.71	0.74	0.70	0.67
Cash ratio (times)	0.19	0.28	0.30	0.09	0.15	0.25
Cash flow increase (decrease) from operation (million Baht)	56.41	86.86	(312.02)	(91.27)	65.37	(219.28)

From table above, the Company and its subsidiaries had the liquidity in 2019 was less than 2018, due to increase from Trade and other receivables, came from higher sales during end of 4th quarter. However, Current Ratio 2.29 times had more than enough to cover its current liabilities.

### Capital Structure

Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Debt to equity ratio (times)	0.43	0.39	0.43	0.34	0.28	0.25
Interest-bearing debt to equity ratio (times)	0.26	0.26	0.27	0.20	0.16	0.15

From table above, the Company and its subsidiaries had Debt to equity ratio a bit lower than year 2018, due to Long-term loans from banks for investment of new machine (RX Automation) project to enhance their efficiency and effectiveness, in addition, to fulfill customer requirement. The above ratios indicate that the company's capital structure by see from Interest-bearing debt to equity ratio (times) in strong level and closed to 2018.

### Profitability

Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Operational profit margin (%) Net	7.00	8.97	12.15	(7.70)	(0.42)	1.11
profit margin (%)	6.70	7.93	9.77	10.78	11.99	15.30
Return on assets (%)	5.37	6.36	8.73	6.19	7.39	9.86
Return on equity (%)	7.25	7.92	9.91	9.23	9.31	12.39

Due to decrease of Operating profit, as reasons mentioned above, resulted to profitability ratio decreased from 2018. However, these ratios are in proper level.

**Factors and influences that may affect future performance or financial status (Forward Looking)**

Referring to the "INDUSTRIAL CONDITION AND COMPETITIONS" and "RISK FACTORS" mentioned in relative sections.

## Report of the Board of Directors of Responsibility for Financial Reports

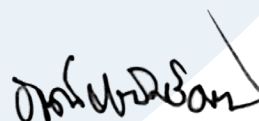
The Board of Directors is responsible for the financial statements of Thai Optical Group Public Company Limited and the Subsidiary Company. The financial statements are prepared in accordance with general accepted accounting standard in Thailand, using appropriate and consistent accounting policies that sufficient information is disclosed in the notes to financial statements.

The Board of Directors has appointed the Audit Committee of independent directors to be responsible for the quality of financial statements and the internal control system in order to ensure that the Company has kept the accounting record accurately, adequately and timely as well as prevent fraud and any irregularities in the operation. The Audit Committee's opinion is stated in the Audit Committee report in this Annual Report.

According to the practices and supervision mentioned above, the Board of Directors believes that the internal control system of the Company can create the reliability of the financial statements of Thai Optical Group Public Company Limited as at December 31, 2019 due to the accurate disclosure of financial status, operating performance and Statement of Cash Flow, which are prepared in accordance with general accepted accounting standard.



.....  
(Dr. Sawang Prachartam)  
Chairman of the Board of Directors



.....  
(Mr. Torn Prachartam)  
Chief Executive Officer

# Report of the Audit Committee



## To Shareholders of Thai Optical Group Public Company Limited:

The Board of Directors approved the appointment of three Independent directors of the Board to be the member of the Audit Committee. Mr. Singh Tangtatswas who is the chairman of this subcommittee, was joined by Mr. Wicha Jiwalai and Mr. Phairuch Mekarporn as members of the Audit Committee. In addition, Mrs. Anuruk Rattanasansuntorn, the Company's Internal Audit Manager was appointed to be the Secretary to the Audit Committee.

In the year 2019, the Audit Committee had arranged total of four meetings and four additional meeting with the Company's auditor. The meetings concerned the following important matters:

1. Reviewing the financial reports: The Audit Committee together with the accounting management, internal auditor, and auditor had reviewed the important information in the 2019 financial reports both quarterly and yearly of the Company and its Subsidiaries. After reviewing various issues concerning the significant accounting policies, changes within the previous year, effects which may occur in the future, insignificantly irregular items, and remarks of auditor and internal auditor, the Audit Committee opine that the Company and its Subsidiaries' financial statements and outcomes are correct and reliable. Financial statements were compiled with the general certified accounting standard. The financial reports were disclosed enough. None of item may have significant effect to the financial statements.
2. Reviewing the connected transactions: The Audit Committee had review the connected transactions which must be in accordance with rules and regulations of SET and SEC on the disclosure and practice on the connected transactions which may have the conflict of interests. In this regard, the Audit Committee opines that all connected transactions were General Commercial Term Transactions. There was no conflict of interest. They were fair and reasonable. There is no unusual item. There was enough disclosure.
3. Considering the appointment of the Company's auditor for the fiscal year 2019: The Company's auditor was chosen by considering the independence, knowledge, experience, outcome and reimbursement of auditor. The chosen auditor would be considered by the Board of Director's Meeting and approved by the General Meeting of the Shareholders. In this regard, the General Meeting of the Shareholders approved and appointed auditor from EY Office Limited to be the auditor of the Company and its Subsidiaries, namely, Mrs. Sarinda Hirunprasurtwutti, CPA (Thailand) No. 4799, or Miss Kamontip Lertwitworatep, CPA (Thailand) No. 4377, or Miss Siriwan Nitdumrong, CPA (Thailand) No. 5906.
4. Reviewing the internal control: After reviewing the Company and its Subsidiaries' internal control system of the year 2019, the Audit Committee opines that it is appropriate and effective enough for operations. None of item may have significant effect to the Company and its Subsidiaries' operation.
5. Internal control supervision: The Audit Committee approved 2019 annual internal audit plan, provided suggestions to the Internal Audit Office in order to achieve the plan, and evaluated the Internal Audit Office for further development of internal control.

6. Reviewing legal compliance: The Audit Committee had reviewed and supervised the Company and its Subsidiaries to comply with the Securities and Exchange Law, regulations of SEC and SET, and other related laws concerning the Company's operations. There is no any indicator showing any error concerning the incompliance with rules, regulations, and laws.
7. Reviewing risk management: The Audit Committee had reviewed the Company and its Subsidiaries' risk management to ensure that the Company and its Subsidiaries have appropriate and effective risk evaluation on the changing of the business environment and risk management for both short term and long term. The Risk Committee, consisted of the Chief Executive Officer and all Managers from all Division, was set up. This Committee has a duty to consider the Company's structure, policy, risk management framework per ISO31000. In the year 2019, ISO9001 version 2015 has been implied, thus, the Company has a duty to have risk management in all activities which may affect the customers' satisfaction. This will enable all concerned departments to be more aware of risk and more systematical management.
8. Reviewing the CAC recertification: The Audit Committee had reviewed the recertification to be a certified company to the Private Sector Collective Action Coalition Against Corruption Council.
9. Reporting on the suspicion items: The Audit Committee has a duty to report any item or act which may effect to the Company's financial status and operation to the Board of Directors. No event or situation indicated such item or act occurred in the previous year.
10. The Charter of Audit Committee was reviewed and updated in order to comply with current risks and situations.
11. Acting on other assigned duty: The Audit Committee had prepared the Internal Control and Internal Audit System and Report of the Audit Committee published in the Annual Report 2019 per the regulation of SET. These Internal Control and Internal Audit System and Report of the Audit Committee will be presented to the Company's Board of Directors and shareholders.

In summary, the Audit Committee, in the year 2019, had performed it duties per the Audit Committee's charter with independent and sufficient follow-up on all operations of the Company and its Subsidiaries. The Audit Committee opines that the Company and its Subsidiaries had disclosed correct and reliable financial reports which were complied with the accounting standard. There was enough disclosure. In respect to the connected transactions or transactions which may have the conflict of interests, the Company and its Subsidiaries had strictly complied with the laws and regulations of SET and SEC. The Company and its Subsidiaries had also complied with laws, rules and regulations concerning the Company's operations. The Company and its Subsidiaries had enough risk management and good supervision within the organization. The Company and its Subsidiaries had independent and effective auditor and internal auditor to monitoring accountant audit and internal control appropriately and effectively.



(Mr. Singh Tangtatswas)  
Chairman of the Audit Committee  
February 12, 2019



## Audit Fee

### Audit fee

In the audit year of 2019, the Company and the Subsidiary companies had paid audit fee in total amounting to 2,310,000 Baht to EY Office Limited (Two Million three hundred and ten Thousand Baht).

The amount was separated by 1,360,000 Baht (One Million Three hundred and sixty Thousand Baht) of the Company and 950,000 Baht ( Nine Hundred and fifty Thousand Baht ) of the Subsidiary companies.





Thai Optical Group Public Company Limited  
and its subsidiaries

# **Report and consolidated financial statements**

31 December 2019



# Independent Auditor's Report



## To the Shareholders of Thai Optical Group Public Company Limited

### Opinion

I have audited the accompanying Consolidated financial statements of Thai Optical Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the Separate financial statements of Thai Optical Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Optical Group Public Company Limited and its subsidiaries and of Thai Optical Group Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Revenue recognition*

Sales of goods are material accounting transactions and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to the revenue recognition of the Group.

I evaluated the Group's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end, whether the recognition was consistent with the conditions of the relevant policy, and whether it was in compliance with the Group's policy. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### *Investments in associates*

The Company had investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd. ("associates") at cost of Baht 21 million and Baht 18 million, respectively. These are significantly higher than the carrying amounts determined based on the equity method which are Baht 8.5 million and Baht 6.0 million, respectively. As at 31 December 2019, the Company recorded allowance for diminution in value of investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd. totaling Baht 13.1 million in the separate financial statements. The assessment of such investments, especially the determination of impairment of the investments in associates, requires the significant judgement in estimating the cash inflows that are expected to be generated from those associates in the future, and setting an appropriate discount rate and growth rate.

I assessed the estimated the cash inflows and the financial models selected by management by gaining an understanding of the management's decision-making process and whether the decisions are consistent with the historical data and budget plans from associates. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from those associates in the future, through comparison those assumptions with information from both internal and external sources and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also considered the appropriateness of discount rate selected by management, tested the calculation of the realisable values of investments in associates using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 12 February 2020

Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of financial position** As at 31 December 2019

(Unit: Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Current assets</b>					
Cash and cash equivalents	7	115,890,430	143,273,639	38,625,666	52,020,379
Short-term investments - trading securities	8	913,547	901,814	913,547	901,814
Trade and other receivables	9	361,954,386	340,343,248	270,939,776	203,910,041
Current portion of other long-term receivables	10, 11	1,259,897	-	-	-
Short-term loans to related party	10	-	-	-	6,438,480
Short-term loans to unrelated party	12	13,184,166	8,064,196	13,184,166	8,064,196
Inventories	13	878,973,623	870,719,617	711,674,427	703,969,853
Other current assets		25,504,645	17,269,295	19,112,641	11,852,523
<b>Total current assets</b>		<b>1,397,680,694</b>	<b>1,380,571,809</b>	<b>1,054,450,223</b>	<b>987,157,286</b>
<b>Non-current assets</b>					
Other long-term receivables - net of current portion	10, 11	4,967,096	-	-	-
Investments in subsidiaries	14	-	-	187,619,000	187,619,000
Investments in associates	15	31,689,592	34,681,828	41,250,347	41,250,347
Investment properties	16	11,233,615	-	11,233,615	-
Property, plant and equipment	17	1,053,659,007	1,090,885,309	487,212,491	550,913,432
Intangible assets	18	20,572,050	17,301,472	8,432,240	10,415,031
Deferred tax assets	27	62,147,940	36,243,748	50,322,850	25,376,584
Other non-current assets		85,000	89,200	49,000	53,200
<b>Total non-current assets</b>		<b>1,184,354,300</b>	<b>1,179,201,557</b>	<b>786,119,543</b>	<b>815,627,594</b>
<b>Total assets</b>		<b>2,582,034,994</b>	<b>2,559,773,366</b>	<b>1,840,569,766</b>	<b>1,802,784,880</b>

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

Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of financial position (continued)** As at 31 December 2019

(Unit : Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Current liabilities</b>					
Short-term loans from banks	19	337,000,000	262,000,000	270,000,000	230,000,000
Trade and other payables	20	209,789,837	173,477,736	130,886,579	121,329,034
Current portion of long-term loans from banks	21	51,066,789	72,728,307	-	-
Provision for short-term employee benefits	22	2,238,914	4,143,161	2,097,929	4,143,161
Income tax payable		10,675,616	3,851,578	-	-
<b>Total current liabilities</b>		<b>610,771,156</b>	<b>516,200,782</b>	<b>402,984,508</b>	<b>355,472,195</b>
<b>Non-current liabilities</b>					
Long-term loans from banks - net of current portion	21	84,895,898	148,429,188	-	-
Provision for long-term employee benefits	22	78,531,561	57,699,951	60,136,348	41,585,906
<b>Total non-current liabilities</b>		<b>163,427,459</b>	<b>206,129,139</b>	<b>60,136,348</b>	<b>41,585,906</b>
<b>Total liabilities</b>		<b>774,198,615</b>	<b>722,329,921</b>	<b>463,120,856</b>	<b>397,058,101</b>
<b>Shareholders' equity</b>					
Share capital Registered 475,000,000 ordinary shares of Baht 1 each		475,000,000	475,000,000	475,000,000	475,000,000
Issued and fully paid up 474,318,000 ordinary shares of Baht 1 each		474,318,000	474,318,000	474,318,000	474,318,000
Ordinary share premium		481,749,828	481,749,828	481,749,828	481,749,828
Surplus from business combination under common control	14	167,792,071	167,792,071	-	-
Retained earnings					
Appropriated - statutory reserve	24	62,500,000	62,500,000	47,500,000	47,500,000
Unappropriated		625,203,395	651,094,978	373,881,082	402,158,951
Other components of shareholders' equity		(3,726,915)	(11,432)	-	-
<b>Total shareholders' equity</b>		<b>1,807,836,379</b>	<b>1,837,443,445</b>	<b>1,377,448,910</b>	<b>1,405,726,779</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,582,034,994</b>	<b>2,559,773,366</b>	<b>1,840,569,766</b>	<b>1,802,784,880</b>

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

Thai Optical Group Public Company Limited and its subsidiaries

**Statements of comprehensive income** For the year ended 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	30	2,000,786,531	1,870,266,415	1,202,767,011	1,110,816,438
Dividend income	14, 15	-	-	204,514,037	137,521,842
Gain on exchange		4,114,340	21,207,240	-	5,327,888
Other income		18,666,375	23,891,261	45,949,786	52,882,575
<b>Total revenues</b>		<b>2,023,567,246</b>	<b>1,915,364,916</b>	<b>1,453,230,834</b>	<b>1,306,548,743</b>
<b>Expenses</b>					
Cost of sales and service	26	1,636,871,629	1,499,282,494	1,157,253,516	992,013,699
Selling and distribution expenses		65,070,155	44,309,530	37,458,282	27,194,413
Administrative expenses		185,424,628	207,214,439	141,643,820	154,426,506
Loss on exchange		-	-	4,108,695	-
<b>Total expenses</b>		<b>1,887,366,412</b>	<b>1,750,806,463</b>	<b>1,340,464,313</b>	<b>1,173,634,618</b>
<b>Profit before share of profit from investments</b>					
in associates, finance cost and income tax		136,200,834	164,558,453	112,766,521	132,914,125
Share of profit from investments in associates	15	1,752,348	606,450	-	-
<b>Profit before finance cost and income tax</b>		<b>137,953,182</b>	<b>165,164,903</b>	<b>112,766,521</b>	<b>132,914,125</b>
Finance cost		(11,435,558)	(11,238,270)	(7,946,025)	(7,281,717)
<b>Profit before income tax</b>		<b>126,517,624</b>	<b>153,926,633</b>	<b>104,820,496</b>	<b>125,632,408</b>
Income tax	27	5,616,176	(7,900,079)	23,693,681	6,631,211
<b>Profit for the year</b>		<b>132,133,800</b>	<b>146,026,554</b>	<b>128,514,177</b>	<b>132,263,619</b>





Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of comprehensive income (continued)**

For the year ended 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018

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

**Other comprehensive income:**

<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(3,715,483)	(11,432)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(3,715,483)	(11,432)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(7,804,596)	(346,181)	(6,262,925)	(7,066,114)
Less: Income tax effect	27	1,560,919	69,236	1,252,585	1,413,223
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(6,243,677)	(276,945)	(5,010,340)	(5,652,891)
<b>Other comprehensive income for the year</b>		(9,959,160)	(288,377)	(5,010,340)	(5,652,891)
<b>Other comprehensive income for the year</b>		<b>122,174,640</b>	<b>145,738,177</b>	<b>123,503,837</b>	<b>126,610,728</b>
<b>Earnings per share (Baht)</b>	29				
Basic earnings per share					
Profit		0.28	0.31	0.27	0.28
<b>Weighted average number of ordinary shares (shares)</b>		<b>474,318,000</b>	<b>474,318,000</b>	<b>474,318,000</b>	<b>474,318,000</b>

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

Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of changes in shareholders' equity**

For the year ended 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements						Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings		Other components of shareholders' equity	
					Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2018</b>		474,318,000	481,749,828	167,792,071	62,500,000	661,870,243	-	1,848,230,142
Profit for the year		-	-	-	-	146,026,554	-	146,026,554
Other comprehensive income for the year		-	-	-	-	(276,945)	(11,432)	(288,377)
Total comprehensive income for the year		-	-	-	-	145,749,609	(11,432)	145,738,177
Dividend paid	23	-	-	-	-	(156,524,874)	-	(156,524,874)
<b>Balance as at 31 December 2018</b>		474,318,000	481,749,828	167,792,071	62,500,000	651,094,978	(11,432)	1,837,443,445
<b>Balance as at 1 January 2019</b>		474,318,000	481,749,828	167,792,071	62,500,000	651,094,978	(11,432)	1,837,443,445
Profit for the year		-	-	-	-	132,133,800	-	132,133,800
Other comprehensive income for the year		-	-	-	-	(6,243,677)	(3,715,483)	(9,959,160)
Total comprehensive income for the year		-	-	-	-	125,890,123	(3,715,483)	122,174,640
Dividend paid	23	-	-	-	-	(151,781,706)	-	(151,781,706)
<b>Balance as at 31 December 2019</b>		474,318,000	481,749,828	167,792,071	62,500,000	625,203,395	(3,726,915)	1,807,836,379

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



Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of changes in shareholders' equity (ต่อ)**

For the year ended 31 December 2019

(Unit : Baht)

	Note	Separate financial statements					Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Retained earnings		Unappropriated	
				Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2018</b>		474,318,000	481,749,828	47,500,000	432,073,097	1,435,640,925	
Profit for the year		-	-	-	132,263,619	132,263,619	
Other comprehensive income for the year		-	-	-	(5,652,891)	(5,652,891)	
Total comprehensive income for the year		-	-	-	126,610,728	126,610,728	
Dividend paid	23	-	-	-	(156,524,874)	(156,524,874)	
<b>Balance as at 31 December 2018</b>		474,318,000	481,749,828	47,500,000	402,158,951	1,405,726,779	
<b>Balance as at 1 January 2019</b>		474,318,000	481,749,828	47,500,000	402,158,951	1,405,726,779	
Profit for the year		-	-	-	128,514,177	128,514,177	
Other comprehensive income for the year		-	-	-	(5,010,340)	(5,010,340)	
Total comprehensive income for the year		-	-	-	123,503,837	123,503,837	
Dividend paid	23	-	-	-	(151,781,706)	(151,781,706)	
<b>Balance as at 31 December 2019</b>		474,318,000	481,749,828	47,500,000	373,881,082	1,377,448,910	

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



Thai Optical Group Public Company Limited and its subsidiaries  
**Statements of cash flows** For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	126,517,624	153,926,633	104,820,496	125,632,408
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Reversal of payable for investment in subsidiary	-	(3,690,948)	-	(3,690,948)
Share of profit from investments in associates	(1,752,348)	(606,450)	-	-
Unrealised gain on short-term investments	(11,733)	(8,510)	(11,733)	(8,510)
Unrealised loss (gain) on exchange	(12,052,897)	(3,437,554)	1,609,802	1,692,608
Loss (gain) from sales/written off of property, plant and equipment	(3,189,808)	265,273	(609,001)	31,517
Dividend income	-	-	(204,514,037)	(137,521,842)
Depreciation and amortisation	189,249,876	191,385,245	112,147,684	111,808,500
Allowance for doubtful accounts (reversal)	(3,448,472)	(164,685)	73,613	(774)
Reduce cost to net realisable value of inventory (reversal)	(1,519,540)	(24,647,956)	409,651	(16,396,284)
Allowance for diminution in value of investment in associated company	-	-	-	540,657
Provision for long-term employee benefits	22,183,686	5,767,305	17,560,364	4,173,629
Interest income	(1,146,293)	(748,157)	(1,052,424)	(697,780)
Interest expenses	11,197,740	11,325,119	4,920,209	5,005,192
Profit from operating activities before changes in operating assets and liabilities	326,027,835	329,365,315	35,354,624	90,568,373
Operating assets (increase) decrease				
Trade and other receivables	(20,864,830)	(70,887,173)	(72,943,164)	(68,084,300)
Inventories	(6,734,466)	37,222,791	(8,114,225)	15,510,780
Other current assets	(6,431,959)	1,115,736	(5,459,659)	(5,265,908)
Other non-current assets	4,200	7,500	4,200	7,500
Operating liabilities increase (decrease)				
Trade and other payables	33,885,751	(13,189,780)	14,725,472	21,037,447
Cash flows from (used in) operating activities	325,886,531	283,634,389	(36,432,752)	53,773,892
Cash paid for long-term employee benefits	(11,060,919)	(8,263,133)	(7,318,079)	(6,372,742)
Cash paid for income tax	(13,938,948)	(30,140,484)	(1,800,459)	(1,684,264)
<b>Net cash from (used in) operating activities</b>	<b>300,886,664</b>	<b>245,230,772</b>	<b>(45,551,290)</b>	<b>45,716,886</b>

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

Thai Optical Group Public Company Limited and its subsidiaries

**Statements of cash flows (continued)** For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Short-term loans to subsidiaries	-	-	(6,000,000)	(6,481,120)
Cash received from repayment of short-term loan from subsidiaries	-	-	12,481,120	-
Cash paid for investment in subsidiary	-	-	-	(1,619,000)
Dividend received	514,037	521,842	204,514,037	68,521,842
Decrease in payable for investement in subsidiary	-	(8,309,052)	-	(8,309,052)
Purchase of property, plant and equipment	(158,530,170)	(120,857,089)	(61,414,597)	(51,685,411)
Cash received from sales of property, plant and equipment	820,027	1,218,813	1,789,534	46,449
Purchase of intangible assets	(9,962,816)	(2,982,137)	(2,817,559)	(2,279,946)
Interest income	321,277	264,826	305,097	136,760
<b>Net cash from (used in) investing activities</b>	<b>(166,837,645)</b>	<b>(130,142,797)</b>	<b>148,857,632</b>	<b>(1,669,478)</b>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from banks	1,013,000,000	445,000,000	740,000,000	395,000,000
Cash paid to settle short-term loans from banks	(938,000,000)	(399,000,000)	(700,000,000)	(364,000,000)
Cash received from short-term loans from subsidiary	-	-	-	79,000,000
Cash paid to settle short-term loans from subsidiary	-	-	-	(20,002,000)
Cash received from long-term loans from banks	-	16,450,351	-	-
Cash paid to settle long-term loans from banks	(74,159,757)	(64,502,165)	-	-
Cash paid for interest expenses	(11,237,878)	(12,780,991)	(4,919,349)	(5,145,298)
Cash paid for dividend	(151,781,706)	(156,524,874)	(151,781,706)	(156,524,874)
<b>Net cash used in financing activities</b>	<b>(162,179,341)</b>	<b>(171,357,679)</b>	<b>(116,701,055)</b>	<b>(71,672,172)</b>
Increase (decrease) in translation adjustments	747,113	(6,220)	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(27,383,209)</b>	<b>(56,275,924)</b>	<b>(13,394,713)</b>	<b>(27,624,764)</b>
Cash and cash equivalents at beginning of the year	143,273,639	199,549,563	52,020,379	79,645,143
<b>Cash and cash equivalents at end of the year</b>	<b>115,890,430</b>	<b>143,273,639</b>	<b>38,625,666</b>	<b>52,020,379</b>

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

Thai Optical Group Public Company Limited and its subsidiaries

# Notes to consolidated financial statements

For the year ended 31 December 2019



## 1. General information

Thai Optical Group Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of plastic lens and related products. Its registered address is No. 15/5 Moo 6 Laharn, Bangbuathong, Nonthaburi.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Optical Group Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as detailed below.

Subsidiaries	Nature of business	Percentage of shareholding	
		2019	2018
		Percent	Percent
Thai Optical Company Limited	Manufacturing and selling of mineral optical lens, plastic optical lens and glass moulds	100	100
Poly Sun Company Limited	Manufacturing and selling of plastic optical lenses	100	100
TOG USA, Inc.	Distributing products and providing sales to customers in the United States of America	100	100



b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

g) Investment in the subsidiaries as recorded in the Company’s books of account has been eliminated against shareholders’ equity of the subsidiaries as at the acquisition date. The retained earnings of subsidiary companies arising as a result of the Company’s purchase of the subsidiary companies at a price lower than the net book value of the subsidiary companies at the acquisition date has been presented in shareholders’ equity in the consolidated statements of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### **3. New financial reporting standards**

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

During the year, the Group has 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 standards does not have any significant impact on the Group’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 Group's financial statements.

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

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

#### **Financial reporting standards related to financial instruments**

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



Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting Standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

#### **TFRS 16 Leases**

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

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

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## **4. Significant accounting policies**

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### **4.1 Revenue recognition**

#### *Sale of goods*

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

### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

### *Dividends*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes cost of raw materials, labour and factory overhead.

Raw materials, supplies, mold and finished goods for sale are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

The net realisable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated expenses necessary to make the sale.

Reduce cost of inventories for obsolete inventories are set up for obsolete, slow-moving and deteriorated inventories.

## **4.5 Investments**

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in associates are accounted for in the consolidated financial statements using the equity method.

c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

Allowance for diminution in value of investments is made when the net realisable value of investments is lower than the cost of investments.

#### 4.6 Investment properties

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

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

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.7 Property, plant and equipment and depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	- 20	years
Land improvements	- 10, 20	years
Structure	- 10, 20	years
Machinery and equipment	- 5, 10	years
Furniture, fixtures, tools and office equipment	- 3, 5	years
Motor vehicles	- 5, 7	years

Depreciation is included in determining income.

No depreciation is provided for land, assets in transit and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 4.9 Intangible assets

Expenses incurred as a result of development or at the development phase of an internal project are recognised as intangible assets, providing that the project is technically feasible, that the Group both intends and has the ability to complete it, and that adequate technical, financial and other resources are available to complete the development of the asset to the point where it can be put into use or sold.

Other acquired intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

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

Computer software	3, 5, 10 years
Deferred product development cost	5 years
Licenses	5 years

## 4.10 Related party transactions

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

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

## 4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

## 4.12 Employee benefits

### Short-term employee benefits

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

### Post-employment benefits and other long-term employee benefits

#### *Defined contribution plans*

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

#### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments, it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

## 4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also and measured using the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## 4.14 Forward exchange contracts

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and any derivatives, which relate to a recognised asset or liability, are subsequently remeasured at

their fair value. Gains or losses arising from changes in the fair value of the contracts are recognised in the profit or loss.

#### **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

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

#### **4.16 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.17 Provisions**

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

#### 4.18 Fair value measurement

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

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

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

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

### 5. Significant accounting judgements and estimates

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

#### Leases

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

#### Allowance for doubtful accounts

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

### **Reduce cost of inventory value**

The determination of reduce cost of inventory value, requires management to make judgements and estimates. The reduce cost to net realisable value is estimated based on the selling price expected in the ordinary course of business; and reduce cost for obsolete, slow-moving and deteriorated inventories, that is estimated based on the approximate useful life of each type of inventory and the results of inspections conducted by the quality control department.

### **Impairment of investments**

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

### **Property, plant and equipment and depreciation**

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

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

### **Intangible assets**

The initial recognition and measurement of intangibles assets, and subsequent impairment testing, require management to make estimates cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans 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.



## 6. Additional cash flows information

Non-cash related transactions for investing activity for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other payables from purchases of property, plant and equipment and intangible assets	10,518	8,626	1,757	7,111
Other long-term receivables from disposal of equipment	6,227	-	-	-
Settle of short-term loan from subsidiary company with dividend received	-	-	-	69,000
Transferred trade and other receivables to short-term loans to unrelated party	5,971	-	5,971	-
Transferred trust receipts to long-term loan from bank	-	176,701	-	-
Transferred property, plant and equipment to investment properties	11,483	-	11,483	-

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	165	195	60	85
Bank deposits	115,725	143,079	38,566	51,935
Total	115,890	143,274	38,626	52,020

As at 31 December 2019, bank deposits in savings accounts carried interests between 0.05 and 0.38 percent per annum (2018: 0.05 and 0.38 percent per annum).

## 8. Short-term investments - trading securities

As at 31 December 2019 and 2018, short-term investments in trading securities were as follows:

	Consolidated and separate financial statements					
	2019			2018		
	Number of units	Cost	Fair value	Number of units	Cost	Fair value
	(Thousand unit)	(Thousand Baht)	(Thousand Baht)	(Thousand unit)	(Thousand Baht)	(Thousand Baht)
Short-term investments:						
Trading securities						
TMB Treasury Money Fund	66	781	914	66	781	902
Total short-term investments - trading securities	66	781	914	66	781	902



## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	158,883	138,052	140,057	106,342
Overdue not over 30 days	61,297	59,493	6,206	2,821
Overdue 31 - 90 days	-	2,051	7,244	2,540
Overdue 91 - 180 days	-	-	17,753	-
Overdue 181 - 365 days	-	-	1,109	-
<b>Total trade accounts receivable - related parties (Note 10)</b>	<b>220,180</b>	<b>199,596</b>	<b>172,369</b>	<b>111,703</b>
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	98,439	82,799	64,885	55,937
Overdue not over 30 days	33,322	37,059	19,170	26,013
Overdue 31 - 90 days	8,473	20,045	5,172	3,263
Overdue 91 - 180 days	86	171	33	42
Overdue 181 - 365 days	247	158	247	6
Overdue more than 365 days	6,350	9,870	-	-
<b>Total trade accounts receivable - unrelated parties</b>	<b>146,917</b>	<b>150,102</b>	<b>89,507</b>	<b>85,261</b>
Less: Allowance for doubtful accounts	(6,425)	(9,873)	(75)	(1)
<b>Total trade accounts receivable - unrelated parties - net</b>	<b>140,492</b>	<b>140,229</b>	<b>89,432</b>	<b>85,260</b>
<b>Total trade accounts receivable - net</b>	<b>360,672</b>	<b>339,825</b>	<b>261,801</b>	<b>196,963</b>
<u>Other receivables</u>				
Other receivables - related parties (Note 10)	-	-	7,857	6,429
Other receivables - unrelated party	1,282	518	1,282	518
<b>Total other receivables</b>	<b>1,282</b>	<b>518</b>	<b>9,139</b>	<b>6,947</b>
<b>Total trade and other receivables - net</b>	<b>361,954</b>	<b>340,343</b>	<b>270,940</b>	<b>203,910</b>

## 10. Related party transactions

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During the years, the Group had significant business transactions with its individual and related parties. Such transactions, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties. The Company has the following policy on pricing for its related transactions.

Policy on pricing for subsidiary companies.

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee of not more than 10 percent of such cost.

2. Purchases/sales prices of finished goods are determined at agreed rate. However, the pricing policy is subject to change depending on market competition at the time being.

3. Service income and service expenses are charged at a mutually agreed price.

4. Management and document service income are charged at the contract price agreed between the parties.

5. Guarantee fee income and expenses are charged at the rate of 1.5 percent per annum.

6. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.

7. Dividend income is recognised when declared and the right to receive the dividend is established.

8. Loans to subsidiary company are charged interest at the rate of 2.19 - 2.40 percent per annum (2018: 2.4 percent per annum).

9. During the year ended 31 December 2018, loan from subsidiary company is charged interest at the rate of 2.75 - 3.25 percent per annum.

Policy on pricing for associated and related companies related by the way of common shareholders and/or common directors.

1. Sales prices of finished goods are determined at market price.

2. Service income is charged at market price.

3. Dividend income is recognised when declared and the right to receive the dividend is established.

4. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.

Significant transactions between the Company and those companies, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>Transactions with subsidiaries</i> (eliminated from the consolidated financial statements)				
Sales of finished goods and raw materials	-	-	200,886	143,420
Service income	-	-	1,049	59
Sale of assets	-	-	1,700	-
Other sales	-	-	12,407	2,597
Management and document service income	-	-	31,200	28,690
Other service income	-	-	1,095	485
Interest income	-	-	88	78
Guarantee fee income	-	-	3,651	4,465
Dividend income	-	-	204,000	137,000
Cost of sales	-	-	199,654	125,386
Purchase of finished goods and raw materials	-	-	56,758	37,701
Purchase of assets	-	-	-	2,626
Service fee expenses	-	-	20,362	22,556
Guarantee fee expenses	-	-	2,908	2,144
Other purchases	-	-	828	846
Interest expenses	-	-	-	402
<i>Transactions with associates</i>				
Sales of finished goods	9,835	7,457	9,340	3,223
Other service income	92	201	70	43
Dividend income	-	-	514	522
Sales of assets	6,837	-	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>Transactions with domestic related companies related by the way of common shareholders and/or common directors</i>				
Sales of finished goods and raw materials	96,927	77,810	10,997	11,616
Service income	2	4	-	-
Other sales	6	15	1	4
Others purchases	3,598	1,619	358	187
Service fee expenses	4,255	726	3	331
Purchase of assets	975	444	893	173
<i>Transactions with foreign related companies</i>				
Sales of finished goods	1,172,961	1,143,601	512,952	521,702
Other sales	3,006	3,143	1,764	1,862

The outstanding balances of the above transactions have been separately shown in the statements of financial position with the details as at 31 December 2019 and 2018 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Trade accounts receivable - related parties</b>				
Subsidiary companies	-	-	78,056	36,325
Associated companies	2,024	1,910	1,861	1,530
Related companies (related by common shareholders and/or directors)	218,156	197,686	92,452	73,848
<b>Total trade accounts receivable - related parties (Note 9)</b>	<b>220,180</b>	<b>199,596</b>	<b>172,369</b>	<b>111,703</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Other receivables - related parties</b>				
Subsidiary companies	-	-	7,857	6,429
<b>Total other receivables - related parties (Note 9)</b>	-	-	7,857	6,429
<b>Other long-term receivables - related party</b>				
Other long-term receivables - associated company (Note 11)	6,227	-	-	-
Less: Portion due within one year	(1,260)	-	-	-
<b>Other long-term receivables - related party - net of current portion</b>	4,967	-	-	-
<b>Short-term loan to related parties</b>				
Subsidiary company	-	-	-	6,438
<b>Total short-term loan to related parties</b>	-	-	-	6,438
<b>Trade accounts payable - related parties</b>				
Subsidiary companies	-	-	5,931	7,045
Related companies (related by common shareholders and/or directors)	290	366	78	-
<b>Total trade accounts payable - related parties (Note 20)</b>	290	366	6,009	7,045
<b>Other payables - related parties</b>				
Subsidiary company	-	-	243	195
Related companies (related by common shareholders and/or directors)	2,694	2,230	300	184
<b>Total other payables - related parties (Note 20)</b>	2,694	2,230	543	379

During the year ended 31 December 2019, movements of loans between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 31 December 2018	During the year		Loss on exchange	Balance as at 31 December 2019
		Increase	Decrease		
Short-term loan to subsidiary company					
Poly Sun Co., Ltd.	-	6,000	(6,000)	-	-
TOG USA, Inc.	6,438	-	(6,358)	(80)	-
Total	6,438	6,000	(12,358)	(80)	-

#### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	28,193	28,871	27,795	26,320
Post-employment benefits	1,275	746	1,275	599
Total	29,468	29,617	29,070	26,919

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 33 to the financial statements.



## 11. Other long-term receivables

On 19 August 2019, a subsidiary sold assets to the Company's associated company of USD 0.24 million or equivalent to Baht 7.37 million and are repayable in 60 monthly installments.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other long-term receivables	6,694	-	-	-
Less: Deferred interest income	(467)	-	-	-
Total	6,227	-	-	-
Less: Portion of receivables due within one year	(1,260)	-	-	-
Other long-term receivables - net of current portion	4,967	-	-	-

As at 31 December 2019, the subsidiary had other long-term receivables as follows:

(Unit: Thousand Baht)

	31 December 2019		
	Less than 1 year	1 - 5 years	Total
Other long-term receivables	1,434	5,260	6,694
Deferred interest income	(174)	(293)	(467)
Present value of other long-term receivables	1,260	4,967	6,227

## 12. Short-term loans to unrelated party

As at 31 December 2019, the Company had short-term loans to a company which was incorporated in United States of America of USD 0.44 million or equivalent to Baht 13.18 million (2018: USD 0.25 million or equivalent to Baht 8.06 million), bearing interest at the rate of 6 percent per annum (2018: 6 percent per annum) and are repayable on call. These loans were transferred from accounts receivable.

### 13. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	429,144	426,296	(13,687)	(12,772)	415,457	413,524
Work in process	11,699	7,157	-	-	11,699	7,157
Raw materials	114,244	131,009	(5,904)	(7,308)	108,340	123,701
Spare parts and factory supplies	42,225	41,638	(258)	(1,289)	41,967	40,349
Supplies - Glass mould	248,678	251,268	-	-	248,678	251,268
Goods in transit	52,833	34,721	-	-	52,833	34,721
Total	898,823	892,089	(19,849)	(21,369)	878,974	870,720

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	312,075	312,387	(8,757)	(8,347)	303,318	304,040
Work in process	8,724	3,864	-	-	8,724	3,864
Raw materials	99,421	111,594	-	-	99,421	111,594
Spare parts and factory supplies	18,121	17,626	-	-	18,121	17,626
Supplies - Glass mould	241,170	243,739	-	-	241,170	243,739
Goods in transit	40,920	23,107	-	-	40,920	23,107
Total	720,431	712,317	(8,757)	(8,347)	711,674	703,970

During the current year, the Group reversed the write-down of cost of inventories by Baht 1.52 million (2018: Baht 24.65 million) and reduced the amount of inventories recognised as expenses during the year (The Company only: reduced cost of inventories by Baht 0.41 million to reflect the net realisable value, which was included in cost of sales (2018: reversed the write-down of cost of inventories by Baht 16.40 million and reduced the amount of inventories recognised as expenses during the year)).

## 14. Investments in subsidiary companies

As at 31 December 2019 and 2018, investments in subsidiary companies accounted for under cost method in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2019	2018	2019 (%)	2018 (%)	2019	2018	2019	2018
<u>Local subsidiaries</u>								
Thai Optical Company Limited (Manufacturing and selling of mineral optical lenses, plastic optical lenses and glass mold)	130,000	130,000	100	100	130,000	130,000	204,000	137,000
Poly Sun Company Limited (Manufacturing and selling of plastic optical lenses)	20,000	20,000	100	100	56,000	56,000	-	-
<u>Overseas subsidiary</u>								
TOG USA, Inc. (Distributing products and providing sales to customers in the United States of America)	USD 50,000	USD 50,000	100	100	1,619	1,619	-	-
<b>Total</b>					<b>187,619</b>	<b>187,619</b>	<b>204,000</b>	<b>137,000</b>

### **Thai Optical Company Limited**

The Company had 12,999,994 ordinary shares of Thai Optical Company Limited (which operates in manufacturing and selling of glasses lens with the registered and paid up share capital of Baht 130 million) at a price of Baht 10 per share, or a total of approximately Baht 130 million. The Company's shareholding in such company is 100 percent. The Company and Thai Optical Company Limited share the same shareholders and management team as before, and the acquisition was made in order to restructure shareholdings within the group of companies. The Company therefore recorded the excess of the fair value of the assets acquired over the cost of acquisition approximately Baht 168 million in shareholders' equity in the consolidated statements of financial position under the caption "Surplus from business combination under common control".

### **Poly Sun Company Limited**

On 11 August 2015, the Board of Director's meeting of the Company passed a resolution to approve the purchase of ordinary shares of 100 percent interest in Poly Sun Company Limited from existing shareholders. On 15 August 2015, the Company entered into an agreement with the existing shareholders (sellers) of such company to purchase 0.2 million ordinary shares with a par value of Baht 100 at the price of Baht 56 million. The Company paid the first installment of Baht 20 million to the sellers. The remaining amount of Baht 36 million will be paid in three yearly installments of Baht 12 million in August 2016, 2017 and 2018, which is in accordance with the conditions stipulated under the sales and purchase of shares agreement.

As a result of the acquisition of investment in the subsidiary, under the acquisition method, the Company recognised the excess of the fair value over the cost of acquisition in the ordinary shares of the subsidiary as gain on bargain purchase of Baht 11.7 million and presented as part of other income in the consolidated statement of comprehensive income for the year ended 31 December 2015.

Subsequently on 28 August 2015, the Company's directors were appointed as the authorised directors of Poly Sun Company Limited. The change in the authorised directors was registered with the Ministry of Commerce on 1 September 2015 (the acquisition date on which the control exists).

### **TOG USA, Inc.**

On 15 February 2017, the meeting of the Company's Board of Directors approved to establish "TOG USA, Inc.", a new subsidiary, which is principally engaged in distributing products and providing sales to customers in United States of America. The subsidiary registered its establishment with registered share capital of USD 50,000 (5,000 ordinary shares of USD 10 each) in which the Company holds 100 percent interest. TOG USA, Inc. registered the establishment on 7 April 2017.

Subsequently on 4 January 2018, the subsidiary called for share capital payment and the Company paid for share subscription of USD 50,000 to the subsidiary company.

## 15. Investments in associates

### 15.1 Details of investments in associates

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2019	2018	2019 (%)	2018 (%)	Carrying amounts based on equity method		Carrying amounts based on cost method	
							2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
MVision Optical Pte. Ltd. (Incorporated in Singapore)	Manufacturing of Rx lenses	Direct holding and common directors	SGD 2.7 million	SGD 2.7 million	33	33	8,547	7,927	20,968	20,968
MVision Optical Industry Sdn. Bhd. (Incorporated in Malaysia)	Manufacturing of Rx lenses	Direct holding and common directors	MYR 6 million	MYR 6 million	33	33	5,960	6,851	18,091	18,091
Vietnam Visibility Target Company Limited (Incorporated in Vietnam)	Manufacturing of Rx lenses	Direct holding and common directors	USD 1.45 million	USD 1.45 million	33	33	17,183	19,904	15,272	15,272
Total							31,690	34,682	54,331	54,331
Less: Allowance for diminution in value of investments							-	-	(13,081)	(13,081)
Investments in associates - net							31,690	34,682	41,250	41,250

As at 31 December 2019, the Company recorded allowance for diminution in value of investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd., the associated companies, totaling Baht 13.08 million (2018: Baht 13.08 million) in the separate financial statements.

## 15.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associated companies during the years		Share of other comprehensive income from investments in associated companies during the years		Dividend received during the years	
	2019	2018	2019	2018	2019	2018
MVision Optical Pte. Ltd.	517	(560)	103	-	-	-
MVision Optical Industry Sdn. Bhd.	(340)	16	(551)	-	-	-
Vietnam Visibility Target Company Limited	1,575	1,151	(3,782)	-	514	522
<b>Total</b>	<b>1,752</b>	<b>607</b>	<b>(4,230)</b>	<b>-</b>	<b>514</b>	<b>522</b>

## 15.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibility Target Company Limited	
	2019	2018	2019	2018	2019	2018
Current assets	33	33	26	27	61	51
Non-current assets	5	8	9	2	24	30
Current liabilities	(11)	(15)	(17)	(8)	(28)	(28)
Non-current liabilities	(1)	-	-	-	(4)	-
<b>Net assets</b>	<b>26</b>	<b>26</b>	<b>18</b>	<b>21</b>	<b>53</b>	<b>53</b>
<b>Carrying amounts of associates based on equity method</b>	<b>8.5</b>	<b>7.9</b>	<b>6.0</b>	<b>6.9</b>	<b>17.2</b>	<b>19.9</b>



Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibility Target Company Limited	
	2019	2018	2019	2018	2019	2018
Revenue	63.6	66.9	49.3	53.8	148.2	156.2
Profit (loss)	1.6	(1.7)	(1.0)	0.1	4.8	3.5
Total comprehensive income	1.6	(1.7)	(1.0)	0.1	4.8	3.5

## 16. Investment properties

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	Office building for rent	
31 December 2019:		
Cost		34,997
Less: Accumulated depreciation		(23,763)
Net book value		11,234

A reconciliation of the net book value of investment properties for the year 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Net book value at beginning of year	-
Transfers	11,483
Depreciation charged	(249)
Net book value at end of year	11,234

The fair value of the investment properties as at 31 December 2019 stated below:

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Office building for rent	20,858

The fair value of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include rental rate, yield rate, long-term vacancy rate and long-term growth in rental rates.

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets in progress	Total
<b>Cost</b>							
1 January 2018	168,993	648,408	2,021,211	135,014	30,350	22,409	3,026,385
Additions	-	-	1,582	3,138	-	100,713	105,433
Transferred in/ (out)	-	6,086	53,453	16,759	-	(76,298)	-
Disposals/write-off	-	-	(8,157)	(1,622)	(881)	-	(10,660)
31 December 2018	168,993	654,494	2,068,089	153,289	29,469	46,824	3,121,158
Additions	-	-	1,071	1,878	11	157,462	160,422
Transferred in/ (out)	-	6,090	73,369	4,071	-	(83,530)	-
Transferred to investment prop- erties	-	(32,020)	-	(2,977)	-	-	(34,997)
Disposals/write-off	-	(80)	(131,247)	(2,862)	(1,950)	-	(136,139)
31 December 2019	168,993	628,484	2,011,282	153,399	27,530	120,756	3,110,444
<b>Accumulated depreciation:</b>							
1 January 2018	-	366,247	1,361,171	99,379	27,371	-	1,854,168
Depreciation for the year	-	40,886	127,923	15,189	1,283	-	185,281



(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets in progress	Total
Depreciation on disposals/ write-off	-	-	(6,678)	(1,617)	(881)	-	(9,176)
31 December 2018	-	407,133	1,482,416	112,951	27,773	-	2,030,273
Depreciation for the year	-	39,780	126,603	15,118	807	-	182,308
Transferred to investment properties	-	(20,537)	-	(2,977)	-	-	(23,514)
Depreciation on disposals/ write-off	-	(80)	(127,441)	(2,841)	(1,920)	-	(132,282)
31 December 2019	-	426,296	1,481,578	122,251	26,660	-	2,056,785
<b>Net book value:</b>							
31 December 2018	168,993	247,361	585,673	40,338	1,696	46,824	1,090,885
31 December 2019	168,993	202,188	529,704	31,148	870	120,756	1,053,659
<b>Depreciation for the year</b>							
2018 (Baht 176 million included in manufacturing cost, and the balance in administrative expenses)							185,281
2019 (Baht 175 million included in manufacturing cost, and the balance in administrative expenses)							182,308

(Unit: Thousand Baht)

	Separate financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets in progress	Total
<b>Cost</b>							
1 January 2018	84,022	485,386	978,159	70,842	17,820	5,771	1,642,000
Additions	-	-	504	1,808	-	54,924	57,236
Transferred in/(out)	-	2,172	35,005	2,915	-	(40,092)	-
Disposals/write-off	-	-	(137)	(1,060)	(338)	-	(1,535)
31 December 2018	84,022	487,558	1,013,531	74,505	17,482	20,603	1,697,701
Additions	-	-	143	1,294	-	54,623	56,060
Transferred in/(out)	-	3,459	38,214	2,941	-	(44,614)	-
Transferred to investment properties	-	(32,020)	-	(2,977)	-	-	(34,997)
Disposals/write-off	-	-	(109,166)	(1,424)	(440)	-	(111,030)
31 December 2019	84,022	458,997	942,722	74,339	17,042	30,612	1,607,734
<b>Accumulated depreciation:</b>							
1 January 2018	-	268,906	699,067	55,870	16,700	-	1,040,543
Depreciation for the year	-	32,544	67,813	6,699	645	-	107,701
Depreciation on disposals/ write-off	-	-	(58)	(1,060)	(338)	-	(1,456)
31 December 2018	-	301,450	766,822	61,509	17,007	-	1,146,788
Depreciation for the year	-	31,296	69,200	6,188	414	-	107,098
Transferred to investment properties	-	(20,537)	-	(2,977)	-	-	(23,514)
Depreciation on disposals/ write-off	-	-	(108,030)	(1,404)	(416)	-	(109,850)
31 December 2019	-	312,209	727,992	63,316	17,005	-	1,120,522
<b>Net book value:</b>							
31 December 2018	84,022	186,108	246,709	12,996	475	20,603	550,913

(Unit: Thousand Baht)

	Separate financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets in progress	Total
31 December 2019	84,022	146,788	214,730	11,023	37	30,612	487,212
<b>Depreciation for the year</b>							
2018 (Baht 101 million included in manufacturing cost, and the balance in administrative expenses)							107,701
2019 (Baht 100 million included in manufacturing cost, and the balance in administrative expenses)							107,098

During the year 2018, the subsidiary had capitalised interest expenses of Baht 0.85 million (2019: Nil) as part of costs of assets under construction and installation. The capitalisation rate 2.75 to 3.25 percent per annum (2019: Nil).

As at 31 December 2019, certain plant and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,218.39 million (2018: Baht 1,175.61 million) and the Company only amounted to Baht 626.75 million (2018: Baht 615.91 million).

## 18. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Deferred product development	License	Total
31 December 2019:				
Cost	74,073	34,524	76,392	184,989
Less: Accumulated amortisation	(56,910)	(31,115)	(76,392)	(164,417)
Net book value	17,163	3,409	-	20,572
31 December 2018:				
Cost	64,110	35,189	76,392	175,691
Less: Accumulated amortisation	(52,624)	(29,374)	(76,392)	(158,390)
Net book value	11,486	5,815	-	17,301

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Deferred product development	License	Total
31 December 2019:				
Cost	41,994	34,524	74,911	151,429
Less: Accumulated amortisation	(36,971)	(31,115)	(74,911)	(142,997)
Net book value	5,023	3,409	-	8,432
31 December 2018:				
Cost	39,176	35,189	74,911	149,276
Less: Accumulated amortisation	(34,576)	(29,374)	(74,911)	(138,861)
Net book value	4,600	5,815	-	10,415

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	17,301	20,424	10,415	12,243
Acquisition of computer software	9,963	1,356	2,818	654
Increase (decrease) in deferred product development	(665)	1,625	(665)	1,625
Amortisation	(6,027)	(6,104)	(4,136)	(4,107)
Net book value at end of year	20,572	17,301	8,432	10,415

## 19. Short-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term loans from banks	337,000	262,000	270,000	230,000
Total	337,000	262,000	270,000	230,000

Bank overdrafts, trust receipts and short-term loans from banks bear interests at the rate determined under the agreements. Under the terms of the above agreements, the Group must comply with certain conditions and restrictions stipulated in the agreements.

Bank overdrafts, trust receipts and short-term loans from banks of the Company are partially guaranteed by a subsidiary company.

Bank overdrafts, trust receipts and short-term loans from banks of the subsidiary companies are guaranteed by the Company.

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable - related parties (Note 10)	290	366	6,009	7,045
Trade accounts payable - unrelated parties	136,454	107,023	80,948	67,136
Other payables - related parties (Note 10)	2,694	2,230	543	379
Other payables - unrelated parties	23,084	22,539	12,348	18,798
Accrued expenses	46,067	38,659	30,238	27,686
Others	1,201	2,661	801	285
Total trade and other payables	209,790	173,478	130,887	121,329

## 21. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loans from banks	135,963	221,157	-	-
Less: Portion due within one year	(51,067)	(72,728)	-	-
Long-term loans from banks - net of current portion	84,896	148,429	-	-

Movements in the long-term loans from banks during the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning of year	221,157	98,806	-	-
Add: Cash receipt during the year	-	16,450	-	-
Transferred trust receipts to long-term loan from bank	-	176,701	-	-
Unrealised gain on exchange	(11,035)	(6,298)	-	-
Less: Repayment during the year	(74,159)	(64,502)	-	-
Balance at end of year	135,963	221,157	-	-

On 28 June 2016, a subsidiary entered into a loan agreement with a bank, obtaining a loan facilities of EUR 6 million. The loans carry interest at EURO LIBOR 3 months reference rate and are repayable in 20 quarterly installments as stipulated in the agreement. As at 31 December 2019, the subsidiary had outstanding balance of long-term loans of EUR 3.7 million or equivalent to Baht 124.8 million (2018: EUR 4.8 million or equivalent to Baht 181.3 million).

On 8 July 2016, the above subsidiary entered into a loan agreement with another bank, obtaining a loan facilities of Baht 144 million. The loans carry interest at MLR reference rate and are repayable in 60 monthly installments as stipulated in the agreement. As at 31 December 2019, the subsidiary had outstanding balance of long-term loans of Baht 11.1 million (2018: Baht 39.9 million).

The loans are guaranteed by the Company. The loan agreements contain certain covenants with which the subsidiary must comply, pertaining to matters such as the maintenance of certain financial ratio.

As at 31 December 2019 and 2018, the subsidiary had no outstanding long-term credit facilities.

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2019 and 2018, which represents compensation payable to employees after they retire and other employee benefits, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	61,843	63,993	45,729	40,862
Included in profit or loss:				
Current service cost	4,722	4,169	3,683	3,143
Interest cost	2,066	1,598	1,594	1,031
Past service cost	15,395	-	12,283	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1	-	-
Financial assumptions changes	7,805	(3,095)	6,263	(2,373)
Experience adjustments	-	3,440	-	9,439
Benefits paid during the year	(11,061)	(8,263)	(7,318)	(6,373)
<b>Provision for long-term employee benefits at end of year</b>	<b>80,770</b>	<b>61,843</b>	<b>62,234</b>	<b>45,729</b>
Provision for employee benefits				
Current	2,239	4,143	2,098	4,143
Non-current	78,531	57,700	60,136	41,586
	80,770	61,843	62,234	45,729

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 15.4 million (The Company only: Baht 12.3

million). During the second quarter of 2019, the Company and its subsidiaries recorded the effect of the change by recognising past service costs as expenses in the profit or loss.

The Company and its subsidiaries expect to pay Baht 2.2 million of long-term employee benefits during the next year (Separate financial statements: Baht 2.1 million) (2018: Baht 4.1 million, separate financial statements: Baht 4.1 million).

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

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.6	3.0	1.6	3.0
Salary increase rate	3.6	3.6	3.6	3.6

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4,873)	5,486	(3,887)	4,381
Salary increase rate	5,616	(5,098)	4,459	(4,044)

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,963)	4,461	(3,041)	3,427
Salary increase rate	4,562	(4,142)	3,480	(3,155)



## 23. Dividend paid

Dividends declared in 2019 and 2018 consist of the following:

	Approved by	Total dividends	Dividend per share	Paid on
		(ล้านบาท)	(บาท)	
<b>The Company</b>				
<b>2018</b>				
Final dividend on 2017 earnings	Annual General Meeting of the shareholders on 4 April 2018	128.07	0.27	3 May 2018
Interim dividend of earnings for the period as from 1 January 2018 to 30 June 2018	The Meeting of the Board of Directors of the Company on 7 August 2018	28.46	0.06	6 September 2018
<b>Total for 2018</b>		156.53	0.33	
<b>2019</b>				
Final dividend on 2018 earnings	Annual General Meeting of the shareholders on 4 April 2019	104.35	0.22	3 May 2019
Interim dividend of earnings for the period as from 1 January 2019 to 30 June 2019	The Meeting of the Board of Directors of the Company on 7 August 2019	47.43	0.10	6 September 2019
<b>Total for 2019</b>		151.78	0.32	

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. Presently, the Company has fully set aside the statutory reserve.

## 25. Provident fund

The Company and its subsidiaries and its employees jointly established a provident fund in accordance with the Provident Fund Act (B.E. 2530). The fund is contributed to by both employees at the rate of 3 - 15 percent of their basic salaries and the Company and its subsidiaries at the rate of 5 - 9 percent of their basic salaries. The fund is managed by CIMB - Principal Asset Management Company Limited and will be paid to the employees upon retirement or cessation of employment in accordance with the rules of the fund. During the year 2019, the Company and its subsidiaries recognised the contributions of Baht 16.9 million (2018: Baht 17.8 million) and the Company recognised the contributions of Baht 12.6 million (2018: Baht 12.9 million) as expenses.

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	455,402	445,149	326,565	308,893
Depreciation	182,557	185,281	107,347	107,701
Amortisation expenses	6,027	6,104	4,136	4,107
Utility expenses	127,482	121,751	86,056	82,522
Raw materials and consumables used	677,118	536,025	584,864	443,993
Changes in inventories of finished goods and work in progress	(7,390)	60,286	(4,548)	30,164
Reduce cost of inventory value (reversal)	(1,520)	(24,648)	410	(16,396)
Allowance for diminution in value of investments	-	-	-	541

## 27. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge for the year	18,960	14,762	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(24,576)	(6,862)	(23,694)	(6,631)
<b>Income tax reported in the profit or loss</b>	<b>(5,616)</b>	<b>7,900</b>	<b>(23,694)</b>	<b>(6,631)</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	(1,561)	(69)	(1,252)	(1,413)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	126,518	153,927	104,820	125,632
Applicable tax rate	20%, 21.46%	20%, 24.96%	20%	20%
Accounting profit before tax multiplied by income tax rate	25,141	30,359	20,964	25,126
Effects of:				
Promotional privilege (Note 28)	(26,555)	(17,237)	-	-
Non-deductible expenses	354	91	124	127
Additional expense deductions allowed	(4,242)	(4,891)	(3,832)	(4,368)
Income not subject to tax	-	-	(40,903)	(27,504)
Others	(314)	(422)	(47)	(12)
Total	(30,757)	(22,459)	(44,658)	(31,757)
Income tax reported in the profit or loss	(5,616)	7,900	(23,694)	(6,631)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,311	1,997	41	22
Allowance for diminution in value of inventories	3,970	4,273	1,751	1,670
Allowance for diminution in value of investments	-	-	2,616	2,616
Accumulated amortisation - computer software	1,322	1,492	1,322	1,492
Provision for long-term employee benefits	16,154	12,369	12,447	9,146
Unused tax loss	39,893	16,611	32,146	10,431
<b>Total</b>	<b>62,650</b>	<b>36,742</b>	<b>50,323</b>	<b>25,377</b>
<b>Deferred tax liabilities</b>				
Land and building	502	498	-	-
<b>Total</b>	<b>502</b>	<b>498</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets - net</b>	<b>62,148</b>	<b>36,244</b>	<b>50,323</b>	<b>25,377</b>

## 28. Promotion privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment as follows:

### Thai Optical Group Public Company Limited

1. Under Promotion Certificate No. 4392/2547 (11-1162/Sor Aor./2534) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 2 May 2004 to 1 May 2008. Presently, an extension of the privileges until 30 June 2021 was granted.

2. Under Promotion Certificate No. 4391/2547 (6-1343/2542) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 1 July 2005 to 30 June 2009. Presently, an extension of the privileges until 30 June 2021 was granted.

3. Under Promotion Certificate No. 4022/2547 (4-1578/2543) dated 5 January 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 7 December 2005 to 6 December 2009. Presently, an extension of the privileges until 6 December 2021 was granted.

4. Under Promotion Certificate No. 1310/2546 dated 30 June 2003 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include the following:

- 4.1 Reduction of half of import duty on machinery as approved by the Board, except for machinery on which the import duty is lower than 10 percent of the cost.
- 4.2 Exemption from import duty on raw materials and essentials materials imported for export manufacturing from 30 July 2004 to 29 July 2010. During the year, an extension of the privileges until 29 July 2020 was granted.
- 4.3 Exemption from import duty on articles that the Company import for re-export from 30 July 2004 to 29 July 2010. Presently, an extension of the privileges until 29 July 2020 was granted.

#### **Thai Optical Co., Ltd.**

1. Under Promotion Certificate No. 4074/2531 (6-1027/Sor Aor./2523) dated 29 January 1988 for the manufacture of oblique astigmatism lens and safety eyewear lens used in the factories, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.

2. Under Promotion Certificate No. 4075/2531 (4-1059/Sor Aor./2527) dated 29 January 1988 for the manufacture of lens or glasses or components, which extended the capacity of production under promotion certificate No. 4074/2531 (6-1027/Sor Aor./2523), subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.

3. Under Promotion Certificate No. 4818/2548 (6-1169/2541) dated 16 May 2005 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 21 June 2005 to 20 June 2007. Presently, an extension of the privileges until 20 June 2020 was granted.

4. Under Promotion Certificate No. 1201/Aor./2543 dated 25 April 2000 for the manufacture of hardmulticoat lens, subject to certain imposed conditions the privileges include the following:

- 4.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
- 4.2 Exemption from import duty on machinery as approved by the Board.
- 4.3 Exemption from import duty on essential materials imported for export manufacturing until granted exemption from the Customs Department.
- 4.4 Permit to take out or remit money abroad in foreign currency.

This promotion certificate is not specified expiration date of the privileges.

5. Under Promotion Certificate No. 4349/2547 (4-1027/2544) dated 9 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 3 February 2004 to 2 February 2006. Presently, an extension of the privileges until 2 February 2020 was granted.

6. Under Promotion Certificate No. 5358/2547 (3-1553/Aor./2543) dated 15 July 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 2 June 2004 to 1 June 2006. Presently, an extension of the privileges until 2 February 2020 was granted.

7. Under Promotion Certificate No. 59-1240-1-00-1-0 dated 28 September 2017 for the manufacture of lens or glasses, subject to certain imposed conditions the privileges include the following:

- 7.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
- 7.2 Exemption from import duty on machinery as approved by the Board.
- 7.3 Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 6 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- 7.4 Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period
- 7.5 Exemption from import duty on raw materials and essential materials imported for export manufacturing from 16 November 2017 to 15 November 2018. During the year, an extension of the privileges until 15 November 2020 was granted.
- 7.6 Exemption from import duty on articles that the subsidiary company import from 16 November 2017 to 15 November 2018. During the year, an extension of the privileges until 15 November 2020 was granted.

The subsidiary company has started to have operating profit under promotion certificate on 28 December 2017 and has operating revenue from promoted and non-promoted operations for the year ended 31 December 2019 and 2018 as follows:

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales and service income						
Domestic	49,068	9,869	96,041	116,383	145,109	126,252
Export	462,753	388,289	310,105	374,300	772,858	762,589
Total sales and service income	511,821	398,158	406,146	490,683	917,967	888,841

### Poly Sun Company Limited

1. Under Promotion Certificate No. 4319/2547 (4-1548/Aor./2541) dated 9 February 2004 for the manufacture of sun lens, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 6 January 2004 to 5 January 2006. Presently, an extension of the privileges until 5 January 2020 was granted.

The Company and its subsidiaries have to comply with certain conditions and restrictions specified under the promotion certificates.



## 29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 30. Revenue from contracts with customers

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Sales	1,835,674	1,703,374	1,189,663	1,096,162
Service income	136,270	138,193	2,075	6,691
Freight income	27,078	27,227	9,264	6,491
Others	1,765	1,472	1,765	1,472
Total revenue from contracts with customers -recognised at a point in time	2,000,787	1,870,266	1,202,767	1,110,816

## 31. Segment information

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Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services with production facilities in Thailand and operates in both local and overseas markets, and have two reportable segments as follows:

1. Plastic and glass lens, which produces and sells of optical lenses.
2. Other products and services i.e. sale of glass mold, trading goods purchased for resale, glasses assembly services and surface treatments of hard coatings and anti-reflection coating service for organic lenses.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Transfer prices between operating segments are concluded on commercial terms and based agreed upon between the operating segments as described in Note 10 to the financial statements.

Inter-segment revenues are eliminated on consolidation.

The following table presents revenue and profit information regarding the Group's operating segments for the year ended 31 December 2019 and 2018:

(Unit: Million Baht)

Consolidated financial statements												
For the years ended 31 December												
	Concentrated, Plastic and glasses lens		Service income		Others		Total segments		Eliminated transactions		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from contracts with customers												
Inter-segment	219	152	22	22	51	33	292	207	(292)	(207)	-	-
External customers												
- Local	109	86	1	1	1	1	111	88	-	-	111	88
- Export	1,722	1,615	135	137	33	30	1,890	1,782	-	-	1,890	1,782
	2,050	1,853	158	160	85	64	2,293	2,077	(292)	(207)	2,001	1,870
Gross profit margin	279	299	63	63	19	7	361	369	3	2	364	371
Other income							60	62	(41)	(38)	19	24
Dividend income							205	138	(205)	(138)	-	-
Gain on exchange							4	21	-	-	4	21
Selling and distribution expenses							(65)	(45)	-	-	(65)	(45)
Administrative expenses							(220)	(237)	34	30	(186)	(207)
Share of profit from investments in associates							-	-	2	1	2	1
Finance cost							(18)	(19)	6	8	(12)	(11)
Income tax							6	(8)	-	-	6	(8)
Profit for the year							333	281	(201)	(135)	132	146



## Geographic information

Revenue from sales and service from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2019	2018
Revenue from sales and service from external customers		
Local		
Thailand	110,440	87,687
Export		
Europe	749,992	769,606
Australia	688,241	640,800
Asia and Pacific	257,191	250,957
America	153,361	81,150
Africa and Middle East	12,719	11,367
Total	1,971,944	1,841,567

## Other non-current assets

The Group is operated in Thailand and United States of America. All of the assets as reflected in these financial statements are located in Thailand.

## Major customers

For the year 2019, the Group had revenue from two major customers (2018: two major customers) with revenue of more than 10 percent of an entity's revenues, arising from sales by Concentrated, Plastic and glasses lens and service income segments.

## 32. Commitments and contingent liabilities

As at 31 December 2019, the Group had commitments and contingent liabilities other than those disclosed in other notes as follows:

32.1 The Group had commitments to purchase raw materials amounting to Baht 28.0 million, JPY 73.4 million, USD 3.1 million, EUR 0.2 million and CNY 0.3 million or equivalent to Baht 150.7 million (2018: Baht 14.2 million, JPY 101.3 million, USD 1.6 million, EUR 0.1 million and GBP 0.1 million or equivalent to Baht 101.8 million), and the Company only amounting to Baht 19.0 million, JPY 73.2 million, USD 2.5 million, EUR 0.1 million and CNY 0.3 million or equivalent to Baht 118.6 million (2018: Baht 7.0 million, JPY 101.2 million, USD 1.5 million and EUR 0.1 million or equivalent to Baht 88.1 million).

32.2 There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 19.2 million (2018: Baht 20.1 million), and the Company only of Baht 11.3 million (2018: Baht 12.2 million) in respect of certain performance bonds as required in the ordinary course of business for the Company and its subsidiaries. These included letters of guarantee as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payments of tax to the Customs Department	3.2	4.1	2.2	3.1
Electricity usage	16.0	16.0	9.1	9.1
	19.2	20.1	11.3	12.2

32.3 The Group had outstanding commitments with respect to service contracts totaling approximately Baht 2.2 million per month (2018: Baht 2.2 million per month), and the Company only of approximately Baht 1.3 million per month (2018: Baht 1.2 million per month).

32.4 The Company had outstanding commitments totaling Baht 2.9 million per year with respect to software maintenance agreement (2018: Baht 2.9 million per year).

32.5 The subsidiary companies had outstanding capital commitments with respect to the construction of factory buildings, installation of electricity system and purchase of machinery totaling Baht 11.5 million, USD 0.4 million and EUR 0.4 million or equivalent to Baht 37.5 million (2018: Baht 10.5 million and EUR 0.01 million or equivalent to Baht 10.9 million).

#### 32.6 Operating lease commitments

The Group have entered into lease agreements in respect of the lease of warehouse, motor vehicles and office equipment. The terms of the agreements are generally 2 - 5 years.

As at 31 December 2019 and 2018, future minimum lease payments required under these operating leases contracts were as follows:

	(หน่วย : ล้านบาท)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	4.0	4.2	3.1	3.4
In over 1 year and up to 5 years	6.3	5.9	5.4	5.3

During the year 2019, the Group recognised rental expenses of Baht 5.0 million (2018: Baht 4.1 million), and the Company only of Baht 4.1 million (2018: Baht 3.3 million).

### 33. Related parties guarantee

As at 31 December 2019, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 51.1 million and EUR 3.7 million or equivalent to Baht 176.0 million (2018: Baht 54.9 million and EUR 4.83 million or equivalent to Baht 242.0 million) provided to banks.

As at 31 December 2019, the Company has contingent liabilities in respect of the guarantees of Poly Sun Company Limited, a subsidiary's credit facility amounting to Baht 17 million (2018: Baht 17 million).

As at 31 December 2019, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 191.2 million (2018: Baht 152.9 million) provided to banks.

These guarantees are effective for as long as the underlying obligation has not been discharged. Guarantee fee has been charged by the Company and its subsidiaries at the rate of 1.5 percent per annum.

### 34. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated and separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Held for trade investments TMB Treasury Money Fund	-	914	-	914
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign exchange contracts	-	3	-	3

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated and separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Held for trade investments TMB Treasury Money Fund	-	902	-	902

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated and separate financial statements			
	ส:ฒ 1	ส:ฒ 2	ส:ฒ 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	20,858	20,858

## 35. Financial instruments

### 35.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed in described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. They manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, they do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

#### Interest rate risk

The Group exposures to interest rate risk relates primarily to their deposits with banks, short-term loans, bank overdrafts, short-term borrowings and long-term borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2019 and 2018 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2019											
	Consolidated financial statements					Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	Over 1 - 5 years									
<b>Financial assets</b>											
Cash and cash equivalents	-	-	115.73	0.16	115.89	0.05 - 0.38	-	38.57	0.06	38.63	0.05 - 0.38
Short-term investment - trading securities	-	-	-	0.91	0.91	-	-	-	0.91	0.91	-
Trade and other receivables	-	-	-	361.95	361.95	-	-	-	270.94	270.94	-
Other long-term receivables	1.26	4.97	-	-	6.23	3.00	-	-	-	-	-
Short-term loan to unrelated party	13.18	-	-	-	13.18	6.00	13.18	-	-	13.18	6.00
	14.44	4.97	115.73	363.02	498.16		13.18	38.57	271.91	323.66	
<b>Financial liabilities</b>											
Short-term loans from banks	337.00	-	-	-	337.00	MMR	270.00	-	-	270.00	MMR
Trade and other payables	-	-	-	209.79	209.79	-	-	-	130.89	130.89	-
Long-term loans from banks	-	-	135.96	-	135.96	EURO, LIBOR 3 months, MLR	-	-	-	-	-
	337.00	-	135.96	209.79	682.75		270.00	-	130.89	400.89	





(Unit: Million Baht)

	As at 31 December 2018										
	Consolidated financial statements					Separate financial statements					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate	
<b>Financial assets</b>											
Cash and cash equivalents	-	143.08	0.19	143.27	0.05 - 0.38	-	51.93	0.09	52.02	0.05 - 0.38	
Short-term investment - trading securities	-	-	0.90	0.90	-	-	-	0.90	0.90	-	
Trade and other receivables	-	-	340.34	340.34	-	-	-	203.91	203.91	-	
Short-term loans to related party	-	-	-	-	-	6.44	-	-	6.44	2.40	
Short-term loan to unrelated party	8.06	-	-	8.06	6.00	8.06	-	-	8.06	6.00	
	8.06	143.08	341.43	492.57		14.50	51.93	204.90	271.33		
<b>Financial liabilities</b>											
Short-term loans from banks	262.00	-	-	262.00	MMR	230.00	-	-	230.00	MMR	
Trade and other payables	-	-	173.48	173.48	-	-	-	121.33	121.33	-	
Long-term loans from banks	-	221.16	-	221.16	EURO, LIBOR 3 months, MLR	-	-	-	-	-	
	262.00	221.16	173.48	656.64		230.00	-	121.33	351.33		



## Foreign currency risk

The Group is exposed to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. They seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	As at 31 December 2019				
	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2019
	Assets	Liabilities	Assets	Liabilities	
MYR	16,354	-	-	-	7.2999
USD	12,651,300	2,882,434	9,250,397	1,889,068	30.1084
EUR	1,785,845	3,942,650	421,464	117,491	33.6780
JPY	20,505,817	23,059,496	19,931,904	22,933,846	0.2754
GBP	-	189,029	-	2,577	39.4435
SGD	163	-	-	-	22.2846

Currency	As at 31 December 2018				
	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2018
	Assets	Liabilities	Assets	Liabilities	
MYR	13,167	-	-	-	7.7815
USD	9,843,551	2,330,789	6,382,980	1,570,858	32.4036
EUR	1,467,692	5,295,114	332,712	92,136	37.0731
JPY	20,230,697	19,549,380	19,656,784	19,029,400	0.2926
GBP	-	97,930	-	-	41.0040



As at 31 December 2019, the Company had outstanding foreign exchange contracts as summarised below.

Foreign currency	Bought amount (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<u>Consolidated and separate financial statements</u>			
USD	0.1	30.14	3 March 2020

As at 31 December 2018, the Company and its subsidiaries had no outstanding of forward exchange contracts.

### 35.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position, except for the fair value of investment properties which had been disclosed in Note 16 to the financial statements.

As at 31 December 2019, the fair value of derivatives are as follows:

	(Unit: Thousand Baht)	
	Fair value - loss	
	Consolidated financial statements	Separate financial statements
<b>Derivatives</b>		
Foreign exchange contracts	(3)	(3)

## 36. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2019, the Group's debt-to-equity ratio was 0.43:1 (2018: 0.39:1) and the Company's was 0.34:1 (2018: 0.28:1).

### **37. Event after the reporting period**

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On 12 February 2020, the meeting of the Company's Board of Directors approved to pay the final dividend for the operating results of the year 2019 of Baht 0.15 per share, totaling Baht 71.15 million. Thus, including the interim dividend of Baht 0.10 per share, the total dividend payment for 2019 amounted to Baht 0.25 per share. The final dividend will be paid in April 2020. However, such dividend payment is subject to the approval of the Annual General Meeting of the Company's shareholders, which is to be held on 2 April 2020.

### **38. Approval of financial statements**

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These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2020.

# Sustainability Report 2019

Thai Optical Group Public Company Limited



**The Sustainability Report 2019 sets the report direction by analysing key issues and content in line with the company's strategic direction and in line with the Sustainable Development Goals (SDGs).**

## Background :

This report is prepared to show the performance related to sustainability management that covers economic, social and environmental issues. The first Sustainability Report was prepared in 2015. For this report, it is the fifth report showing operational results from the year between 1 January - 31 December 2019.

## Sustainability Report Credits:

This report was prepared by the Sustainability Working Group and reviewed by the Sustainability Committee on February 10, 2020.

## For more information :

If you have additional questions or suggestions, please contact the Sustainable Development Department, Thai Optical Group Public Company Limited.

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