

A large graphic element consisting of a large orange arrow pointing to the right. The arrow is layered over a background image. The top part of the arrow shows a lush green tea plantation. The bottom part of the arrow shows a glass of coffee with a latte art design, surrounded by a pile of dark brown coffee beans. The arrow has a white outline and a slight drop shadow.

**Transform to  
Sustainable Growth**

**T.A.C. Consumer PCL.**

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

# Sustainable with 5Ps

Profit



People



Portfolio



Partner



Planet





TACC engages in the business of sourcing, manufacturing, and distribution of beverages, lifestyle products and Character Business. The Company focuses on managing and executing marketing and sales strategies along with beverage product development. The developed products possess distinctive unique selling points and varieties in both formats and flavors.

With our strong marketing and consumer research team, we understand consumer needs within the region and are well prepared to cater to those needs as our ambition is to become “the proud Thai product” in the ASEAN market.



## Profit

Create revenue & profit to grow according to the goal



## People

All live on TACC value, Team work, Achievements & Attitude, Creativity, Customer & Consumer Focus



## Portfolio

Establish value creation of TACC Portfolio



## Partner

Be preferred & Trusted part



## Planet

Great Planet citizen

## Core Value



**T**eam Work



**A**chievement  
& Attitude



**C**reativity



**C**ustomer &  
Consumer Focus

## Vision

“To be a leading company in ASEAN offering beverages and Lifestyle products to promote everyone’s well-being”.

## Mission

TACC is committed to become a leading company offering beverage and Lifestyle product especially tea and coffee with both in B2B and consumer markets domestically and in CLC group of countries, Cambodia, Laos and China with make stability of 4 profit as follow:

- ▶ customers, by creating customer satisfaction from making high quality product sold at reasonable price.
- ▶ trading partners, by emphasizing on sustainable and long term trading relationships.
- ▶ the society, in taking part in improving quality of lives to community, social and environmental.
- ▶ the organization, by providing satisfactory return to shareholders and compensation to employees.



## Business Goal

- ▶ Grow together with major trading partners, with an aim to operate the business under sustainable growth and business partnership principles.
- ▶ Focus on continuous products development to differentiate the business.
- ▶ Create and strengthen distribution channels in both domestic and international markets.
- ▶ Increase sales volume in international market by maintaining existing customer base and tapping into new consumer groups.
- ▶ Maintain the status as a leader of ready-to-drink green tea market in Cambodia.

The Company has goal in 2020 by increase of Sale revenue for B2B and B2C is 70:30. The B2B is expand without to original products for diversify of risk from Key customer dependency. The B2C is product group under the Company's brand and Character Business come to be support of business and new partners also increase.

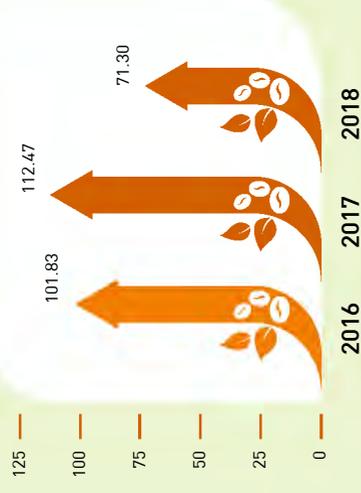
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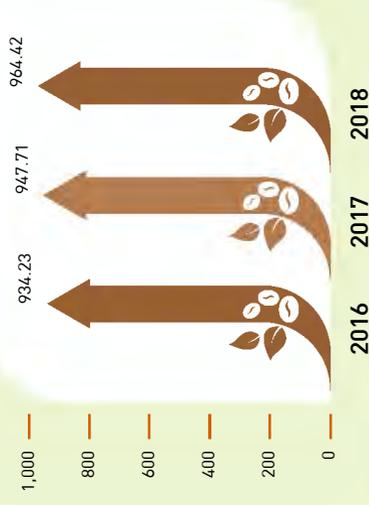
## Total Revenues (Million Baht)



## Profit for the Years (Million Baht)



## Total Assets (Million Baht)



# Financial Highlight

	UNIT	2016	2017	2018
<b>Statements of Comprehensive Income</b>				
Total Revenues	Million Baht	1,183.94	1,289.49	1,295.58
Total Expenses	Million Baht	1,056.35	1,149.17	1,200.06
Profit Before Income Tax Expense	Million Baht	126.91	140.02	95.04
Profit for the Years	Million Baht	101.83	112.47	71.30
<b>Statements of Financial Position</b>				
Total Assets	Million Baht	934.23	947.71	964.42
Total Liabilities	Million Baht	278.16	282.53	304.38
Shareholders' Equity	Million Baht	656.07	665.18	660.04
<b>Statements of Cash Flows</b>				
Cash Flow from Operating Activities	Million Baht	133.40	-20.34	152.95
Cash Flow from Investing Activities	Million Baht	-396.97	61.00	-79.67
Cash Flow from Financing Activities	Million Baht	-67.46	-105.45	-81.95
Increase in Cash and Cash Equivalents-Net	Million Baht	-331.02	-64.78	-8.67
<b>Financial Ratio</b>				
Current Ratio	X	3.06	3.05	2.97
Account Receivable Turnover	X	5.95	4.46	3.95
Average Collection Period	Day	60.52	80.74	91.09
Average Sale Period	Day	8.95	11.29	16.34
Account Payable Turnover	X	6.01	5.32	4.94
Average Payment Period	Day	59.87	67.66	72.84
Gross Profit Margin	%	30.35	30.22	28.76
Operating Profit Margin	%	10.25	10.34	6.94
Net Profit Margin	%	8.60	8.72	5.50
Return on Equity : ROE	%	16.02	17.03	10.76
Return on Assets : ROA	%	11.70	11.95	7.46
Asset Turnover	X	1.36	1.37	1.36
Debt to Equity Ratio : D/E	X	0.42	0.42	0.46
Interest Coverage Ratio	X	221.82	26.58	373.71
Cash Basis	X	1.40	-0.14	1.67
Dividend Payout	%	83.59	97.30	110.86

# The Change and Key Milestone 2018

## January



- ▶ The Company has launched "Cheese Foam" for Instant powder drink such as Lemon Tea Cheese, Thai Tea Cheese and Matcha Green Tea Cheese by add price 15 Baht in fresh corner coffee under "All Café" at 7-Eleven.



- ▶ The Company has launched the new seasonal flavor of Cold Beverage Dispenser "Lychee Berry Twist" at 7-Eleven.



- ▶ The Company as licensing agent of Rilakkuma Character and signed Licensing Agreement with Ingram Co., Ltd. as a Licensor of San-X, Japan. The contract period 5 years coverage 7 countries such as Thailand, Singapore, Malaysia, Cambodia, Myanmar, Laos and Vietnam. The Character of San-x such as Rilakkuma, Sumikko Gurashi, Sentimental Circus, Kamonohashikamo, Mamegoma etc.

## February



- ▶ The Company has launched new seasonal flavor of Instant Powder Drink "Lychee Rose Yogurt Smoothie" in fresh corner coffee under "All Café" at 7-Eleven.



- ▶ The Company has launched new flavor of Twist Donut "Strawberry flavor" sold exclusively to 7-Eleven under brand "A Smile" by retail price 15 Baht for Valentine's festival.

## April



- ▶ The Company has launched new seasonal flavor of Instant Powder Drink "Mango Yogurt Smoothie" in fresh corner coffee under "All Café" at 7-Eleven.



- ▶ The Company has launched new flavor of Twist Donut "Chocolate flavor" sold exclusively to 7-Eleven under brand "A Smile" by retail price 15 Baht.

## May



- ▶ The Company developed the formula to reduce sweetness of Cold Beverage Dispenser for the solve sugar tax.

## June



- ▶ The Company was rating in ESG 100 (The second consecutive year) by Thaipat Institute announcement 100 Listed Companies outstanding environment, Social and Corporate Governance for investors and investment option to sustainable investment.



- ▶ The Company was excellent score (97 of 100 Point) in AGM checklist program from Thai Investor Association and Securities and Exchange Commission, Thailand.



- ▶ The Company enter into joint venture with NPPG (Thailand) Public Company Limited (NPP) to establish a Joint Venture Company "Siam Gateway Co., Ltd". The registered capital 50 Million Baht. The nature of business are One Stop Service including with packing as well as distribution through export channels such online, offline, B2B, B2C and Duty Free in the nearby region.

## August



- ▶ The Company signed Memorandum of understanding (MOU) with A&W for long-term trade partner. The Company develop Non-Carbonated Drink group both Hot and Cold type that can be brewed instant powder, brewing through automatic machines to A&W. The A&W provide the store location in Thailand. So, the Company has increase distribution channel and make additional revenue. At present installed 8 stores



- ▶ Big C Supercenter Co., Ltd. used Character Business "Sumikko gurashi" for food court card 200 Baht get free a Glass Character Sumikko gurashi .

## September



- ▶ The Company has launched new flavor of Twist Donut "Double Chocolate flavor" sold exclusively to 7-Eleven under brand "A Smile" by retail price 15 Baht.



- ▶ Big C Supercenter Co., Ltd. used Character Business "Sumikko gurashi" for food court card 200 Baht get free a Dish Character Sumikko gurashi.
- ▶ Major Cineplex group PCL used Character Business "Rilakkuma" for Rilakkuma Bucket set with Carbonated Drink.

## October



- ▶ The Company received Corporate Governance Report of Thai Listed Companies 2018 was a very good score (87% from previous years 79% ) from institute of Director and support by Stock Exchange of Thailand.



- ▶ The Company has launched the new seasonal flavor of Cold Beverage Dispenser "O-Leang" at 7-Eleven for Vegetarian Festival .
- ▶ The Company has launched new Instant Powder Drink "Unicorn Milky" in fresh corner coffee under "All Café" at 7-Eleven.



- ▶ Major Cineplex group PCL used Character Business "Rilakkuma" for M Generation Reward Card campaign By collect points for redeem premium gifts such as Mouse pad, Glass, Bag, pillow etc.
- ▶ Tesco Lotus Express used Character Business "Rilakkuma" for E-Stamp campaign by collect for redeem premium gifts such as Umbrella, Bag, Box set, Bedding, Table set etc.
- ▶ The Company has launched stationary group by used character Sumikko gurashi such as Pen, Pencil, Notebook, Ruler etc. at 7-Eleven.

## November



- ▶ The Company has launched new flavor of Cold Beverage Dispenser Chocolate Hershey's Freeze® in cooperation with Sunny Sky Products, LLC, the holders of the rights to produce and distribute the chocolate beverage. Hershey's Freeze® will be distributed at 7-Eleven. In this year as a optional core flavor of Cold Beverage Dispenser only store that are sold.
- ▶ 7-Eleven used Character "Mamegoma" for redeem premium gifts such as Bag, Box set etc.



- ▶ The Company has launched new style donut "Donut Pop" and dipping sauce by retail price 25 Baht



- ▶ The Company was award "Outstanding Investor Relations 2018" (The second consecutive year) from The Stock Exchange of Thailand cooperation Money & Banking Magazine in SET Award 2018 to announcement an honor Listed Companies, Securities companies Asset Management Companies and Financial Advisor was excellent and outstanding from operation 2017.

## December



- ▶ The Company has launch "Cheese Foam" for Instant powder drink such as Lemon Tea Cheese, Thai Tea Cheese and Matcha Green Tea Cheese by add price 15 Bath in fresh corner coffee under "All Café" at 7-Eleven.
- ▶ 7-Eleven used Character "Mamegoma" for redeem premium gifts such as Glasses by match with Blue Lemonade Beverage.

# Message from the Chairman of the Board of Director



**ADM Apichart Pengsritong**  
The Chairman of the Board of Director

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Thai economy expanded at high rate in the first half of the year 2018, with the main driving force both from international and domestic demand while in the second half of the year the international demand fell sharply; especially the export of Thai products. The demand fell sharply in the second half due to the start of trade war between the United States and China as well as the slowdown of trading partners from other factors, which may be considered as an important factor that put pressures on Thai economic growth this year.

The above mentioned circumstances are another year of challenges in operating business of having to face with the risk in managing unavoidable external factors. The Operating performance for the year 2018, had the total revenue of 1,295 million baht, a slight increase compared to the previous year, with the total revenue of 1,289 million baht, which grew significantly from domestic revenue. Although the Company has temporarily stopped selling ready to drink green tea, Zenya, due to the price war in Cambodia, the Company has changed its management strategy to suit with the current changes and circumstances.

However, the Company has always been well aware of the importance of conducting business with responsibility, cautious and prudent. The Company focuses on creating a management system that is in comply with the sustainable development guidelines and conducts business in accordance with good governance, taking into account all stakeholders; where the disclosure of information to shareholders is accurate, complete, transparent and timely. The Board of Directors and Executives have planned strategies and delivered them into practice effectively under social and environmental responsibility. According to the Corporate Governance Report of Thai Listed Companies 2018, conducted by the Thai Institute of Directors (IOD), under the support from the Stock Exchange of Thailand and The Securities and Exchange Commission, Thailand; the Company was assessed at the level of "very good" or 4 stars, with an improved score equal to 87% compare to the previous year at 79%. For the Annual General Meeting of Shareholders Assessment for the year 2018, the Company has been assessed at the level of "very good".

I would like to congratulate the Company's working team for having been awarded with Outstanding Investor Relations Awards 2018 for the second consecutive years at the SET Award 2018. Moreover, TACC securities have been rated in the ESG 100 to be the outstanding listed companies on environmental, social and governance for second consecutive year from Thaipat Institute; at which is an investment option that meets sustainable investment needs. The Company will continue to maintain and work its best to increase the level of these assessments for the coming years. In addition, the Company as well emphasizes the importance of accountability to all stakeholders equally, along with social contribution and environmental care.

On behalf of the Board of Directors, I would like to express my gratitude to our shareholders for consistently having confidence in TACC. I would also like to express my gratitude to all of our employees for performing their task with dedication, fortitude and honesty to maintain this good performance standard. Such aforementioned factors are the significant forces that help drive TACC's business succeed. I ensure that the Board of Directors will perform their duties with full responsibility as well as adhere and oversee the Company operations to be in accordance with the principle of corporate governance; and taking into account the benefits of all stakeholders. Moreover, I strongly believe that our executives' determination and dedication will lead the Company to grow sustainably further in the future.

# Message from the Chairman of the Executive Committee



"To be a leading company in ASEAN offering beverages and lifestyle products to promote everyone's Well-being is the vision of the Company. For this reason the Executive Committee is well aware of their roles, duties and responsibilities, as well as operates in accordance with good governance to accomplish the vision and goals set.

Among the changes of various challenging external factors, such as law on sugar taxation and the emergence of a price war in Cambodia, the Company has demonstrated outstanding potential in terms of flexibility and proactive operating towards various changes. All of which is done through focusing on continuous improvement and development such as cost management of products and control expenses to be within the budget. The performance for the year 2018, the Company had a net profit of 71.30 million baht, a decrease of 36.61%, or a net profit margin of 5.50% from the previous year with net profit of 112.47 million baht or 8.72% net profit margin. The decreased is mainly due to the decrease in the company's gross profit margin which decreased from the cost in sugar tax of the product, price reduction on selling products of green tea drinks in Cambodia and the cost of setting up bad debts for foreign debtors. The B2B business has potential to grow well continuously while the B2C business has the Character business and more new partners to strengthen the strength.

Not only aiming to achieve the highest return to shareholders but the Company is as well committed to developing the organization to grow steadily and well aware of the responsibility towards stakeholders, in order to create sustainability in business operations. Such is done so by instilling the consciousness in social responsibility, environment and society to all personnel in the organization. Hence, the Company's Corporate Social Responsibility (CSR) has been developed into a part of the Company's business plan. For the year 2019, it will be a year that TACC will become stronger than before by targeting the growth of the revenue at 15%-20%, focusing on value-added strategies for current products along with launching new products in beverage, bakery and character businesses group as well as return to focus on the Cambodia's beverage market penetration again.

On behalf of the Chairman of the Executive Committee, I would like to express my gratitude to our shareholders, customers, partners, business alliances, the Board of Directors, our employees and all related parties for the ongoing good cooperation, confidence and support in T.A.C. Consumer PCL. I strongly believe that we will commit to operate with transparency and efficiency under Good Corporate Governance Principles, to provide the best return for shareholders along with social responsibilities and environmental activities and will lead the company to grow stability and sustainability in the future.

## Board of Directors



**ADM Apichart Pengsritong**  
Chairman and Independent Director



**Assoc. Prof. Kitti Siripullop**  
Chairman of the Audit Committee and  
Independent Director



**Mrs. Paktra Suriyapee**  
Audit Committee, Independent Director and Chairman  
of the Nomination and Compensation Committee



**Mr. Komsak Wattanasriroj**  
Audit Committee, Independent Director, Nomination and  
Compensation Committee and Chairman of the Risk  
Management Committee



**Mr. Chatchawe Vatanasuk**  
Director and Risk Management Committee



**Mr. Chanit Suwanparin**  
Director, Nomination and Compensation Committee  
and Risk Management Committee

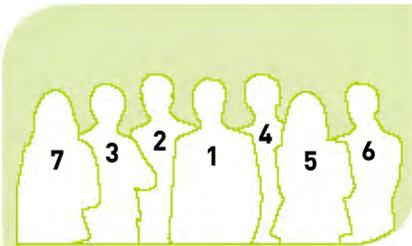


**Mrs. Chirapan Khotcharit Choosang**  
Director and Risk Management Committee

# Executive Committee



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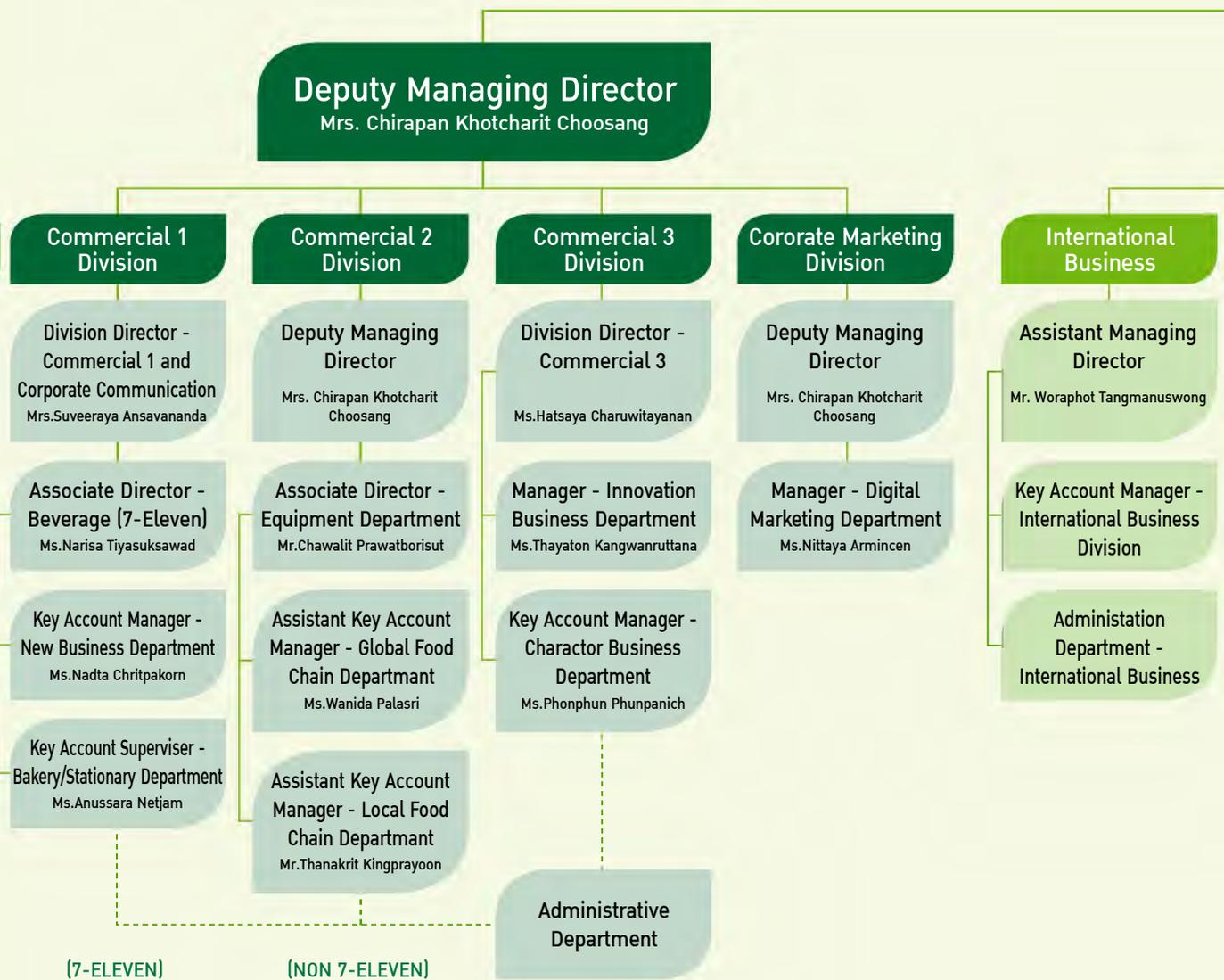


- 1. Mr. Chatchawe Vatanasuk**  
Chairman of the Executive Committee
- 2. Mr. Chanit Suwanparin**  
Vice Chairman of the Executive Committee
- 3. Mrs. Chirapan Khotcharit Choosang**  
Executive Committee
- 4. Mr. Woraphot Tangmanuswong\***  
Executive Committee
- 5. Mrs. Suveeraya Ansavananda**  
Executive Committee
- 6. Ms. Hatsaya Charuwitayanan\***  
Executive Committee
- 7. Ms. Parichat Chotipumiwet**  
Executive Committee

**NOTE :** \* Mr. Woraphot Tangmanuswong and Ms. Hatsaya Charuwitayanan appointed as the Executive Committee on 9<sup>th</sup> August 2018 onwards

# Organization Chart

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## Board of Directors

### Executive Committee

Mr. Chatchawe Vatanasuk  
Chairman of the Executive Committee

### Managing Director

Mr. Chanit Suwanparin

### Audit Committee

### Nomination and Compensation Committee

### Risk Management Committee

### Secretary Office

Ms. Panjaporn Roeksomboon  
Company Secretary

### Assistant Managing Director

Mr. Woraphot Tangmanuswong

### Managing Director

Mr. Chanit Suwanparin

#### Supply Chain Division

##### Senior Manager

Ms.Preawnapa Nimma

##### Manager - Supply Chain Division

Ms.Nuntaphuk Pothisarn

##### Logistics Department

##### Assistant Manager - Procurement Department

Ms.Raweevan Laonoppakul

##### Supervisor - Production Planning Department

Ms.Kantimanut Treemex

##### Administration Department (N.K. Donut Foods Branch)

#### Total Quality System Division

##### Manager

Ms.Preeyaporn Parisuthakul

##### Manager - Supply Quality Assurance Department

Ms.Preeyaporn Parisuthakul

##### Supervisor - Quality Management Department

Mr.Anutchai Aiempong

#### R&D Division

##### Division Director

Ms.Hatsaya Charuwitayanan

##### Senior Manager - R&D (Beverage) Department

##### Manager - R&D (Bakery) Department

Ms.Ruthairat Navatanapong

##### Supervisor - R&D (New Business) Department

##### Manager - R&D Packaging Department

#### Business and Operation Support Division

##### Managing Director

Mr. Chanit Suwanparin

##### Manager - Human Resources Development Department

Mr.Yodchai Pundee

##### Assistant Manager - Human Resources Management Department

##### General Affairs Department

##### Acting Manager - Information Technology Department

Mr.Yodchai Pundee

#### Accounting and Finance Division

##### Senior Manager

Ms.Parichat Chotipumiwet

##### Assistant Manager - Accounting Department

Ms.Pattanan Mussu

##### Supervisor - Finance Department

Ms.Sayamon Muykham

# Sustainability Development

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**โครงการสานพลัง**  
พลิกชีวิตผู้ป่วยมะเร็ง 13,000 ราย



## Awards and Recognition



TACC was awarded "Outstanding Investor Relations 2018" (The second consecutive year) from The Stock Exchange of Thailand cooperation Money & Banking Magazine in SET Award 2018.

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TACC received Corporate Governance Report of Thai Listed Companies 2017 was a very good score (87% from previous years 79%) from Institute of Director.



TACC was an excellent score (97 of 100 Point) in Annual General Meeting of Shareholders checklist program from Thai Investor Association and Securities and Exchange Commission, Thailand.



TACC was rated in ESG 100 (The second consecutive year) by Thaipat Institute announcement 100 Listed Companies outstanding environment, Social and Corporate Governance.

## Policy and Overview of Business



T.A.C. Consumer Public Company Limited ("The Company"), formerly known as T.A.C. Beverage Company Limited, was registered as a company on 28 March 2002 with its authorized capital of two million baht to operate and sell dispenser drink products in 7-Eleven convenient store, which were jointly developed by the company and CP ALL Public Company Limited. The products were sold included iced tea, milk tea, coffee, and fruit juices such as punch and cantaloupe juice. Later in 2005 the Company expanded its business to ready-to-drink market by launching a ready-to-drink bottled green tea product branded "Zenya" and also expanded the distribution channel to overseas market such as Cambodia, Singapore, Dubai, Russia, and United State of America. Then, in 2009 the Company entered meat processing business by establishing its processing plant at Hi-Tech Industrial Estate, Bang Pa-In District, Ayuthaya Province, in order to manufacture and distribute meatball and grilled pork using the product brands "Happy Chef" and "Number One" and changed its registered name from T.A.C. Beverage Company Limited to T.A.C. Consumer Limited on 28 July 2009. After that in 2011 the Company expanded into functional drink market by launching VSlim, a ready-to-drink healthy and weight control coffee, in order to meet the need of consumers who place their importance on health and beauty. VSlim was considered the first healthy ready-to-drink canned coffee brand with weight control benefit in the market.

In terms of supply chain management, the Company primarily outsources its production to Original Equipment Manufacturer (OEM) to manufacture both jointly developed products with key strategic partners and Company's own products which were distributed using Company's brand. In addition, in order to expand its business value chain, in 2013 the Company invested in a plant for power drink mix with manufacturing capacity of 2,021.76 tons per year, with the total area of 1 rai, 1 ngan and 53 square wa located in Paragon Factory Land, Ban Bueng District, Chonburi Province. Although the Company established its own manufacturing plant, it still primarily employed outsourcing manufacturers in order to utilize the outstanding and unique advantages of each producer.

The Management's vision to be a leading company in tea and coffee beverages which have been the Company's main business, the Company sold its meat processing business on August 2013. Then in 2014, the Company developed and launched new instant drink powder products under the brand "Sawasdee" and positioned this product primarily for overseas market. The products included in this brand are durian milk with natural chunks, and Thai milk tea, all of which are the flavors that illustrate innovation and contemporary Thai culture, as well as unique Thai taste.

The Company operates in partnership with CP ALL Public Company Limited (CPALL) in a business to business (B2B) due to core business of CPALL is the retail sector convenience stores under the trademark 7-Eleven, which sells a variety of products by consumers and consumer good major products include 1) Stationary 2) Non-Food 3) Cosmetic 4) Beverage and 5) Processed Food. The company wants to grow together with partners sustainable with strategy and opportunities for partners to participate in such groups.

In each year, the Company developed new products with customer for approach consumer to cover continuous increasing and expanded business to other products group. At present, the Beverage business is growing such as Instant powder All Café at 7-Eleven, Hot Beverage Dispenser etc. Also, the Company has Bakery Business, Stationary Business, and Non-Food Business which those business enter add strength to company and cover core products group of CPALL and diversify of risk. In this year, the Company received trust from customer to get the Cold chocolate drink "Hershey's Freeze" in Cold Beverage Dispenser come back to sold again which good feedback in previous year. So, in this year as a optional core products at 7-Eleven .

In this year, the Company signed a licensing agreement with Ingram Japan, in order to become a licensing agent of San-X Japan (licensor). TACC deals with licensees cover 7 countries such as Thailand, Singapore, Malaysia, Cambodia, Myanmar, Laos, and Vietnam. The period of licensing agreement 5 year. San-X's characters include Rilakkuma, Sumikkogurashi, Sentimental Circus, Kamonohashikamo, Mamegoma etc.

The Company enter into joint venture with NPPG (Thailand) Public Company Limited (NPP) to establish a Joint Venture Company "Siam Gateway Co., Ltd". The registered capital 50 Million Baht. The nature of business are One Stop Service including with packing as well as distribution through export channels such online, offline, B2B, B2C and Duty Free in the nearby region. Moreover, the Company signed Memorandum of understanding (MOU) with A&W for long-term trade partner. The Company develop Non-Carbonated Drink group. Both Hot and Cold type that can be brewed instant powder, brewing through automatic machines to A&W. The A&W provide the store location in Thailand, at present installed 8 stores. The Company has increase distribution channel and make additional revenue of Business to Consumer.

Over the past years, The Company has focused on managing marketing and sales strategies together with research and development of unique and distinct beverages which vary in terms of style and flavor. The Company's products, as a result, could continuously meet consumer needs and lifestyles, and have been increasingly trusted by customers and partners all along. Aiming to operate its business with long-lasting partners under sustainable growth and business partnership principles.

## THE REVIEWED VISION, MISSION AND BUSINESS GOAL ANNUALLY

The Company has reviewed the vision, mission and business goal annually with review of the management and presented for approval to the meeting of Board of Directors No. 7/2018 held on 8 November 2018, to the vision, mission and business goals of the Company as the current economic situation and ensure compliance.

Furthermore, the Board of Director follow up to implementation of the Company's strategy and operating results per quarter. Especially, the goal of financial and business plan in order to comply with the Company's strategy set.

# Shareholder Structure



As at 31<sup>st</sup> December 2018, the Company has investment in Join Venture Company as follow:

JOIN VENTURE COMPANY	NATURE OF BUSINESS	REGISTERED CAPITAL (MILLION BAHT)	% OF SHAREHOLDER
Siam Gateway Co., Ltd.	One Stop Service including with packing as well as distribution through export channels such online, offline, B2B, B2C and Duty Free in the nearby region.	50	49

# Nature of Business

## Revenue Structure

TYPE OF REVENUE	YEAR 2016		YEAR 2017		YEAR 2018	
	MILLION BAHT	%	MILLION BAHT	%	MILLION BAHT	%
<b>Revenue from sales</b>						
▶ Business to Business : B2B	1,007.54	85.10	1,152.01	89.34	1,143.22	88.24
▶ Business to Customer : B2C	169.48	14.32	129.69	10.60	146.38	11.30
<b>Total revenue from sales</b>	<b>1,177.02</b>	<b>99.42</b>	<b>1,281.70</b>	<b>99.40</b>	<b>1,289.60</b>	<b>99.54</b>
Other income <sup>1)</sup>	6.92	0.58	7.79	0.60	5.99	0.46
<b>Total revenue</b>	<b>1,183.94</b>	<b>100.00</b>	<b>1,289.49</b>	<b>100.00</b>	<b>1,295.58</b>	<b>100.00</b>

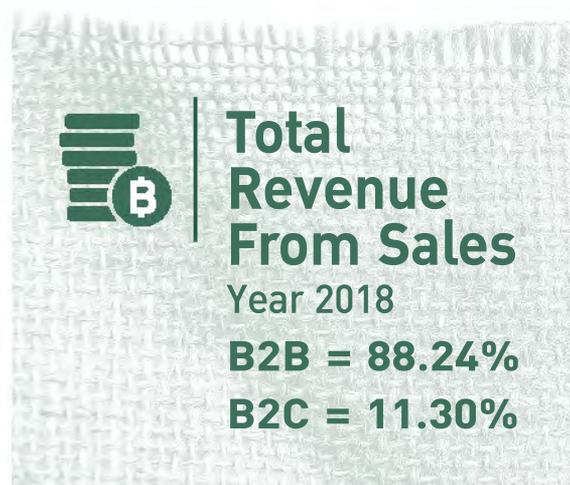
**Note :** <sup>1)</sup> Other revenue include revenue from interest income and sales of raw material.

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The Company engages in the business of sourcing, manufacturing, and distribution of beverages in tea and coffee categories, lifestyle products and Character Business. The Company focuses on managing and executing marketing and sales strategies along with beverage product development. The developed products possess distinctive unique selling points and varieties in both formats and flavors. The Company's products meet the needs of consumers of all age and gender, both teenagers, students, college students and working people. The nature of products can be separated into 2 main categories, which consisted of the group of products that the Company jointly developed with its business partner and the group of product which are distributed under the Company's brand as follows:

### 1. PRODUCT GROUP WHICH THE COMPANY JOINTLY DEVELOPED WITH ITS BUSINESS PARTNER (BUSINESS TO BUSINESS : B2B)

The Company researches and develops products closely with its key strategic partner in order to manufacture and distribute products to customer's stores mostly in convenience stores and food chain restaurants which will be the collaboration between the marketing, sales, new business development division and research and development division of the Company and the Customer's marketing and purchase division. The products in this group can be summarized as follows;





Cold Beverage Dispenser (Core Flavor)



Instant Powder Drink

## 1) Cold Beverage Dispenser (Core Flavor)

This type of beverages generates the Company's main revenue in which a jointly research and development of this cold beverage dispenser since 16 years been conducted cooperatively with 7-Eleven convenience store under administration of the CPALL Public Company Limited. The product will be distribute to the 7-Eleven shop in the form of instant powder package of several size, i.e. 467 grams, 702 grams, etc., which the product will be merged in the dispenser and sold as cold drink to the customers.

In administering the cold beverage dispenser at the 7-Eleven convenience store, there will be both the core flavor, which is the main beverage that must be available in every 7-Eleven convenience store. The core flavor drinks that the Company jointly developed with 7-Eleven are ice-coffee with 7-Eleven trademark and milky ice-tea with the "Zenya" trademark of the Company.

Moreover, the jointly developed of the Company with 7-Eleven team. The Company has work plan together for growth of cold beverage dispenser group. At present, CPALL is changed promotion media for clearly products such as coffee 7-select change to espresso coffee and change format promotion media for same products group.

In 2018, the Company developed the formula to reduce sweetness of Cold Beverage Dispenser for the solve sugar tax. By using raw material that provide more sweetness instead of natural sugar and adjusting the formula to reduce the sweetness of espresso coffee, latte coffee and iced tea.

## 2) Instant Powder Drink

The Company develops instant powder drink containing 35 grams and 40 grams for distributed to fresh corner coffee All Café stores located at 7-Eleven. The product has been launched since June 2014 including 3 flavors; milk tea, matcha green tea and lemon tea and developed additional new group for make colorful for All Café such as Melon yogurt smoothies, Lychee Rose yogurt smoothies and Unicorn Milky.



Cheese Foam

Seasonal Drink

Hot Beverage Dispenser

### 2.1) Cheese Foam

Cheese Foam as a new format for cold beverage in fresh corner coffee All Café at 7-Eleven by cheese foam is a topping of ice tea menu such as Lemon Tea Cheese, Thai Tea Cheese and Matcha Tea cheese which additional and freshness of cold beverage and topping price 15 Baht.

### 3) Product that the Company jointly developed to distribute on Seasonal Drink

This product is a choice that each store can be selected as appropriate to the area around the stores. The Company has jointly developed this product group with CPALL which will be switching by a specific period of time.

Seasonal Drink as a choice of each 7-Eleven store which change cold beverage as a period. The product that the Company jointly developed to distribute of seasonal drink such as Lychee Berry Twist and Thai black coffee.

### 4) Hot Beverage Dispenser

The Company jointly developed Hot Beverage Dispenser group with CPALL for increase the convenience of consuming beverages with customers at 7-Eleven stores, which installed in late 2015. At present installed 618 units.

The Hot drink is priced at 17 baht per glass. Currently, there are three main flavors: coffee, chocolate and matcha green tea with the drink is pressed out of the automatic press. This machine has a new innovation. The mixer head rotates at speeds of up to 13,000 cycles, making it quick to mix drinks. The water pressure is consistent to get a hot drink with good taste and a seductive odor with soft milk foam. Currently, the Company has been working a plan to continuous develop the Hot Beverage group and changed promotion media for attract more attention, such as media screen, Hanging mobile and poster media.

## 5) A Smile Donut

The Company will proceed a collateral move into an adjacent category which complements our core business (tea and coffee beverage). The Company will be developing and offering Japanese style donut, original flavor, chocolate flavor sold exclusively to 7-Eleven under the brand "A Smile". The Company has developed change new formula and launched the "Snowy Twist Donut" as Donut Japanese style, Snowy Twist Donut as a soft donut, split icing sugar for meet consumer need is low sugar. The retail price 15 Baht by variety of flavors such as Snowy, Strawberry, Chocolate and Double Chocolate. Moreover, At present, the Company developed new donut as a Donut pop, Is a piece with separate dipping sauce in the bag for retail price 25 baht .



## 2. PRODUCT GROUP DISTRIBUTE UNDER THE COMPANY'S BRAND (BUSINESS TO CUSTOMER : B2C)

The Company also develops products under its own brands which this group of products can be summarized in 5 category as follows;

### 1) Ready-to-drink green tea under the brand "Zenya"

The kind of Zenya trademark product is the green tea made of the genuine green tea mixed with intense fruit juice, mineral and vitamins, making it completely unique and freshly taste of tea leaves and fruit juice and this particular feeling has been identified as "Zenya Super Power form Super Fruit". It is produced in 3 different flavors; (1) Ready-to-Drink Green tea mixed with pomegranate juice with the benefit of double amount of anti-oxidant derived from green tea and pomegranate fruit. (2) Ready-to-Drink Green tea mixed with red grapes that helps lower the lever of body cholesterol, and (3) Ready-to-Drink Green tea mixed with green apple adds double antioxidants from green tea and apples. These ready-to-drink product are placed in the colorful plastic bottles of 500 milliliters, and are good for every consumer of all age and sexes, particularly the group of teenagers. This kind of product is sold in the general market as well as imported to the oversea, mainly in some ASEAN countries, particularly Cambodia. The retail price in the country's general market is 20 baht per unit. As for the oversea market, it will be developed in terms of the product formula so as to be appropriate to the needs of customer as well as the requirement of each particular country. For example, the ready-to-drink green tea with less sugar is granted by the health promotion brand of the Singapore with guaranteed sign on the bottle containers as the "Heathier Choice" and this is to confirm that the healthy drink product which can be put into sale in every school all over the Singaporean country.





Instant powder drink under the brand “Na-Arun”



Instant powder drink under the brand “Sawasdee”



Chocolate Hershey's Beverage

## 2) Instant powder drink under the brand “Na-Arun”

A three-in-one drink mix containing 500 gram crates with 10 sachets per crate costing 1,000 baht. This kind of product is produced under the aim that the customers or consumer may be impressed on this particular kind of Thai taste the drink refreshment in which screenings of good quality ingredients are made for the benefit of the customers themselves. This kind of ready-to-drink instant powder is 3 mixed; 1) coffee latte produced in the form of sweet concentrate roasted instant with fresh aroma of Thai style instant coffee, 2) Thai milk tea instant with soft mellow flavor of Thai Style, 3) green tea sweet and concentrate ingredient of milk and green tea with jasmine smell flavor, 4) Chocolate, 5) Matcha green tea latte, 6) Thai lemon tea and 7) Thai tea honey lemon. The product is mainly sold in overseas market and also a great alternative for Thai restaurants and Asian grocery.

## 3) Instant powder drink under the brand “Sawasdee”

The kind of drink is regarded as the high quality product of ready-to-drink a premium instant powder and is produced with the aim of initiating different favorable need of consumption by using high quality ingredients and flavors as well as packaging so as to be appropriate to Thai identity under the Thai brand of solution "Sawasdee". This ready-to-drink brand produced in 3 flavors; 1) durian milk with natural chunks with "Sawasdee Bangkok Durian" trademark. It comes in the form of hot drink which makes the consumers feel the taste and smell of Thai Durian which is regarded as the outstanding king of the tropical fruit, 2) mango milk with natural chunks with "Sawasdee royal mango" trademark. It comes in the form of hot drink with nice smell of mango which helps make relieve of tension to the consumer, and 3) Thai milk tea with "Sawasdee Thai Milk Tea" trademark is the concentrate taste of sweet aroma Thai Style of tea mixed with milk. These Sawasdee Durian and mango flavors are packed in the crate of 30 grams weight with 5 sachets per crate, while Thai milk tea is packed in the crate of 10 sachets in which they are to be exported to overseas market mainly the group Chinese consumers.

## 4) Chocolate Hershey's Beverage

The Company is a Representative Agent of Hershey's Beverage in Hotel, Restaurant and Café (HORECA) and Quick Service Restaurants (QSR) channel in Cold Beverage Dispenser in cooperation with Sunny Sky Products, LLC, the holders of the rights to produce and distribute the chocolate beverage. Hershey's Freeze will be distributed at 7-Eleven. In this year Hershey's Freeze come back in 4Q2018 as an optional core flavor of Cold Beverage Dispenser only store that are sold.

## 5) Character Business

The Company signed a licensing agreement with Ingram Japan, in order to become a licensing agent of San-X Japan (licensor). TACC deals with licensees cover 7 countries such as Thailand, Singapore, Malaysia, Cambodia, Myanmar, Laos, and Vietnam. The period of contract 5 years. San-X's characters include Rilakkuma, Sumikkogurashi, Sentimental Circus, Kamonohashikamo, Mamegoma etc.

Licensing is an act of one party granting license to another party for production by using its trademark license and other market-related rights. Licensees have to pay an agreed licensing fee as a royalty fee.



### Rilakkuma

"Rilakkuma" means "Bear in relaxed mood". At all time and everywhere Rilakkuma goes Rilakkuma is continuously lazy and relaxed. Rilakkuma is totally stress-free and also doing things on his own pace. Rilakkuma is someone impossible to be hated by others. You will be dragged into Rilakkuma's world and become lazy and relaxed while watching what everything Rilakkuma does.

Rilakkuma This bear costume, known as Rilakkuma came out of nowhere and visited Kaoru's house one day. Even now without plans, this costume hangs out at her place and disturbs her by not doing anything every day, but gives her some life advice occasionally. Rilakkuma's favorite is special sweets from local rice dumpling store and weakness is summer season.

### Korilakkuma

Korilakkuma is a white bear cub, but nobody knows where it came from. Apparently, Korilakkuma was not acquaintances with Rilakkuma, but since there is a red button on its chest, it does not seem like a real bear. Korilakkuma was named by Kiioitori. Korilakkuma loves to play tricks and is a mischievous cub with lots of energy.

### Kiioitori

The yellow bird that Kaoru was keeping as a pet before Rilakkuma and the others came. Kiioitori used to stay in a birdcage, but can now leave it freely. Every day Kiioitori scolds Rilakkuma for laying around and fights with playful Korilakkuma for being too mischievous.

### Chairoikoguma

Chairoikoguma lives in the Honey Forest and is friends with Korilakkuma. The chest hair is bushy, and when the mouth opens, there are fangs. There are bear prints on the soles of each foot. The body smells like sweet honey. There is honey on the butt.



### Sumikkogurashi

"Sumikkogurashi" are the characters, living a quiet and solitary life in the corners. They might be able to settle down when they're in the corners. But they don't like being in the centers. When they're taken to the center, they always rush back to the corners.

### Shirokuma

is a shy bear who migrated south to avoid the cold. Shirokuma feels most calm while drinking hot tea in a corner.

### Penguin?

Am I even a penguin? Penguin has no confidence. In the past, there might have been a plate on Penguin's head...

### Tonkatsu

The end of a tonkatsu. Made of 1% meat, 99% fat. Left behind for being too oily...

### Neko

Shy and timid, Neko usually hides in corners. Neko worries about its body shape.

### Tokage

is actually the last of the dinosaurs. Pretends to be a lizard to avoid being caught. Slowly warming up to Nisetsumuri.

### Tapioca

They are the leftovers in the cup as only milk tea was drunk up earlier. I'm fed up with this (Tapioca's muttering)

### Mogura

Used to live in a corner underground. Became curious about the commotion above ground and surfaced for the first time. Likes red boots.

### Yama

A small mountain that looks up to Mt. Fuji. Appears at hot springs and poses as Mt. Fuji.

### Furoshiki Shirokuma's

Shirokuma's luggage. Used to claim corners and when Shirokuma is cold.



**Hokori**

A careless bunch that often piles up near corners.



**Ebifurai no Shippo**

Too hard to eat and left unfinished. Ebifurai no Shippo and Tonkatsu are friends who understand each other very well.



**Nisetsumuri**

actually just a slug with a shell. I'm sorry for tricking you...



**Zassou**

A positive weed. Admires florists and dreams of being made into a bouquet one day.



**Suzume**

Just a regular sparrow. Likes Tonkatsu very much and comes to peck at Tonkatsu.



**Obake**

Lives in one of the attic's corners. Stays quiet to prevent others from being scared. Enjoys cleaning.



**Mamegoma**

Mamegoma is a small seal who was only discovered recently. Mamegoma is a palm-sized, miniature seal. Mamegoma is very friendly and, after getting used to you, will respond when called to or ride on your palm. There are many varieties.





### Sentimental Circus

Stuffed animals abandoned in room recesses and on street corners that sneak away at night to form a secret circus. Tonight, their strange friends will gather together before show time.



### Kutusita Nyanko

Kutusita Nyanko is a cat that is actually wearing socks. Kutusita Nyanko will put various lost or precious items in the socks and carry them for you. Kutusita Nyanko might even find something precious for you.



### Tarepanda

The origin of relaxing character styles, "Tarepanda". Following its name, Tarepanda's characteristic pose and movements express a personality that cannot be forgotten. Tarepanda is soft to the touch and surprisingly sturdy. Moves mainly by rolling around at 2.75 mph. Loves sweet mochi cakes.



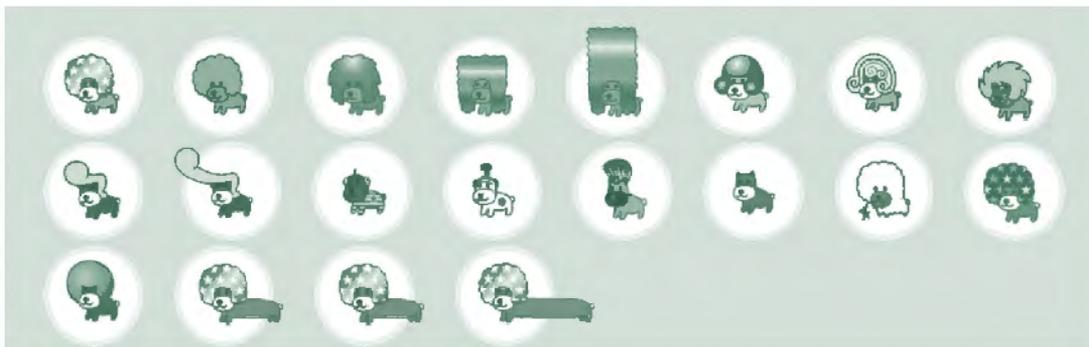
### Monokuro Boo

"Boo" "Love?" "Enjoy?" "Happy!" It seems like Monokuro Boo will send us messages! Each day comes with various challenges, but sometimes it may be good to rest a bit and try to think simply.



### Afro Ken

Afro Ken is drawn towards afro-shaped things and can transform into many different things. Always in a good mood. Has many friends with strange hair styles and transformations.



### Jinbesan

Jinbesan has a body and heart as big as the ocean. Jinbesan always gathers together with many friends. Jinbesan is everyone's place to relax and rest.

# Marketing and Competition

## COMPETITIVE STRATEGY

### 1. Establishing Business Partnership

The heart of Company's business is to build business partnership with all the business partner, including customers, original equipment manufacture (OEM), material, packaging suppliers. The Company has its policy to establish long-term relationship with partners under business alliance concept. Apart from common business transaction, the Company has been working closely with its partners in exchanging the idea, determining business plan, as well as developing product and package that could satisfy customer's needs and that could swiftly and effectively react to marketing situation. Moreover, the Company and its trade partners regularly exchange their views on new products and update the trend of beverage markets both in domestic and overseas market. Such business relationship is beneficial to not only the Company but also its partner and lead to sustainable long-term business relationship. The Company has been one of 7-Eleven key strategic partners which enable the Company to constantly develop and introduce new products to customer. This result in a steady growth of Company's revenue.

In 2013, the Company was granted the Partnership Award 2013 "Best of Business Growth" form CPALL. The award has been bestowed to the trade partners, mostly large corporations in recognition of continuous collaboration and excellent business growth. As a result, demonstrates that the Company has been accepted by its customers and has been on par with leading companies of the country.

In 2017, the Company was award "SME Sustainable 2016" Organized by CP ALL Public Company Limited cooperate The Office of SMEs Promotion (OSMEP) and Department of Industrial Promotion set "The 7- Eleven Thai SMEs Sustainable 2016. They were award to SMEs partners who sell products through the channels of 7-Eleven and 24 shopping. There are 8 categories, 13 award such as SME Sustainable, Rising star SME, Agriculture SME, community goods. Etc.

### 2. Developing unique and different products

Another factor contributing to the steady business growth is that the Company has placed its importance on product research and development, to create unique and distinct products both in appearance and taste; for example a green tea product without green color under the concept "The Colorful Green Tea" of which the idea has been further developed to "Super Power from Super Fruit" and a beverage with natural fruit chunk branded "Sawasdee". This allows the Company to react itself appropriately and promptly to business opportunities, gaps, and change that evolve all the time, while being able to focus itself more of specific target market in order to thoroughly meet diverse consumer's need and lifestyle. Such outcome stems from a cooperation among marketing team, business development team and research and development team. Initially, the marketing team will study and closely monitor beverage market trend both in domestic and oversea markets, as well as change in consumer's behaviors. The business development team will conduct project feasibility study and then the product research and development team will create, develop, and design product that could satisfy the need. Since the product research and development team having long been experience in beverage industry, they could constantly create and develop new unique and differentiated products to the market by differentiating its products, the Company could mitigate the risk from substitute products of the same category.

### 3. Maintaining Product Quality Standards

Apart from inventing and developing new unique products, the products the Company also gives its priority to the production of quality products to satisfy consumers need. The company has set in place its product quality control policies in every stage of the production, starting from selection and procurement of necessary ingredients for each product type from high quality producers. Although most of the Company's product are manufactured by OEMs who procure ingredients on their own, the Company ensures its product flavor and quality standards by determining the list of major ingredient producer/supplier. The OEMs company will have to inspect the ingredient quality, so as to be compliance with the determined specification set by the Company, as well as asking suppliers to deliver samples of ingredient to quality assurance department for inspection every purchase order. Moreover, the Company also examines and controls its product quality in every state of production, from the beginning to the end, before delivering to its customer. All the processes aforementioned are made to ensure that the quality of products/ materials supplied meet our standards.

As the manufacturing of most products is outsourced to external OEMs, the Company put its great emphasis on the selection of such manufactures, starting from the quality standard inspection of their plants. Every contracted manufacture must be certified with various standard such as GMP and HACCP. Moreover, the Company inspects its OEMs of their production procedures and processes, in manufacturing of sample products and of the first batch production. The OEMs also have their own quality assurance teams to regularly inspect their own product quality and they have been requested to submit the sample of every batch of production of production for Company's inspection to ensure that the product quality meet the requirements before delivering to customers. In addition to that, the random quality inspection of in store products is also employed.

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### 4. Continuous Public Relation and Sale Promotion

The Company places its great importance on sale promotion and public relation of products through its continuous arrangement of marketing activities in order to promote the products through its primary channels; for examples, regularly participating in domestic and overseas food and beverage exhibitions which create opportunities for the Company to exchange its view with groups of targeted customers, both direct customers and groups of distributors, importers, and wholesalers from all over the world. This helps promoting the products and assisting in market expansion, as well as acting as a channel to receive customers' suggestion towards products which is crucial for product improvement and development to effectively satisfy customer's needs in each segment more precisely. Moreover, participating in such events also enables the Company to obtain information on food and beverage industry trend as well as innovate idea which allows the Company to timely evaluate and develop its product to satisfy customer's needs and lifestyles that evolve constantly.

In the part, the Company has participated in various exhibition and fair such as

- ▶ THAIFEX World of Food Asia, held in the month of May every year at Bangkok, Thailand.
- ▶ Thailand Retail, Food & Hospitality Services 2018 (TRAFS), held in the month of July every year at Bangkok Thailand.
- ▶ Dubai Global Village, held in the month of October to March at Dubai, United Arab Emirates.
- ▶ Licensing Expo 2018, held in the month of March 2018, Las Vegas, USA.
- ▶ Tokyo gift show 2018, held in the month of September 2018, Tokyo, Japan

## Nature of Customer and Target group

The Company's target customers' covers all group of consumer, all gender and all age. The difference is the type of product which are as follow:

PRODUCTS	TARGET CUSTOMERS
▶ Cold and Hot Beverage Dispenser	The working population across all occupational groups aged 20-49 years that are mainly in the low to moderate income bracket.
▶ Ready to drink Green Tea Brand "Zenya"	Target customers ranges from teenagers to middle aged persons age 15-30 years that are mainly in the low to moderate income bracket.
▶ Instant powder drink Brand "Na Arun"	The working population aged 30-49 years that are mainly in the low to moderate income bracket.
▶ Instant powder drink Brand "Sawasdee"	The working population across all occupational groups aged 21-39 years that are mainly in the moderate to high income bracket focusing on overseas market particularly in China.
▶ Japanese Style Donut "A Smile"	Target customers ranges from teenagers to middle aged persons age 15-30 years that are mainly in the low to moderate income bracket.
▶ Character Business and Character Products	Target customers ranges from teenagers to middle aged persons age 15-49 years that are mainly in the moderate income bracket to high income.

## Proportion of revenue from sales separated into categories of customer in the year 2016-2018

SALE	2016			2017			2018		
	MILLION BAHT	MIX (%)	GROWTH (%)	MILLION BAHT	MIX (%)	GROWTH (%)	MILLION BAHT	MIX (%)	GROWTH (%)
Domestic Sales	1,069.58	90.87	15.39	1,182.87	92.29	10.59	1,277.84	99.09	8.03
International Sales	107.44	9.13	38.67	98.83	7.71	(8.01)	11.85	0.91	(88.11)
<b>Total Sale</b>	<b>1,177.02</b>	<b>100.00</b>	<b>17.18</b>	<b>1,287.70</b>	<b>100.00</b>	<b>8.89</b>	<b>1,289.69</b>	<b>100.00</b>	<b>0.62</b>

Note : International Sales sum to amount is Indirect Export

## PRICE SETTING POLICY

The Company has the policy to determine its product price using the Cost Plus Margin approach in which the price of each product differs depending on its market price and distribution channel. The Company will consider the competition within each market as well as the acceptance of each customer segment. Moreover, the Company, in collaboration with its business alliances, might arrange promotion based on the market condition and marketing strategy of the Company. This might include giving discount, product giveaway or other promotional campaigns.

## POLICY AND PRACTICE TOWARD CUSTOMERS, TRADING PARTNERS, AND COMPETITORS

The Company has its policy and practice toward customers, trading partners, and competitors as follows:

- 1) To treat customers, trading partners, and competitors with good understanding and collaboration.
- 2) To offer good quality service to customers with warm friendship and supportive manner.
- 3) To reasonably and carefully advise or decide on behalf of customer in consideration of customer's appropriateness.
- 4) To protect stakeholder's benefits.
- 5) To support social activities as appropriate, as well as participating in public contribution, education, and activity that contributes toward national development.

## **POLICY AND PRACTICE WITH TRADING PARTNERS**

The company gives importance to business partners, in which every business must rely on each other and choosing good business partners. So, Able to create a long-term business advantage for the company by wanting to create mutual understanding have the same idea by taking care of as one of the growing trade practices. As well as supporting and providing opportunities for business partners equally by holding mutual benefits which will make the organization grow sustainably in the future

### Criteria for selecting Trading Partners

The company pays attention to selecting the right partner. By ensuring that the selection process and treatment of partners is equally and fairly. The Company will consider selecting partners with good reputation. with professionalism. There is no guarantee of quality or important standards, no violation of environmental and labor laws. The criteria for selecting Trading partners are as follows.

1. To consider the correct registration documents such as registration certificate VAT registration, etc.
2. The history of trading with important customer.
3. The Quality system certificate or industrial product standard certificates (if any)
4. Visiting the establishment to evaluate various capabilities
5. For the selection of OEMs in each case, there will be an evaluation of the selection of new production contractors.

## **CUSTOMER SATISFACTION LEVEL MANUFACTURER/IMPORTER OF RAW MATERIALS AND THE OEM.**

Quality Assurance Department arrange quality assurance model has been developed for quality assurance. This is an annual survey by customers. Producer / Importer of Raw Materials and the employer responded to the satisfaction questionnaire. In order to improve the data and improve the efficiency of the various aspects of operations as follows.

Manufacturers / importers of raw materials and the outsiders hired to produce. The satisfaction of the quality assurance department of the Company was at an average of 4.5 points. The satisfaction was high from the 5 points. The first three items were the employees who were responsible and cooperated. The next step is that employees have the knowledge and understanding of food quality and safety and knowledgeable staff. Understanding the product can assist / promote work well. In summary, overall quality assurance work was very satisfactory.

## **SALE AND DISTRIBUTION CHANNEL**

The Company distributes its products using both domestic and overseas channels. The dedicated sale team is tasked to contact and coordinate with different distribution channels to thoroughly and efficiently distribute products. In domestic market, products are distributed through large wholesalers and retailers, while in overseas market products are sold by importers and / or distributors.

The Company has two main distribution channels which can be summarized as follows:

## 1. Domestic Distribution Channels

Domestic sales are executed both in cash and with credit terms granted to customers. Most of which have a credit term between 30-60 days. Domestic channels can be divided into two types as follows;

### A) Traditional Trade

- ▶ Van Sales : At present, the Company has four van sales accompanied by its sales staff. The sales staffs visit retail outlets to survey the market as well as promote and sell the Company's products in order to build new customer base. Product distribution coverage areas include Northeastern, Eastern, Western and Bangkok region. This sales channel focuses on product distribution through specific channels such as hospitals, factories, schools and golf courses.
- ▶ Sale through large wholesalers : The Company appoints one wholesaler per one territory to distribute its products to retail stores. Currently, there are three territories which are Upper Northeastern, Lower Northeastern and Central regions.

### B) Modern Trade

The Company distributes its products directly to modern trade outlets by focusing on distribution to Convenience stores such as 7-Eleven, Family Mart, Tesco Lotus Express, Villa Market, Lawson 108 and Mini Big C. Most of the products distributed to modern trade are dispenser drink available at 7-Eleven and VSlime coffee.

## 2. Overseas Distribution Channels

The Company distributes products via importers and/or distributors. At present, the Company has five distributors for overseas market. Overseas sales are conducted under an advance payment policy, whereby customers have to transfer in full payment before any product shipment.

For expanding distribution channels to overseas markets, the Company will consider market condition, competition, opportunities and threats in each market including the Company's capacity and strength. Currently, Cambodia is considered to be a strategic market of the Company since its size and population matches the Company's market expansion plan. Moreover, the competition in the beverage industry in Cambodia is relatively low and advertising expense is significantly lower than in Thailand.

PRODUCTS	DISTRIBUTION CHANNEL	
	DOMESTIC	OVERSEA
1. Cold & Hot Beverage Dispenser	✓	-
2. Ready to drink Green tea "Zenya"	✓	✓
3. Instant powder drink "Na Arun"	✓	✓
4. Instant powder drink "Sawasdee"	✓	✓
5. Japanese Style Donut "A Smile"	✓	-
6. Character Business and Character Products	✓	✓

## Thai Economic Outlook in 2018

Data from Economic Intelligence Center (EIC) Siam Commercial Bank Public Company Limited stated that EIC expects Thai economy to expand at 4.5%YOY in 2018, before decelerating slightly to 4.0% YOY in 2019. In 2018, Thai economy conditions continued to gain further traction on the back of improved external demand, benefitting both export and tourism sectors. Such strong external demand starts to benefit household income and employment more clearly. The growth momentum is expected to continue through the rest of the year, although the pace may be slow somewhat due to the high-base effect and the deceleration in global trade.

Even though household income is recovering gradually during the first half of 2018, but it will take some time before spending picks up in a broad-based and stronger manner. Despite an improvement in Thailand's household income in the first half of 2018, EIC does not expect spending to accelerate significantly soon as household income has only started to recover after agricultural income has contracted consistently from the second half of 2017 to the first quarter of 2018. Moreover, employee's wage growth has been persistently low for the past 3 years, averaging at below 2% per year, thus making real household income growth (after deducted by inflation) stayed flat. Moreover, the level of Thai household debt remains elevated which is as well one of the factors affecting spending. In EIC view, one of the reasons why labor wage growth slowly increases even with relatively low unemployment rate reflects the remaining slack in the labor market. Slackness can be reflected by the decline in average work hours, the drop in over-time, and the rise in the share of people who remain unemployed for more than 6 months, which were results of both cyclical and structural factors. EIC believes that for the labor market slack to diminish and wages to rise firmly, economic expansion has to continue for a longer period.

Thailand is soon entering an interest rate hiking cycle. EIC assessed that as economic growth continued to gain traction and headline inflation has moved within the target band the monetary policy committee (MPC) will decide to raise the policy rate in order to curb financial stability risk arising in the prolonged low interest rate environment. The first hike could come in early 2019, or possibly as soon as late 2018. In addition, IEC believes that although Thailand's strong external stability and ample liquidity in Thai financial system could provide cushion against short-term volatilities and tightening in global financial condition but all parties especially households with floating-rate debt and businesses with relatively high leverage should place importance on risk management associated with financial cost appropriately.

### SUPPORT FACTORS

- ▶ Global trade expands even at slower pace.
- ▶ Tourism sector expands continuously.
- ▶ Household income begins to recover.
- ▶ Private investment likely continues to improve.
- ▶ A rise in spending on mega public infrastructure investment projects.
- ▶ Potential FDI in EEC.

### RISK FACTORS

- ▶ Trump's trade measures and risks of trade war.
- ▶ US monetary policy tightening affects fragile emerging markets.
- ▶ Political uncertainties and geopolitical risk such as BREXIT, Italy and Iran.
- ▶ Household debt persists and holds down spending.
- ▶ Decline in average working hours of Thai labor.

## Thai Economic Outlook in 2019

Data from Economic Intelligence Center (EIC) Siam Commercial Bank Public Company Limited forecasts that Thai economy will expand at 3.8% YOY in 2019, lower than 2018's estimated growth rate of 4.0% YOY. The figure signals that the Thai economy is entering the late expansion cycle owing to economic slowdown in major economies and the impact of the trade war which will put pressure on Thai exports growth this year. Moreover, Thailand's financial cycle has already peaked, resulting in tighter financial conditions. However, the averaged of projected growth rate was below 3% YOY. Positive factors contributing to the economy's expansion include domestic spending especially investments, which are expected to accelerate as reflected in rising production capacities of various industries, continuing investments in the government's mega-projects, and the relocation of production bases into Thailand by foreign businesses affected by the trade war. Moreover, EIC expects the number of foreign tourists to expand by 5.7% YOY in 2019, with the number of Chinese tourists picking up again in the second quarter and becoming a driving force in the economy's expansion for the rest of the year. Household consumption is expected to increase gradually in line with low unemployment rate, gradual income recovery, and government stimulus measures.

EIC expects Thailand's economic stability to remain sound, but all sectors should adapt quickly to the structural changes. EIC predicts overall Thailand's economic stability for the year 2019 will be in good conditions including the current account surplus, adequate foreign exchange reserves, low unemployment rate, and the ability to use fiscal policy to stimulate the economy from not so high public debt. However, EIC view that all sectors of the economy should place importance on risk management and increase competitiveness in order to cope with the current structural changes that are currently occurring; whether it is the implementation of automation systems in the production process in many industries, consumers' changing behavior in everyday spending, or Intense competition from both domestic and international businesses. Despite the overall Thai economic conditions and stability are in good shape, these factors may have a negative impact on households, labors, and businesses that are not able to adapt in time.

### SUPPORT FACTORS

- ▶ Continued investment in government's megaprojects.
- ▶ Increase in private investment following a rising capacity utilization.
- ▶ Relocation to Thailand of foreign firms affected by the US-China trade war.
- ▶ Expansion in household consumption in line with gradual income recovery.
- ▶ Government measures for low-income individuals.
- ▶ Resumed expansion in the number of Chinese tourists in Thailand.

### RISK FACTORS

- ▶ Slowdown in global trade following softened economic growth in major countries.
- ▶ Risks from the ongoing trade war between the US and China.
- ▶ Political uncertainties in major regions, especially the US and Europe.
- ▶ Impact of tightening global financial conditions on emerging markets' financial stability.
- ▶ Risk from high household debt.
- ▶ Sluggish recovery of SMEs in certain industries.

## Beverage Industry

Data from Economic Intelligence Center (EIC), Siam Commercial Bank Public Company Limited stated that in the past 3 years, beverage industry in Thailand has grown at an average of 3% per year; due to The growing of beverage business as consumers pay more attention to health while ready-to-drink tea and energy beverage, such as energy drinks and electrolyte beverage, have been negatively affected by health trends as these beverages contain high amounts of sugar as well as the market situation that has been saturated in the past. Reflected by the sales of ready-to-drink tea that shrank by 7% per year while new product releases whether it is a tea with health-related properties, including the competition in offering promotions, are unable to stimulate sales as well as in the past. In addition, in being a result of market saturation also comes from entering the elderly society which makes the Thai labor group, which is the main customer base, not growing. This includes the popularity of ready-to-drink coffee which is also a substitute product that has grown.

Under such circumstances, searching for new market is one of the options and survival of the business sector. According to EIC analysis, Cambodia, Laos and Vietnam are interesting markets for beverage businesses such as tea, energy drink and electrolyte beverage. Partly, due to the different in the concept of consumption from Thai people, such as considering tea as a healthy drink. Moreover, the consumption of energy drinks in these countries is not only limited to just labor groups, but can widely reach into women group and office workers. In addition, domestic fundamental factors, whether it is government policy, especially foreign investment support including the expansion of urban society, modern retail business and higher population income also drive the growth potential of the business sector for both in trade and investment, to have outstanding and remarkable results. Cambodia and Laos are interesting markets for ready-to-drink tea business. During the past 5 years, the sales of ready-to-drink tea grew by 16% and 11% per year, respectively, while sales of energy drinks and minerals in Cambodia and Laos grew at an average of 9% and 12%, respectively; reflecting the demand in the countries that are growing well. Moreover, the intense competition compared to other ASEAN markets also makes these two markets remarkable. Developing products with exotic flavors is one of the key strategies for penetrating the markets of these countries as consumers accept new things.

Thai entrepreneurs should study the market by experimenting to export their products through the retail business agents in order to create a network before deciding to invest as the key to the success of doing business in the CLMV group is to have a good local partner. At the same time, public relations and marketing activities that are appropriate to the culture and consumer behavior in each country are another significant key. Ultimately, creating a distinctly different image, both in terms of taste and properties will lead the business to grow steadily.

## Retail Industry

Krungsri Research Center stated that the modern trade sector is forecasted to see continuing growth between the year 2018-2020, which will be supported by a number of factors: (1) Thai economy tend to grow 4-5% annually, from an average of 2.4% during 2013-2016 while private consumption is likely to increase at 3-4% per year. (2) The growth of tourism sector, during the year 2018-2020, is expected that the number of foreign tourists in Thailand will be at the level of 39.0-39.5 million people per year, increasing from 35.4 million people in 2017. This will help build opportunities for modern trade operators, especially tourist zones. (3) Government policies to stimulate the economy will also help, including phase two of the government welfare program; and (iv) Other factors that will assist the growth in modern trade. Include the expansion of the middle class that will occur as the population's purchasing power rises in accordance to income, ongoing urbanization which the United Nations estimates that Estimated that the level of urbanization in Thailand will increase from 49.2% in 2017 to 51.4% in 2020; as well as the growth of urban communities in neighboring countries will increase opportunities for Thai retail businesses along the border.

However, the growth of modern retail trade sector will also face a separate set of restraints from (1) consumer spending power may recover slowly due to uncertain prices for agricultural goods and issues of high levels of household debt will affect consumer income especially at the mid and lower levels. (ii) Competition will tend to stiffen both from retail businesses in the same group, retail businesses across groups with the same target customers, especially new competitors from domestic and international that sees the channel for growth of Thai retail sector; in particular, entering the market share from online stores (e-Commerce) with many operators including the non-retail business and foreigners that are well prepared for capital such as China and Singapore. Thai Retailers Association estimates that over the next 5 years, online sales will grow to a 5% share of all retail sales from 2017, which account for less than 1% resulting in modern retailers to adjust themselves by selling with both offline sales and online sales to increase competitiveness. The above factors caused the modern retail business to grow at an average rate of 4-6% between 2018 and 2020 that increase on the average of 3% annual growth recorded for the past 3 years from 2015 to 2017. However, the intense competition in the business may cause the margin of entrepreneurs to decrease as well.

## Coffee Beverage Industry

Dr. Waraporn Phromphoj, Inspector General, Ministry of Agriculture and Cooperatives discussed the coffee strategy for the 5-year period, during 2016 - 2020, that the Ministry aims to develop Thailand to become one of the leader in production and quality coffee trade in the ASEAN region. At which the ministry has set goal to push coffee to be a new economic crops of Thailand that generates stable income for farmers and entrepreneurs in Thai coffee industry. The trends of the quality coffee beans price in the global market have a higher tendency, including the growth of Thai coffee industry which has a high value of 30,000 million baht; while the production of Thai coffee beans is insufficient for domestic consumption as a result from the reducing of cultivation area causing the coffee production to reduce as well. At which Thai coffee business has an export value of approximately 3,900 million baht in 2017, but has an import value of approximately 8,044 million baht due to the demand for consumption and used in the industry at 90,000 tons; and is expected in that this year (2018), the demand will increase to 100,000 tons. For this reason, government agencies, private sectors and related organizations collaborated to develop coffee production in all processes, from upstream to downstream, and ensure that the processes are systematically organized with 5 key strategies: increase production efficiency and develop product quality without damaging the environment, processing development and create additional value, marketing development, development on research and development, including the development of management. All of which will help increase the quality and quantity of products for Thai coffee industry

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## Export Market Industry

Data from Economic Intelligence Center (EIC) Siam Commercial Bank Public Company Limited shows that in addition to Thai exports that are likely to be affected by the economic slowdown of major trading partners and trade wars in 2019, the ability to compete of Thai export products is also an important issue that may impact Thai exports as well. The export sector is important to the economy, accounting for 58.5% of GDP in 2017. Losing the ability to compete will be a key issue for Thai economy in the future. EIC has studied the competitiveness of Thai exports by considering the share in the global market of products with the highest export value ratio of 8 groups, representing approximately 60% of the value of Thai exports in 2017. The share in the global market of some major products declined in the last 4 years (2014-2017) when compared to the previous 4 years (2010-2013), such as electronic products, fresh and processed meat, rubber and products as well as rice.

However, in order to maintain competitiveness in the global market, manufacturers and Thai exporters should consider on product development - production chain, looking for additional export markets and product quality control and necessary things to do to make Thai exports meet the consumers demand in the global market. This is product development and product quality control in a comprehensive manner, which are raw material quality, standard of production, packaging, transportation as well as environmental protection and caring for workers. Moreover, consideration of price competition is a must, by which one of the key issues that will allow Thai exports production cost to remain at a level that can compete with the global market is the availability of the production chain. Entrepreneurs should look for additional export markets to reduce the impact of exports to the original trading partners which in the future, there is an opportunity that major partners will be able to produce their own products to replace or reduce dependence on imports from Thailand.

**TABLE SHOWING TOTAL EXPORT VALUE DURING 2016-2018**

COUNTRY	2016		2017		2018		GROWTH RATE (%)	
	MILLION BAHT	%	MILLION BAHT	%	MILLION BAHT	%	2016/2017	2017/2018
Cambodia	163,324.40	14.36	179,082.80	13.66	244,666.80	18.21	9.65	36.62
Lao	140,092.38	12.32	133,694.50	10.20	132,105.90	9.83	-4.57	-1.19
Vietnam	833,538.03	73.32	997,982.70	76.14	966,942.40	71.96	19.73	-3.11
<b>Total</b>	<b>1,136,954.81</b>	<b>100.00</b>	<b>1,310,760.00</b>	<b>100.00</b>	<b>1,343,715.10</b>	<b>100.00</b>	<b>2.43</b>	<b>2.77</b>

Source : Information and Communication Technology Centre, Office of the Permanent Secretary Ministry of Commerce

**TABLE PRESENTING EXPORT VALUE OF BEVERAGE PRODUCTS DURING THE YEAR 2016-2018**

COUNTRY	2016		2017		2018		GROWTH RATE (%)	
	MILLION BAHT	%	MILLION BAHT	%	MILLION BAHT	%	2016/2017	2017/2018
Cambodia	10,870.29	74.82	11,621.85	69.97	13,972.10	72.11	6.91	20.22
Loas	2,843.12	19.57	2,978.80	17.93	2,977.50	15.37	4.77	0.04
Vietnam	814.70	5.61	2,009.10	12.10	2,425.10	12.52	146.61	20.71
<b>Total</b>	<b>14,528.11</b>	<b>100.00</b>	<b>16,609.75</b>	<b>100.00</b>	<b>19,374.70</b>	<b>100.00</b>	<b>14.33</b>	<b>16.65</b>

Source : Information Technology and Communication Center, Office of the Permanent Secretary Ministry of Commerce

The Company aims to expand the beverage products to be sold overseas. Especially, the CLC countries group, including Cambodia, Laos and China, where CLC countries group are considered a country with high economic potential due to the continued growth of the economy. From the above table, it is seen that the value of product exports to CLC countries group (Cambodia, Lao, China) in 2016 amounted to 1,136,954.81 million baht in 2017, 1,310,760 million baht and in 2018, the amount of 1,343,715.10 million baht. If considering only the export value of beverage products in 2016-2018, in 2016, the amount of 14,528.11 million baht in 2017 amounted to 16,609.75 million baht and in 2018, the amount of 19,374.70 million baht. The order of growth in the export value of beverage products is the result of consumers in this market being popular with Thai products because they are regarded as quality products and have the brand recognition Thailand

In 2018, Cambodia's economy grew by 7 percent. In 2019, Cambodia's economic growth is expected to expand at 6.8 percent to push the country's GDP to a value of \$ 27.2 billion. Which the company most products are sold and the main export market of the company is Cambodia. But since the year 2018 has caused a price war of green tea drinks in Cambodia. As a result, the company temporarily stopped selling green tea in Cambodia. The management has considered adjusting the new business plan to be more suitable for the situation. Because there are still a group of consumers who still prefer green tea "Zenya" at a significant level, In 2019, the Company will have to return to sell green tea drink again.

# Management Discussion and Analysis : MD&A

T.A.C. Consumer Public Company Limited (“the Company”) would like to clarify the operating results for the year ended December 31, 2018 as follows:

## SALES

In 2018, the sales revenue of the Company was 1,289.59 million baht, increased by 0.62 % from 2017 when the sales was 1,281.69 million baht. This is because

### Sales growth factors :

(A) increase in number of outlets of All Café (a fresh coffee corner within the 7-Eleven store) where the non - coffee products and series of new seasonal flavors were sold and, (B) Cold Beverage in Dispenser (C) the launch of “Snowy Twist Donut” branded “A Smile”. and (‘E) Licenses of the Cartoon Characters.

### Sales decrease factor :

(F) Sales of Zenya R-T-D Green tea has been halted due to an aggressive promotion of key competitors leading to Price War in the market., so the Company has been studying to regain the volume.

## OTHER INCOME

In 2018, the other income were 5.99 million baht, decreased by 23.10 % from the previous year (being reported at 7.79 million baht). This was due to the impact of exchange rate. However, other income was normally gain from the short term investment and interest.

## COST OF SALES

In 2018, the Company had the cost of sales valued 918.77 million baht or 71.24% of sale (increased by 2.73%), while in 2017, the Company had the cost of sales valued 894.33 million baht or 69.78 % of sale. This increasing in the cost of sales was due to 1) cost of sugar tax for non alcoholic drinks starting in November 2017. However, the Company had developed new formulas mixing with sweeteners, which have already been commercialized in 2<sup>nd</sup> Quarter 2018. This eventually elevated the gross margin in 3<sup>rd</sup> quarter 2018. It is expected that the gross margin will be better in 2019 when compared with 2018. In addition, 2) the impact from Price War in the Green Tea market in Cambodia forced the Company to run the price discount and eventually held back the business in 2018.

## SELLING EXPENSES

In 2018, the selling expenses were 215.61 million baht, increased by 13.45 % from the previous year being reported at 190.05 million baht. This increase derived from (A) Write off in bad debt of oversea account receivables. (B) Maintenance expense of Vending machines. However, the Company have appointed a new distributor in Cambodia using payment before Shipment to avoid long overdue outstanding receivable or allowance of bad debt.

## ADMINISTRATIVE EXPENSES

In 2018, the Company had administrative expenses of 65.68 million baht increased by 1.39 % from the previous year when there were 64.78 million baht. This Administrative Expenses were aligned with the budget.

## **FINANCE COSTS**

In 2018, the Company had finance cost valued 0.48 million baht compared to 0.30 million baht of the last year (62.10% increase). This finance costs were from the deferred interest of a financial lease.

## **NET PROFIT**

In 2018, the Company's net profit was 71.29 million baht (5.50 % of sale) decreased by 41.17 million baht (36.61%) from the previous year (112.47 million baht or 8.72 % of sale). The decrease in net profit was driven by 1) the decline of gross margin from the cost of sugar tax and by the discounted selling prices in Green Tea for export sales. 2) the increase of selling expenses from write off bad debt in oversea account receivables.

## **BUSINESS PLAN 2019**

The Company sets the 2019 target to grow between 15-20 % which would be derived mainly from value creation to the existing portfolio and launches of new products in the high growth and potential markets.

## 1. RISK FORM KEY CUSTOMER DEPENDENCY

The Company's total revenue in the year 2017 and 2018, 90% and 96% come from transactions with CPALL Public Company Limited. Therefore, if the Company loses the said customer or the customer reduces its orders, it will significantly have an impact on the Company's revenue and financial performance. At present, the Company considers decreased risk from high to medium level.

Due to the fact that CPALL Public Company Limited ("CPALL") operates a retail business under the brand "7-Eleven" convenience stores in Thailand which has many distribution channels all over the country and continues to expand its branch every year and to the fact that as year 2018 there were 10,988 stores (refer: www.cpall.co.th). The Company has witnessed the high and steady growth of its product demand as well. CPALL is also a company with stable and strong financial position. As one of CPALL suppliers under a Key Strategic Partner, the Company is given the opportunity to continuously develop its new products.

Furthermore, as the Company's products have been with 7-Eleven customers for a long time 16 years, the customers have become fond of the taste of the drinks thus they are not likely to shift to other products. This creates a competitive advantage for the Company. Both parties can gain mutual benefits, in which the Company also works closely with its customer, apart from ordinary business transaction, in exchanging ideas, determining business plans, developing products as well as packaging in order to quickly and effectively satisfy the needs of customers and the changes in market situation. It can be seen that the Company's revenue from CPALL does not only come from existing products, as the Company works together with its customers to develop new products to cover a wide range of customer group. The Company expanded to other business. From then till now, the Company manages the Beverage business only at present, Beverage business has grown more such as Instant powder of All Café at 7-Eleven, Hot Beverage Dispenser etc. Moreover, the Company manages Bakery business, Stationary, Non-Food and Character business. Which these businesses as above will be cover the main product categories of CPALL and considered to be a risk diversification as well.

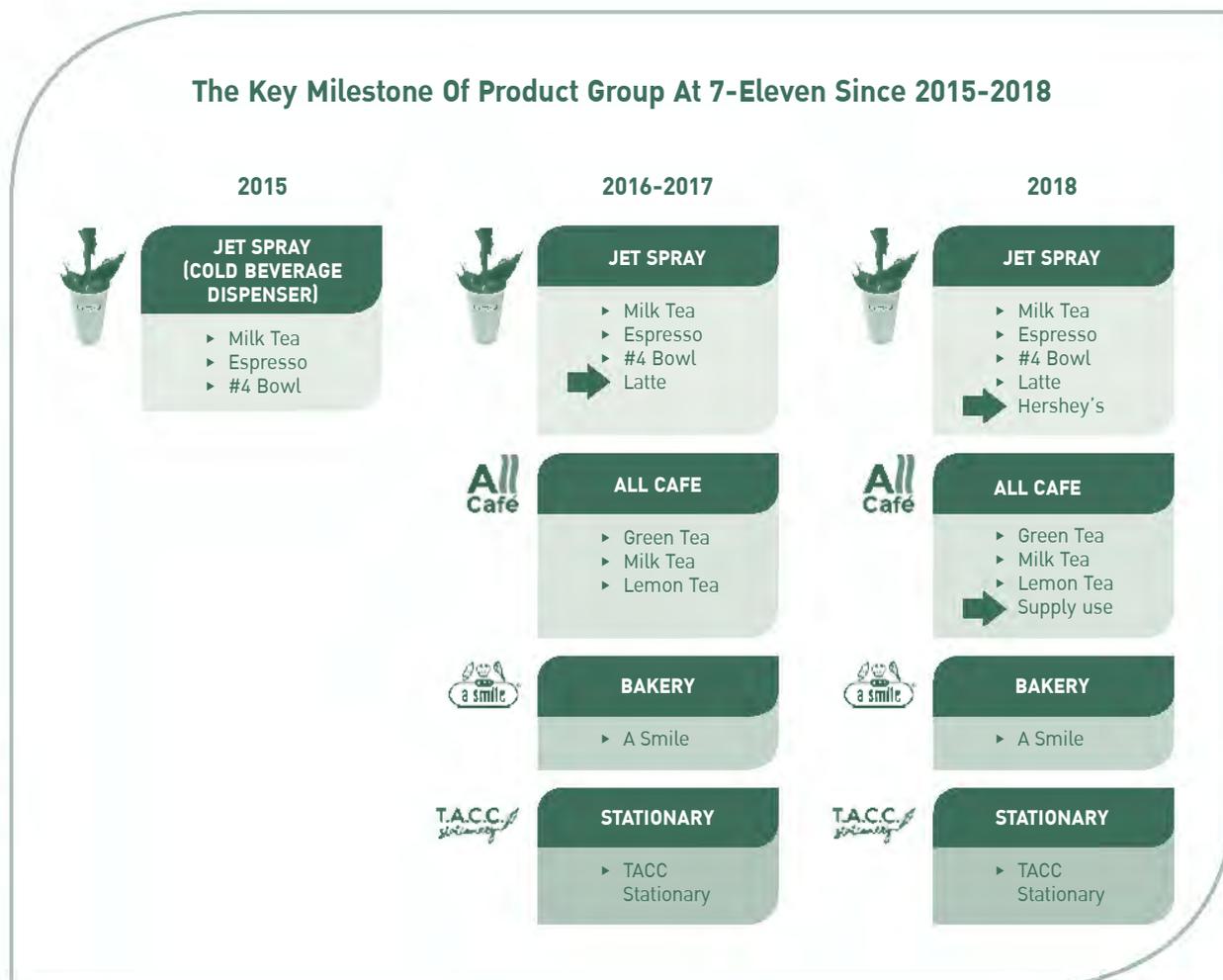
In terms of strategic partner, Business to Business : B2B Business Model of McKinsey Analysis revealed that the Company engages in the Business to Business : B2B Should have the features as follows:

### B2B Business Model of McKinsey

SOFT SKILL	HARD SKILL
<ul style="list-style-type: none"> <li>▶ Honesty, Open dialogue.</li> <li>▶ Acts responsibly across its supply chain.</li> <li>▶ Fits in well with my values and beliefs.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Has a high level of specialist expertise.</li> <li>▶ Is a leader in its field</li> <li>▶ Provides a broad product portfolio.</li> <li>▶ Is a driver of innovation</li> </ul>

Refer : McKinsey Analysis

## The Key Milestone Of Product Group At 7-Eleven Since 2015-2018

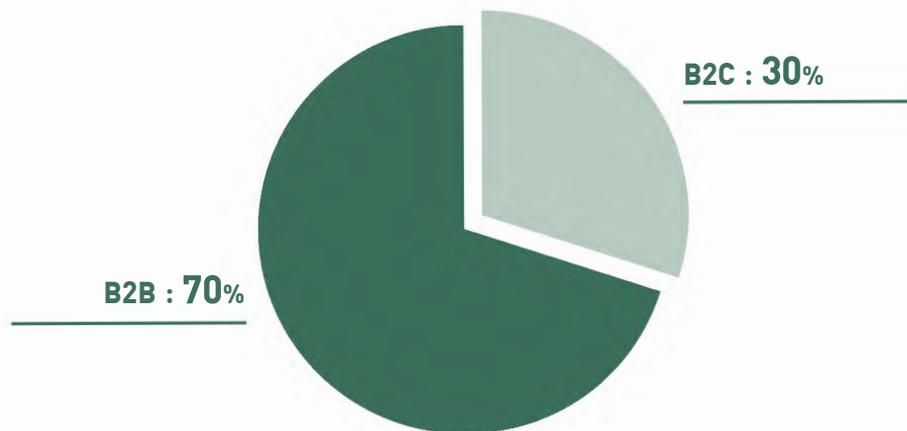


The extensive relationship with CPALL for over 16 years has been an evidence of confidence and trust given by the customer and in the year 2013 the Company was given a Partnership Award under the category “Best of Business Growth“ from CPALL, which is an award granted to the partner who is well-cooperated and has an outstanding growth performance. The majority of the award winning corporations are large enterprises which show that the Company is viewed by the customer as equal to the country’s leading corporations. The Company was received Exclusive Contact three years and renew a contract. Hence, the management is certain that the relationship with the customer can be maintained firmly and sustainably.

The Company realizes the said risk and thus set its policy to reduce the risk of dependency towards the aforementioned customer by having developed dispenser beverages for Food Chain businesses with the customer. In addition, the Company also emphasizes on selling products under the Company’s own brand. In this year, the Company The Company develop Non-Carbonated Drink group. Both Hot and Cold type that can be brewed instant powder, brewing through automatic machines to A&W. The A&W provide the store location in Thailand. The Company has increase distribution channel and make additional revenue. At present installed 8 stores. The Company advertises the products in both domestic and overseas exhibitions every year. This creates product recognition as well as expanding its market to cover a wide range of customers.



## The Target Proportion Of Sales Revenue In 2020



The Company has goal in 2020 by increase of Sale revenue for B2B and B2C is 70:30. The part of B2B are expand without to original product for diversify of risk from Key customer dependency. B2C are product group under the Company's brand by focus on increase of oversea and additional the base of original country group, expand to more other countries for decrease risk from B2B business. Moreover, the Company engage in the Character business is strengthen and new partnership such as Global brand Hershey's as a Chocolate beverage and A&W etc.

## 2. RISK FORM DEPENDENCY ORIGINAL EQUIPMENT MANUFACTURER

The Company outsources most of its production to OEM. At present the Company utilizes with 6-10 major OEMs, which accounts for 92% and 82% of the Company's total finish product purchase volume of the year 2017 and 2018 respectively. The Company has launch new product by purchase finish product from OEMs. As result, the proportion of purchased finish products from OEMs increased in 2018. In case the OEM is unable to deliver products of the specified quality and standard or unable to supply produce within the ordered quantity and in a timely manner, as well as in the case that the OEM can no longer produce for the Company which could adversely have an impact on the Company business.

The Company has placed its importance on the selection of OEMs and assigns practice for the selection and evaluation of OEM clearly by preliminary taking into account OEM's expertise in manufacturing , production capacity, reputation and financial situation. It the OEM passes all of the stated preliminary quality the related department will inspect the OEM's standard quality, manufacturing procedure and process as well as conducting a trial production followed by First Batch Production. Every OEM's manufacturing plant must be certified by manufacturing standard such as GMP and HACCP from a Certified Body. Up to now, the OEMs are able produce according to the Company's qualities and standards as well as being able to deliver finished products on time. Furthermore, as the Company has maintained a good relationship with most of the OEMs for over 3-10 years, the management is certain that the Company can continue to maintain a long term relationship with OEMs. Moreover, the Company has set key OEMs by the letter of cooperation for emphasize Key Strategic Partner and shown commitment between two companies for business cooperation in the future. In addition to the main OEMs stated, the Company also hires other OEMs from time to time in order to maintain relationship with them and reduce the risk of relying on a few major OEMS. The Company's products especially instant powder beverages do not require complicated process or advance technology; therefore, it is not difficult to find a manufacturer with the required standards. In addition to that, In 2013 the Company has invested in a manufacturing plant for the production of instant powder beverages which allows the Company to gain a better understanding of the production process and procedure, cost control as well Yield Loss. This also allows the Company to have more bargaining power when negotiating with the OEMs.

On the contrary, the management's policy to hire those major OEMs, in which their plants are located in Ratchaburi, Ayutthaya, Rayong Samut Prakarn, and Nakhon Pathom, to produce most of the products, as opposed to having own processing plants is a way to reduce risk. In the event of natural disaster such as flooding and earthquakes, the Company can shift the production to other unaffected OEMs in order to continue delivering products to customers and it also allows the Company to utilize different OEM's potentials and strengths for the utmost benefits of the Company.

### **3. RISK FROM FLUCTUATING RAW MATERIALS PRICES AND SHORTAGE OF RAW MATERIALS**

The Company recognizes the said risk and thus has a strategy to negotiate with the supplier in advance for an annual volume and the price of raw materials to be used in the production and the Company's performance. Additionally, if there is a shortage of main raw materials it could affect the taste of beverages and also increase the cost of production. The Company recognizes the said risk and thus has a strategy to negotiate with the supplier in advance for an annual volume and the price of sugar to be used in the production by the Company and OEMs, by taking into account the forecasted sale and production plan and enters into a contractual agreement with the supplier and key supplier make risk management plans together. Nevertheless, the procurement department monitors supply quantities and prices of main raw materials closely in order to ensure that the Company can source sufficient raw materials with a competitive price. It is the procurement duty to search for new raw materials for the Research and Development department to analyze and evaluate the substituted raw materials that have similar qualities to the raw materials being used currently. The raw materials are sought from different regions in order to get new sources that provide the same quality raw materials which can be used as substitutes. This provides the Company with more options when procuring raw materials as well as enabling the Company to develop alternative recipe in case of a shortage of main raw materials. Thus, it can reduce the impact from materials shortage and ensure the taste and quality of product.

### **4. RISK FORM NEW PRODUCT DEVELOPMENT AND RISK OF RESEARCH AND DEVELOPMENT PERSONNEL DEPENDENCY**

The Company places its importance on research and development of new products which is the key strategy used to differentiate products by means of diversified forms and tastes in order to meet the continuously changing consumers' life styles and increase Company's competitiveness. There are many processes involved in research and development of a new product. It is time consuming and requires high investment. The Company has more involves gathering of information for product development, conducting a research on consumers' needs, finding ingredients and packaging, production and all the way to putting together a marketing campaign through advertising and promotion to create consumers' brand awareness. For these reasons, the Company faces a risk of launching an unsuccessful product to the market which could have an impact on the Company's business operation and performance.

Nevertheless, the Company has a research and development team with knowledge, expertise and many years of experience in beverage industry as well as a good understanding of consumer's behaviors. They are able to constantly develop products that serve the needs of consumers. It takes cooperation among marketing department, sales department, business development department and research and development department in the development of a new product beginning with a market research and identifying business opportunities, conducting a Project Feasibility study, product research and development, market testing, as well as conducting a consumer needs research. This is to ensure that the Company's new product will receive a positive response from the consumers. In 2016, the Company joined the government project "Food Annapolis" which will bring science technology and innovation for develop economy and society of Thailand. Therefore, the Company has more knowledge.

In addition, the Company has a policy to retain human resources in research and development field as they are the key workforce by, for instance, providing scholarships to increase employees' skill and knowledge. The majority of the personnel in research and development have been with the Company since its establishment. The Company has evaluate performance system and promote employee as a potential and contributions. Therefore, the management is confident that with the mentioned policy the company can retain the key workforces for many years to come, and that the Company would be able to develop successful products that serve the needs of consumers.

## **5. RISK FROM LEAKAGE OF SECRET RECIPE**

It is very crucial that the Company keeps its formula a secret. Leakage of recipes could have an impact to the Company's business; therefor, The Company has policies and practice for preparation of raw materials, packing and finish goods and only restricted personnel have access to the recipes. As the Company relies on OEMs, the Company has set up codes for key ingredients and flavors used in the production for the purpose of keeping its recipes undisclosed. For some products, the Company delivers pre-mixed ingredient to OEMs. In addition, a confidentiality clause is clearly stated in all OEM contracts. For personnel in research and development department who are involved in the formulation and development of products, the Company has arranged for a memorandum of understanding for keeping confidential information to be signed by all employees involved. This is to prevent the disclosure of information related to formulas, ingredients, product information and other relating information to external parties.

## **6. RISK FORM INDUSTRY COMPETITION**

Due to the growth trend in the beverage industry, many entrepreneurs find it attractive to enter into the industry. This causes high competition among current and new players. Large enterprises may have more advantage on access to source of investment funds or opportunity of a joint venture with foreign companies. Besides, they have more advantage on cost of production as they benefit from the Economy of Scale and from the use of more advanced machinery, in addition to the ability to conduct research and development applying high technologies. Furthermore, large enterprises adopt various strategies to boost sales and to acquire more market share. This leads to intense competition in the industry.

As the Company's management has more than 20 years of experience in beverage industry, they have thorough understandings of beverage industry especially non-alcoholic beverages. They also possess comprehensive understanding of consumers' behaviors allowing them to set effective marketing strategies and appropriate management policies of various aspects. The Company's key strategies are to focus on developing unique and different products as well as giving high importance to working closely and sincerely with Business Partnership in order to build strong relationship and to grow together. Moreover, as an SME the Company faces limitations in terms of investment funds, thus the management must analyze the competitive situation thoroughly in order to find new opportunities and market thus the management must analyze the competitive situation thoroughly in order to find new opportunities and market that the Company is able to compete. For the said reasons, the Company is able to continuously expand its business and the management is certain that there will be no significant impact derived from the aforementioned competitiveness.

# Shareholder and Management Structure

## Stock and Shareholders Information

### 1. REGISTERED CAPITAL AND PAID-UP CAPITAL

As at 31<sup>st</sup> December 2018, the Company has registered capital of Baht 152,000,000 and issued and paid-up share capital at Baht 152,000,000 separated into ordinary share at 608,000,000 shares at par value of 0.25 Baht.

### 2. SHAREHOLDERS STRUCTURE

The list and percentage of shareholding of the first 10 major shareholders that are listed on the latest shareholder's registration as at 28<sup>th</sup> December 2018.

NAME OF SHAREHOLDERS	NO. OF SHARE	%
1. Mr. Chatchawe Vatanasuk	180,429,643	29.676
2. Mr. Thanutum Kiatphaibool	56,530,643	9.298
3. Thai Life Assurance Public Company Limited	19,250,000	3.166
4. Thai NVDR Company Limited	18,853,808	3.101
5. Mr. Chanaphan Piriyaphan	15,211,800	2.502
6. Mr. Nuthajak Liengchayetz	14,500,000	2.385
7. Mr. Petch Phaewphraikul	11,617,771	1.911
8. LGT Bank (Singapore) LTE	9,405,800	1.547
9. Mr. Chanit Suwanparin	8,923,572	1.468
10. Mr. Chaiyachet Sriwaleephan	8,203,710	1.349
<b>Total</b>	<b>342,962,747</b>	<b>56.40</b>

**Note:** Mr.Thanutum Kiatphaibool is the Company's co-founder shareholder and did not participate in the management.

### 3. ISSUANCE OF OTHER SECURITIES

-None-

### 4. DIVIDEND PAYMENT POLICY

The Company has the policy to pay dividend at the rate of not less than 30 percent of net profit of the Company separate financial statement after corporate income tax and allotment of reserved fund as required by the law in each year. However, dividend may be paid at different rates from the specified policies by subjected to the Company's operating results, financial liquidity and the requirements for working capital for Company's management and future business expansion plan as well as the economy conditions.

## Management

### 1. BOARD OF DIRECTORS

As at 31<sup>st</sup> December 2018, The Board of Directors has a total of 7 Directors consisted, which are as follow:

NAME AND LAST NAME	POSITION
1. ADM Apichart Pengsritong	Chairman of the Board of Directors and Independent Director
2. Assoc.Prof.Kitti Siripullop	Chairman of the Audit Committee and Independent Director
3. Mrs. Paktra Suriyapee	Audit Committee and Independent Director
4. Mr. Komsak Wattanasriroj	Audit Committee and Independent Director
5. Mr. Chatchawe Vatanasuk	Director
6. Mr. Chanit Suwanparin	Director
7. Mrs. Chirapan Khotcharit Choosang	Director

Ms. Panjaporn Roeksomboon, act as the Company Secretary, who was appointed by the Board of Directors Meeting No. 2/2015 on 1<sup>7th</sup> February 2015.

#### Authorized Director Signatory Representing the Company

Mr. Chatchawe Vatanasuk signed together with Mr. Chanit Suwanparin or Mrs. Chirapan Khotcharit Choosang, a total of 2 persons and affix the corporate seal.

#### The Board of Directors Meeting

In the year 2017 and 2018, the Company has set the meeting of Board of Directors Meetings 6 time and 7 time. The details of the attendance of each Director are as follow.

#### NUMBER OF MEETING AND NUMBER OF TIMES EACH DIRECTOR ATTENDED THE MEETING IN THE PAST YEAR.

NAME-LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
1. ADM Apichart Pengsritong	Chairman of the Board of Directors and Independent Director	7/7	6/6
2. Mr. Somboon Prasitjutrakul <sup>1)</sup>	Chairman of the Audit Committee and Independent Director	-	1/1
3. Assco. Prof. Kitti Siripullop <sup>2)</sup>	Chairman of the Audit Committee and Independent Director	7/7	2/3

NAME-LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
4. Mrs. Paktra Suriyapee	Audit Committee and Independent Director	5/7	6/6
5. Mr. Komsak Wattanasiroj	Audit Committee and Independent Director	7/7	6/6
7. Mr. Chatchawe Vatanasuk	Director	6/7	5/6
8. Mr. Chanit Suwanparin	Director	7/7	6/6
9. Mrs. Chirapan Khotcharit Choosang	Director	3/7	5/6

**Note:** 1) Director No.2 resigned from the position Chairman of the Audit Committee and Independent Director held on 1<sup>th</sup> May 2017.  
2) Director No.3 has appointed in accordance with Board of Director Meeting resolution No.3/2017 held on 14<sup>th</sup> June 2017 replaced Mr.Somboon Prasitjutrakul.

## CHAIRMAN OF BOARD OF DIRECTORS SCOPE OF DUTIES AND RESPONSIBILITIES

The Company's regulation no.27:

"In the meeting of the Board of Directors, Chairman or the authorized person shall send the notice of the meeting to the director not less than 7 days prior to the meeting date. Unless urgent need to maintain the rights or benefits of the company. The meeting will be informed by other means and the meeting date will be earlier than that.

In the event that two or more directors request to convene the meeting. The Chairman has set the date and assign the meeting shall be held within 14 days from the date of such request. "

And to segregate the authority on the policy and management of the company for separate clearly. The Company requires the Chairman of the Board of Directors and Chairman of Executive Committee as a different person. The Scope Duties Chairman of the Board has the following:

1. Notification of the Board of Directors Meeting, as a Chairman of the Board of Directors and the shareholders' meeting and they are role in setting the agenda with the Chairman of the Executive Committee.
2. Have a role in controlling the meeting effectively. As a comply with the Company's regulations, support and allow the directors to express their opinions independently.
3. Support and promote the Board of Directors act as fully as possible, The scope of authority, responsibility and good corporate governance.
4. Supervise the management of the Board of Directors and other committees to achieve the objectives.
5. To be the casting vote of the meeting of the Board of Directors and both votes are equal.

## BOARD OF DIRECTOR SCOPE OF DUTIES AND RESPONSIBILITIES

1. The Board of Directors has the authority, duty, and responsibility in managing and operating Company business to be in accordance with the law, objectives, Articles of Association, and resolution of the shareholders' meeting with integrity and prudence, in order to maintain the interest of the Company.
2. Manage the preparation of balance sheet and profit and loss statement as at the end date of the Company's Accounting period, which the auditor shall audit and propose to the shareholders meeting for consideration and approval.

3. The Board of Directors will determine the goals, guidelines, policies, business operation plans, and budgets of the Company, and monitor and supervise the management and administration of the management division to ensure compliance with the specified policies, plans, and budgets with efficiency and effectiveness.
4. The Board of Directors will review, audit, and approve the Company vision, policy, direction, strategy, and business operation plan that is proposed by the management division.
5. The Board of Directors will continuously monitor the Company's operation to be in line with the operation plans and the budget.
6. The Board of Directors shall ensure that the Company implement appropriate and efficient accounting system as well as ensure the reliability of financial report and account auditing. Moreover, to ensure that the Company maintain adequate and appropriate internal control system and internal audit system.
7. The Board of Directors will determine a comprehensive Risk Management policy and monitor to ensure that the Company implements a system or procedure for managing risks with appropriate measures for dealing with and minimizing impact on the business of the Company.
8. The Board of Directors will determine the Management structure and have the authority to appoint the Executive Committee, Managing Director, and other Subcommittees as seen appropriate and to determine the scope of authority of the Executive Committee, Managing Director, and Subcommittees appointed. Authorization given under the scope of authority and duty specified shall not constitute authorization or sub-authorization that causes the Executive Committee, the Managing Director, or the committees to have the authority to consider and approve a transaction which may have conflict, interest or conflict of interest with the Company (if any), except in the case of approval of transactions consistent with the policy and criteria previously considered and approved by the Board of Directors.
9. Prepare annual report of the Board of Directors and will be responsible for preparing and disclosing financial statements to reflect the financial status and operating results of the previous year, and present to the shareholders meeting for consideration and approval
10. Supervise and manage the Company's operation to be in accordance with the policies that defined the law on securities and stock exchange, Notification of the Capital Market Supervisory Board and the terms of the Stock Exchange of Thailand such as conducting related transaction and acquisition or disposition of significant assets, as long as it does not goes against or contradict with other laws.
11. The Board of Directors may authorize one or more Directors or any other person to take any action on behalf of the Board of Directors under the supervision of the Board of Directors, or may authorize such person to have the authority deemed appropriate by the Board of Directors for the period deemed appropriate by the Board of Directors. The Board of Directors may cancel, revoke, change, or amend such authorization as deemed appropriate.

Such authorization shall not constitute authorization or sub-authorization in a manner which causes the person to have the authority to consider and approve a transaction in which they have a conflict, interest, or a conflict of interest in any other manner to be made with the Company or a subsidiary (if any) as defined in the notifications of the Capital Market Supervisory Board or the SET, and/or any other notifications of relevant agencies, except in the case of approval of transactions consistent with the policy and criteria previously considered and approved by the Board of Directors.

Ms Panjaporn Roeksomboon, the Company Secretary, who was appointed by the Board of Directors Meeting No. 2/2015 on 17<sup>th</sup> February 2015.

## 2. AUDIT COMMITTEE

As at 31<sup>st</sup> December 2018, The Audit Committee consisted of 3 members, which are as follow:

NAME AND LAST NAME	POSITION
1. Assco.Prof. Kitti Siripullop	Chairman of the Audit Committee and Independent Director
2. Mrs. Paktra Suriyapee	Audit Committee and Independent Director
3. Mr. Komsak Wattanasriroj	Audit Committee and Independent Director

Assoc.Prof. Kitti Siripullop and Mr. Komsak Wattanasriroj are the Audit Committee, who posse adequate knowledge and experience to perform duties in auditing the reliabilities of financial Statement.

Assoc.Prof. Kitti Siripullop, graduated with Master degree in Business Administration (Finance and Banking) from Chulalongkorn University, graduate with bachelor degree in Accounting (Second Class Honors) from Chulalongkorn University. He has appointed in accordance with the Board of Directors Meeting resolution No. 3/2017 on 14th June 2017.

Mr. Komsak Wattanasriroj graduated with master degree in business administration from Srinakharin Wirot University and Bachelor of Accounting from Ramkhamhaeng University. He has experienced in working as a chief Financial officer, Mono Technology Public Company Limited. Mr. Komsak Wattanasriroj were appointed in accordance with the Board of Directors Meeting resolution No. 6/2016 on 16<sup>th</sup> December 2016.

Ms Panjaporn Roeksomboon is the Audit Committee Secretary, who was appointed by the Audit Committees Meeting No. 2/2015 on 14<sup>th</sup> May 2015.

### The Meeting of Audit Committee

In the year 2017 and 2018, the Company has set the meeting of Audit Committee 4 time equal prior year. The details of the attendance of each Directors are as follow.

### NUMBER OF MEETING AND NUMBER OF TIMES EACH AUDIT COMMITTEE ATTENDED THE MEETING IN THE PAST YEAR.

NAME-LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
1. Mr. Somboon Prasitjutrakul <sup>1)</sup>	Chairman of the Audit Committee and Independent Director	-	1/4
2. Assoc.Prof. Kitti Siripullop <sup>2)</sup>	Chairman of the Audit Committee and Independent Director	4/4	1/2
3. Mrs. Paktra Suriyapee	Audit Committee and Independent Director	4/4	4/4
4. Mr. Komsak Wattanasriroj	Audit Committee and Independent Director	4/4	4/4

**Note:** 1) Director No.1 resigned from the position of Chairman of the Audit Committee and Independent Director on 1<sup>th</sup> May 2017.  
2) Director No. 4 has appointed in accordance with the Board of Directors Meeting resolution No. 3/2017 on 14<sup>th</sup> June 2017 replace Mr.Somboon Prasitjutrakul.

## SCOPE OF DUTIES AND RESPONSIBILITIES

1. To review the accuracy and sufficiency of the financial reports of the Company.
2. To review the Company to ensure that the internal control and internal audit systems are suitable, and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section supervisor (heads) or those of other workgroups responsible for internal audit.
3. To review the Company to ensure that its operation is in accordance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company.
4. To consider, propose, appoint and lay-off independent persons who shall be assigned as the Company's auditor, to propose auditor's remuneration, and to participate in a meeting with the auditors at least once a year without management team.
5. To review connected transactions or any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the Company.
6. To prepare the Report of the Audit Committee and disclose the report in the Company's Annual Registration Statements. The Report of the Audit Committee must be signed by the Chairman of the Audit Committee and must at least contain the following information.
  - (a) Opinions on accuracy, completeness and credibility of the Company's financial reports;
  - (b) Opinions on sufficiency of the company's internal control system;
  - (c) Opinions on the Company's compliance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company.
  - (d) Opinions on suitability of auditors of the Company;
  - (e) Opinions on transactions of possible conflicts of interest
  - (f) The number of audit committee's meetings, and attendance of each audit committee member;
  - (g) Opinions or observation by the audit committee during their auditing practice according to charter; and
  - (h) Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the Company's board of directors.
7. To take care of any other action assigned by the board of directors with the consent of audit committee.

## INDEPENDENT DIRECTORS QUALIFICATION

Independent Director is an individual who possess a complete qualification imposed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as follows:

1. An Independent Director holds not more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority. This is inclusive of shares held by anyone who is affiliated with them.
2. An Independent Director is a Director, who is not involved in the management of work, Employees, staff, consultants with monthly salary or Entities with Controlling Authority over the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as an Independent Director. Unless the foregoing status ended at least 2 years.

3. Has no blood relation or legal registration under the status of father, mother, spouse, sibling, son/daughter or spouse of son/daughter of other Director. Further, an Independent Director has no connection with an Executive, a Major Shareholder, an Entity with Controlling Authority or an individual who will be nominated as Director, Executive or Entity with Controlling Authority over the Company or the Subsidiary.
4. Have no or never had business relationship with the Company, its parent company, subsidiaries, a Joint/Associated Company, major shareholders, or entity with controlling with controlling authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not being or never been the significant shareholder or an Entity with Controlling Authority over a party of any person having business relationship with the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, unless the foregoing status ended at least 2 years.
5. Is not or has never been the auditor of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, and is not a Significant Shareholder, an Entity with Controlling Authority or a partner to the auditing firm which is the auditor of the Company, Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority are associated unless the foregoing status ended at least 2 years.
6. Is not or has never been a person rendering any professional service or a legal or financial consultant with received service fee of more than 2 million Baht per year from the Company, the Parent Company, a Subsidiary, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and is not the Significant Shareholder or an Entity with Controlling Authority over the Company or a partner to such professional service provider unless the foregoing status ended at least 2 years
7. Is not the director who is nominated to be the representative of directors of the Company, major shareholders, or any other shareholder related to the major shareholders.
8. Does not engage in a business of the same nature and is significantly competitive to that of the Company or its subsidiaries, or is not a significant partner to a partnership or a Director with involvement in the management of work, Employees, staff, consultants with monthly salary, or, who holds more than 1% of the total shares with voting rights of any other company which is engaged in a business of the same nature and which is significantly competitive to that of the Company or a Subsidiary.
9. Does not have any other characteristic which prevents him or her from giving independent opinion regarding the business operation of the Company such as business partner, creditors and trading partner which may cause conflict of interest.
10. Knowledge and understanding in Nature of Business and also has ability to business benefit of the Company.
11. Independent Directors has report to the Board of Director Directly, If any events that may Be lacking qualification of independence as an Independent Director.
12. Independent Director has year of directorship not more than 9 years.
13. Independent Director has not as a Director in listed Company more than 5 Companies.

After the appoint as a Independent Director is according to the above characteristics. The Independent Director may be assign from Board of Director to decide for operation of the Company, Subsidiary, Associated Company, Affiliate, Major shareholder or controlling Authority and the decision can be made in a faculty.

### 3. NOMINATION AND COMPENSATION COMMITTEE

As at 31<sup>st</sup> December 2018, The Nomination and Compensation Committee consisted of 3 members, which are as follow:

NAME AND LAST NAME	POSITION
1. Mrs. Paktra Suriyapee	Chairman Nomination and Compensation Committee
2. Mr. Komsak Wattanasriroj	Nomination and Compensation Committee
3. Mr. Chanit Suwanparin	Nomination and Compensation Committee

Ms Panjaporn Roeksomboon is the Secretary of Nomination and Compensation Committee. Who was appointed by the Board of Directors Meeting No. 4/2016 on 7<sup>th</sup> September 2016.

#### NUMBER OF MEETING AND NUMBER OF TIMES EACH NOMINATION AND COMPENSATION COMMITTEE ATTENDED THE MEETING IN THE PAST YEAR.

NAME AND LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
1. Mrs. Paktra Suriyapee	Chairman Nomination and Compensation Committee	1/1	2/2
2. Mr. Komsak Wattanasriroj	Nomination and Compensation Committee	1/1	2/2
3. Mr. Chanit Suwanparin	Nomination and Compensation Committee	1/1	2/2

#### DUTIES AND RESPONSIBILITIES OF THE NOMINATION AND COMPENSATION COMMITTEE

1. Review the structure, composition and the qualifications of the Board of Director.
2. Select and recruit individuals with knowledge and capabilities, suitable with Company's business; then propose to the Board of Director or Annual General Shareholders Meeting to consider and appoint. In case where the position is vacant such individuals should also be suitable to be nominated as the Directors.
3. Review development plan for the Board of Director and Chief Executive succession plan.
4. Review and propose the structure of remuneration for the Board such as remuneration, pension, bonus, welfare, meeting allowance and other benefits both financial and others as agreed.
5. Assess the performance of the Board of Director and submitted the report to the board of director annually.
6. Consider and propose the chairman of the Executive board remuneration structures such as salary, bonus, provident fund, and social security.
7. Responsible for any other tasks related to the nomination and remuneration as assigned by the Board of Directors.

## GUIDELINES FOR NOMINATION OF DIRECTOR

Guidelines have been set for determining and screening of candidates who will be nominated as Director of Nomination and Remuneration Committee. The following compositions are to be considered:

1) Required characteristic in each director

The Nomination and Remuneration Committee has considered and specified characteristic of the individuals to be selected and nominated as a director in various field, such as

- ▶ Integrity and responsibility
- ▶ Making decision with information and reason
- ▶ Being a prudent and mature person and a good listener who is able to advance constructive debates and independent opinions
- ▶ Adhere to practice professionally with principle and standard
- ▶ Other significant characteristics

2) Knowledge and expertise required to have on the Board

The Nomination and Compensation Committee should consider and formulate specific elements of competencies that the Board of Directors need, for the board to excel in formulating the business strategies and policies and implementing the devised strategies effectively.

3) Board Diversities

In addition to the formulating of Directors' characteristics and Board's competencies, the Nomination Committee may consider and formulate guidelines related to the diversity of other characteristics of the Board of Directors. For example, the Board of Directors may consist of representatives from a variety of stakeholders, education backgrounds, age, gender and etc.

## CRITERIA FOR SELECTING NEW DIRECTOR

In recruiting Director, the Company will consider the diversity of the Board of Directors' characteristics. This is to support the operation to be in accordance with the business strategy and sustainable development of the Company. The Selection of the Board of Directors will base on the capability of the applicants. The criteria for determining are as follow:

- ▶ The applicants will be considered on the diversity of the Board characteristic which includes gender, age, qualification, experience, knowledge and expertise.
- ▶ Consider the leadership role, vision, ethics and integrity by upholding the highest principles of Good Corporate Governance.
- ▶ The applicant must not be blacklisted by any organization (Including The Securities and Exchange Commission) or have been convicted of a criminal offense.
- ▶ Applicant applying for independent directors must meet the criterion of independent directors.
- ▶ Consider from other qualifications that may be related, as appropriate.

## METHODS IN APPOINTING NEW DIRECTOR

When appointing new Director (vacant in the director position or to increase the number of director in the Board of Director) the Board of Director will follow the procedure in selecting and appointing new director. The procedures are as follow:

- ▶ The Nomination and Compensation Committee will evaluate the skills, experience, expertise and the diversity of each member of the Board of Directors; as well as specified other qualification as they see appropriate. This is to be in comply with the organization’s business operation strategy and to fulfill other necessary qualifications that is still lacking. This is done by considering the appropriate number of independent directors in the board of director as well as considering the Corporate Governance principle specified by Stock Exchange of Thailand
- ▶ Nomination and Compensation Committee may select appropriate individuals to sit in the position of Director through the Board of Director members’ and the Chief executive officers’ personal channel. The Company may hire outsources in recruiting or uses committee database from IDO.
- ▶ When Nomination and Compensation Committee has screen the applicant, each eligible candidate will be selected.
- ▶ Nomination and Compensation Committee propose the name of new directors to the Board of Director to propose to the shareholders’ meeting to approve and appoint. In the case where the position is vacant due to other reasons apart from retirement by rotation, propose to the Board of Director for consideration, approval and temporary appointment.

## THE ORIENTATION OF NEW DIRECTOR

The Board of Director assign the orientation of new director to create knowledge and understanding of the nature of business and to prepare for the duties of the Board of Directors. Meanwhile, to be enhance knowledge and new perspectives for all directors. Whether the good corporate governance, business, industry conditions, new technology or innovation for support the effective performance of the directors. The Company secretary is the coordinator for various matters are as follows.

- 1) Nature of Business, Business Structure, Director Structure include scope, authority and various laws that should be known.
- 2) Operation guidelines, Historical performance overview.
- 3) The prepare meeting with Chairman, Chairman of Executive Committee and Managing Director to inquire in-depth information about the business operations of the company.

In 2018, the Company has no recruit new Director. So, the present new information to Directors such as Regulation of law, New regulations and good corporate governance (CG Code)

## 4. RISK MANAGEMENT COMMITTEE

As at 31<sup>st</sup> December 2018, The Risk Management Committee consisted of 5 members which are follow:

NAME-LAST NAME	POSITION
1. Mr. Komsak Wattanasriroj	Chairman of the Risk Management Committee
2. Mr. Chatchawe Vatanasuk	Risk Management Committee
3. Mr. Chanit Suwanparin	Risk Management Committee
4. Mrs. Chirapan Khotcharit Choosang	Risk Management Committee
5. Ms Parichat Chotipumiwet	Risk Management Committee

Ms. Panjaporn Rocksombon is the Secretary of Risk Management Committee. Who was appoint by the Board of Directors Meeting No. 5/2018 held on 9<sup>th</sup> August 2018.

**NUMBER OF MEETING AND NUMBER OF TIMES EACH RISK MANAGEMENT COMMITTEE ATTENDED THE MEETING IN THE PAST YEAR.**

NAME AND LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
1. Mr. Komsak Wattanasriroj	Chairman of the Risk Management Committee	1/1	-
2. Mr. Chatchawe Vatanasuk	Risk Management Committee	1/1	-
3. Mr. Chanit Suwanparin	Risk Management Committee	1/1	-
4. Mrs. Chirapan Khotcharit Choosang	Risk Management Committee	1/1	-
5. Ms. Parichat Chotipumiwet	Risk Management Committee	1/1	-

**Note:** The Board of Directors Meeting No.5/2018 held on 9<sup>th</sup> August 2018 appoint Risk Management Committee.

**SCOPE OF AUTHORITY, DUTIES AND RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE**

1. Support the company to maintain Good Corporate Governance procedure, to perform transparently and to have sufficient, appropriate and effective internal control system.
2. Formulate policies for risk appetite level and risk tolerance level as well as propose risk management policies to the Board of Directors to be approved. Which cover all aspect of significant risk such as strategic risk, credit risk, market risk, liquidity risk, operational risk, concentration risk, compliance risk, emerging risk and corporate reputation risk.
3. Plan risk management strategy to be in conform with risk management policy. The committee should be able to assess, monitor and control risk at the appropriate level, especially significant risk
4. Control, monitor, measure and evaluate risk management as well as ensure that the company operates in accordance with the specified risk management policies; along with performing in accordance with the formulated regulatory.
5. Review risk management report and perform to ensure that the organization has appropriately manage the risk as well as review the adequacy of risk policy and risk management system; including the system's effectiveness and the implementation of the formulated policies.
6. Consider adjust and revise as well as give opinion on the policies, work plan and risk management process on different aspect; including to propose to the Board of Director to consider and approve.
7. Regularly report the Company's risk status and the guidelines that need to be rectified to the Board of Directors and notify the audit committee of the things that need to be rectified in order to be in confirm with the formulated policy and strategy.
8. Provide Risk Management Sub-Committee as necessary for assessment all risks in accordance with the organization's goals and scope of responsibility.

## 5. EXECUTIVE COMMITTEE

As at 31<sup>st</sup> December 2018, The Executive Committee consisted of 7 members which are follow:

NAME-LAST NAME	POSITION
1. Mr.Chatchawe Vatanasuk	Chairman of the Executive Committee
2. Mr.Chanit Suwanparin	Vice Chairman of the Executive Committee
3. Mrs.Chirapan Khotcharit Choosang	Executive Committee
4. Mr.Woraphot Tangmanuswong <sup>1)</sup>	Executive Committee
5. Mrs.Suveeraya Ansavananda	Executive Committee
6. Ms.Hatsaya Charuwitayanan <sup>1)</sup>	Executive Committee
7. Ms. Parichat Chotipumiwet	Executive Committee

**Note:** 1) The Director No. 4 and 6 were appointed by the Board of Director Meeting 5/2018 on 9<sup>th</sup> August 2018.

### NUMBER OF MEETING AND NUMBER OF TIMES EACH EXECUTIVE COMMITTEE ATTENDED THE MEETING IN THE PAST YEAR.

NAME AND LAST NAME	POSITION	NO. OF TIMES ATTENDED THE MEETING/TOTAL NO. OF MEETING	
		2018	2017
1. Mr. Chatchawe Vatanasuk	Chairman of the Executive Committee	10/12	7/12
2. Mr. Chanit Suwanparin	Vice Chairman of the Executive Committee	12/12	11/12
3. Mrs. Chirapan Khotcharit Choosang	Executive Committee	11/12	9/12
4. Mr.Woraphot Tangmanuswong <sup>1)</sup>	Executive Committee	4/6	-
5. Mrs. Suveeraya Ansavananda	Executive Committee	12/12	10/12
6. Ms.Hatsaya Charuwitayanan <sup>1)</sup>	Executive Committee	5/6	-
7. Ms. Parichat Chotipumiwet	Executive Committee	12/12	11/12

**Note:** 1) The Director No. 4 and 6 were appointed by the Board of Director Meeting 5/2018 on 9<sup>th</sup> August 2018.

### SCOPE OF AUTHORITY, DUTIES AND RESPONSIBILITIES OF EXECUTIVE COMMITTEE

1. Consider and determine the proposal of Management team and propose goals, policies and business plan, including the Company's annual budget to the Board of Directors for consideration and approval.
2. To supervise and monitor the Company's operating results to be in accordance with the policies, goals, business plan and specified budgets as well as supervise the operation to maintain quality and efficiency.
3. To consider approving tasks related to normal business transactions such as investing according to the investment budget or the budget as approved by the Board of Directors and etc. Financial limit of each transaction shall be in accordance with the table of authority of approval, which was approved by the Board of Directors.

4. Propose organization structure appropriate for the Company operation to the Board of Directors to consider and approve, including to consider the raise of salaries and bonuses of employees ranging from the Assistant managing Director down.
5. To consider profit and loss of the Company, proposal for payment of interim dividend or annual dividend for submission to the Board of Directors for approval.
6. Has the authority to appoint or hire consultants that are related to the internal management of the Organization to achieve maximum efficiency.
7. To have the authority to authorize any one or more persons to take any action under the supervision of the executive committee or to assign authority to such person as deemed appropriate by the executive committee, and for the period deemed appropriate by the executive committee. The executive committee may cancel, revoke, replace, or change the authorized person or the authorization as deemed appropriate.
8. To perform other actions or operations as assigned by Board of Directors from time to time. Authorization of duty and responsibility of the executive committee shall not constitute authorization or sub-authorization that enable the person authorized by the executive committee to approve a transaction in which they or other persons likely with a conflict (as defined by the notifications of the Capital Market Supervisory Board and/or the SET and/or relevant organizations) have an interest or any other conflict of interest with the Company, subsidiary, and/or related company. The executive committee does not have the authority to approve such matter but shall propose to the board of directors meeting and/or shareholders meeting (as the case may be) for approval, except for approval of transactions with respect to normal business, with normal commercial conditions in accordance with the notifications of the Capital Market Supervisory Board, and/or the SET, and/or relevant organizations.

## 6. RISK MANAGEMENT SUB COMMITTEE

As at 31<sup>st</sup> December 2018, The Risk Management Sub Committee consisted of 11 members, which are as follow:

NAME AND LAST NAME	POSITION
1. Mr. Chanit Suwanparin	Chairman of the Risk Management Sub Committee
2. Mrs. Chirapan Khotcharit Choosang	Vice Chairman of Risk Management Sub Committee
3. Mr. Woraphot Tangmanuswong	Risk Management Sub Committee
4. Mrs. Suveeraya Ansavananda	Risk Management Sub Committee
5. Ms. Hasaya Jaruwittayanant	Risk Management Sub Committee
6. Mrs. Preawnapa Nimma	Risk Management Sub Committee
7. Mr. Yodchai pundee	Risk Management Sub Committee
8. Ms. Parichat Chotipumiwet	Risk Management Sub Committee
9. Ms. Preeyaporn Parisuthakul	Risk Management Sub Committee
10. Ms. Nunthaphuk Phothisarn	Risk Management Sub Committee
11. Mr.Chawalit Prawatborisut	Risk Management Sub Committee

Former Risk Management Sub Committee resigned during the year 2018 as follow:

NAME AND LAST NAME	POSITION
1. Ms.Pornsiri Pluemkiattichai <sup>1)</sup>	Risk Management Sub Committee
2. Mr.Poomrat Pilert <sup>2)</sup>	Risk Management Sub Committee

**Note:** 1) Risk Management Sub Committes No.1 resigned on 31<sup>st</sup> August 2018.  
2) Risk Management Sub Committes No.1 resigned on 30<sup>st</sup> August 2018.

Ms. Panjaporn Roeksomboon is the Secretary of Risk Management Sub Committee. Who was appointed by the Risk Management Sub Committee No. 1/2016 held on 8<sup>th</sup> July 2016.

## DUTIES AND RESPONSIBILITIES OF THE RISK MANAGEMENT

1. Support the company to maintain Good Corporate Governance procedure, to perform transparently and to have sufficient, appropriate and effective internal control system.
2. Formulate policies for risk appetite level and risk tolerance level as well as propose risk management policies to the Board of Directors to be approved. Which cover all aspect of significant risk such as strategic risk, credit risk, market risk, liquidity risk, operational risk, concentration risk, compliance risk, emerging risk and corporate reputation risk.
3. Plan risk management strategy to be in conform with risk management policy. The committee should be able to assess, monitor and control risk at the appropriate level, especially significant risk.
4. Control, monitor, measure and evaluate risk management as well as ensure that the company operates in accordance with the specified risk management policies; along with performing in accordance with the formulated regulatory.
5. Review risk management report and perform to ensure that the organization has appropriately manage the risk as well as review the adequacy of risk policy and risk management system; including the system's effectiveness and the implementation of the formulated policies.
6. Consider adjust and revise as well as give opinion on the policies, work plan and risk management process on different aspect; including to propose to the Board of Director to consider and approve.
7. Regularly report the Company's risk status and the guidelines that need to be rectified to the Board of Directors and notify the audit committee of the things that need to be rectified in order to be in confirm with the formulated policy and strategy.

## 7. MANAGEMENT

As at 31<sup>st</sup> December 2018, The Company has 9 Executives, which are as follow:

NAME-LAST NAME	POSITION
1. Mr. Chanit Suwanparin	Managing Director
2. Mrs. Chirapan Khotcharit Choosang	Deputy Managing Director, Commercial 1-3 Division, Corporate Marketing Division

NAME-LAST NAME	POSITION
3. Mr. Woraphot Tangmanuswong	Assistant Managing Director, International Business, Supply Chain Division and Quality System Division
4. Mrs.Suveeraya Ansavananda	Division Director, Commercial 1 Division and Corporate Communication
5. Ms. Hatsaya Charuwitayanan	Division Director, Commercial 3 Division and Research and Development Division
6. Mr.Chawalit Prawatborisut	Associate Director, Business Development 2 Department
7. Ms. Narisa Tiyasuksawad	Associate Director, Beverage (7-Eleven)
8. Mrs.Preawnapa Nimma	Senior Manager Supply Chain Division
9. Ms. Parichat Chotipumiwet	Senior Manager Accounting and Finance Division

**Note:** “Executives” by the definition in the Declaration regarding the issuance and offering of the company’s securities starting from the Managing Director, Vice President, Executive vice President by which the 4 Executives will be the Senior Manager level which is the same level as Senior Manager - Supply Chain. Moreover, this also include Accounting Manager and Financial Manager.

Former Executive resigned during the year 2018 as follow:

NAME AND LASTNAME	POSITION
1. Ms.Pornsiri Pluemkiattichai	Senior Manager - Research and Development Department

**Note:** Director No. 1 resigned from the position of Senior Manager - Research and Development Department on 31st August 2018.

## SCOPE OF AUTHORITIES, DUTIES AND RESPONSIBILITIES OF MANAGING DIRECTOR

1. Supervise daily business operation and/or management of the Company.
2. Compile policies, business plan, business strategies and Company annual budget to propose to the Executive Committee and the Board of Director for consideration and approval.
3. Supervise and monitor the Company operation and performance to be in accordance with the policies, work plans, and budget as approved by the Board of Directors including audit, monitor and evaluate the Company performance to be in line with the specified policies. The Managing Director shall report the operational performance management and operation progress to the Executive Committee, Audit Committee and the Board of Directors.
4. To consider approving tasks related to normal business transactions according to the investment budget or the budget as approved by the Board of Directors. Financial limit of each transaction shall be in accordance with the table of authority of approval, which was approved by the Board of Directors but shall not exceed the annual budget that was approved by the Board of Directors as well as entering into contracts related to such matter.
5. Has the authority to authorize expenditure incurring from normal business operation in accordance with the budget approved by the Board of Directors and in line with the approval authority that was approved by the Board of Directors.

6. Has the authority to approve manpower, employment and employee placement, determine rate of salary, appoint and transfer employee, determine duties and responsibilities of each department and employee with position lower than the Management division as approved by the Board of director.
7. Has the authority to order and determine regulations, notices and records in relation to business operation of the Company to be in accordance with Company's policies and for the Company's interest, including to maintain good order within the organization.
8. To have the authority to authorize any one or more persons to take any action under the supervision of the Managing Director or to assign authority to such person as deemed appropriate by the Managing Director, and for the period deemed appropriate. The Managing Director may cancel, revoke, replace, or change the authorized person or the authorization as deemed appropriate.
9. To perform other actions or operations as assigned by Board of Directors or the Executive Committee. In performing any task that the Managing Director or person authorized by the Managing Director or person likely with conflict of interest (as defined by the notifications of the Capital Market Supervisory Board and/or the SET and/or relevant organizations) have an interest or any other conflict of interest with the Company and/or subsidiary, and/or related company. The Managing Director does not have the authority to approve the operation of such matter but shall propose to the board of directors meeting and/or shareholders meeting (as the case may be) for approval, except for approval of transactions with respect to normal business, with normal commercial conditions in accordance with the notifications of the Capital Market Supervisory Board, and/or the SET, and/or specified relevant organizations.

## 8. COMPANY SECRETARY

At the Board of Directors Meeting No. 2/1015 on 17<sup>th</sup> February 2015, The Board of Director has resolution to appoint Miss Panjaporn Roeksomboon as the Company Secretary in be in accordance with section 89/15 of the Securities and Exchange ACT B.E. 2535, revised by the Securities and Exchange Act (No. 4) BE 2551. In addition, the Board of Directors Meeting No. 5/2015 on 5<sup>th</sup> August 2015, has specified the Company Secretary duties and responsibilities, which are as follow:

- 1) Provide preliminary advice and recommendations to the Directors and Executives on being compliance with Company laws, requirements, rules and regulations as well as monitor to ensure the accurate and regular implementations.
- 2) Responsible for organizing the Board of Directors Meeting and Shareholders Meeting as well as supervise and coordinate to ensure the implementation of the resolution of the aforementioned meetings.
- 3) Supervised the disclosure of information and information technology report in the are responsible to be in accordance with the regulations and the requirements of Stock Exchange of Thailand and The Capital Market Supervisory Board including relevant laws.
- 4) Compile and store the following documents
  - 4.1) Director Registration
  - 4.2) Notice of the Meeting of the Board of Director and Minutes of the Board of Directors meeting.
  - 4.3) Notice of meeting of Shareholders and the Minutes of the Shareholders Meeting.
  - 4.4) The Company Annual Report
  - 4.5) Report on conflict of interest of Executive Director
- 5) Performing other actions in line with the laws or the specified of the Notification of the Capital Market Supervisory Board.

## Director and Executives Remuneration

### FINANCIAL REMUNERATION

#### A) Directors Remuneration

The Annual General Meeting of Shareholders further year 2015 on 20<sup>th</sup> March 2015 the Extraordinary General Meeting of Shareholders No.2/2015 on 21<sup>th</sup> August 2015 have the resolution to determine the Directors remuneration for the year 2018, which are as follow:

##### 1) Meeting Fee

Unit : Baht

POSITION	MEETING FEE/PERSON/TIMES
Chairman of the Board of Director	30,000
Directors	25,000
Chairman of the Audit Committee	25,000
Audit Committee	20,000
Chairman of the Nomination and Compensation Committee	15,000
Nomination and Compensation Committee	10,000
Chairman of Risk Management Committee	10,000
Risk Management Committee	10,000

- Note:**
- 1) The remunerations will be paid only.
  - 2) Directors who receive monthly salary as the employee of the Company and/or Subsidiaries will not be receive remuneration as the Board of Director.
  - 3) The Board of Director meeting appoint Risk Management Committee on 9<sup>th</sup> August 2018  
In addition to the Directors remuneration of the above, Independent Directors and Non-Executive Director also received remuneration in other benefits such as expenses for training course of IOD and other. This is in accordance with the Company's regulations.

##### 2) The Annual Incentive

The Company will pay The Annual Incentive to the Board of Directors at the amount not exceed 1,500,000 million Baht. The Board of Director will consider and allocate as appropriate.

**FOR THE YEAR 2018, THE COMPANY PAID MEETING FEE TO THE BOARD OF DIRECTORS ACCORDING TO THE DETAIL AS FOLLOW**

**Unit: Baht**

NO.	NAME OF DIRECTORS	POSITION	YEAR 2018				Total Remuneration
			Meeting Fee		Incentive	Total	
			Director	Audit Committee			
1	Admiral Apichart Pengsritong	Chairman of the Board of Directors and Independent Director	180,000	-	-	430,000	610,000
2	Assoc.Prof. Kitti Siripullop	Chairman of the Audit Committee and Independent Director	150,000	100,000	-	370,000	620,000
3	Mrs.Paktra Suriyapee	Audit Committee, Independent Director and Chairman of the Nomination and Compensation Committee	125,000	80,000	15,000	350,000	570,000
4	Mr.Komsak Watanasriroj	Audit Committee Independent Director, Nomination and Compensation Committee and Chairman of the Risk Management Committee	150,000	80,000	10,000	350,000	600,000
5	Mr.Chatchawe Vatanasuk	Director and Risk Management	-	-	-	-	-
6	Mr.Chanit Suwanparin	Director, Nomination and Compensation Committee and Risk Management Committee	-	-	-	-	-
7	Mrs.Chirapan Khotcharit Choosang	Director and Risk Management Committee	-	-	-	-	-
<b>Total of Remuneration</b>			<b>605,000</b>	<b>260,000</b>	<b>260,000</b>	<b>1,500,000</b>	<b>2,400,000</b>

- Note:**
1. Director No.6-8 are Directors that received monthly salary as the Company employee, thus did not receive remuneration as a directors
  2. The Board of Director meeting No.5/2018 held on 9<sup>th</sup> August 2018 appoint Risk Management Committee

## EXECUTIVE REMUNERATION

In 2017 and 2018, the Company paid remuneration to the Executive at the amount of Baht 36.59 million and Baht 41.60 million, respectively. Such remuneration includes salary, bonus and contribution to provident fund

YEAR	NO. OF EXECUTIVES (PERSON)	REMUNERATION (BAHT)
2017	10	39,597,459.27
2018	11	41,608,728.01

### Note :

- Number of Executives in the table included Mr.Chatchawe Vatanasuk, Chairmand of the Executive Committee.
- In 2017, Former Management resigned during the year such as Mr.Wirach Chanluan Associate Director Business Development 3.
- In 2018, Former Management resigned during the year such as Ms.Pornsiri Pluemkiattichai Senior Manager - Research and Development Department.

## OTHER REMUNERATION

-None-

## PERSONNEL

### Number of Personnel

As at 31<sup>st</sup> December 2018, the Company has the total of 119 employee (exclude 11 Executives) by separated into the main field of work, which are as follow:

DEPARTMENT	NO. OF EMPLOYEE (PERSON)		
	FULL-TIME EMPLOYEE	DAY LABOR	TOTAL
1. Commercial 1 Division	10	-	10
2. Commercial 2 Division and Corporate Marketing Division	8	-	8
3. Commercial 3 Division	5	-	5
4. International Business	2	-	2
5. Supply Chain Division	11	-	11
6. Total Quality System Division	7	-	7
7. Research and Development Division	13	-	13
8. Business and Operation Support Division	12	-	12
9. Accounting and Finance Division	7	-	7
10. Secretary Office	3	-	3
12. Factory Division	19	22	41
<b>Total</b>	<b>97</b>	<b>19</b>	<b>119</b>

## SIGNIFICANT LABOR DISPUTE FOR THE PART 3 YEARS.

-None-

## EMPLOYEE REMUNERATION

### Financial Remuneration

In 2017 and 2018, the Company paid remuneration to the employee (exclude Executives) at Baht 33.13 million and Baht 35.19 million respectively. The remuneration are the form of salary, commission, bonus, allowance, contribution to social security fund, contributions to provident fund and other welfare

## PERSONNEL DEVELOPMENT POLICIES

The Company recognized the importance of personnel within the organization therefore has established training and personnel development policy with the purpose to enhance knowledge, skills and expertise including the efficiency in performing task of all level of employee. Guest speakers from a well-known institute were invited to lecture and share more knowledge to employee. The Company regularly revised and improve training course to be up to date and appropriate. Training and personnel development are directly considered as the supervisor responsibilities to plan and closely monitor the results of the employee development. The Company will thoroughly and fairly nurtures the employee career path by considering from the employee's level of knowledge, skills and competence. Moreover, the Company will consider sending employee and Executives in different field to participate in the trainings and seminars on subject related to job performance.

## NUMBER OF AVERAGE HOUR FOR TRAINING OF EMPLOYEE IN THE YEAR 2018

INTERNAL TRAINING	NUMBER OF EMPLOYEE ATTEND TO TANNING (PERSON)	TRAINING PERIOD (HOURS)
1. Competency Structure Based Interview	13	6
2. Security Awareness Training	14	3
3. Training Advance Microsoft Outlook	12	2
4. Excel Pivot Table	10	2
5. The Specify of Annual Budget in Bplus Program	23	4
6. Social security rights	20	3
7. KPI	15	8
8. Japanese	3	10
9. First Aid and CPR	24	4
10. Goal Setting	18	4
11. Project Management	15	6
12. Internal Audit for GMP, HACCP	20	6
13. Coaching Individual (Management)	5	15
<b>Total</b>		<b>73</b>

65

**Note:** the Company has 13 internal training course, total 73 hours and 36 external training course, overall 166 hours

## Develop the Board of Directors and Executives

The Board of Directors continuously support and develop directors' knowledge, skills and enhance the view point which will help the directors to lead the organization in reaching the set goal; including new director orientation that provide knowledge and understanding of the role of responsibilities, nature of business and policies. The purpose of the orientation is for every employee to continuously develop and improve their performance as well as to appropriately adjust and utilize their knowledge to perform their task efficiently.

In 2018, The Board of Director appoint Executive Committee 2 persons, 1 person as a new Management and 1 person as a old Management according to the report name. The management has conducted an orientation to introduce the business, the nature of the business. Regardless of the code of conduct and business ethics of Directors, Executives and employees, Responsibility for disclosing information, Equity reporting, Including acknowledging the policy of trading the company's securities and use of internal information.

For the Board of Director and Management, the Company focuses in supporting and developing knowledge and skills of the Executives in different aspects, whether it's training or seminar. The Executives then can use such knowledge and skills to adjust and applied in their managing and developing the Company to grow sustainably. In 2018, there are Managements and Managers that training are as follow:

- ▶ Goal Setting, In order to have knowledge and understanding of effective goal setting, Systematic, planning and have the skills to manage the plan effectively.
- ▶ Coaching Individual (Management) By creating a culture of coaching for management groups at the beginning, middle and high level. To be able to fully draw the team's followers and to manage the performance to meet the organization's goals as well as creating sustainable growth for the organization.
- ▶ StrengthsFinder Evaluation form for analysis strength or own potential, ability develop and one of Human management in new perspective.
- ▶ Engagement Mobile Application in order to find and maintain the talent by giving importance to the bond between employees and the organization.
- ▶ Knowledge Management in order to gather knowledge in various important areas in the central area Which can be used for human resource development.

## EMPLOYEES TREATMENT WITH COMPENSATION WITH APPROPRIATE WELFARE

The Company emphasize that employees are valuable resources for the success of the organization. Caused by the company having employees with knowledge and ability. So, to being ready for the body is healthy and healthy with morale and motivation to use knowledge, ability to perform tasks for maximum efficiency and effectiveness. The Company believes in it and emphasize to the development and maintenance of the organization's resources seriously and continuously.

### Providing fair returns

The Company regularly reviews the compensation and welfare allocation for employees. To ensure that the compensation of the company at a level that is competitive in the same industry and in accordance with the Company's goals. The Company has a policy regarding progressing and developing employees according to the career path and having talent personnel planning and development for replacement and / or supporting the expansion of the company.

### **Providing appropriate welfare for employees**

Employees of the company also receive other benefits in order to reduce the cost of living, reduce worries and promote the welfare of the well-being of employees that cover the family of employees. Which will be beneficial to the operation and the life of the employees Classified into 4 types as follows.

- ▶ Benefit from grants such as grants for employees or parents and children of employees Religious donation donation Grants and other grants.
- ▶ Health and life insurance such as annual health check for employees as appropriate for each age and gender group health insurance and group accident insurance.
- ▶ Loan benefits such as loans for continuing education of employees necessary loans or emergencies, both personal and family of employees.
- ▶ Funds such as provident funds and social security compensation fund.

In the year 2018, the company has provided four major influenza vaccines according to the World Health Organization (WHO) standards for all employees.

### **SUCCESSION PLAN OF SENIOR EXECUTIVES**

The Company has assigned executives at similar levels or secondary levels to be the acting supervisors in such positions. Until recruiting, selecting and appointing according to the procedures set by the Nomination and Compensation Committee to ensure.

The company has executives with knowledge, ability and experience sufficient to perform the following duties.

- 1) Nomination and Compensation Committee consider the knowledge, ability and experience of each position. In order to select executives with qualifications as specified can inherit the work of each position.
- 2) The Managing Director has evaluated the performance and knowledge of the qualified executives. An analysis of individual strength strengths of the executives is organized in order to know the strengths or what is their true potential. In order to develop that ability
- 3) Assign the Human Resources Manager take care of follow-up training and develop knowledge The ability of the successor to the Managing Director.

### **BEST PRACTICE GUIDELINE FOR WORKPLACE HEALTH & SAFETY DURING WORK**

The Company realizes the importance of the safety and hygiene in the workplace. Safety is the key factor in stepping towards the Company's success, therefore safety activities along with productivity activities are promoted. The Company organizes and trained on the safety in workplace rules, fire prevention and suppression plan to be in comply with the related standard and laws. The Company as well monitor and evaluate the environment in workplace. Every employee cooperate in accordance to the safety and hygiene in workplace guidelines. Safety helps decrease loss, reduce production costs and reinforce the employee welfare; in order to develop into quality resources and effectively response to manufacturing policies. The Company has compile safety in work place manual to share knowledge and give advises on working safely guideline and raise awareness in safety that occurs to the employees.

In 2018, there was no accident from the work of the employees in the factory and the company headquarters.

## **POLICIES OR GUIDELINES THAT WILL NOT INVOLVE IN VIOLATION OF HUMAN RIGHTS**

The Company respect and places great importance on human rights as well as treat employees equally and fairly; whether it is the differences in race, religion, gender or physical condition. The Company adheres to the Organizational Culture for employees to abide by as a guideline in performing task. The Organizational Culture will allow the employees to accept one another and work well together under happy working environment. The Company promotes its employee to participate in the activities that are useful and will benefit the society, both directly and indirectly.

## **WHISTLEBLOWING POLICIES**

In order for the Company to maintain Good Corporate Governance and to give the rights to all employees and all stakeholders to be able to report on fraud or corruption, report or launch complain on any malpractice concerning unlawful or unethical conduct or opinion on business operation. The Company provides channel to report on any illegal, deceptive conduct or corruption, through E-mail: whistleblower@taconsumer.com Report of the unlawful or deceptive conduct, corruption and any suggestions will be taken into consideration and will proceed appropriately. Each case will be considered on a case-by-case basis and protection measures for complainant and whistleblowers are provided. The Company will effectively safeguard your information and will consider the safety of the whistleblowers as well as the cooperator in examining the truth. The Company ensures that all related parties will not be effect by the whistleblowing act. (The more detail on topic Corporate Governance Section: The Role of Stakeholders )

## **SECURITIES TRADING AND USAGE OF INSIDE INFORMATION POLICIES**

The Company is committed to maintain good corporate governance and treating all stakeholders with transparency and fairness. Being the directors or executives may allow one to have access to the Company inside information which may affect the decision making in securities trading before outsider or other investors who may have no knowledge of such information. Therefore, Directors or Executives of the Company should avoid trading company's securities that one holds the position of directors or executives. However, if one is to trade company's securities, one should perform with due care, by not using inside information that has not been disclosed in the Stock Exchange. Usage of inside information is considered as taking advantage of general investors and may be against the law as well. When the trading of securities have been made there should be a report of such trade and ensure that such act is in comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. In order to prevent the misuse of the Company's inside information and seek benefits for personal or others in a wrongful way, the Company has established principles and guidelines for directors, executives, employees and related parties to adhere to; which are as follow:

- 1) No person shall use the Company's inside information for his own or other person's benefit in trading the Company's securities.
- 2) Directors and Executives are responsible for the compilation and disclosure reports on securities holding submitted to the Stock Exchange of Thailand and the Securities and Exchange Commission as well as to deliver such reports to the company.
- 3) Directors and Executives must report any changes in the holding of securities to The Securities and Exchange Commission, Thailand under Section 59 of the Securities and Exchange Act BE 2535.
- 4) Directors and Executives have the duty to report the holding of securities and report of any changes in securities holding to the Board of Directors Meeting and to acknowledge the Board of every changes.
- 5) Directors and executives have the duty to compile and disseminate reports on conflict of interest to the Company.

## CODE OF CONDUCT AND BUSINESS ETHICS OF DIRECTORS, EXECUTIVES AND EMPLOYEES

The Company has established and announced the Code of Conduct and Business Ethics for Directors, Executives and Employees and to be use as the principles and guidelines. Which are as follow:

### Basic Principles of Code of Conduct and Ethics.

1. Perform duties with integrity, morality and responsibility.
  - 1.1 Maintain confidential information and not to use inside information or confidential information to seek benefits for oneself or others in a wrongful way.
  - 1.2 Prevent or avoid actions that may lead to conflict of interest.
  - 1.3 Conduct oneself as professionals with knowledge, expertise and prudence.

### Code of Conduct and Ethics

The Company's personnel namely directors, executives, staff, employees, consultants and agents or authorized persons acting on behalf of the company or on behalf of the persons mentioned above should adhere to the code of conduct and business ethics as follow:

#### Self-Conduct

- 1) Carry out duties in compliance to the law relating to business operation, objectives and Articles of Association of the Company as well as principles of Good Corporate Governance and the shareholders' meeting resolutions.
- 2) Gain knowledge and experience to enhance oneself to be knowledgeable and skillful individuals in order to carry out duties efficiently and effectively.
- 3) Adhere to morality and not seek for position, favor or any other benefits from commanders or other persons by dishonest means.
- 4) Refrain from all kind of addictions and prevent behaving in any improper manner that may harm the reputation and dignity of oneself and the Company - such as, not become a person with unmanageable debts, avoid becoming obsessed in every type of gambling, or not associate with the use of all kind of drugs and etc.
- 5) Not take on any other occupation or profession or any act which may adversely impact the performance of duties or reputation of oneself and the Company.
- 6) Avoid having financial obligation with those persons, who are involved in doing business with the Company or between colleagues. This means and includes loaning money, demanding for soliciting contributions, playing share and etc. except for charity and public events.
- 7) Not seek for benefits that are improper or unlawful either directly or indirectly.
- 8) Not to undertake any activities that are considered as managing or taking charge of any other business which might undermining the Company's benefits or facilitate any persons or juristic persons either for the benefit of oneself or others.
- 9) Maintain and co-create to ensure unity within the group.

#### Conduct Towards Colleague

- 1) Strengthen teamwork by cooperating and helping each other for the benefits of the Company as a whole.
- 2) Treat colleagues with politeness, generosity, good human relations. Adapt oneself to be able to get along well with others and refrain from concealing necessary information in carrying out duties of the colleagues.

- 3) Respect others by not stealthily claiming other's performance as one's own performance.
- 4) Supervisors should behave so as to gain respect and become a positive role model for the subordinates, as well as be polite towards the subordinates and all level of the coworkers.
- 5) The subordinates should behave towards the supervisors with respect.
- 6) Subordinates shall listen to the supervisor's suggestions and to not perform duties which amounts to bypassing one's superior, except where one's superior with higher level ordered of such act.
- 7) Avoid disclosing information and stories of other employees both in terms of work and personal issues or criticize in such a way that may damage the employees or destroy the Company's image as a whole.
- 8) Not to act in any way that is immoral or take any action that constitute sexual harassment against other employees as such action might lead to trouble, nuisance or undermine morale in the work environment, hostile or aggressiveness; as well as unreasonably interrupting the work of other employees. Such behavior includes molestation, indecent acts or sexual harassment whether verbally or physically.

#### **Conduct Towards the Company**

- 1) Perform one's duties with responsibilities, integrity, commitment and dedicating oneself both physically and mentally in working; including to perform in comply with the Company's regulations, policies, values and culture, for the best interest of the Company significantly.
- 2) Perform one's duties in accordance with safety, occupational health and the working environment policies.
- 3) Strictly maintain the confidentiality of customers and business partners as well as those of the Company by ensuring not to let the Company's confidential documents or news leak out or fall into the hand of any unrelated persons which may cause damage the Company.
- 4) Not to falsely accuse others or to undertake any actions that will create disunity or cause damage within the Company or for those persons who are involved with the Company.
- 5) Maintain one's own dignity, so that you are well-accepted within the Company.
- 6) Create positive relationships through collaborating with society, community, Government agencies and other related organizations by providing information to employees at all levels to perform their duties with due care for the benefits of the Company and the public.
- 7) Pay attention and help maintain the environment and atmosphere in the workplace as well as develop the organization to excellence.
- 8) Refrain from giving and/or receiving presents, give or receive any receptions from trade partners or any persons related to the Company's business except for honest events that will benefit the Company's business, festivals or according to cultures at an appropriate value/price. In the event that the gift received is in the form of cash or has a total value exceeding three thousand Baht one should refuse to accept and return such gift immediately,
- 9) Not to be involved or participated in any acts or to conceal the acts which may have conflict of interest with the Company or participated in the concealing of any illegal acts.

#### **Conduct Towards Customers, Business Partners or Competitors**

- 1) Treat customers, partners and competitors with understanding and good cooperation between each other.
- 2) Offer quality services to customers with warm friendship and support.
- 3) Use precautions reasonably in giving advises or making any decision on behalf of the customer by taking into account the appropriateness in the case of the customer.

- 4) Oversee and safeguard the interests of shareholders.
- 5) Promote the social mission on an opportune occasion, along with participating in activities for public service, education and create progress for the nation.

The Company determines that it is the duties and responsibilities of directors, executives and all employees to learn, understand and strictly follow the Code of Conduct and Business Ethics Handbook. Ask for advice from the supervisor, if the staff has any question on the guidelines. The staff who violate the code of conduct and business ethics or allow the subordinates to violate the code of conduct, such individuals will be disciplined which may include termination, compensation for damages and be charge with civil or criminal penalties.

## THE COMPARISON TO CHANGED SHAREHOLDING OF DIRECTORS AND MANAGERMENTS FOR THE YEAR 2017 AND 2018

NAME	AS OF 31 DECEMBER 2017			AS OF 31 DECEMBER 2018			CHANGE INCREASED (DECREASED)
	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	
1. ADM Apichart Pengsritong Chairman of the Board of Director and Independent Director	200,000	-	200,000	200,000	-	200,000	-
2. Assoc.Prof.Kitti Siripullop <sup>2)</sup> Chairman of the Audit Committee and Independent Director	-	-	-	-	-	-	-
3. Mr.Somboon Prasitjutrakul <sup>1)</sup> Chairman of the Audit Committee and Independent Director	-	-	-	-	-	-	-
4. Mrs.Paktra Suriyapee Audit Committee, Independent Director and Chairman of the Nomination and Compensation Committee	-	-	-	-	-	-	-
5. Mr.Komsak Wattanasriroj Audit Committee, Independent Director, Nomination and Compensation Committee and Risk Management Committee	-	-	-	-	-	-	-
6. Mr.Chatchawe Vatanasuk Director, Chairman of Executive Committee and Risk Management Committee	179,914,143	5,629,000	185,543,143	180,429,643	5,642,900	186,072,543	529,400
* Spouse's Ms.Pawenee Suwanmethanont							

NAME	AS OF 31 DECEMBER 2017			AS OF 31 DECEMBER 2018			CHANGE INCREASED (DECREASED)
	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	
7. Mr.Chanit Suwanparin Director, Managing Director, Nomination and Compensation Committee and Risk Management Committee	14,888,572	-	14,888,572	8,923,572	-	8,923,572	(5,965,000)
8. Mrs.Chirapan Khotcharit Choosang Director and Deputy Managing Commercial 1-3 Division, Corporate Marketing and Risk Management Committee	4,190,000	-	4,190,000	4,220,000	-	4,220,000	30,000
9. Mr.Woraphot Tangmanuswong <sup>3)</sup> Assistant Managing Director International Business, Supply Chain Division and Total Quality System Division							
10. Mrs.Suveeraya Ansavananda Director Division Commercial 1 Division and Corporate Communication.	205,000	-	205,000	210,000	-	210,000	5,000
11. Ms. Hatsaya Charuwitayanan <sup>3)</sup> Division Director, Commercial 3 Division and Research and Development Division	36,300	-	36,300	36,300	-	36,300	-
12. Ms. Parichat Chotipumiwet Senior Manager Accounting and Finance Division	53,000	-	53,000	68,000	-	68,000	15,000
13. Mr.Chawalit Prawatborisut Associate Director Business Development 2 and Domestic Department	-	-	-	-	-	-	-
14. Ms. Narisa Tiyasuksawad Associate Director, Beverage (7-Eleven)	3,500	-	3,500	3,500	-	3,500	-

NAME	AS OF 31 DECEMBER 2017			AS OF 31 DECEMBER 2018			CHANGE INCREASED (DECREASED)
	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	Number of Shareholding by Director/ Executive	Number of Shareholding by related person	TOTAL	
15. Ms.Preawnapa Nimma Senior Manager Supply Chain Division	-	-	-	-	-	-	-
16. Ms. Pornsiri Pluemkattichai <sup>1)</sup> Senior Manager Research and Development Division	-	-	-	-	-	-	-
17. Mr.Wirach Chanluan <sup>1)</sup> Associate Director Business Development 3	-	-	-	-	-	-	-
18. Ms. Pawanee Suwanmethanont Division-Director Business Development * Spouse's Mr.Chatchawe Vatanasuk	5,629,000	179,914,143	185,543,143	180,429,643	5,642,900	186,072,543	529,400

**Note:** \* Number of shareholding by related person are Number of shareholding by related person with reporter under section 89/1 of the Securities and Exchange ACT B.E.2535 such as Spouse, Child or adopted child Underage.

- 1) Director and Executive was former during the year 2017 such as Mr. Somboon Prasitjutrakul and Mr. Wirach Chanluan. In 2018, such as Ms. Pornsiri Pluemkattichai.
- 2) Assoc.Prof.Kitti Siripullop Chairman of the Audit Committee and Independent Director appoint resolution the meeting Board of Director No.3/2017 held on 14<sup>th</sup> June 2017.
- 3) Mr. Woraphot Tangmanuswong and Ms. Hatsaya Charuwitayanan appoint as a Executive Committee held on 9<sup>th</sup> August 2018.

# Corporate Governance

## Corporate Governance Policy

The Company places great importance in good corporate governance as it is considered to be the significant mechanism that leads to effective management system, transparency and accountability. These factors will enhance the confidence among shareholders, investors, stakeholders and all related parties. Good corporate governance is a tool that helps increase value, create competitive advantages and boost the Company's sustainable growth, which would build long term benefits. Moreover, the Company significant to the Internal Control system and Risk Management closely. For these reasons, the Company has established good corporate governance principle, which is in accordance with the guideline set by the Stock Exchange of Thailand. The principles are in five categories, which are as follow:



### SECTION 1: THE RIGHTS OF SHAREHOLDERS

The Company recognizes and values all the fundamental rights of shareholders, namely the rights to sell, buy or transfer shares, the rights to receive shares of the company's profits, the rights to adequately access the Company's information, the rights to attend shareholders meetings wherein they can exercise the rights to vote for the resolution of the appointment or removal of directors, appointment of auditors, and significant matters affecting the Company such as allocation of dividends, specification or amendment of Articles of Association and Memorandum of Association, and reduction or increase of capital.

In addition to the above-mentioned fundamental rights, the Company supports and facilitates, in various matters, shareholders in exercising their rights.

- ▶ Invitation letters will be distributed to the shareholders at least 7 days prior to the meeting date. The letter shall contain clear details of the date, time, venue and agenda of the meeting as well as the Board of Directors' opinions. Related documents such as annual report, financial statements, support document for each agenda and proxy statement, will be attached with the invitation letter. The notice of the meeting shall be sent to all shareholders listed in the shareholders' registration book. The notice should be sent on the day the Company announced the closing date of share transfer registration, as well as publish the notice of the meeting along with the mentioned meeting agenda on the Company's website not less than 30 days prior to the meeting. This also includes continuously advertise the invitation notice on the Newspaper not less than 3 days before the meeting date to inform shareholders to prepare in advance before participating in the meeting, which is in accordance with the Public Limited Companies Act, B.E. 2535(1992).
- ▶ The Company offers shareholders the rights to propose agenda items for the Annual General Shareholders Meeting and nominations of directors candidates in advance. The company secretary will collect all the proposed agenda and present to the Board of Directors Meeting as well as collect all the nomination of Director candidates and present to the Executive Committee. The Executive Committee will consider the list and qualification of the candidates and present the results to the Board of Directors to consider. In the case where the proposed agenda is approve by the Board, the Company will include such agenda in the next General Shareholders' Meeting.
- ▶ In case that shareholders are unable to attend the meetings in person, the Company shall provide the shareholder an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter.

- ▶ The Company shall provide opportunities for shareholders to independently and fully make inquiries, suggestions or expression of opinions.
- ▶ The minutes of the shareholders meeting shall be prepared after the meeting date wherein complete and information shall be presented. The shareholders meeting resolution shall be disclosed to the Stock Exchange of Thailand within 9:00 a.m. of the day after the end of the, which also includes the resolution results of each agenda item; the number of votes that are in favor, against, abstentions and void ballots. The minutes of the shareholders' meeting will be publicized on the Stock Exchange of Thailand website and the Company website within 14 days commencing from the meeting date.



## **SECTION 2: THE EQUITABLE TREATMENT FOR SHAREHOLDERS**

The Company holds the policy to equitably and fairly treat and protect the rights of all shareholders, whether they are executive or non-executive shareholders, Thai or non-Thai, major or minor. The Company also provide additional for shareholders who's unable to attend the meeting themselves to authorize independent directors or other persons as proxies who may attend the meeting and vote on behalf of the shareholders. Minor shareholders will also be given the opportunity to propose the General Annual Meeting agenda and nominate candidates for directors in advance at an appropriate time.

The shareholders meeting is properly conducted according to the scheduled agenda and is in comply with the Company's Articles of Association. In each agenda, related information is clearly and completely presented for the meeting's consideration. If unnecessary, no un-informed agenda shall be introduced to the meeting without prior notice to the shareholders, especially any important agenda, which requires considerable time for the shareholders to make a prudent study before making any decision. The Company has established invitation letter for the Annual General Shareholders Meeting and Annual Report both in Thai and English to facilitate foreign shareholders.

The Board of Directors has set up a measure to prevent the insider trading by related persons, which include directors, executives, staff and employees, as well as spouses and minor children of such persons working in the area related to the inside information. Disciplinary measures with regard to disclosure or use of information of the Company for personal interest have also been determined in accordance with the policy on prevention of exploitation of inside information. Directors, executives, their spouses and minor children are prohibited to trade the Company's securities one month before publicly disclosed the financial statements. Directors and executives of the Company have also been informed and acknowledge of their duties and responsibilities to report their holding of the Company's securities by them, their spouses, and their minor children, as well as the change in such holdings, to the Office of the SEC in accordance with Section 59 and the penalties under the Securities and Exchange Act of B.E.2535.



## **SECTION 3: THE ROLE OF STAKEHOLDERS**

The Company places importance on the rights of all Company's stakeholders both internal and external. The details are as follow:-

- ▶ Customers: The Company is attentive and shows responsibilities toward the customers by emphasizing on producing quality products that are up to the standard and are able to fully satisfy consumers demand as keeping customers information confidential. Moreover, the Company also places great importance in setting appropriate conditions and selling price. To put in place a feedback and complaint procedure for customers.

- ▶ **Partners and Account Payable:** The Company has the policy to treat both the trading partner and the creditors fairly, equitably and to maintain honesty in operating business, does not take advantages along with strictly practice in accordance with the trading condition and/or trading agreements. In order to enhance good business relationship that benefits both parties. The Company is intent on developing and maintaining sustainable relationships with the suppliers mutual trust including set key supplier as a strategic partner.
- ▶ **Competitors:** The Company conducts its business within the good competition framework and within the specified law. The Company also supports and maintains an ethical code of competition, and refrains from acting in bad faith to the detriment of tis competitors.
- ▶ **Staff:** The Company recognizes the importance of all the staff, as they help drive the Company to be able to endlessly improve the business operation further into the future. Therefore, the Company emphasized on continuously developing the staff's potential, knowledge, capability, and skills. Appropriate remuneration is appraised base on each individual knowledge, capability and skills, which can be compare with other company in the same industry. To keep the working environment safe for the lives and properties of its employees. The Company treats all staff equitably and fairly.
- ▶ **Shareholders and Investor:** The Company focus on the company management for capability, honestly and transparency. Disclosure the data to shareholders correctly, Completely and equality under the ethics and good corporate governance. The Company reports on corporate position, operating results, financial and accounting status along with other matters are prepared and presented regularly and accurately.
- ▶ **Community and society:** The Company values the importance of sustainable development of its neighboring communities, the society and environment. So, the Company consistently focuses on instilling awareness of responsibility toward community and society in the Company, supports activities beneficial to society as a whole, and avoids any illegal or unlawful action. To adopt a clear corporate social responsibility (CSR) policy, which is implemented across-the-board.

## Internal and External Communications

The Company places an importance on internal communications via various media such as Intranet and bulletin board, Line official and Line Group to communication key subject with employee. It is correctly understanding to internal corporate which strengthen Ethics and Code of Conduct to employee, Management. To raise awareness about the significance of Good Corporate Governance, Risk Management and internal control. The Company place and importance on external communication by disclosure key subject of the Company via [www.tacconsumer.com](http://www.tacconsumer.com) such as Product, Investor information, Shareholder information, news & event etc.

## Whistleblowing on any fraud or corrupt

The Company has set procedure of whistleblowing on any fraud or corrupt to pattern appropriately. the Company provides its stakeholders an opportunity to report or give information on irregularities in business operations of the Company via provided channels, whereas:-

<b>Corruption</b>	refers to	Any act of unlawful exploitation for itself or others.
<b>Fraudulent</b>	refers to	Using fraudulent deception by giving false claims to others.
<b>Corruption</b>	refers to	The receipt or acceptance of requests for or receipt of property or property. Any other benefits to government officials. Government Sector Staff of private agencies Private Sector To the person or agency. They use their power to act, not to act, to precipitate or to act in any way contrary to the power and duty of the Company. Unless it is customary law and customary law.
<b>Complainant recipient</b>	refers to	The Managing Director.

<b>Complaints coordinator</b>	refers to	Company secretary.
<b>Complaints inspector</b>	refers to	Human Resources and Administrative Manager.
<b>Complainant</b>	refers to	The Director, Management, Employee or any person who has been charged or accused by a complainant about fraud or corruption.

## WHISTLEBLOWING CHANNELS

The whistleblower can inform complainant via channels as follow;

1. Letter  
Send to: Chairman and Managing Director  
T.A.C. Consumer Public Company Limited  
23<sup>rd</sup> Floor, UM Tower, 9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250.
2. Website: [www.tacconsumer.com](http://www.tacconsumer.com)
3. Facebook: Tacconsumer
4. <https://th-th.facebook.com/TACConsumer/>
5. E-mail: [whistleblower@tacconsumer.com](mailto:whistleblower@tacconsumer.com) This e-mail direct to Managing Director only.  
Corporate Governance

## WHISTLE BLOWING PROCEDURE REGARDING FRAUD, CORRUPTION, OR COMPLAINT.

1. Upon receiving a complaint on fraud or corruption from the above channels, the report receiver shall examine the complaint and submit it to the case coordinator within 3 working days to proceed.
2. The case coordinator gather sufficient clarification of the initial evidence received from the report receiver, including data storage, record progress and summary results. This includes tracking and summarizing the status of the complaint.
3. Coordinate the complaints, submit complaint that has been approved by the Managing Director to the complaint inspector within 5 working days.
4. The complaint inspector conducts a complaint investigation. Complaints regarding to misconduct, fraud, violation, not in comply with the law or company's work regulations such cases should be submitted to the Managing Director for consideration within 1 month.
5. The Managing Director shall approve the complaint regarding to fraud or corruption within 1 month.
  - 5.1 In case of approval, the Managing Director will present to the Board of Directors to consider further.
  - 5.2 In case of disapproval submit the complaint back to the complaint inspector for review.
6. If the case has a significant impact on business operations, the Managing Director shall present such case to the board of director to consider and determine the punishment as deemed appropriate.

## Protection Measures for Whistleblowers and Related persons

Whistleblowers and related persons of process Whistleblowing on any fraud or corrupt are protection appropriately from the Company such as do not change the position, nature of work, place of work, work break, intimidate, Interfering with the performance and termination of employment or any other unfair treatment of such person. Include information about the complaint. It is kept secret. Not disclosed to non-related persons. Except as required by law.

Any person who is aware of the complaint or information related to complaints under this procedure. There is must protect the complaint information or related to the complaint keep secret and not to anyone else. Taking into account the safety and damage of the complainant, Data Source or persons involved except where necessary in the implementation of this procedure or as required by law. If the information is deliberately violated, the Company will disciplinary and / or legal action against the violator, as the case may be.

## Anti-corruption

The Company realizes the importance of good corporate governance by adhering to business transparency. The meeting of Board Director No.5/2015 held on 5 August 2015 has approved the Anti-corruption policy. This aims to let all the management and employee be aware of the impact of corruption, to cultivate rightful values attitudes of employees to work with honesty while avoiding seeking benefits from one's position or providing such benefits to others for both directly and indirectly. This also prohibits employees from seeking personal or family interests using Company's position while aiming to increase the confidentiality of all stakeholders. Moreover, the meeting has agreed to disclose such Anti-corruption policy towards employees to comply. However, the Company sent employee to seminar Anti-corruption basic course for to know rule and procedure of Anti-corruption in organization.

## Business operation policy under environmental standards and efficient use of resources.

The Company operates in accordance with the laws, rules and regulations to ensure the efficiency of environmental and safety operations. The Company ensures that there is no pollution that affects the environment in the production process and strictly complies to the regulations and requirements of the department of industrial works.

The Company has measures in managing waste that occurred from production and non-quality products. In the process of producing 3 in 1 beverages, there is very little waste from the production. Which most of the waste generated from the production process is bags that are used to store raw materials during the production process. Two layers of bags are usually used during this process, the outer layer will be circulated and change into new bags every 2 days with the purpose of reducing the amount of waste that occurs. The inner bags that are exposed to the raw material are disposable in order to reduce Microbial cross-contamination. Moreover, there is a bag disposal path and disposal area for all bags orderly which is in accordance with the food sanitation principles and is the prevention of vectors; and the municipal vehicles collect garbage from the factory. Garbage that can be sold, will be sold to the garbage recycle buyer in that area. The Company's quality assurance department will evaluate the quality of non-quality products whether it can be reprocess. If it can be reprocess such non-quality products will deliver to the product research and development department to find a reprocess formula and establish methods for the manufacturer; but if the product is not reprocess able, the manufacturer will store such products in the warehouse and label them as product destruction where these product will go in to the annual destruction process.

In order to get the most efficient use of resources, the Company used transportation service to deliver goods to the warehouse. Policy has been set on delivering products on time where efficient product management plan has been established to help reduce energy consumption in transporting and to help reduce environmental impacts. In addition, the company set up water and energy saving campaign, which promotes employees to turn off the lights during 1 hour lunch break to help save energy.

Moreover, the Company provides guideline for developing environmental friendly packaging. The new beverage packaging has been developed as Innovation Packaging which can be recycled and reduced the use of plastic packaging.

## Policies that are in comply with laws regarding intellectual property and copyright

The Company has established policies that are in comply with laws regarding intellectual property and copyright. The guidelines are as follow:

1. Every employee has a duty to protect the confidentiality and security of information related to the company's intellectual property; to prevent the leaking of those information. All employees shall not use Company's intellectual properties for personal or others benefits without permission.

2. All employees shall respect and honor other intellectual property and shall not use other intellectual property, in part or in whole, without permission.
3. The Company monitors the registration trademarks, patents, copyrights and intellectual property to protect the interests and prevent piracy from others
4. Policies has been established for all employees on agreeing to accept the terms of use of the company's information system; with the purpose for users of the company's information systems to be aware of prohibitions and practices in order to reduce the risks caused by personnel and from infringement of information security, both intentionally and unintentionally.



## SECTION 4: DISCLOSURE AND TRANSPARENCY

The Board of Directors is committed to disclosing accurate, complete, and transparent information, both in terms of financial reports and general information, in accordance with the rules of the SEC and the SET, as well as essential information that impacts the price of the Company's shares, which affects the decision-making process of investors and stakeholders of the Company so that all relevant persons equally acknowledge such information. The Company will disclose information to shareholders and the public through the channels and information sharing media of the SET and the Company's website.

The Board of Directors recognizes its responsibility in providing accurate, complete, true, and reasonable financial statements, which are prepared in accordance with generally accepted accounting standards. The Board of Directors applies appropriate accounting policies and regularly put into practice as well as carefully exercises its discretion. Adequate information is provided in the notes to the financial statements. Furthermore, the Board of Directors arranges maintenance of effective internal control to reasonably ensure that accounting data is accurately, completely, and adequately recorded to maintain assets, and to determine weaknesses in order to prevent misconduct or significantly irregular practices. The Board of Directors will also appoint an audit committee consisting of directors not holding managerial positions, whose duty is to examine the financial reports, related party transactions, and internal control system. The audit committee will report directly to the board of directors.

## Investor Relations

The Company has established an investor relations unit responsible for disclosing information to shareholders, investors, and stock analysts through its website [www.tacconsumer.com](http://www.tacconsumer.com) under the tab entitled Investor Relations. Which contain the information sent to the Stock Exchange of Thailand and the Securities and Exchange Commission, shareholders information, quarterly performance, corporate governance and stock price movement. The information is regularly updated. Moreover, the Company reported performance of investor relations to Board of Directors by quarterly and set investor relations plan. In 2018, IR activities for disclosing corporate information to investors can be summarized as follows:-

FORMS OF ACTIVITIES	TIME
Investor, Analyst Visit and Site Visit	4
Analyst Meeting	3
SET Activities such as opportunity day, mai forum	3
Interview/Media	5

In 2018, The Company was award and rating for Disclosure and Transparency are as follow;

- ▶ TACC was rating in ESG 100 (The second consecutive year) by Thaipat Institute announcement 100 Listed Companies outstanding Environment, Social and Corporate Governance. It is an investment option that provides returns. This rating evaluation as 4<sup>th</sup> years of ESG rating team by selected from 683 listed company (Not include the listed company during the restoration). As refer to the document or identifying information and duration of disclosure to public in Annual Report Form (Form 56-1) and annual report, sustainability report and information of sustainability development from disclosure 6 source.
- ▶ TACC was award “Outstanding Investor Relations 2018” (The second consecutive year) from The Stock Exchange of Thailand cooperation Money & Banking Magazine in SET Award 2018.

## CONTACT INVESTOR RELATIONS

**Contact:** Ms. Panjaporn Roeksomboon  
**Tel:** 0-2717-2898 # 77  
**Fax:** 0-2717-2899  
**E-mail:** ir@tacconsumer.com



## SECTION 5: RESPONSIBILITIES OF THE BOARD OF DIRECTORS

### 1. BOARD OF DIRECTORS STRUCTURES

The Company’s board of directors comprised of directors who possess management-level knowledge, ability, and experience from a various organizations. The Directors can then apply the experience, knowledge, and ability to efficiently develop and determine the direction of the Company’s business operation for the best interests of the Company and its shareholders. The board of directors holds an important role in determining the policies and overview of the organization along with governing, inspecting, and monitoring the performance of the management, and evaluating the Company’s operation based on the plan set.

The Board of Directors structure consisted of more than one-third of independent directors of the total board member. At present the Company has 7 directors, consisting of 3 executive directors, 4 non-executive directors (including the Chairman) and 3 audit committee directors. Such Board of Directors structure allows check and balance in voting to contemplate in various issues.

The Board of Directors term of office shall be in accordance with the Public Limited Companies Act BE 2535 and the Company’s Articles of Association, According to the Company’s Articles of Association, at every Annual General Meeting, one-third (or similar ratio) of the directors shall retire. As it is the Company first year of being listed company, the directors to retire from office in the first and second years after the registration of the Company shall be determined by drawing lots. In every subsequent year, the directors who have been longest in office shall retire.

Moreover, the roles, duties and responsibilities of the Board of Directors and the management have been clearly separated in order to create check and balance together with examining business administrative. Various set of committees have been appointed to support good corporate governance, which are as follows:

1.1 The Audit Committee comprised of 3 members who are assigned to perform specific tasks and propose to the Board of Directors for consideration and acknowledgement. The audit committee’s rights and duties are specified in the audit committee charter. At least one audit committee member shall possess sufficient knowledge and experience in accounting to be able to inspect the credibility of the Company’s financial statements.

1.2 The Nomination and Compensation of 3 members has consider the structure configuration and quantification of director with the duty to recruit and select person include the appropriate knowledge that will benefit company. When a Directorial position in company become vacant for submitted to the Board of Directors and Annual General Meeting of shareholders include offer the structure of compensation of director and Chief Executive officer

(CEO) and evaluation performance of Board of Director.

1.3 The Risk Management Committee of 5 members has set strategy of risk management consistent with risk management policy which can be assessment, follow up and quantity of risk. Especially, the key risk of the company to be the level set by the organization.

1.4 The Executive Committee consisted of 7 members. The Executive Committee determines the business operation policies and strategies to be in accordance with the goal set by the Board of Directors to ensure the flexibility of management.

1.5 The Risk Management Sub-Committee consisted of 11 members. The Character is consider problem or risk factor may happen with the operation of the company and reduce risk or risk management to lowest. The Risk Management Sub-Committee report to Executive Committee, Risk Management Committee to consider and acknowledge as usually

The Company established the policy that separated the position of Chairman, the Board of Director and managing director to be different individual. This is to prevent any individual from holding unlimited power in any circumstances. The Board of Directors is responsible for determining the authority, duties and elects the candidate to fill in these positions.

The Board of Directors has appointed Company secretary to perform their duties and responsibilities in accordance with the Securities and Stock Exchange Act, which are as follows:

- 1) Supervise and give advice to the committee and the Executive on practicing in accordance with the Company's law, regulation and criteria as well as to supervise and ensure that they correctly and regularly put into practices.
- 2) Responsible for the Board of Directors meeting and Shareholders meeting as well as supervise and coordinate to ensure that such resolutions are put into practices.
- 3) Ensure that the disclosed information and reports, in the responsible area, are in accordance with the related laws, rules and regulation of Stock Exchange of Thailand and Securities and Exchange Commission.
- 4) Prepare and maintain documents such as director registration, Board of Directors' meeting invitation letter, minutes of the Board of Directors meeting, shareholders' meeting invitation letter, minutes of the shareholders meeting, annual report, conflict of interest of executives committee report and other tasks as specified by the law or the notification of the Capital Market Supervisory Board.

## **2. ROLES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS**

The Company requires the Board of Directors to comply with the Code of Best Practices in accordance with the guidelines of the Stock Exchange of Thailand. The directors must understand and recognize their roles, duties, and responsibilities, and perform their duties in accordance with the law, the Company's objectives and the Articles of Association, and shareholders resolutions with integrity and honesty, with priority given to the best interests of the Company and its shareholders. Furthermore, The board of directors also responsible for determining the policies, business goals, business plans, and the budget of the Company, along with governing the management division to efficiently and effectively perform in accordance with the policies, plans, and budget specified, for the best interests of the Company and its shareholders.

### **POLICY ON CONFLICTS OF INTEREST**

The company has determined measures to prevent conflict of interest that may occur during the process of the Company related transactions and any person who may have conflicts. The measures prohibited stakeholders on any circumstance from participating in authorizing such transaction. The Board of Directors shall supervise the Company to practice in accordance with the related laws, regulations, orders and notification of the Securities and Exchange of Thailand or the related regulations of the Capital Market Supervisory Board and Exchange of Thailand. The Board of Directors is responsible for supervising to ensure that the Company practice in accordance with the regulations concerning the disclosure of related party transactions as well as the sale and acquisition of the Company significant assets, which

also includes to strictly practice in accordance with the accounting standards set by the Association of Accountants.

In addition, the company may assign the Audit Committee, auditor or independent experts to audit and comment on the appropriateness of the price and the reasonability of the transactions. Such related transaction shall be audited or reviewed by the auditors of the company and will be disclosed in the financial statement notes in Annual Report Form (Form 56-1) and annual reports (Form 56-2).

### **INTERNAL CONTROL SYSTEM**

The Company is highly attentive to the internal control system, for both executive and operational levels, and has clearly specified scope of duties and authorities in writing. The Company also conducts the control of assets usage for the highest benefits and set apart the responsibilities in approving the record of transaction and data information, storing and ministering the assets; in order to create appropriate check and balance between one and another. Moreover, the Company also established internal controls that are related to financial system by established financial report that propose to the Executives in the responsible field of work. Even though at present the Company has not established Internal Auditing division of its own yet, never the less the outsourced independent internal auditor has been hired to audit the Company's internal control system, according to the details shown in number 13. Internal Control and Risk Management. The auditor shall report the results directly to the Audit Committee.

The Company sets clear and measurable goal for the business operation where the management and administration team will monthly compare the real operational performance with the set goal. Both internal and external risk factors that occurred during the operation will be evaluated. Factors that caused risks are analyzed measure for monitoring the cause of risk factors and measure for reducing risk is established. The Company assigned any related division to continuously monitor such risk and report the progress to the Board of Directors.

### **3. THE BOARD OF DIRECTORS MEETING**

Based on the Company's policy, the Board of Directors must hold a meeting at least once every three months. However, some additional or special meetings may be necessary. The Company's secretary has scheduled the Board of Directors meeting for the year 2017 in advance and had informed all the directors to acknowledge of such meeting schedule. Each meeting contains a very clear meeting agenda, and the invitation letter with details of the meeting shall be sent 7 days in advance for the Board of Directors to have sufficient time to study the information before the meeting. Minutes of meeting are taken and the certified minutes from the Board of Directors are stored for any further review or audit by the boards of director and any related parties.

### **4. DIRECTORS AND EXECUTIVES' REMUNERATION**

The Directors and Executives' remunerations are set and are paid at an appropriate level and at a sufficient rate that can motivate and maintain qualified directors and executive without having to pay excessive remuneration. The remuneration rate can be compare with other companies that are in the same group of industry.

The Company has determined remuneration for the Directors and Executives at an appropriate level, which is sufficient to maintain competent directors and executives. While the Company avoids paying excessive remuneration, it remains the rate at the level comparable to companies in the same group of industry. Factors to be considered include experience, duties, and scope of roles and responsibilities. The Directors' remuneration payment must be approved by the company's shareholders. Furthermore, the Executives' remunerations will be in accordance with the principles and policies as determined by the Board of Directors in which the consideration will be made based on duties, responsibilities, performance of each executive and Company's operational performance.

### **5. DEVELOPMENT OF DIRECTORS AND EXECUTIVES**

The Board of Directors has a policy to facilitate and support all parties related to corporate governance by providing knowledge and training. This policy also applied to Directors, Audit Committee, Executive and Company secretary in order to maintain continuous improvement of their performance. The training includes courses provided by the Thai Institute of Directors (IOD), Thailand Management Association (TMA) etc.

In 2018, The Board of Directors, Executive Committee, Management and Company and Company Secretary to attend seminar as follow:

LIST	POSITION	COURSE/ ORGANIZED BY
1. Mr.Komsak Wattanasiroj	Audit Committee, Independent Director, Nomination and Compensation Committee and Risk Management Committee	▶ Advanced Audit Committee Program (AACP) class 29/2018 by Thai Institute of Directors (IOD).
2. Mr.Chanit Suwanparin	Director, Nomination and Compensation and Risk Management Committee	▶ Emerging Trends in Leadership Development by Thailand Management Association (TMA).
3. Ms.Parichat Chotipumiwet	Risk Management Committee, Executive Committee, Senior Manager- Accounting and Finance Department	▶ The Business Challenges to Mergers and acquisitions by Federation of Accounting Professions of Thailand (FAP) ▶ Board Reporting Program (BRP) class 27/2018 by Thai Institute of Directors (IOD)
4. Ms.Panjaborn Roeksomboon	Company Secretary	▶ Board Reporting Program (BRP) class 27/2018 by Thai Institute of Directors (IOD)

### GOOD GOVERNANCE ASSESSMENT

The Company has a result of a good level for Corporate Governance Report of Thai Listed Companies (CGR) 2018. The report published by Thai Institute of Directors (IOD) which Thai Listed Companies attended 657 companies; SET Group 18% of companies and Mai Group 22% of companies. The Company has 87% (Very Good level) increased from previous year 79%. The results as following.

YEAR	RESULT (%)		
	POINT OF TACC	LEVEL	AVERAGE POINT OF THAI LISTED COMPANIES
2018	87%	 Very Good	81%
2017	79%	 Good	80%
2016	70%	 Good	78%

## ANNUAL GENERAL MEETING OF SHAREHOLDERS ASSESSMENT

The Company has a result of Annual General Meeting of Shareholders with the assessment point of 97 point (very good) which the AGM Checklist 2018 project held by Thai Investors Association. The results as following.

YEAR	RESULT (TOTAL 100 POINT)		
	POINT OF TACC	LEVEL	AVERAGE POINT OF THAI LISTED COMPANIES
2018	97	Very Good	92.42
2017	98	Very Good	91.97
2016	97.25	Very Good	91.62

## Corporate Governance Code : CG Code

The Thai capital market has continuously developed Corporate Governance that reinforces investor confidence. Which is reflected in various assessment results, but nowadays, listed companies face more challenges. Both creating a return to the business among changes in the environment, technology, including expectations, social responsibility and increased environment, While some listed companies still view that CG / ESG is separated from business operations and as an additional cost. The Board of Directors, as the leader responsible for business operations (governing body), must ensure that the company has a mechanism to supervise make decisions and operations of everyone in the organization in the same direction In order to allow the business to adapt, grow and create value for the business alongside stakeholders and society as a whole

The SEC therefore saw the importance of issuing “Good Corporate Governance principles for listed companies 2017 “or“ Corporate Governance Code for Listed Companies 2017 “to be a practice that will help support the Board of listed companies (Self-Discipline) to create a Good Corporate governance mechanism with good CG and applying CG Code. For the benefit of the company itself by shareholders, customers and related parties will benefit together.

In the year 2019, the Board of Directors is considering reviewing the implementation of the principles of good corporate governance (CG Code).

## Self-Assessment of the Board

As a Good Corporate Governance for Listed Companies which The Board of Directors shall conduct self-assessments of the Board of Directors, Subcommittee and individual directors and of all established committees at least once a year, in order to use the assessment results for reviewing performances, problems or challenges experienced over the previous year. In 2018, the Company arranged for all the directors to conduct 3 performance assessments, as follows:-

- 1) Self-assessment of the collective Board of Directors
- 2) Self-assessment of the Subcommittee (Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee)
- 3) Self-assessment of the Board of Directors and Subcommittee (individual)

## Assessment Process and Criteria

At each year-end, the Company Secretary sends assessment forms to members of the Board and all committees. Directors, upon completing their annual self-assessments, shall return the forms to the Company Secretary or respective committee secretaries. Assessment results of each committee's annual performance are then summarized and reported to the Board of Directors for acknowledgement. The results are assessed in percentage terms based on the following criteria:-

- 0 = Strongly disagree or never conduct on such matter
- 1 = Disagree or seldom conducted on such matter
- 2 = Agree moderately conducted on such matter
- 3 = Quite agree or good conducted on such matter
- 4 = Strongly agree or excellent conducted on such matter

Assessment results of each committee can be summarized as follows:-

### 1) Self-assessment of the collective Board of Directors, consisting of 4 sections, namely:-

SECTION	TOPIC
1	Structure and qualification of Board of Directors
2	Board of Directors Meeting
3	Roles, duties and responsibilities of the Board of Directors
4	Other

According to the assessment results, the overall performance of the collective Board of Directors on 4 sections was rated Good with an average score of 3.69 point. It can be concluded that the Board of Directors had performed its duties in compliance with the Good Corporate Governance principles and the Business Ethics of the Company. The section with the highest average score was Section 2: Board of Director Meeting while the topics with highest the Directors received document of meeting advance and consider information, the score was the number of meeting and appropriate meeting time, The section with the lowest average score was Section 4: Other, while the topics with lowest score was Develop the Board of Directors and Management.

### 2) Self-assessment of the Subcommittee (Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee) consisting of 3 sections, namely:-

SECTION	TOPIC
1	Structure and qualification of Subcommittee
2	Subcommittee Meeting
3	Roles, duties and responsibilities of Subcommittee: <ul style="list-style-type: none"> <li>▶ Audit Committee</li> <li>▶ Nomination and Compensation Committee</li> <li>▶ Risk Management Committee</li> <li>▶ Executive Committee</li> </ul>

According to the assessment results, the overall performance of the Self-assessment of the Subcommittee (Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee) on 3 sections was rated Good with an average score of 3.67 point. The section with the highest average score was Section 2: Subcommittee Meeting, while the topics with highest score was the Directors acknowledge set of meeting advance, Number of meeting and appropriate meeting time, received document of meeting advance, The atmosphere in the meeting allows for creative opinions and stakeholders There is no participation in the decision making of the transaction. The section with the lowest average score was Section 3: Roles, duties and responsibilities of Subcommittee are as follow:-

- ▶ Audit Committee, the overall performance was rated Good with an average score of 3.48 point, while the topics with highest score was reviewed the financial statement correctly, credible, follow the law and regulations properly, good internal audit. The topic with the lowest average score was commenting on the appointment remove the Head of Internal. Audit.
- ▶ Nomination and Compensation Committee, the overall performance was rated Good with an average score of 3.39 point, while the topics with highest score was the consider and submit nomination to Board of Directors, set compensation process of Directors and Top Management and set rules of fair compensation. The topic with the lowest average score was succession plan and the development continuous training of Directors.
- ▶ Risk Management Committee, the overall performance was rated Good with an average score of 3.70 point, while the topics with highest score was the control, follow up, check and evaluation of risk management as risk management policy. As well as compliance with the rules set by the supervisor. The topic with the lowest average score was establish an acceptable risk level policy and the highest risk level that the organization will accept and covers important types of risks.
- ▶ Executive Committee, the overall performance was rated Good with an average score of 3.81 point, while the topics with highest score was the consider moderations the proposal of the management, the present goal, policy, business plan and annual budget. The topic with the lowest average score was the control and follow up operating results of the company as a goal. Moreover, the present organization structure that is suitable for the operation of the company and considering approving the normal business transaction of the company.

### 3) Self-assessment of the Board of Directors and Subcommittee (individual) consisting of 3 sections, namely:-

SECTION	TOPIC
1	Structure and qualification of Board of Directors and Subcommittee (individual)
2	Board of Directors and Subcommittee (individual) Meeting
3	Roles, duties and responsibilities of Board of Directors and Subcommittee (individual)

According to the assessment results, the overall performance of the Self-assessment of the Board of Directors and Subcommittee (individual) on 3 sections was rated Good with an average score of 3.61 point. The section with the highest average score was Section 3: Roles, duties and responsibilities of Board of Directors and Subcommittee (individual), while the topics with highest score was the Have time to devote to performing duties for the company. The section with the lowest average score was section 1: Structure and qualification of Board of Directors and Subcommittee (individual). The topic with the lowest average score was qualification, knowledge and experience that suits the business of the company.

# Internal Control and Risk Management

The Company has managements align with Good Corporate Governance, Risk Management and Internal Control to achieve business operation properly and efficiently. The efficiency internal control is an important management tools to the Company goals. The procedures are aligned with the internal integrated framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO) to apply in operations management

The meeting of Audit Committee No. 1/2019 held on 22<sup>th</sup> February 2018, the Audit Committee has evaluate the sufficient of 2018 Company's internal control system by making inquiries from the executive division and summarized the evaluation of the Company's internal control system into 5 different aspects, as follow:

## 1. CONTROL ENVIRONMENT

- ▶ The Company has established clear vision, mission and purpose as a practice for the Management and employees of all levels, as well as setting Key Performance Indicators (KPIs) as guidelines for implementation and monitoring of results against the targets to ensure accomplishment of goal.
- ▶ The Board of Directors consists of 57.14 Independent Directors which allow independence from management in assessment and decision making for effective internal control.
- ▶ The Company has established Company structure, appropriate responsibilities and segregate of duties to achieve effectiveness of internal control for business conditions.
- ▶ The Company has Code of Conducts and Business Ethics for the Directors and employees as practice guidelines.
- ▶ The Board of Directors and Management recognize the importance of the employee that are precious resources of the organization. The Company has promoted the development, The annual training plan and consider revenue, welfare of their employees appropriately.

## 2. RISK ASSESSMENT

- ▶ The Company has appoint Risk Management Committee and Risk Management Sub Committee which including Management and Manager with Risk Management strategy consistent Risk Policy. Especially, The key risk as the corporate level.
- ▶ The Company has identifies risks that may affect the business operation which control, monitor, check and evaluated risk management and submit to approve from the Board of Directors.

## 3. CONTROL ACTIVITIES

- ▶ The Company has set up a policy for control a management system from procedure and work instruction of each party and set up and authorization approval for the management to appropriate operations.
- ▶ The Company has implemented and maintained Business Continuity Plan including the event of an uncontrollable emergency situation to ensure continuous business operation.

## 4. INFORMATION & COMMUNICATION

- ▶ The Company has implemented efficient information system. Which to be accurate, complete and timely to support the business operations. Including systematic and easy to find information.
- ▶ The Company has arrange channels of internal communication through the intranet system such as policy, working regulations, knowledge base, activity and news.

- ▶ The Company has set whistle blower procedures to internal communicated to all employee and external communicated through the Company's website by to be inform whistleblower@tacconsumer.com
- ▶ Prior to a scheduled committee meeting, each committee members will receive an invitation to meeting and supplements containing necessary and sufficient information in a timely manner. In addition meeting minutes will be recorded for reference and auditing.

## 5. MONITORING ACTIVITIES

- ▶ The Company has nominated EY office Limited, an independent auditor, to be an external auditor for the quarterly and financial year 2018 which reporting informed to the Audit Committee. In this regard, it has opined that there was no n this regard, it has opined that there was no material deficiency in the Company's internal control system.
- ▶ P&L Internal Audit Company Limited was hired to audit internal control system since 2014 up to present, in order for the Company's internal control system to be efficient. P&L internal Audit Company Limited has appointed Mr. Thanapat Vongwit, with the position of internal Audit supervisor, to act as an internal audit supervisor. The aforementioned internal auditor continuously and quarterly compiled report on Company's assessment results and audit the internal control system then directly presents the report to the audit committee to acknowledge. The Company has invariably adjusted and improved performance system of different departments in accordance with the internal auditors suggestions. The Company aims to continuously hire an outsource internal auditors to ensure the efficiency of the Company's internal control system.
- ▶ The Company has assessed its internal control system in 2018 using the guidelines from the Securities and Exchange Commission (SEC) and reported the assessment results to the Audit Committee.

The Audit committee is responsible for reviewing to ensure that the Company has appropriate and effective internal control system and internal audit, along with reviewing the Company's performance to be in line with the laws on Securities and Stock Exchange and laws related to the Company's business operation. The Audit committee shall set a meeting at least every quarter to consider and implement accurate financial report. Furthermore, to disclose adequate and complete information, as well as considered related transactions or transactions that might have conflict of interest, in accordance with the laws and regulation of the Capital Market Supervisory Board and the stock Exchange. The auditors will join the meeting to provide audit observations.

## Dividend Policy

The Company has a policy to pay dividend at least 30% of its net profit after deduction of corporate income tax and legal reserve. However, the dividend payment may differ from the mentioned rate subject to result of the operation, financial position, liquidity of the Company and necessary of working capital usage to manage and expand the Company's business including economic condition.

# Corporate Social Responsibilities (CSR)



## Corporate Social Responsibilities (CSR)

The Company operates its business by adhering to and placing emphasis on duties, corporate social responsibilities and stakeholders such as shareholders, customer, partner, employee, community and societies. It was towards create sustainability and to establish constant growth of the business that is well accepted by societies. This value has been fostered in all levels of employees, namely the Board of Directors, Management, Department Manager, Employee and other stakeholders to adhere to being the same standard. The policies of 8 aspect emphasizing on corporate social responsibilities, which are as follows:

### 1. FAIR BUSINESS OPERATION

The Company aim to grow its business sustainably and securely, by operating with caution, honesty, professionalism, and transparency according to rules and regulations and abides to the Principles of Good Corporate Governance set by the Stock Exchange of Thailand.

The Company treats its business partner and lenders with fairness and equality without exploitation, by strictly abiding to commercial terms and/or business arrangements in order to develop business relationships that are beneficial to both parties. The Company also treats its business competitor fairly without commencing any act that would offence, disgrace, or discredit its competitor.

### 2. ANTI-CORRUPTION

The Company realizes the importance of good corporate governance by adhering to business transparency. The meeting of Board Director No.5/2015 held on 5 August 2015 has approved the Anti-corruption policy. This aims to let all the management and employee be aware of the impact of corruption, to cultivate rightful values attitudes of employees to work with honesty while avoiding seeking benefits from one's position or providing such benefits to others for both directly and indirectly. This also prohibits employees from seeking personal or family interests using Company's position while aiming to increase the confidentiality of all stakeholders. Moreover, the meeting has agreed to disclose such Anti-corruption policy towards employees to comply. However, the Company sent employee to seminar Anti-corruption basic course for to know rule and procedure of Anti-corruption in organization. At present, the Company in process study about Thailand's Private Sector Collective Action Coalition Against Corruption: CAC.

### 3. RESPECT FOR HUMAN RIGHTS

The Company realizes the importance of the human rights by treating employees with fairness and equality, regardless of their race, religion, gender, or physical condition. The Company adheres to this policy and utilizes it as a guideline to let its employees work together under happy environment with mutual recognition and also encourages employees to participate in social contribution activities both directly and indirectly.

### 4. FAIR TREATMENT OF EMPLOYEE

The Company aims to manage its human resources by recruiting, developing, promoting, and retaining of capable employees, the Company can effectively achieve its target. The Company appropriately compensates its employees according to their knowledge and capabilities and this is comparable to those being paid by companies of the same business. In addition, the Company continuously develops its own employees' skills via training and offers an opportunity to advance their careers, and also improves working efficiency by promoting its employees to speak their opinions in both direct and indirect manners which will encourage employees to find solutions together. In this year, the Company has arranged employees' activities as follows:

#### ► The Annual New Year Merit Making

The Company Annual new year merit making for enhance the prosperity and morale of the employees. There was a lecture from Phra Maha Kwanchai Atichato and the Religious Ceremony of the Buddha, Give the offering dedicated to the 9 monks from Thepleela Temple Bangkok.

#### ► Songkran Day

The Thai New Year traditional that has been practiced since ancient times. The Company arranged Songkran Day Activities by the staff dress flower theme or Thai dress and participated in the activities such as sprinkle water onto a Buddha image, pour water on the hands of revered elders and ask for blessing from management.

#### ► World No Tobacco Day

The Company arranged white dress theme activities as a color of Plumeria which the symbol of World No Tobacco Day. To jointly campaign for everyone to realize the dangers of cigarettes on health Causes various diseases such as heart disease, vascular diseases etc. Which is the leading cause of death in the world.





▶ **Mother's Day**

Which corresponds to Queen Sirikit's birthday Queen. In this year, the company arranged Mother's Day activities by set the staff dress blue theme. In order for everyone to realize the importance of motherhood.

▶ **Loi Krathong Day**

The Company arranged Loi Krathong Day by the staff dress yellow theme or the flower theme and have a Nang Noppamas contest. To preserve The Loi Krathong Day, Thai traditional as one of the important traditions of Thailand that has continued.

▶ **TACC Sport Day**

The Company arranged TACC Sport Day by the staff dress as group color and participated sports competition. To create good health for employees Including building good relationships within the organization.

**5. RESPONSIBILITIES TOWARDS CONSUMERS**

The Company immerses itself in developing unique products that improve consumers' quality of life and is also aware of diversify of individual's role in each day and in each stage of life and delivers prosperity to everyone, In order to establish a strengthened society under fair business condition in which the Company also provides its consumers the accurate and sufficient product information without exaggeration.

By emphasizing on consumer responsibility, the Company has been certified by the following standards.

- ▶ GMP (Good Manufacturing Practice): this quality assurance system is implemented in manufacturing food to ensure food safety and it is a fundamental standard that will lead to other quality assurance systems. The Company's manufacturing plant at Ban Bueng District, Chonburi Province has been certified by this standard.
- ▶ HACCP (Hazard Analysis Critical Control Point): this food manufacturing system ensures that the products are safe from chemical and biological hazards and contamination. HACCP certification has been award to Ban Bueng plant at Chonburi province.
- ▶ Healthier Choice: this license from Singapore certifies that the Company gives priority to consumer's health by controlling amount of sugar in its products in an appropriate level.

- ▶ Thailand Trust Mark: this product quality symbol is set to promote product and service quality in Thailand. It is awarded by the department of International Trade Promotion, Ministry of Commerce.
- ▶ Codex Alimentarius Code of Conduct and General Principles on Food Hygiene, dated 12 November 2017 to 12 November 2020.
- ▶ Critical Hazard Analysis and Critical Control Points and Guidelines for Implementation in Accordance with International Codex Alimentarius Age Certificates 12 November 2017 to 12 November 2020

## 6. ENVIRONMENTAL PROTECTION

The Company realizes the important of social responsibility all side, especially for the environmental impact that might occur from company’s business operation. To confident operation efficiency of environment and safety. The Company has operate as government regulation and rules. The process of production is no pollution that affects the environment. The Company comply with the rules of Department of industrial works and requirement severely. In this year, the Company has selected packaging to reduce the use of natural resources and developed innovation packaging such as Tray fill for Donut pop and sweet thick creamer dipping sauce which can be recycle. Moreover, the Company has cultivates its employees to place importance on and take good care of the environment internally and externally.

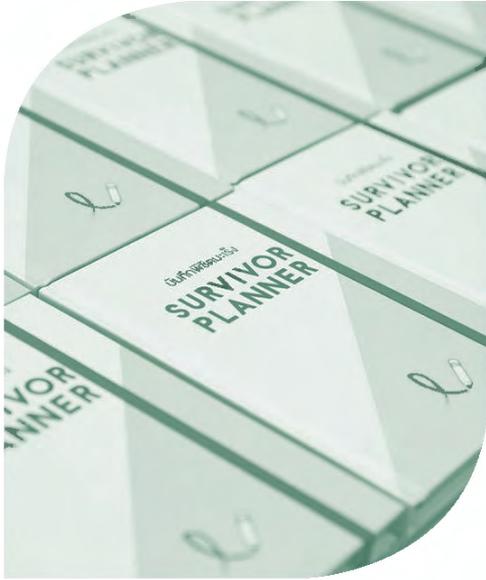
## 7. COMMUNITY AND SOCIAL DEVELOPMENT

The Company is well aware that strengthened community and society with sustainable development are crucial factors supporting business, so the Company aims to continuously participate in community and social development. The activities that were participated include:

- ▶ The Company has contributed “Bring the power of 13,000 cancer survivors“ (The continued project in 2018) as a social initiative organized by the Stock Exchange of Thailand, The Market for Alternative Investment, The Art of Life Insurance Co., Ltd., and the listed companies on the Market for Alternative Investment.

Nowadays, Cancer is the number one cause of death in Thailand and continues 10 years. The Thai people get ill cancer about 130,000 people per year, die of cancer 67,000 people or every eight minutes, one person is died by cancer. This project prepared the Survivor Planner to provide at least 13,000 cancer patients (10% of 130,000 new cancer patients in Thailand) in 15 large state Hospitals nationwide. However, the Cancer patients has knowledge and understanding correctly. Recognize to guard cancer by emphasize of record keeping and to increase survival rates and quality of life with the morale in the fight against disease. Moreover, It is also found that relatives or caregivers lack the correct knowledge to care for cancer patients as well. This has implications for the treatment and survival rates of cancer patients.





The objective of the “Bring the Power of 13,000 Cancer Patients” as follow:

- 1) To help cancer patients cope with the disease and increased survival rates.
- 2) To raise awareness provide knowledge and support for cancer patients and people in society.
- 3) To create a charitable contribution to the organization for the benefit of society.

The Company believes that this project helps change society and help cancer patients which it’s not just donations. In this year, The continued project from previous year by the team traveled to meet cancer patients across the country. In the area, there will be a survivor planer of cancer along with a discussion of knowledge from the medical experts of the hospital. The collaborating with former surviving cancer patients to share treatment experiences positive attitude to cope with cancer Through a seminar “Flip a new perspective To cope with cancer” 13 times, together with networking with the public and private sectors and the social sector. So, The hospitals and networks of cancer patients arranged a workshop to demonstrate how to use the survivor planer to conquer cancer step by step and open space for cancer patients and caregivers Including doctors and nurses share experiences. Which this project has been well received answer the solution for cancer patients. Making patients open to acceptance, encouragement and strengthening including having a positive attitude and get the right knowledge to deal with cancer.

- ▶ The volunteer employee donated blood to the National Blood Centre, Thai Red Cross Society to help patients with more blood to heal and help relieve blood shortage at the UM Tower, Head office of the company.
- ▶ The Company donated to Rachapiphat Hospital Bangkok for contribute funds to create medical and learning center building for the learning of Elderly.
- ▶ The company donated money and lunch for the foundation for Slum Child Care In the patronage of His Majesty the King Her Highness Prince Galyani Vadhana Krom Luang Narathiwat Rajanagarindra, Khlong Toei District, Bangkok. With the vision of the Foundation for Slum Child Care“ aim to be a leader in improving



the quality of life of babies in slums by creating awareness and participation of families, communities and society. The Foundation has taken care of children aged 3 months - 5 years. Parents who have to work Many families have to send their children to live with relatives in the provinces. The child must be separated from the parents, causing the child to lack, love and warmth from parents from small. The Foundation has encouraged various slums. There is a quality babysitting house called “Joint Development for Children” The Foundation has organized training to educate children about raising children. The staff of the foundation visited the house, arranged the nurses to check the children’s health and encouraged the nursery house and working together as a home network to develop more than 80 children, providing care for over 3,000 children in slums per year to help children from poor families and experiencing various problems. To allow children to develop both body and mind.

- ▶ The Company has supported souvenirs, namely stationery products in the project to answer academic problems in food science and technology “FoSTAT-Nestle Quiz Bowl 2018” organized by the Food Science and Technology Association of Thailand. To support and develop knowledge academic understanding of undergraduate students / students in the fields related to food science and technology.
- ▶ The Company bestowed water purifiers via a community charity campaign, by the Management team and employees of the Company granted and installed water purifiers to Ban Nong Pla Lai School and Wat Nong Ka Nam school which in surrounding area of the Company manufacturing plant at Ban Bueng District, Chonburi. Nowadays, the Company has supported change of water filter. The main purpose is to encourage and promote social contribution principle and to pursue activities that are valuable towards surrounding societies.

## 8. INNOVATION

The Company encourages study and research of new innovations to increase working capabilities with social responsibilities and stakeholder. The Company will not violate any intellectual properties or copyrights. In 2017, the Company is affiliated with the government has prepared a project of Innovative Food (Food Innopolis), a program that brings science, technology and innovation to take advantage of the economic and social development of Thailand. As a result, the Company has increased the knowledge of the Company’s staff. In addition attend training courses on innovations such as Innovation strategy & process etc.

# Related Transaction

## T.A.C. CONSUMER PUBLIC COMPANY LIMITED

### Related Transaction for fiscal Year Ended 31 December 2018

Person who may have Conflict of Interest	Nature of Relation	Type of Transaction	Value of Transaction Jan-Dec 2018 (Unit: Baht)	Justification Transaction and Necessity of Related
Siam Gateway Co., Ltd. (Joint venture Company)	The Company was registered as a company on 30 May 2018. T.A.C. Consumer PCL 51% of shareholder and Joint venture with NPPG (Thailand) PCL 49% of shareholder. As of 7 August 2018 Board of Director meeting consider and approve the change of shareholder structure. So, the Company reduce proportion of investment from 51% to 49%, the remaining 2% is held by one dividual person.	Investment	6,125,000.00	As a value of cost price.

## Board of Directors

### ADM Apichart Pengsritong Age 69 Years Chairman and Independent Director

<b>Date of Appointment</b>	▶ 10 February 2015
<b>Education</b>	▶ Master's Degree, National Defence College, The Joint State. ▶ Bachelor of Science Royal Thai Naval Academy.
<b>Credential of Thai Institute of Directors</b>	▶ Risk Management Program for Corporate Leaders (RCL) Class 4/2016. ▶ Directors Accreditation Program (DAP) Class 82/2010.
<b>Experiences Positions in Listed Companies</b>	▶ 2015-Present Chairman and Independent Director, T.A.C. Consumer Public Company Limited. ▶ 2015-Present Chairman and Chairman of the Audit Committee, JKN Global Media Public Company Limited. ▶ 2012-Present Chairman, Muangthai Leasing Public Company Limited. ▶ 2010-Present Independent Director, S&J International Enterprise Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ None
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ 0.03% (200,000 shares)
<b>Relationship between Director &amp; Executive family</b>	▶ None

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### Assoc.Prof.Kitti Siripullop Age 67 Years Chairman of Audit Committee and Independent Director

<b>Date of Appointment</b>	▶ 14 July 2017
<b>Education</b>	▶ Master of Business Administration (Finance and Banking), Chulalongkorn University. ▶ Master of Business Administration (Marketing), National Institute of Development Administration. ▶ Bachelor of Accounting (Second Class Honors), Chulalongkorn University.
<b>Credential of Thai Institute of Directors</b>	▶ None
<b>Experiences Positions in Listed Companies</b>	▶ July, 2017-Present Chairman of Audit Committee and Independent Director, T.A.C. Consumer Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ None
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ None
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Mrs.Paktra Suriyapee** Age 59 Years  
 Audit Committee, Independent Director and Chairman of the Nomination  
 and Compensation Committee

<b>Date of Appointment</b>	▶ 10 February 2015
<b>Education</b>	▶ Master of Science Program in Human Resource and Organization Development, National Institute of Development Administration. ▶ Bachelor of Arts / Humanities, Ramkhamhaeng University. ▶ Micro Master of Business Administration Program, Chulalongkorn University.
<b>Credential of Thai Institute of Directors</b>	▶ Directors Accreditation Program (DAP) Class 116/2015.
<b>Experiences Positions in Listed Companies</b>	▶ 2015-Present Audit Committee and Independent Director and Chairman of the Nomination and Compensation Committee, T.A.C. Consumer Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ 2009-Present Managing Director Management division, Chokpana Co., Ltd. ▶ 2008-Present Director, PLUS 5 Co., Ltd.
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ None
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Mr. Komsak Wattanasiroj** Age 49 Years  
 Audit Committee, Independent Director and Nomination  
 and Compensation Committee and Chairman of the Risk Management Committee

<b>Date of Appointment</b>	▶ 16 December 2016
<b>Education</b>	▶ Master of Business Administration, Srinakharinwirot University. ▶ Bachelor of Accounting, Ramkhamhaeng University.
<b>Credential of Thai Institute of Directors</b>	▶ Advance Audit Committee Program (AAP) Class 29/2018 ▶ Directors Certification Program (DCP) Class 105/2008.
<b>Experiences Positions in Listed Companies</b>	▶ December 2016-Present Audit Committee, Independent Director and Nomination and Compensation Committee and Chairman of the Risk Management Committee, T.A.C. Consumer Public Company Limited. ▶ 2005-Present Director, Executive Director and CFO, Mono Technology Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ None
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ None
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Mr.Chatchawe Vatanasuk Age 45 Years**  
 Director, Chairman of the Executive Committee and Risk Management Committee  
 (Authorized Director)

<b>Date of Appointment</b>	▶ 3 January 2005
<b>Education</b>	▶ Master of Business Administration, University of San Diego, USA. ▶ Bachelor of Business Administration, Assumption University.
<b>Credential of Thai Institute of Directors</b>	▶ Directors Accreditation Program (DAP) Class 112/2014.
<b>Experiences Positions in Listed Companies</b>	▶ 2005-Present Director, Chairman of the Executive Committee and Risk Management Committee, T.A.C. Consumer Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ May 2018-Present Director, Siam Gateway Co., Ltd. ▶ 2017-Present Director, Proplayer online Co., Ltd. ▶ 2010-Present Director, SP Intermach Co., Ltd. ▶ 2010-Present Director, C.A. General Co., Ltd.
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ 29.68% (180,429,643 shares)
<b>Relationship between Director &amp; Executive family</b>	▶ None

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**Mr.Chanit Suwanparin Age 54 Years**  
 Director, Managing Director, Nomination and Compensation Committee  
 and Risk Management Committee (Authorized Director)

<b>Date of Appointment</b>	▶ 19 August 2011
<b>Education</b>	▶ Master of Business Administration, Chulalongkorn University. ▶ Bachelor of Business Administration (Marketing), Assumption University.
<b>Credential of Thai Institute of Directors</b>	▶ Directors Accreditation Program (DAP) Class 112/2014.
<b>Experiences Positions in Listed Companies</b>	▶ 2011-Present Director, Managing Director, Nomination and Compensation Committee and Risk Management Committee, T.A.C. Consumer Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ May 2018-Present Director, Siam Gateway Co., Ltd.
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ 1.47% (8,923,572 shares)
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Mrs.Chirapan Khotcharit Choosang Age 49 Years**  
**Director and Deputy Managing Director – Commercial 1-3 Division, Corporate Marketing**  
**Division and Risk Management Committee (Authorized Director)**

<b>Date of Appointment</b>	▶ 1 September 2011
<b>Education</b>	▶ Master of Business Administration, University of South Alabama, USA. ▶ Bachelor of Arts (Political Science), Chulalongkorn University.
<b>Credential of Thai Institute of Directors</b>	▶ How to Develop a Risk Management Plan (HRP) Class 14/2017. ▶ Directors Accreditation Program (DAP) Class 124/2016. ▶ Financial Statements For Directors (FSD) Class 31/2016.
<b>Experiences Positions in Listed Companies</b>	
▶ Sep 2015 -Present	Director and Deputy Managing Director - Commercial 1-3 Division, Corporate Marketing Division and Risk Management Committee, T.A.C. Consumer Public Company Limited.
▶ 2014 - Aug 2015	Assistant Managing Director Marketing Division, T.A.C. Consumer Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ None
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ 0.69% (4,220,000 shares)
<b>Relationship between Director &amp; Executive family</b>	▶ None

# MANAGEMENT

**Mr. Woraphot Tangmanuswong** Age 45 Years  
Assistant Managing Director – International Business, Supply Chain Division  
and Quality System Division

**Education**

- ▶ BBA., International Business Management - Marketing from Assumption University, (ABAC.)
- ▶ MBA., Management - Marketing from New York Institute of Technology, USA.

**Credential of Thai Institute of Directors**

- ▶ Directors Accreditation Program (DAP) Class 153/2018

**Experiences Positions in Listed Companies**

- ▶ July 2018-Present      Assistant Managing Director- International Business, Supply Chain Division and Quality System Division, T.A.C. Consumer Public Company Limited.
- ▶ 2013-May 2018      Assistant Vice President - Corporate Marketing / CPF. (T) PCL.

**Other Current Position (Non-Listed Companies)**      ▶ None

**Shareholding in the Company (%) as of December 31, 2018**      ▶ None

**Relationship between Director & Executive family**      ▶ None

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**Mrs.Suveeraya Ansavananda** Age 48 Years  
Division Director – Commercial 1 and Corporate Communications Division

**Education**

- ▶ Master of Marketing Communication & Advertising, Emerson College, USA.
- ▶ Bachelor of Advertising, University of Hartford, USA.
- ▶ Certificate of Business Administration, Harvard Extension School, USA.

**Credential of Thai Institute of Directors**

- ▶ Directors Accreditation Program (DAP) Class 131/2016.
- ▶ Financial Statements for Director (FSD) Class 31/2016.

**Experiences Positions in Listed Companies**

- ▶ 2013-Present      Division Director - Commercial 1 and Corporate Communications Division, T.A.C. Consumer Public Company Limited.
- ▶ 2009-2013      Deputy Director- Strategic Partner Division, T.A.C. Consumer Public Company Limited.

**Other Current Position (Non-Listed Companies)**

- ▶ July 2015-Present      Director, Sunleaf Co., Ltd.

**Shareholding in the Company (%) as of December 31, 2018**      ▶ 0.03% (211,000 shares)

**Relationship between Director & Executive family**      ▶ None

**Ms.Hatsaya Charuwitayanan Age 37 years**  
**Division Director – Commercial 3, Research and Development Division**

**Education**

- ▶ Master of Management Agro-Industry, Kasetsart University.
- ▶ Bachelor of Agro-Industry, Kasetsart University.

**Credential of Thai Institute of Directors**

- ▶ None

**Experiences Positions in Listed Companies**

- ▶ January 2018-Present Division Director - Commercial 3, Research and Development Division, T.A.C. Consumer Public Company Limited.
- ▶ 2010-2017 Associate Director-Business Development 1 Department & Research and Development Department, T.A.C. Consumer Public Company Limited.
- ▶ 2008-2010 Innovation and Supply chain Manager, T.A.C. Consumer Public Company Limited.

**Other Current Position (Non-Listed Companies)** ▶ None

**Shareholding in the Company (%) as of December 31, 2018** ▶ 0.005% (36,300 shares)

**Relationship between Director & Executive family** ▶ None

**Ms.Narisa Tiyasuksawad Age 41 Years**  
**Associate Director-Beverage (7-Eleven)**

**Education**

- ▶ Master of Management, Mahidol University.
- ▶ Bachelor of Business Administration (Marketing), Assumption University.

**Credential of Thai Institute of Directors**

- ▶ None

**Experiences Positions in Listed Companies**

- ▶ March 2017-Present Associate Director-Beverage (7-Eleven), T.A.C. Consumer Public Company Limited.
- ▶ March 2015-February 2017 Senior Manager Strategic Partner Department, T.A.C. Consumer Public Company Limited.
- ▶ 2011-February 2015 Manager Strategic Partner Department, T.A.C. Consumer Public Company Limited.

**Other Current Position (Non-Listed Companies)** ▶ None

**Shareholding in the Company (%) as of December 31, 2018** ▶ 0.0005% (3,500 shares)

**Relationship between Director & Executive family** ▶ None

**Mr.Chawalit Prawatborisut Age 53 years**  
Associate Director- Business Development 2 Department & Domestic Department

<b>Education</b>	▶ Bachelor of Engineering Program, Mechanical Engineering, Siam University.
<b>Credential of Thai Institute of Directors</b>	▶ Directors Accreditation Program (DAP) Class 131/2016.
<b>Experiences Positions in Listed Companies</b>	▶ 2016-Present Associate Director- Business Development 2 Department & Domestic Department.
<b>Other Current Position (Non-Listed Companies)</b>	▶ 2014-2016 Product Manager, K.V.N. import-export (1991) Co., Ltd. ▶ 2007-2014 Business Development Manager, All service Solution Co., Ltd.
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ None
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Ms.Parichat Chotipumiwet Age 36 Years**  
Senior Manager Accounting and Finance Division

<b>Education</b>	▶ Bachelor of Accounting, Thammasat University. ▶ Certified Public Accountant, Federation of Accounting Professions.
<b>Credential of Thai Institute of Directors</b>	▶ Board Reporting Program (BRP) Class 27/2018. ▶ How to Develop a Risk Management Plan (HRP) Class 14/2017. ▶ Company Secretary Program (CSP) Class 60/2014.
<b>Experiences Positions in Listed Companies</b>	▶ 2017-Present Senior Manager Accounting and Finance Division, T.A.C. Consumer Public Company Limited. ▶ 2013 - 2016 Manager Accounting Department, T.A.C. Consumer Public Company Limited. ▶ 2011 - 2013 Senior Internal Audit, CIMB Thai Bank Public Company Limited.
<b>Other Current Position (Non-Listed Companies)</b>	▶ None
<b>Shareholding in the Company (%) as of December 31, 2018</b>	▶ 0.01% (68,000 shares)
<b>Relationship between Director &amp; Executive family</b>	▶ None

**Mrs.Preawnapa Nimma Age 53 Years**

**Senior Manager Supply Chain Division**

**Education** ▶ Bachelor of Management, Suan Dusit Rajabhat University.

**Credential of Thai Institute of Directors**

▶ None

**Experiences Positions in Listed Companies**

▶ 2013-Present Senior Manager Supply Chain Division, T.A.C. Consumer Public Company Limited.

▶ 2009-2013 Procurement Manager, T.A.C. Consumer Public Company Limited.

**Other Current Position (Non-Listed Companies)**

▶ 2005-Present Director All In One Manufactory Co., Ltd.

**Shareholding in the Company (%) as of December 31, 2018** ▶ None

**Relationship between Director & Executive family** ▶ None

# General Information and Other Significant Information

## Core Business

T.A.C. Consumer Public Company Limited (“the Company”) engages in the business of sourcing, manufacturing, and distribution of beverages, lifestyle products and Character Business. The Company focuses on managing and executing marketing and sales strategies along with beverage product development. The developed products possess distinctive unique selling points and varieties in both formats and flavors.

## Head Office

9/231-233, UM Tower, 23<sup>rd</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok 10250

Tel: 0-2717-2898

Fax: 0-2717-2899

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

E-mail: [contact\\_info@tacconsumer.com](mailto:contact_info@tacconsumer.com)

TAX ID: 0107558000369

## Factory

99/112 Moo 1, Nongbondaeng Sub District, Banbung District, Chonburi, 20170

Tel: 038-110812-4

## Registered Capital

Common Shares Baht 152 million (608 million shares)

## Paid-up Capital

Common Shares Baht 152 million (608 million shares)

## Company Secretary

Tel: +66 27172898 Ext. 77

Fax: +66 2717 2899

E-mail: [panjaporn@tacconsumer.com](mailto:panjaporn@tacconsumer.com)

## Investor Relations

Tel: +66 2717 2898 Ext. 77

Fax: +66 2717 2899

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

## Reference

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### **THAILAND SECURITIES DEPOSITORY CO., LTD.**

93 Ratchadaphisek Road, Dindaeng,

Bangkok 10400, Thailand

Tel: +66 2009 9000

Fax: +66 2009 9991

SET Contact Center : +66 2009 9999

Website: <http://www.set.or.th/tsd>

E-mail: SETContactCenter@set.or.th

### **AUDITOR**

- |                              |                               |
|------------------------------|-------------------------------|
| 1. Ms.Kamontip Letwitworatep | Auditor's License No.4377 or  |
| 2. Mr.Wichart Lokatetekrawee | Auditor's License No. 4451 or |
| 3. Ms.Siriwan Suratepin      | Auditor's License No.4604     |

### **EY OFFICE LIMITED**

33<sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137

Rajadapisek Road Klongtoey, Bangkok 10110, Bangkok 10501, Thailand

Tel : +66 2264 9090

Fax : +66 2264 0789-90

### **LEGAL CONSULTANT**

Pow & Associates Law Office

19<sup>th</sup> Floor, ITF Building 140/40A, Silom Road, Suriyawongse, Bangrak, Bangkok 10500 Thailand.

Tel: +66 2634 4995-7

Fax: +66 2238 2574, +66 2634 4998

# Responsibility of the Board of Directors for Financial Reporting

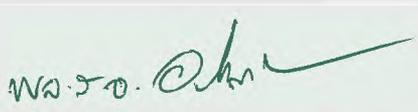
## DEAR SHAREHOLDERS,

The Board of Directors recognizes its duties and responsibilities, as directors of a listed company, for the Company's separate and consolidated financial reports, as well as other financial information appearing in the Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles in Thailand with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. So, that the shareholders, investors and the public obtain sufficient, accurate and timely information.

The Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems to ensure that the reliability and completeness of financial information are in place with ability to protect the Company's assets in order to prevent fraud or materially irregular operation.

In this regard, the Board of directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing and working with internal and external auditors on the financial reports, financial statements and a quarterly and yearly basis, internal control, related transactions. To make certain that the information in these financial reports is prepared according to the intended objectives and under the good corporate governance system.

The Board of Directors therefore of the opinion that the Company has adequate and appropriate corporate governance, risk management system and internal control system, thus providing reasonable confidence that financial reports for the year ended December 31, 2018 and information of the Company has been prepared under the financial reporting standards, suitable and consistently-conformed accounting policies, with proper and prudent discretion, as well as with sufficient, accurate and timely information disclosure.



**(ADM Apichart Pengsritong)**  
Chairman of Board of Director



**(Mr. Chatchawe Vatanasuk)**  
Chairman of the Executive Committee

# Nomination and Compensation Committee Report

## DEAR SHAREHOLDERS,

The Board of Directors has appointed Nomination and Compensation Committee in accordance with the guidelines of good corporate governance of listed companies. At present, the Nomination and Compensation Committee consists of 3 directors, namely, Mrs. Paktra Suriyapee, the Independent Director, who act as the Chairman of the Nomination and Compensation Committee; Mr. Komsak Wattanasriroj, the Independent Director, who act as the Nomination and Compensation Committee and Mr.Chanit Suwanparin, the director, who act as Nomination and Compensation Committee.

Nomination and Compensation Committee has performed its duties in accordance with the Charter in considering criteria, guidelines and recruitment processes. Including considering appropriate Compensation for directors and sub-committees in order to propose to the Board of Directors for consideration and approval before presenting to the Shareholders Meeting for approval, annually. Moreover, considering the Compensation of the CEO and propose to the Board of Directors meeting for approval.

The Nomination and Compensation Committee has held 1 meeting in the year 2018, to consider various matters. The essence of duties can be summarized as follows:

1. Consider and select qualified candidates for the position of the Board of Directors which is in compliance with the company's criteria and the recruitment process. Propose to appoint qualified individual to be a director, in replacement of the director who retired by rotation, at the Annual General Meeting of Shareholders. The Board of Directors has considered the Directors, who are retired by rotation, qualifications and roles in performing the duties in the past years and proposed to the Annual General Meeting of Shareholders for the year 2018 to be re-appointed for another term.
2. Considered the Compensation of Directors and proposed to the shareholders' meeting for approval. The Board of Directors had determined the Compensation for directors in 2018, by considering from the criteria for determining the Compensation of Directors that are appropriate and in accordance with the scope of duties and responsibilities of each director. The Board of Directors ensure that the directors are at the same level with the same industry which can be motivate and able to maintain directors with knowledge and quality in performing duties for the company; and proposed to the Annual General Meeting of Shareholders for approval.

**On behalf of the Nomination and Compensation Committee**



**(Mrs. Paktra Suriyapee)**

**Chairman of the Nomination and Compensation Committee**

# Risk Management Committee Report

## DEAR SHAREHOLDERS,

In order to support the committee of T.A.C. Consumer Public Company limited in overseeing the organizational Risk Management, the Board of Directors therefore appointed Risk Management Committee; to set policies and assist the Board of Directors in managing the Company's risks to cover the entire organization and meet the goals efficiently and effectively. Including, to supervise that the Risk Management system and process are appropriate in reducing the impact on the company's business. As well as creating confidence and credibility for investors and stakeholders in each group. The Risk Management Committee consists of Directors who have knowledge, competence, experience and understanding in business operations.

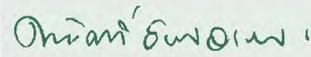
## Risk Management Committee Performance for the year 2018

The Risk Management Committee has determined and reviewed the organizational Risk Management framework, Policy and Risk Management process in accordance with the roles and responsibilities in the Risk Management Committee Charter. Moreover, the committee has provided suggestions on appropriate Risk Management guidelines for effective business operations and in compliance with the operation strategies direction and business plans. For the year 2018, one meeting was held by the Risk Management Committee to consider significant matters which can be summarized as follows:

1. Considered the annual organization main Risk Management plan of the year, that the Management team from all departments have assessed and classified the level of importance of risk as well as determined the impact that occurred and determined such Risk Management methods to be in an acceptable level or help reduce the likelihood that such risk will occur.
2. Review the Risk Management report and revise the Risk Management Committee Charter, as well as proceed to ensure that the organization has appropriate Risk Management. In addition, to ensure that the company have adequate policies and Risk Management systems. Including the system effectiveness and practice in compliance with the specified policy.
3. Established risk management subcommittee as necessary, by appointing 2 additional risk management subcommittees to cover and assess risks in all aspects, in accordance with the organization's goals and scope of responsibility

Risk Management Committee is of the opinion that in the year 2018, the company has developed the organization's risk management system to cover risk factors in all aspect; as well as has continuous Risk Management and Risk Assessment which is in consistent with changing circumstances. The Risk Management Subcommittee Meeting was held on a quarterly basis and the Risk Management Committee Meeting was held on a semi-annual basis. The company has managed significant risks at a corporate level efficiently and appropriately as well as control such risk to be at an acceptable level.

**On behalf of the Risk Management Committee**



**(Mr. Komsak Wattanasriroj)**  
Chairman of Risk Management Committee

# Audit Committee's Report

## DEAR SHAREHOLDERS,

The Audit Committee of T.A.C. Consumer Public Company Limited consists of three following independent directors with qualification and expertise in accounting, finance, marketing and management.

- |                                |                                 |
|--------------------------------|---------------------------------|
| 1. Asoc.Prof. Kitti Siripullop | Chairman of the Audit Committee |
| 2. Mrs.Paktra Suriyapee        | Member of the Audit Committee   |
| 3. Mr.Komsak Wattanasriroj     | Member of the Audit Committee   |

The Audit Committee has performed its duties within the scope of responsibilities assigned and in accordance with the charter of the Audit Committee, which is in compliance with the regulation of the Stock Exchange of Thailand. In the accounting period year 2018. Audit Committee had arranged 4 meetings, each of which was attended with the management, internal audit and auditors to discuss relevant issue and report the meeting outcome to the Board of Directors. It also held a meeting with external auditor without the persence of the Management. The essence of the work performed can be summarized as follows:

### Financial Statement Report

The Audit committee, the auditors and internal audit had reviewed the Company's quarterly and yearly financial statements as well as the financial statements of the Company. By considering from important aspect and consultation is free to ensure that the internal control process of the Company financial budget is accurate and reliable, as well as to ensure that the disclosure of important information is sufficient and timeliness for the financial statement users. Which is also in accordance with the laws and related notice as well as in accordance with the regulations of the Stock Exchange of Thailand and Securities and Exchange Commission and in comply with Financial Reporting Standards.

### Related Transaction or Conflict of Interest Transaction

The Audit Committee had considered and given opinions about connected transactions or transactions that may give rise to a conflict of interest with the Company. The purpose is caution, rationality and taking into account the interest of the stakeholders and also includes adequate information in line with the conditions imposed by the Stock Exchange of Thailand.

### Internal Control System and Risk Management

The Audit Committee reviewed the adequacy of the Company's Internal Control System and Risk Management by making inquiries and considering based on the report of the Internal Audit and Auditors, along with the implementation of solutions and streamline to significant issues. The purpose is to assess the appropriateness and the efficiency of the Company's Internal Control System, risk management and business operations of the management that are in line with the established policies and the delegation of the authority.

### Oversight and evaluation of the internal audit

The Audit Committee had reviewed oversight and evaluation of the internal audit performance view of the annual internal audit plan and manpower to promote the independence of the internal audit function.

### Regulatory Compliance and Regulations

The Audit Committee reviewed the Company’s business operation to ensure that it is in line with the securities and exchange law, regulation of the Stock Exchange of Thailand and laws relation to the business of the Company and acknowledge the changing of regulations which have an effect on the Company’s business operation.

### Considering The Appointed Auditors and Compensation

The Audit Committee had selected and considered the Compensation of the Auditors of EY Office Company Limited by considering auditors qualifications, knowledge, capabilities, experiences, the audit quality of the period year, and the independence of the auditors which are in accordance with the regulations of The Stock Exchange of Thailand or any other related department. The Board of Directors proposed to the Annual General Meeting of Shareholders of the year 2017 to appoint EY Office Company Limited as the Company’s auditors. The appoint auditor are:

- 1. Ms.Kamontip Letwitworatep Auditor’s License No.4377 and/or
- 2. Mr.Wichart Lokatetekrawee Auditor’s License No. 4451 and/or
- 3. Ms.Siriwan Suratepin Auditor’s License No.4604

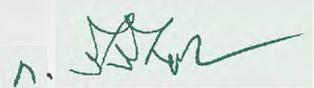
The comparison of the fix the auditing fee Year 2017 and 2018

Unit : Baht

List	2017	2018
Annual audit of financial Statement	900,000	900,000
Review report and interim Financial Statements (Total 3 Quarters)	450,000	450,000
<b>Total</b>	<b>1,350,000</b>	<b>1,350,000</b>

**Note:** The amount does not include other expense such as travel fee, document fee, fax fee etc.

The Audit Committee deemed that during the accounting period ended on 31<sup>st</sup> December 2018, the Company had put in place the transparent, adequate and appropriate Internal Control Systems covering risky management and the Company had established procedures that helped build confidence in Company’s operation in accordance with the related laws by having good corporate governance along with the compilation and disclosure of adequate and reliable Company’s financial report information.

  
**(Assoc.Prof.Kitti Siripullop)**  
 Chairman of the Audit Committee

# Financial Statements

# Independent Auditor's Report

## TO THE SHAREHOLDERS OF T.A.C. CONSUMER PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying financial statements in which the equity method is applied of T.A.C. Consumer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of T.A.C. Consumer 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 T.A.C. Consumer Public Company Limited as at 31 December 2018, its 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 are significant accounting transactions as the volume of transactions and the amounts recognised in each period are material and directly affect profit or loss of the Company. In addition, the Company's sales transactions are made with local and overseas customers and there is a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Company's recognition of revenue from sales regarding sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Company.

I examined the Company's revenue recognition by assessing and testing the Company's internal controls with respect to the revenue cycle by making inquiries of responsible executives, gaining an understating

of the controls and selecting representative samples to test the operation of the designed controls. In addition, 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 Company issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Other Information**

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

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

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

When I read the annual report of the Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company’s internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the financial statements, in which the equity method is applied. 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.

**Kamontip Lertwitworatep**  
**Certified Public Accountant (Thailand) No. 4377**  
**EY Office Limited**  
**Bangkok: 22 February 2019**

# Statement of Financial Position

## T.A.C. Consumer Public Company Limited

As at 31 December 2018

(Unit: Baht)

	Financial statements			
	Note	in which the equity		
		method is applied	Separate financial statements	
	2018	2018	2017	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	79,996,941	79,996,941	88,664,885
Current investments	8	392,024,421	392,024,421	299,043,476
Trade and other receivables	9	317,793,618	317,793,618	361,113,583
Inventories	10	63,399,125	63,399,125	54,521,494
Other current assets		3,710,081	3,710,081	2,990,969
<b>Total current assets</b>		<b>856,924,186</b>	<b>856,924,186</b>	<b>806,334,407</b>
<b>Non-current assets</b>				
Restricted bank deposits	7	-	-	27,000,000
Investment in joint venture	11	3,219,316	6,125,000	-
Property, plant and equipment	12	89,831,805	89,831,805	103,672,541
Intangible assets	13	758,723	758,723	2,293,108
Deferred tax assets	21	3,101,384	3,101,384	2,715,953
Other non-current assets		7,677,128	7,677,128	5,695,992
<b>Total non-current assets</b>		<b>104,588,356</b>	<b>107,494,040</b>	<b>141,377,594</b>
<b>Total assets</b>		<b>961,512,542</b>	<b>964,418,226</b>	<b>947,712,001</b>

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

# Statement of Financial Position (Continued)

## T.A.C. Consumer Public Company Limited

As at 31 December 2018

(Unit: Baht)

	Note	Financial statements		
		in which the equity		
		method is applied	Separate financial statements	
	2018	2018	2017	
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	15	269,619,017	269,619,017	243,149,384
Current portion of liabilities under financial lease agreements	16	2,147,198	2,147,198	2,139,650
Income tax payable		12,366,304	12,366,304	14,950,560
Other current liabilities		4,206,298	4,206,298	4,397,081
<b>Total current liabilities</b>		<b>288,338,817</b>	<b>288,338,817</b>	<b>264,636,675</b>
<b>Non-current liabilities</b>				
Liabilities under financial lease agreements - net of current portion	16	2,773,250	2,773,250	3,977,124
Provision for long-term employee benefits	17	13,262,952	13,262,952	13,917,201
<b>Total non-current liabilities</b>		<b>16,036,202</b>	<b>16,036,202</b>	<b>17,894,325</b>
<b>Total liabilities</b>		<b>304,375,019</b>	<b>304,375,019</b>	<b>282,531,000</b>
<b>Shareholders' equity</b>				
Share capital				
Registered				
608,000,000 ordinary shares of Baht 0.25 each		152,000,000	152,000,000	152,000,000
Issued and fully paid up				
608,000,000 ordinary shares of Baht 0.25 each		152,000,000	152,000,000	152,000,000
Share premium		426,988,701	426,988,701	426,988,701
Retained earnings				
Appropriated - statutory reserve	19	15,200,000	15,200,000	15,200,000
Unappropriated		62,948,822	65,854,506	70,992,300
<b>Total shareholders' equity</b>		<b>657,137,523</b>	<b>660,043,207</b>	<b>665,181,001</b>
<b>Total liabilities and shareholders' equity</b>		<b>961,512,542</b>	<b>964,418,226</b>	<b>947,712,001</b>

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

# Statement of Comprehensive Income

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2018	2017	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		1,289,594,347	1,289,594,347	1,281,698,019	
Other income		5,989,988	5,989,988	7,787,996	
<b>Total revenues</b>		<u>1,295,584,335</u>	<u>1,295,584,335</u>	<u>1,289,486,015</u>	
<b>Expenses</b>	20				
Cost of sales		918,768,542	918,768,542	894,327,755	
Selling and distribution expenses		215,609,023	215,609,023	190,054,617	
Administrative expenses		65,685,216	65,685,216	64,783,229	
<b>Total expenses</b>		<u>1,200,062,781</u>	<u>1,200,062,781</u>	<u>1,149,165,601</u>	
<b>Profit before share of loss from investment in joint venture, finance cost and income tax expenses</b>		95,521,554	95,521,554	140,320,414	
Share of loss from investment in joint venture	11	(2,905,684)	-	-	
<b>Profit before finance cost and income tax expenses</b>		<u>92,615,870</u>	<u>95,521,554</u>	<u>140,320,414</u>	
Finance cost		(483,786)	(483,786)	(298,450)	
<b>Profit before income tax expenses</b>		<u>92,132,084</u>	<u>95,037,768</u>	<u>140,021,964</u>	
Income tax expenses	21	(23,738,258)	(23,738,258)	(27,549,441)	
<b>Profit for the year</b>		<u>68,393,826</u>	<u>71,299,510</u>	<u>112,472,523</u>	
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	17	3,252,801	3,252,801	-	
Less: Income tax effect	21	(650,560)	(650,560)	-	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>2,602,241</u>	<u>2,602,241</u>	<u>-</u>	
<b>Other comprehensive income for the year</b>		<u>2,602,241</u>	<u>2,602,241</u>	<u>-</u>	
<b>Total comprehensive income for the year</b>		<u>70,996,067</u>	<u>73,901,751</u>	<u>112,472,523</u>	
<b>Basic earnings per share</b>	22				
Profit		<u>0.11</u>	<u>0.12</u>	<u>0.18</u>	
Weighted average number of ordinary shares (shares)		<u>608,000,000</u>	<u>608,000,000</u>	<u>608,000,000</u>	

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

# Statement of Changes in Shareholders' Equity

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements in which the equity method is applied				
	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2018</b>	152,000,000	426,988,701	15,200,000	70,992,300	665,181,001
Profit for the year	-	-	-	68,393,826	68,393,826
Other comprehensive income for the year	-	-	-	2,602,241	2,602,241
Total comprehensive income for the year	-	-	-	70,996,067	70,996,067
Dividend paid (Note 25)	-	-	-	(79,039,545)	(79,039,545)
<b>Balance as at 31 December 2018</b>	<b>152,000,000</b>	<b>426,988,701</b>	<b>15,200,000</b>	<b>62,948,822</b>	<b>657,137,523</b>

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

# Statement of Changes in Shareholders' Equity

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				
	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2017</b>	152,000,000	426,988,701	13,436,712	63,642,895	656,068,308
Profit for the year	-	-	-	112,472,523	112,472,523
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	112,472,523	112,472,523
Appropriation of statutory reserve (Note 19)	-	-	1,763,288	(1,763,288)	-
Dividend paid (Note 25)	-	-	-	(103,359,830)	(103,359,830)
<b>Balance as at 31 December 2017</b>	<b>152,000,000</b>	<b>426,988,701</b>	<b>15,200,000</b>	<b>70,992,300</b>	<b>665,181,001</b>
<b>Balance as at 1 January 2018</b>	152,000,000	426,988,701	15,200,000	70,992,300	665,181,001
Profit for the year	-	-	-	71,299,510	71,299,510
Other comprehensive income for the year	-	-	-	2,602,241	2,602,241
Total comprehensive income for the year	-	-	-	73,901,751	73,901,751
Dividend paid (Note 25)	-	-	-	(79,039,545)	(79,039,545)
<b>Balance as at 31 December 2018</b>	<b>152,000,000</b>	<b>426,988,701</b>	<b>15,200,000</b>	<b>65,854,506</b>	<b>660,043,207</b>

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

# Cash Flow Statement

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements		
	in which the equity		
	method is applied	Separate financial statements	
	2018	2018	2017
<b>Cash flows from operating activities</b>			
Profit before tax	92,132,084	95,037,768	140,021,964
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	19,067,370	19,067,370	17,537,406
Bad debts and doubtful debts	23,384,104	23,384,104	397,682
Reduction of inventories to net realisable value (reversal)	2,691,782	2,691,782	(1,690,425)
Share of loss from investment in joint venture	2,905,684	-	-
Gain on sales and change in value of investments in trading securities	-2,988,142	(2,988,142)	(3,408,020)
Loss (gain) on disposals of equipment	32,349	32,349	(500,738)
Loss on write-off of equipment and intangible assets	199,508	199,508	1,611
Provision for long-term employee benefits	2,912,668	2,912,668	3,135,671
Unrealised gain on exchange	806,713	806,713	(124,673)
Interest income	-1,976,426	-1,976,426	-2,121,951
Interest expenses	483,786	483,786	298,450
Profit from operating activities before changes in operating assets and liabilities	139,651,480	139,651,480	153,546,977
Operating assets decrease (increase):			
Trade and other receivables	19,991,429	19,991,429	(138,325,581)
Inventories	-11,569,413	(11,569,413)	(13,514,429)
Other current assets	-719,112	(719,112)	(1,710,012)
Other non-current assets	-1,981,136	(1,981,136)	(3,690,655)
Operating liabilities increase (decrease):			
Trade and other payables	33,525,961	33,525,961	8,286,084
Other current liabilities	(190,783)	(190,783)	1,148,729
Cash from operating activities	178,708,426	178,708,426	5,741,113
Cash paid for long-term employee benefits	(314,117)	(314,117)	-
Cash received from interest income	1,917,777	1,917,777	1,894,701
Cash paid for income tax	(27,358,505)	(27,358,505)	(27,972,619)
<b>Net cash from (used in) operating activities</b>	<b>152,953,581</b>	<b>152,953,581</b>	<b>(20,336,805)</b>

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

# Cash Flow Statement (Continued)

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

(Unit: Baht)

	Financial statements		
	in which the equity		
	<u>method is applied</u>	<u>Separate financial statements</u>	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>			
Decrease in restricted bank deposits	27,000,000	27,000,000	-
Decrease (increase) in current investments	-90,904,467	-90,904,467	98,421,296
Increase in investment in joint venture	-6,125,000	(6,125,000)	-
Acquisitions of plant and equipment	-9,499,668	-9,499,668	-37,950,793
Proceeds from disposals of equipment	40,090	40,090	1,142,944
Increase in intangible assets	-183,340	-183,340	-610,000
<b>Net cash from (used in) investing activities</b>	<b>(79,672,385)</b>	<b>(79,672,385)</b>	<b>61,003,447</b>
<b>Cash flows from financing activities</b>			
Repayments of liabilities under finance lease agreements	-2,909,595	-2,909,595	-2,087,679
Dividend paid	(79,039,545)	(79,039,545)	(103,359,830)
<b>Net cash used in financing activities</b>	<b>(81,949,140)</b>	<b>(81,949,140)</b>	<b>(105,447,509)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,667,944)</b>	<b>(8,667,944)</b>	<b>(64,780,867)</b>
Cash and cash equivalents at beginning of year	88,664,885	88,664,885	153,445,752
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>79,996,941</b>	<b>79,996,941</b>	<b>88,664,885</b>
	-	-	-
<b>Supplemental cash flows information</b>			
Non-cash transactions			
Acquisitions of assets under financial lease agreements	1,229,484	1,229,484	4,028,649
Payables for acquisitions of equipment	-	-	6,948,296

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

# Notes to Financial Statements

## T.A.C. Consumer Public Company Limited

For the year ended 31 December 2018

### 1. General information

T.A.C. Consumer Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Companies Act on 26 August 2015. The Company operates in Thailand and its principal activity is the manufacture and distribution of beverage, with the registered office address at 9/231-233, 23rd Floor, UM Tower, Ramkhamhaeng Road, Suanluang, Bangkok, and its factory address is at 99/112 Moo 1, Nongmadaeng, Banbueng, Chonburi.

### 2. Basis of preparation

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.

### 3 New financial reporting standards

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

During the year, the Company has adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) 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 management of the Company believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 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.

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *License fee*

Revenue from license of cartoon character is recognised systematically over the contract period.

#### *Interest income*

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

### **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**

Inventories are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.

Raw materials and packing materials are charged to production costs whenever consumed.

The net realisable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.5 Investments

- a) Investment in joint venture is accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investment in joint venture is accounted for in the separate financial statements using the cost method.
- c) Investments in securities held for trading are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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#### 4.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant 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:

Building	-	20 years
Building improvement	-	3 - 20 years
Machinery and plant equipment	-	5 - 10 years
Furniture and office equipment	-	3 - 5 years
Selling tools and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

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.

#### 4.7 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.

#### 4.8 Intangible assets

Intangible assets are stated 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:

	<u>Useful lives</u>
Computer software	3 and 5 years

#### 4.9 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 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.

#### **4.10 Long-term leases**

Leases of property, plant or 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 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 lives of the leased assets.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.11 Foreign currencies**

The financial statements are presented in Baht, which is also 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.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of 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.

An impairment loss is recognised in profit or loss.

#### **4.13 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***

###### ***Defined contribution plans***

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

###### ***Defined benefit plans***

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

The obligation under the defined benefit plan 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.

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#### **4.14 Provisions**

Provisions are recognised when the Company 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.

#### **4.15 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 Company recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

### 4.16 Fair value measurement

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

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:

### **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.

### **Reduction of inventories to net realisable value**

In determining the net realisable value of inventories, the management needs to make judgement and estimates of loss that may be incurred from substandard or deteriorated inventories, and the effect from the reduction of the selling price of inventories.

### **Property, plant and equipment and depreciation**

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

In addition, the management is required to review property, plant and equipment for impairment on a 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.

### **Post-employment benefits under defined benefit plans**

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

## 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	41.1	35.3
Post-employment benefits	3.7	3.9
Total	<u>44.8</u>	<u>39.2</u>

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	20	20
Bank deposits	79,763	115,645
Cash in private fund	214	-
Total	<u>79,997</u>	<u>115,665</u>
Less: Restricted bank deposits	-	(27,000)
Total cash and cash equivalents	<u>79,997</u>	<u>88,665</u>

As at 31 December 2018, bank deposits in savings and fixed deposit accounts carried interests between 0.13 and 1.00 percent per annum (2017: between 0.13 and 1.00 percent per annum).

Restricted bank deposits are deposits pledged with the bank to secure bank overdrafts and credit facilities. In September 2018, the Company closed part of its bank overdrafts and credit facilities and released the pledge of its bank deposits.

## 8. Current investments

8.1 As at 31 December 2018 and 2017, current investments consisted of the following:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Investments in trading securities (Note 8.2)	228,400	196,464
Current investments in private fund (Note 8.3)	59,810	-
Fixed deposits	103,814	102,579
<b>Total current investments</b>	<u>392,024</u>	<u>299,043</u>

As at 31 December 2018, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 103.8 million, carrying interests between 1.00 and 1.38 percent per annum and due for redemption during January 2019 to March 2019 (2017: Baht 102.6 million, carrying interests between 1.00 and 1.38 percent per annum).

8.2 Movements in the investments in trading securities for the years ended 31 December 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Balance at beginning of year - fair value	196,464	334,056
Cash paid for investments in trading securities during the year - at cost	1,273,000	1,091,000
Sales during the year - at cost		
Proceeds from sales	(1,243,000)	(1,232,000)
Gain on sales	1,501	3,066
<b>Total</b>	<u>(1,241,499)</u>	<u>(1,228,934)</u>
Gain on change in value	435	342
<b>Balance at end of year - fair value</b>	<u>228,400</u>	<u>196,464</u>

- 8.3 Movements in the current investments in private fund for the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	<u>2018</u>
Balance at beginning of year - fair value	-
Cash paid for current investments in private fund during the period - at cost	59,670
Gain on change in value of investments	1,052
Unrealised loss on exchange	<u>(912)</u>
Balance at the end of year - fair value	<u>59,810</u>

The Company had set up a private fund, which is managed by an asset management company, for its investments, which include convertible bonds and trust securities of foreign companies or corporates. These investments are classified as trading securities.

As at 31 December 2018, the Company had assessed the fair value of such investments by referring to the value quoted by the asset management company in which the fair value increased by Baht 1.1 million. The change in the fair value of such securities is included in profit or loss in the statement of comprehensive income.

## 9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b><u>Trade accounts receivable - unrelated parties</u></b>		
Aged on the basis of due dates		
Not yet due	282,617	277,246
Past due		
Up to 3 months	9,304	24,047
3 - 6 months	4,214	53,420
6 - 12 months	-	1,765
Over 12 months	44	102
Total	<u>296,179</u>	<u>356,580</u>
Less: Allowance for doubtful accounts	-	(416)
Total trade accounts receivable - unrelated parties - net	<u>296,179</u>	<u>356,164</u>

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
<b><u>Other receivables</u></b>		
Other receivables - unrelated parties	1,606	1,334
Less: Allowance for doubtful accounts	(219)	(233)
Total other receivables - unrelated parties - net	1,387	1,101
Prepaid expenses	19,669	3,232
Interest receivable	559	617
Total other receivables - net	21,615	4,950
Total trade and other receivables - net	317,794	361,114

During the current year, certain trade accounts receivable, amounting to approximately Baht 23.8 million, were written off as bad debts.

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	40,728	32,907	(1,630)	(47)	39,098	32,860
Work in process	152	43	-	-	152	43
Raw and packing materials	15,583	21,694	(1,185)	(76)	14,398	21,618
Goods in transit	9,751	-	-	-	9,751	-
Total inventories	66,214	54,644	(2,815)	(123)	63,399	54,521

During the current year, the Company reduced cost of inventories by Baht 2.8 million (2017: Baht 0.6 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 0.1 million (2017: Baht 2.3 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Investment in joint venture

### 11.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Shareholding percentage		Investment			
				Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
		(%)	(%)				
Siam Gateway Company Limited	Distribution and packing services through export channels	49	-	3,219	-	6,125	-
<b>Total</b>				<b>3,219</b>	<b>-</b>	<b>6,125</b>	<b>-</b>

On 26 April 2018, the Meeting of the Board of Directors of the Company No. 3/2561 passed a resolution to approve in principle for the Company to have a joint venture with NPPG (Thailand) Public Company Limited to establish a limited company "Siam Gateway Company Limited" in Thailand to engage in packing and distribution of beverages, with an initial registered share capital of Baht 50 million. On 30 May 2018, Siam Gateway Company Limited registered its establishment with the Ministry of Commerce and called up share capital at 25 percent of the registered share capital or equivalent to Baht 12.5 million. The Company paid for its investment of Baht 6.4 million or equivalent to 51 percent of the paid-up share capital.

On 7 August 2018, the Meeting of the Board of Directors of Siam Gateway Company Limited passed a resolution to change the shareholding structure, in which the Company reduced its shareholding from 51 percent to 49 percent of the registered share capital, and NPPG (Thailand) Public Company Limited holds 49 percent, with 2 percent being held by an individual. On 18 October 2018, Siam Gateway Company Limited registered with the Ministry of Commerce for the change of its shareholding structure.

## 11.2 Share of loss from investment in joint venture

During the year ended 31 December 2018, the Company recognised its share of loss from investment in joint venture of Baht 2.9 million in the financial statements in which the equity method is applied.

## 11.3 Summarised financial information about joint venture

Summarised information about financial position

	(Unit: Thousand Baht)
	<u>2018</u>
<b>Siam Gateway Company Limited</b>	
Cash and cash equivalents	5,913
Other current assets	120
Non-current assets	1,218
Current liabilities	(409)
Non-current liabilities	<u>(117)</u>
<b>Net assets</b>	<u><b>6,725</b></u>
<b>Carrying amounts of joint venture based on equity method</b>	<u><b>3,219</b></u>

Summarised information about comprehensive income

	(Unit: Thousand Baht)
	<u>2018</u>
<b>Siam Gateway Company Limited</b>	
Other income	4
Administrative expenses	(5,779)
Loss	(5,775)
Total comprehensive income	(5,775)

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and plant equipment	Furniture and office equipment	Selling tools and equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>								
1 January 2017	10,704	30,357	10,115	11,265	32,429	15,513	8,592	118,975
Additions	-	3,761	19	5,206	306	3,600	18,759	31,651
Transfer in (transfer out)	-	-	-	78	13,658	-	(13,738)	-
Disposals/write-off	-	(19)	-	(642)	-	(4,001)	-	(4,662)
31 December 2017	10,704	34,099	10,134	15,907	46,393	15,112	13,615	145,964
Additions	-	-	239	1,714	-	-	1,827	3,780
Transfer in (transfer out)	-	747	-	398	1,826	-	(2,971)	-
Disposals/write-off	-	(3,738)	-	(324)	-	(20)	(199)	(4,081)
31 December 2018	10,704	31,108	10,373	17,695	48,219	15,092	12,272	145,463
<b>Accumulated depreciation</b>								
1 January 2017	-	8,286	3,173	6,320	2,172	10,363	-	30,314
Depreciation for the year	-	1,803	1,303	2,614	7,595	2,680	-	15,995
Depreciation on								
disposals/write-off	-	(19)	-	(631)	-	(3,368)	-	(4,018)
31 December 2017	-	10,070	4,476	8,303	9,767	9,675	-	42,291
Depreciation for the year	-	2,305	1,268	3,079	9,381	1,317	-	17,350
Depreciation on								
disposals/write-off	-	(3,738)	-	(259)	-	(13)	-	(4,010)
31 December 2018	-	8,637	5,744	11,123	19,148	10,979	-	55,631
<b>Net book value</b>								
31 December 2017	10,704	24,029	5,658	7,604	36,626	5,437	13,615	103,673
31 December 2018	10,704	22,471	4,629	6,572	29,071	4,113	12,272	89,832
<b>Depreciation for the year</b>								
2017 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								15,995
2018 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								17,350

As at 31 December 2018, the Company had machinery, motor vehicles and office equipment acquired under finance lease agreements with net book value amounting to Baht 5.9 million (2017: Baht 7.2 million).

As at 31 December 2018, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 17.4 million (2017: Baht 16.1 million).

The Company has mortgaged land with structures thereon with net book value as at 31 December 2018 amounting to approximately Baht 17 million (2017: Baht 17.4 million) as collateral for bank overdrafts and credit facilities granted by a commercial bank as discussed in Note 14.

### 13. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cost	6,550	6,367
Less: Accumulated amortisation	(5,791)	(4,074)
Net book value	<u>759</u>	<u>2,293</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	2,293	3,225
Acquisitions - at cost	183	610
Amortisation for the year	(1,717)	(1,542)
Net book value at end of year	<u>759</u>	<u>2,293</u>

### 14. Bank overdrafts

The bank overdrafts are secured by the mortgage of the Company's land with structures thereon.

As at 31 December 2018, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 119.8 million (2017: Baht 134.8 million).

### 15. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	186,730	182,417
Other payables - unrelated parties	37,812	36,043
Accrued expenses	45,077	24,689
Total trade and other payables	<u>269,619</u>	<u>243,149</u>

## 16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	5,525	7,077
Less: Deferred interest expenses	<u>(605)</u>	<u>(960)</u>
Total	4,920	6,117
Less: Current portion	<u>(2,147)</u>	<u>(2,140)</u>
Liabilities under finance lease agreements - net of current portion	<u>2,773</u>	<u>3,977</u>

The Company has entered into the finance lease agreements with leasing companies for rental of machinery, motor vehicles and office equipment for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	<u>As at 31 December 2018</u>		
	Less than		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	2,469	3,056	5,525
Deferred interest expenses	<u>(322)</u>	<u>(283)</u>	<u>(605)</u>
Present value of future minimum lease payments	<u>2,147</u>	<u>2,773</u>	<u>4,920</u>

	(Unit: Thousand Baht)		
	<u>As at 31 December 2017</u>		
	Less than		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	2,551	4,526	7,077
Deferred interest expenses	<u>(411)</u>	<u>(549)</u>	<u>(960)</u>
Present value of future minimum lease payments	<u>2,140</u>	<u>3,977</u>	<u>6,117</u>

## 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits at beginning of year</b>	13,917	10,782
Included in profit or loss:		
Current service cost	2,692	2,743
Interest cost	221	392
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	(3,481)	-
Financial assumption changes	(2,048)	-
Experience adjustments	2,276	-
Benefit paid during the year	(314)	-
<b>Provision for long-term employee benefits at end of year</b>	<u>13,263</u>	<u>13,917</u>

The Company expect to pay Baht 5.9 million of long-term employee benefits during the next year (2017: Nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 7 years (2017: 15 years).

Significant actuarial assumptions are summarised below.

	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	2.07	3.39
Salary increase rate	2.00 - 4.00	7.00
Staff turnover rate (depending on age of employees)	0 - 45	0 - 56

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

	(Unit: Million Baht)	
	<u>As at 31 December 2018</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(0.7)	0.8
Salary increase rate	0.7	(0.7)
Staff turnover rate	(0.7)	0.4

	(Unit: Million Baht)	
	<u>As at 31 December 2017</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.8)	2.1
Salary increase rate	2.3	(1.9)
Staff turnover rate	(1.9)	0.8

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 0.8 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

## 18. Share capital

On 15 March 2018, the Meeting of the Board of Directors of the Company No. 2/2561 passed a resolution to approve the share repurchase project (Treasury Stock) with the maximum amount of Baht 15.2 million for 3 million shares repurchased at par value of Baht 0.25 per share, representing 0.49 percent of the total issued share capital. The repurchase period is from 2 April 2018 to 1 October 2018. During this period, no shares were repurchased by the Company.

## 19. 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.

In 2017, the Company set aside Baht 1.8 million as statutory reserve. At present, the statutory reserve has fully been set aside.

## 20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	137,022	171,649
Purchases of finished goods and changes in inventories of finished goods and work in process	703,613	664,739
Advertising and promotion expenses	119,113	116,952
Salaries and wages and other employee benefits	92,259	82,977
Transportation expenses	39,486	45,993
Depreciation and amortisation	19,067	17,537
Consulting fees	1,285	5,606

## 21. Income tax

21.1 Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>		
Current income tax charge	24,774	27,964
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(1,036)	(415)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>23,738</u>	<u>27,549</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	<u>651</u>	<u>-</u>

21.2 The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2018 and 2017 is shown below.

	(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>92,132</u>	<u>95,038</u>	<u>140,022</u>
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	18,426	19,008	28,004
Effects of:			
Non-deductible expenses	6,400	5,818	706
Additional expense deductions allowed	(1,088)	(1,088)	(1,161)
Total	5,312	4,730	(455)
Income tax expenses reported in the statement of comprehensive income	<u>23,738</u>	<u>23,738</u>	<u>27,549</u>

21.3 The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	As at	As at
	31 December	31 December
	2018	2017
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	44	130
Allowance for diminution in inventory value	563	25
Provision for long-term employee benefits	2,715	2,783
Total	<u>3,322</u>	<u>2,938</u>
<b>Deferred tax liabilities</b>		
Financial leases	(221)	(222)
Total	<u>(221)</u>	<u>(222)</u>
<b>Deferred tax assets - net</b>	<u>3,101</u>	<u>2,716</u>

## 22. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 23. Segment information

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. The chief operating decision maker has been identified as Managing Director.

The Company organised into business units based on its products and services. During the current year, the Company expended its business to the sales of license of cartoon characters. At present, the Company is engaged in two operating segments, which are the manufacture and distribution of beverage and the sales of license of cartoon characters. Its operations are carried on only in geographical area of Thailand. However, at present the operation of the sales of license of cartoon characters is insignificant. The Company's distribution channel includes both in domestic and overseas markets. For the year 2018, domestic sales represented 98 percent of total sales (2017: 92 percent of total sales).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segments and geographical area.

#### *Major customers*

For the year 2018, the Company had revenue from one major customer, with revenue of 96 percent of the Company's revenues (2017: 90 percent).

#### **24. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by AIA Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 3.2 million (2017: Baht 3.2 million) were recognised as expenses.

#### **25. Dividend**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>2017</u>			
Dividends for 2016	Annual General Meeting of the shareholders on 19 April 2017	48.7	0.08
Interim dividends for 2017	Board of Directors' meeting on 10 August 2017	54.7	0.09
Total for 2017		<u>103.4</u>	<u>0.17</u>
<u>2018</u>			
Dividends for 2017	Annual General Meeting of the shareholders on 19 April 2018	54.7	0.09
Interim dividends for 2018	Board of Directors' meeting on 9 August 2018	24.3	0.04
Total for 2018		<u>79.0</u>	<u>0.13</u>

## 26. Commitments

### 26.1 Operating lease commitments

The Company has entered into several operating lease and service contracts in respect of the lease of office building and equipment and other services. The terms of the agreements are generally between 1 and 4 years.

Future minimum payments required under these non-cancellable operating lease and service contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Payable		
In up to 1 year	6.7	6.9
In over 1 year and up to 4 years	4.4	10.4

### 26.2 Merchandise sub-license commitments

On 19 October 2017, the Company entered into a merchandise sub-license agreement with an overseas company. Under the terms of the agreement, the Company is granted the privilege to sell licenses of the characters. The Company agrees to pay royalty fee at the percentage of gross license fee receipts as specified in the agreement. The agreement is for a period of 5 years, from 1 January 2018 to 31 December 2022.

## 27. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
	<u>Level 2</u>	<u>Level 2</u>
<b>Assets measured at fair value</b>		
Investments in trading securities - Debt instruments	228	196
Current investments in private fund	60	-

## 28. Financial instruments

### 28.1 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, current investments, trade and other receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade receivables in the normal course of business. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the majority of sales are made with the credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Company's exposure to interest rate risk relates primarily to its cash at banks and liabilities under finance lease agreements. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates, the interest rate risk is expected to be low.

Significant financial assets and liabilities 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 2018					Effective interest rate (% per annum)
	Fixed interest rates Within 1 year	Fixed interest rates 1-5 years	Floating interest rate	Non- interest bearing	Total	
<b>Financial assets</b>						
Cash and cash equivalents	-	-	74.5	5.5	80.0	0.13 - 1.00
Current investments	103.8	-	-	288.2	392.0	1.00 - 1.38
Trade and other receivables	-	-	-	317.8	317.8	-
	<u>103.8</u>	<u>-</u>	<u>74.5</u>	<u>611.5</u>	<u>789.8</u>	

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	269.6	269.6	-
Liabilities under financial lease agreements	2.1	2.8	-	-	4.9	3.92 - 10.81
	2.1	2.8	-	269.6	274.5	

(Unit: Million Baht)

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	77.1	11.6	88.7	0.13 - 1.00
Current investments	102.6	-	-	196.4	299.0	1.00 - 1.38
Trade and other receivables	-	-	-	361.1	361.1	-
Restricted bank deposits	-	-	27.0	-	27.0	0.65
	102.6	-	104.1	569.1	775.8	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	243.1	243.1	-
Liabilities under financial lease agreements	2.1	4.0	-	-	6.1	3.92 - 10.81
	2.1	4.0	-	243.1	249.2	

**Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from trading transactions and current investments that are denominated in foreign currencies. However, the Company's foreign currency transactions are insignificant. The foreign currency risk is expected to be low.

The balances of financial assets and liabilities denominated in foreign currency are summarised below.

As at 31 December 2018				
Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Exchange rate	
			Buying	Selling
(Baht per unit of foreign currency)				
US dollars	1,825	-	32.2848	32.6148

As at 31 December 2017				
Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Exchange rate	
			Buying	Selling
(Baht per unit of foreign currency)				
US dollars	215	234	32.5146	32.8472

## 28.2 Fair values of financial instruments

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

## 29. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2018, the Company's debt-to-equity ratio was 0.5:1 (2017: 0.4:1)

## 30. Events after the reporting period

On 22 February 2019, the meeting of the Board of Directors of the Company No. 1/2019 approved the payment of final dividend for 2018 to the Company's shareholders at Baht 0.09 per share or a total dividend of Baht 54.72 million.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

## 31. Approval of financial statements

These financial statements were authorised for issue by the board of directors of the Company on 22 February 2019.





# T.A.C. Consumer PCL.

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

**Head Office :** 9/231-233, UM Tower,  
23<sup>th</sup> Floor, Ramkhamhaeng Road,  
Suanluang, Bangkok 10250  
Tel : +66-2-717-2898 Fax : +66-2-717-2899  
Email : [contact\\_info@taconsumer.com](mailto:contact_info@taconsumer.com)



[www.taconsumer.com](http://www.taconsumer.com)



Additional Information