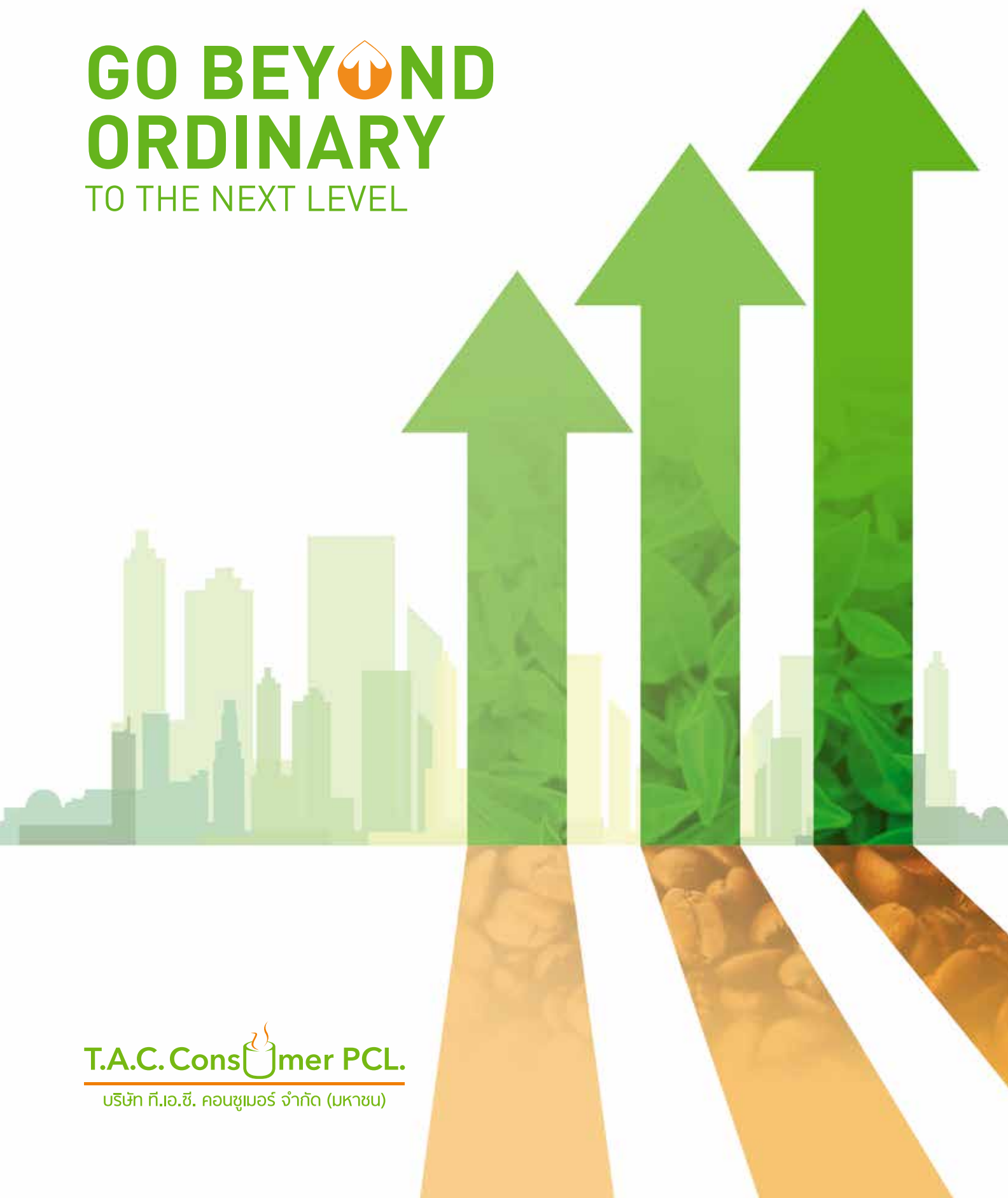


Annual Report 2019

# GO BEYOND ORDINARY

TO THE NEXT LEVEL



T.A.C. Consumer PCL.

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



# UT.A.C.C.

## Core Value



T-Team Work



A-Achievement  
& Attitude



C-Creativity



C-Customer  
& 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.



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 such as Cold Beverage Dispenser, Non Coffee menu in the All Café at 7-Eleven etc.









Business to Customer :

# B2C

Apart from researches and develops products closely with its key strategic partner. The Company also develops products under its own brands which this group of products such as Ready to Drink under the brand “Zenya”, Instant Powder Drink under the Brand “Na-Arun” “Sawasdee”, Chocolate Hershey’s Beverage Character Business and Café Business.







SumikkoGurashi™  
Kokoro ochitsukunde su.

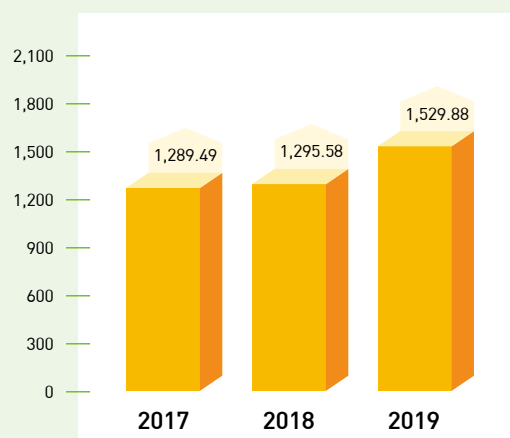


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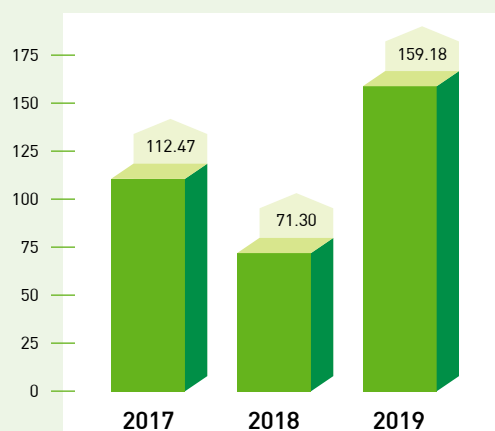
## Total Revenues

(Million Baht)



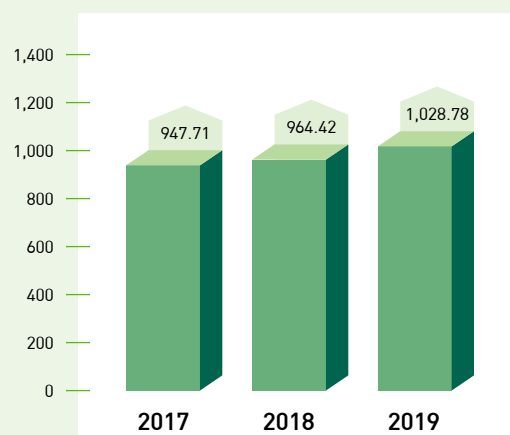
## Profit for the Years

(Million Baht)



## Total Assets

(Million Baht)





## Financial Highlight

	Unit	2017	2018	2019
<b>Statements of Comprehensive Income</b>				
Total Revenues	Million Baht	1,289.49	1,295.58	1,529.88
Total Expenses	Million Baht	1,149.17	1,200.06	1,328.60
Profit Before Income Tax Expense	Million Baht	140.02	95.04	200.93
Profit for the Years	Million Baht	112.47	71.30	159.18
<b>Statements of Financial Position</b>				
Total Assets	Million Baht	947.71	964.42	1,028.78
Total Liabilities	Million Baht	282.53	304.38	330.31
Shareholders' Equity	Million Baht	665.18	660.04	698.47
<b>Statements of Cash Flows</b>				
Cash Flow from Operating Activities	Million Baht	-20.34	152.95	232.35
Cash Flow from Investing Activities	Million Baht	61.00	-79.67	-177.79
Cash Flow from Financing Activities	Million Baht	-105.45	-81.95	-118.46
Increase in Cash and Cash Equivalents-Net	Million Baht	-64.78	-8.67	-63.90
<b>Financial Ratio</b>				
Current Ratio	X	3.05	2.97	2.94
Account Receivable Turnover	X	4.46	3.95	5.09
Average Collection Period	Day	80.74	91.09	70.75
Average Sale Period	Day	11.29	16.34	15.34
Account Payable Turnover	X	5.32	4.94	5.69
Average Payment Period	Day	67.66	72.84	63.25
Gross Profit Margin	%	30.22	28.76	30.71
Operating Profit Margin	%	10.34	6.94	12.61
Net Profit Margin	%	8.72	5.50	10.41
Return on Equity : ROE	%	17.03	10.76	23.44
Return on Assets : ROA	%	11.95	7.46	15.97
Asset Turnover	X	1.37	1.36	1.54
Debt to Equity Ratio : D/E	X	0.42	0.46	0.47
Interest Coverage Ratio	X	26.58	373.71	707.66
Cash Basis	X	-0.14	1.67	1.54
Dividend Payout	%	97.30	110.86	91.67

# Message from the Chairman of the Board of Director



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



Thai economy in 2019 continues to expand hence slowing down from previous years due to international demand slowdown. International demand slowdown is the result of the economy of trading partner countries and the Global trade slowed down from the trade war between the United States and China. Consumption and private investment continue to expand with supportive factors from economic stimulus measures in the second half of 2019

The Company performance for the year 2019, Total revenue of 1,529.88 million baht, increase by 18.08% compared to the previous year, with total revenue of 1,295.58 million baht. The increased mainly due to the increase of sales in the B2B business group, such as Cold Beverage Dispenser and Non Coffee Menu in the All Café corner. The increased of sales are in line with the number of branches and increased in list of flavors; including the Character Business in the B2C Business group. As chairman I am very pleased for the continuous growth in the Company's performance in line with its goals. Past achievements are the result of several components; nevertheless, a very important factor is non-stop development and continuously searching for business opportunities that can constantly expand the Company's business.

The Board of Directors places importance and emphasizes on the review and determination of the Company direction, vision, mission, strategy and significant policies; by supervising and monitoring to ensure compliance with the specified mission or goal. Moreover, the Company continues to strictly adhere to the principles of corporate governance while also taking into account all stakeholders. Information

disclosed to shareholders is accurate, complete, transparent and timely along with placing importance on social and environmental responsibility.

According to the Corporate Governance Report of Thai Listed Companies 2019, conducted by the Thai Institute of Directors (IOD), under the support from the Stock Exchange of Thailand and The Securities and Exchange Commission, the Company was assessed at the level of "very good" or 4 stars, with an improved score of 88 percent. For the Annual General Meeting of Shareholders Assessment for the year 2019, the Company has been assessed at the level of "very good".

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. Such aforementioned factors are the significant forces that help drive TACC's business to 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. Including continuously develop the organization to advance towards sustainable development.

## Message from the Chairman of the Executive Committee



**Chatchawe Vattanasuk**  
Chairman of the Executive Committee



The year 2019 is considered another year of success for being able to steadily create continuous growing performance which is in line with the established goals. Regarding the financial results for the year 2019, the Company had net profit of 159.18 million baht, an increase of 123.26 percent or equivalent to net profit margin of 5.50 percent from the previous year with a net profit of 71.29 million baht. In this regards, mainly due to the Company's cost reduction from tax collection on sugar-sweetened beverages and increasing sales of high profit products in the B2B business group. The Company has always been given the opportunities to grow with its core business partners. The B2C business group had grown, while the expansion of Character Business increased significantly both domestically and internationally. This year, the Company has added Thai's new character under the name of Dog Please and the Art Story character of the special children group that created line drawing works. The Company helped to generate all income for these projects which is considered another social responsibility project that the Company takes part in. In addition, beverage products were distributed to Café Business, which is another way to increase the business strength.

From this year business plan, the Company has revised the guidelines for resource management in order to drive the growth of the organization with the spirit of ownership. In addition, to create a competitive price advantage through the supply chain, along with focusing on training and learning related to new technologies. The intention is to present new forms of core business and establish good relationships with the

company's stakeholder groups. Moreover, the Company instills conscience on social responsibility, environment and society to all personnel in the organization; which the Company's corporate social responsibility (CSR) has been developed as part of the business plan, continuously.

The Company received significant award from the Stock Exchange of Thailand, as a result of another achievement this year. In this regards, the Company was awarded with Best Investor Relations Awards and Outstanding Investor Relations Awards, for 3 consecutive years, at the SET Award 2019 in the group of mai listed company of stock exchange. These awards guaranteed that the Company places importance on the disclosure of information, transparency and good corporate governance; in order for shareholders, investors, and all stakeholders groups to receive sufficient information for decision making on the Company's securities.

On behalf of the Chairman of the Executive Committee, I would like to express my gratitude to our shareholders, customers, business partners, business alliances, the Board of Directors, management team and our employees; who work with enthusiasm and ready to adapt to changes in order to create proactive organization; enable the Company to achieve tangible goals. I would like to express my gratitude to all stakeholders for the ongoing confidence and support in T.A.C. Consumer PCL. I would like to assure you that we will strive to operate with transparency and efficiency at full capacity, under the principles of good corporate governance. In order to provide the best return for shareholders along with social responsibilities and environmental activities that will lead TACC to the goal of success for continuous and sustainable growth.



# The Change and Key Milestone 2019

## 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 "Strawberry Cookie and Cream" at 7-Eleven.



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

## February

## March



- The Company has launched the new seasonal flavor of Cold Beverage Dispenser "Aunchan Honey Lemon" at 7-Eleven.



- The Company has launched new style donut "Donut Pop" and dipping sauce sold exclusively to 7-Eleven under brand "A Smile" by retail price 25 Baht for Valentine festival.



- The Company has launched new seasonal flavor of Instant Powder Drink "Mango Summer Sensation" such as Mango with sticky rice frappe, Mango yogurt frappe and Mango lime soda in fresh corner coffee under "All Café" at 7-Eleven.



- The Company come back relaunch ready to drink under the brand "Zenya" in Cambodia again. By developed formula add Cooling Agent for cool fresh.

April

- Character cartoon Rilakkuma launched first series of Rilakkuma Character on Netflix "Rilakkuma and Kaoru"



May



- The B2C products expand to Café Business such as Muanchon Café, Arabia Café, Jungle Café and CP Freshmart.

June



- The Company has launched the new seasonal flavor of Cold Beverage Dispenser "Melon Latte" at 7-Eleven.



- The Company has launched new seasonal flavor of Instant Powder Drink "Taiwan Milk Tea Brown Sugar" in fresh corner coffee under "All Café" at 7-Eleven.



- The Company was excellent score (99 of 100 Point) in AGM checklist program from Thai Investor Association and Securities and Exchange Commission, Thailand.

July

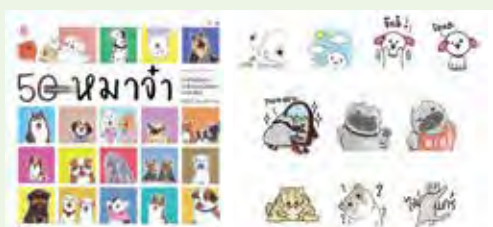


- The Company has launched new seasonal flavor of Instant Powder Drink “Milk Tea” and “Lemon Tea” by select fresh tea leaf from Organic Tea plantation. Which launched in fresh corner coffee under “All Café” at 7-Eleven only store that are sold with 3 new menu such as Milk Tea Frappe, Iced Milk Tea and Iced Lemon Tea.



- The Company has launched new seasonal flavor of Instant Powder Drink “Blue Lychee Frappe” in fresh corner coffee under “All Café” at 7-Eleven with 3 new menu such as Blue Lychee Soda Yogurt, Blue Lychee Soda and Blue Lychee Yogurt.

September



- The Company was representative agent of “Dog Please” as a local popular character in Thailand. The period of contract 2 years, deals with licensees in Thailand, Singapore, Malaysia, Cambodia, Myanmar, Laos, and Vietnam. The new character “Art Story” is a social enterprise business for autistic individuals and other exceptional persons. The Company participated in this project without charge. The revenue from the use of this copyright will lead the entire Art Story project, which is considered another CSR project of the company.



- The Company has launched the new seasonal flavor of Cold Beverage Dispenser “Pink Guava” at 7-Eleven.



- The Company has launched new seasonal flavor of Instant Powder Drink “Salted Egg Series” in fresh corner coffee under “All Café” at 7-Eleven with 3 new menu such as Salted Egg Milk Frappe, Iced Salted Egg Macchiato and Iced Salted Egg Milk.



- The Company has launched new seasonal flavor of Instant Powder Drink “Fruit Tea” by extracted from fresh tea leaves and aromatic fruit in fresh corner coffee under “All Café” at 7-Eleven only store that are sold with 2 new menu such as Peach Tea and Raspberry Tea.



## October



- The Character Business group has organized event with partners "Siam Paragon" at the Siam Paragon presents Rilakkuma World Happiness Town opens a new dimension for the first time in Southeast Asia with a fun experience in the happy world of Rilakkuma between October 24 - November 10, 2019 at Park Paragon, Floor M.



- The Company has launched new Instant Powder Drink "Unicorn Milky" in fresh corner coffee under "All Café" at 7-Eleven.

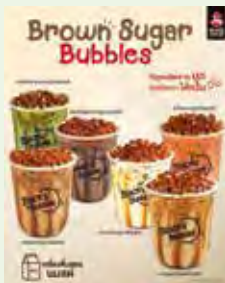


- The Company received Corporate Governance Report of Thai Listed Companies 2019 was a very good score (88%) from institute of Director and support by Stock Exchange of Thailand.

## November



- The Company has launched the new seasonal flavor of Cold Beverage Dispenser "Brown Sugar Milk Tea" at 7-Eleven.



- The Company has send B2C products to Black Canyon such as Brown Sugar Bubbles Milk Tea



- The Stock Exchange of Thailand and Money & Banking Magazine jointly hosted SET Awards 2019, the announcement and award presentation ceremony aim to recognize companies on the Thai capital market with excellent and outstanding performances in various areas. TACC was award "Best Investor Relations Awards" This award presentation ceremony to listed companies that have outstanding performance of Investor Relations activities. Which important to emphasize that the participation of the whole organization in carrying out the activities. Moreover, TACC was award "Outstanding Investor Relations Awards" (The third consecutive year). This award is honor and pride for the team of the Company to strive to do good things for shareholders, investors, and the Company's stakeholder groups 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. Chanit Suwanparin**  
Director, Nomination and Compensation Committee and  
Risk Management Committee



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



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

## Executive Committee

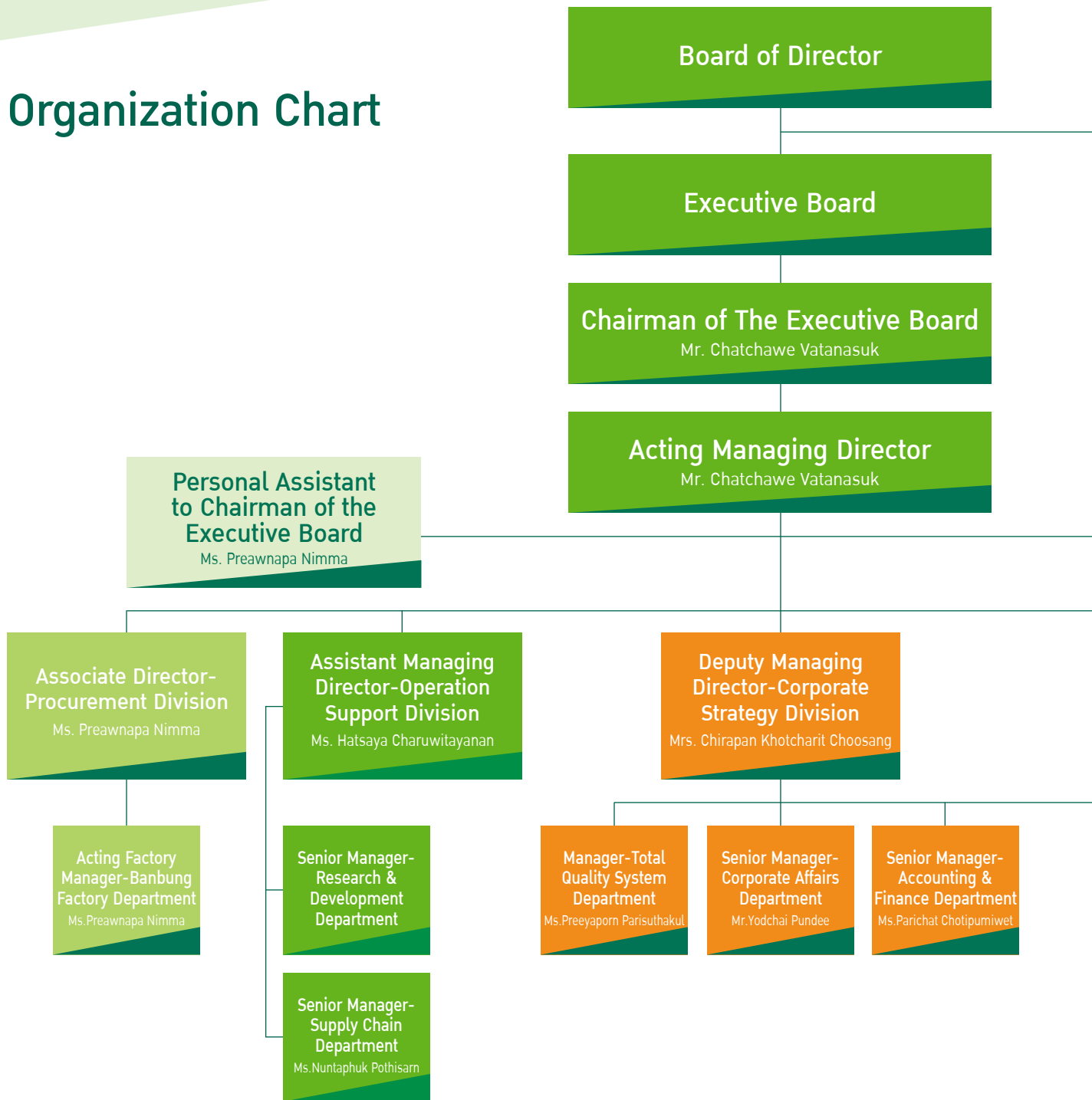


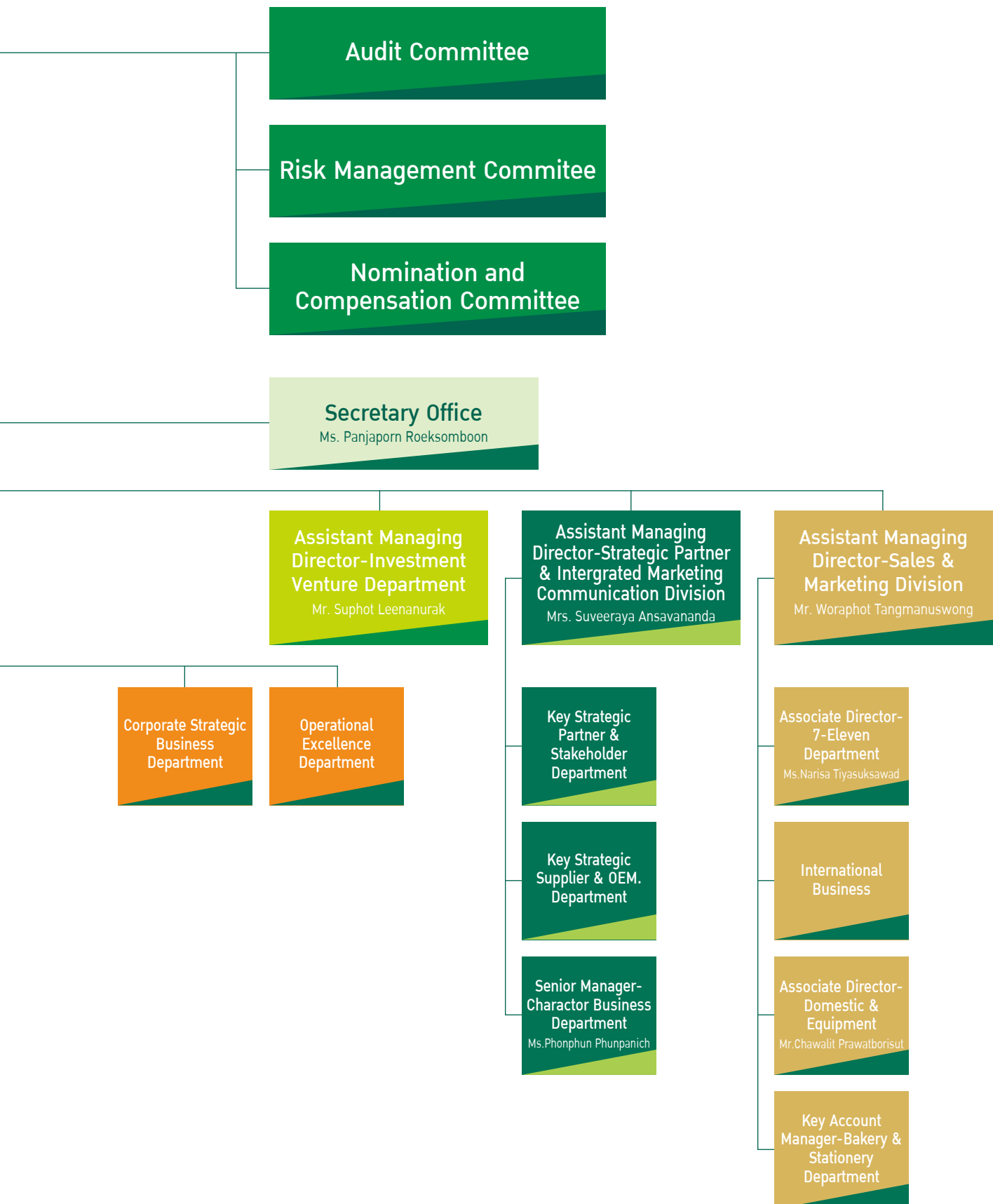
- |   |   |   |  |
|---|---|---|--|
| 1 | <b>Mr. Chatchawe Vatanasuk</b><br>Chairman of the Executive Committee     | 6 | <b>Ms. Hatsaya Charuwitayanan</b><br>Executive Committee |
| 2 | <b>Mr. Chanit Suwanparin*</b><br>Vice Chairman of the Executive Committee | 7 | <b>Ms. Parichat Chotipumiwet</b><br>Executive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

**Note :** \* Mr. Chanit Suwanparin has retirement of the position Vice Chairmen of the Executive Committee with effective date on March 1, 2019 onward. Which is take a position of Director, Nomination and Compensation Committee and Risk Management Committee.



# Organization Chart





# Sustainability DEVELOPMENT







ถั่วฝักยาว  
UTACC



# Awards and Recognition



The Stock Exchange of Thailand and Money & Banking Magazine jointly hosted SET Awards 2019, the announcement and award presentation ceremony aim to recognize companies on the Thai capital market with excellent and outstanding performances in various areas. TACC was award "Best Investor Relations Awards" This award presentation ceremony to listed companies that have outstanding performance of Investor Relations activities. Which important to emphasize that the participation of the whole organization in carrying out the activities.



Moreover, TACC was award "Outstanding Investor Relations Awards" (The third consecutive year). This award is honor and pride for the team of the Company to strive to do good things for shareholders, investors, and the Company's stakeholder groups in the future.



TACC received Corporate Governance Report of Thai Listed Companies 2019 was a very good score (88%) from Institute of Director.



TACC was excellent score (99 of 100 Point) in AGM checklist program from Thai Investor Association and Securities and Exchange Commission, Thailand.

## 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 in the 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.

For the Business to Consumer Group (B2C), the Character Business is stronger. The Company has a licensing agent of San-X Japan (licensor). Which the Company has co-create with leader brand partners such as merchandise, premium and campaign. In this year, there are new character in the famous online cartoon of Thailand under the brand "Dog Please (MaaJa)" and "Art story" this character of Autistic Children Group. The Company helped to generate revenue for this project. Which is deem Corporate Social Responsibility project of the company.

The Company expanded Beverage Business to Café Business such as Muanchon Café, Arabitia Café, Jungle Café, CP Fresh Mart and Black Canyon. Which has stores distributed nationwide and more channels of selling products.

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. 4/2019 held on 7 November 2019, 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 1 January 2019 to 20 September 2019, 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

### Diagram of Shareholder Structure



**Note :**

On 5 August 2019, the Extraordinary General Meeting of shareholders of Siam Gateway Company Limited passed a resolution to approve the change in its shareholding structure, whereby NPPG (Thailand) Public Company Limited is to purchase all ordinary shares from other shareholders at the net book value of the shareholders' equity as at 30 June 2019 of Baht 1.8 million, or Baht 0.18 per share.

On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the disposal of 4,899,998 ordinary shares that the Company holds in Siam Gateway Company Limited to NPPG (Thailand) Public Company Limited, at a total price of Baht 0.9 million. The transfer of shares was completed on 20 September 2019. The Company therefore reversed an allowance for impairment loss on investment of Baht 5.3 million previously recorded in the second quarter and recognized loss on disposal of investment in joint venture of Baht 5.2 million in the separate financial statements and gain on disposal of investment in joint venture of Baht 0.1 million in the financial statements in which the equity method is applied in the current period.

# Nature of Business

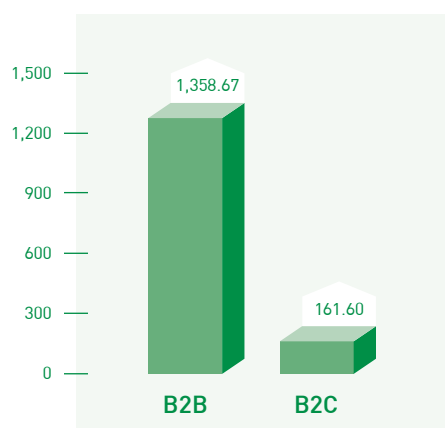
## Revenue Structure

Type of Revenue	Year 2017		Year 2018		Year 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenue from sales</b>						
► Business to Business : B2B	1,152.01	89.34	1,143.22	88.24	1,358.67	88.81
► Business to Customer : B2C	129.69	10.60	146.38	11.30	161.60	10.56
<b>Total</b>	<b>1,281.70</b>	<b>99.40</b>	<b>1,289.60</b>	<b>99.54</b>	<b>1,520.27</b>	<b>99.37</b>
Other income <sup>1)</sup>	7.79	0.60	5.99	0.46	9.61	0.63
<b>Total revenue</b>	<b>1,289.49</b>	<b>100.00</b>	<b>1,295.58</b>	<b>100.00</b>	<b>1,529.88</b>	<b>100.00</b>

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

### Revenue from Sales Year 2019

(Million Baht)



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:

### 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;

## 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 17 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 store 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.

The jointly developed of the Company with 7-Eleven team. The Company has work plan together for growth of cold beverage dispenser group. 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.

Moreover, the Company has been the trust of customer for selling Hershey's chocolate beverage at 7-Eleven stores, which are available throughout the year only the stores that are available for sale (Optional Core) currently have about 2,500 stores, from the original are just flavors that have only one season.

## 2. Instant Powder Drink

The Company develops instant powder drink containing 35 grams for distributed to fresh corner coffee All Café stores located at 7-Eleven. The product has been launched since June 2014 including 5 flavors; Milk tea, Matcha green tea, Lemon tea, Yogurt fruit smoothies and Milk tea brown sugar. There are developed additional new group for make colorful for All Café such as Tea Cheese, Raspberry Rose yogurt frappe, Mango summer, Fruit tea, Blue Lychee, Salted Egg and Unicorn Milky.



Cold Beverage Dispenser  
(Core Flavor and Optional Core)



Instant Powder Drink and Seasonal Drink





Cold Beverage Dispenser (Seasonal Drink)



Hot Beverage Dispenser



A Smile Donut

### 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 Strawberry cookie and cream, Aunchan honey lemon, Melon latte, Pink Guava and Brown sugar milk tea.

### 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 637 units mostly installed at 7-Eleven in PTT gas station.

The Hot Beverage Dispenser 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.

### 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, the Company developed new donut as a Donut pop, Is a piece with separate dipping sauce in the bag for retail price 25 baht. At present, the Company has temporarily stopped selling the bakery business because it is in the process of searching for a new factory for production.

## 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". In this year, the Company has come back to selling Zenya in Cambodia again and developed formula add cooling agent. 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 honey lemon ice great for boosting your immune system. 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.

### 2. Instant powder drink under the brand "Na-Arun"

A three-in-one drink mix containing 500 gram crates with 10 sachets per crated 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 7 mixed; 1) Coffee



Ready-to-drink green tea under the brand "Zenya"



Instant powder drink under the brand "Na-Arun"



Instant powder drink under the brand  
“Sawasdee”



Chocolate Hershey's Beverage



Character Business

Espresso, Thai style instant coffee 2) Coffee Latte, a smooth aroma 3) Thai milk tea instant with soft mellow flavor of Thai Style, 4) green tea sweet and concentrate ingredient of milk and green tea with jasmine smell flavor, 5) Chocolate, 6) Matcha green tea latte, and 7) Thai lemon tea and The product is mainly sold in overseas market and also a great alternative for Thai restaurants, Asian grocery and Café Business.

### 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 from 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 from 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 crat of 10 sachets in which they are to be exported to oversea 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. The Chocolate Hershey's Beverage Freeze will be distributed at 7-Eleven.

### 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.



## Chairaikoguma

Chairaikoguma 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.



### Neko

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



### Mogura

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



### Hokori

A careless bunch that often piles up near corners.



### Zassou

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



### Penguin?

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



### Tokage

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



### Yama

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



### Ebifurai no Shippo

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



### Suzume

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



### Tonkatsu

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



### 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)



### Furoshiki Shirokuma's

Luggage. Used to claim corners and when Shirokuma is cold.



### Nisetsumuri

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



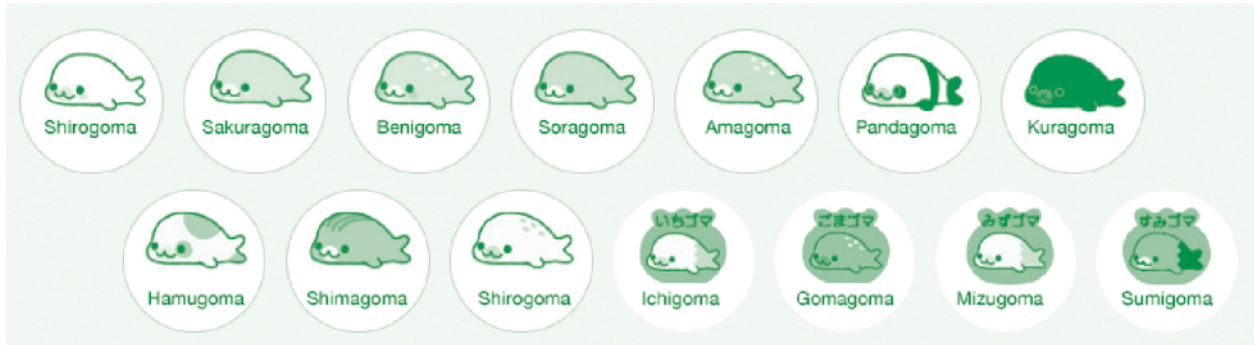
### Obake

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.

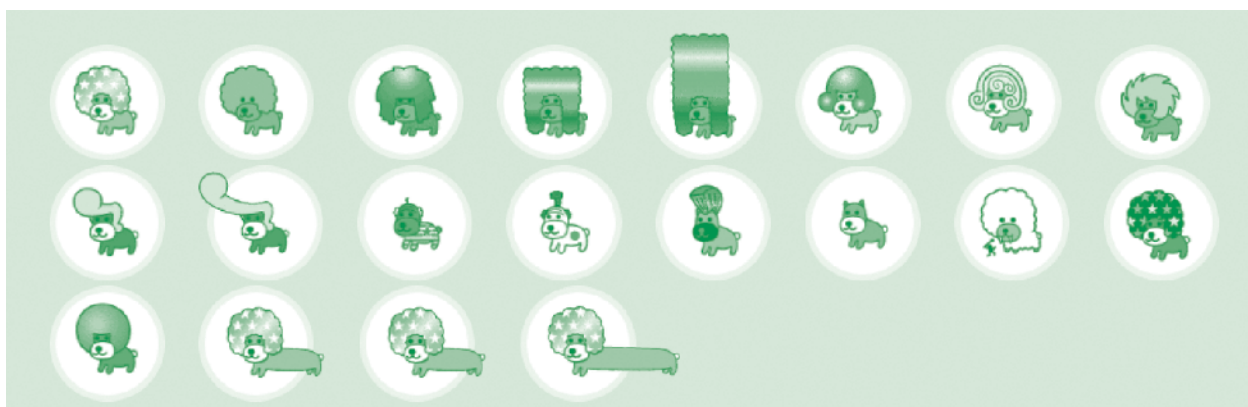


## Monokuro Boo

"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.

## The examples of products that customers used charactor San-X Group.





## Character “Dog Please” (Maaja)

In this year, the Company has representative agent of “Dog Please” with local popular character in Thailand. KhunNathawee Limpanilchart, former pocket book writer has brought the story between people and dogs, conveyed in a cute view through their own unique line and created as a “Maaja” on facebook fanpage. The period of contract 2 years covering 7 countries including Thailand, Singapore, Malaysia, Cambodia, Myanmar, Laos and Vietnam.



Viking Puppy & Friend (The Soi Dog)



Pudding (The Happy Dog)



GiGi (The Mean Dog)



Cat please (The Dog that disguise to be Cat)





## Character “ART STORY”

ART STORY is a social enterprise business for autistic individuals and other exceptional persons. Together, we create many products using "Art" as our inspiration. The products themselves are unique and extraordinary. Art Story supports by Thai Autism Vocational Center under the Autistic Foundation which enhance people with special needs to gain their self development with dignity. The Company participated in this project without charge. The revenue from the use of this copyright will lead the entire Art Story project, which is considered another CSR project of the company.



## 5. Café Business

The Company expanded the product of B2C to Café Business such as Café MuanChon, Jungle Café, Arabitia Café, CP Fresh Mart, and Black Canyon. Which the stores distributed throughout the country and abroad. Currently, the Cafe Business in which the Company delivers beverages has a total of approximately 850 stores, which helps to increase the distribution channels of the Company.



## 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.

The Company was granted the Partnership Award 2013 “Best of Business Growth” from 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.

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.

The Company has received the Exclusive Contract for the duration of 3 years and this year the Company has renew the contract. Therefore, the Management is confident that the Company will be able to maintain a stable and lasting relationship with that customer.

## 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 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.

#### 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 May every year in Bangkok, Thailand.
- ▶ Thailand Retail, Food & Hospitality Services 2019 (TRAFFS), held in the month of July every year in Bangkok Thailand.
- ▶ Sumikkogurashi at the nook Exhibition, held in January in Taiwan.
- ▶ Tokyo International Gift Show, held in February in Japan.
- ▶ Licensing Expo, held in June in the city of Las Vegas, United States of America.
- ▶ Anuga 2019, held in October in Germany.
- ▶ Host Milano 63, held in October in Italy.
- ▶ San-x Exhibition, held in October in Japan.



This year, The Character Business has organized event with partners "Siam Paragon" at the Siam Paragon presents Rilakkuma World Happiness Town opens a new dimension for the first time in Southeast Asia with a fun experience in the happy world of Rilakkuma between October 24 - November 10, 2019 at Park Paragon, Floor M, which can be considered as an extension of the Character Business of the company and build awareness about cartoon character.



## 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
1. Cold Beverage Dispenser (Jetspray)	The working population across all occupational groups aged 20-49 years that are mainly in the low to moderate income bracket .
2. Instant powder drink	The working population across all occupational groups aged 20-49 years that are mainly in the low to moderate income bracket .
3. Hot Beverage Dispenser	The working population across all occupational groups aged 20-49 years that are mainly in the low to moderate income bracket .
4. 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.
5. 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.
6. Instant powder drink Brand "Na Arun"	The working population aged 20-49 years that are mainly in the low to moderate income bracket.
7. 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.
8. Hershey's chocolate beverage	Target customers ranges from teenagers to middle aged persons age 15-30 years that are mainly in the low to moderate income bracket.
9. Character Business	Target customers ranges from teenagers to middle aged persons age 15-49 years that are mainly in the moderate income bracket to high income.
10. Cafe Business	The working population across all occupational groups aged 20-49 years that are mainly in the low to moderate income bracket .

## Proportion of revenue from sales separated into categories of customer in the year 2017-2019

	2017			2018			2019		
Sale	Million Baht	Mix (%)	Growth (%)	Million Baht	Mix (%)	Growth (%)	Million Baht	Mix (%)	Growth (%)
Domestic Sales	1,182.87	92.29	10.59	1,277.84	99.09	8.03	1,515.92	99.71	18.63
International Sales	98.83	7.71	(8.01)	11.85	0.91	(88.11)	4.35	0.29	(62.99)
<b>Total Sale</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>	<b>1,520.27</b>	<b>100.00</b>	<b>17.89</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

7-Eleven Department of the Company has conducted a 7-Eleven main customer satisfaction survey which is an annual survey. Which customers responded to the satisfaction survey in order to be able to use the information to improve and enhance the operational efficiency in 5 aspects which are summarized as follows: 1) Product development, The customers are very satisfied and satisfied. By presenting concept of interesting products able to rest the product as needed and present products at reasonable costs. 2) Product quality, The customers are very satisfied and satisfied. Which the quality of the products is controlled in accordance with the agreed standards and continuously improve the quality of products and services. 3) Accountability all processes of Supply Chain, The customer is very satisfied with the level of satisfaction with the stock of products being prepared as needed. 4) Delivery, The customers are very satisfied and satisfied. By delivering products on time, in accordance with the amount of product quality in transit, in good condition. 5) After-sales management, The customers are very satisfied and satisfied with care, honest, understanding customer needs And has the ability to solve various problems well.



## 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:

### 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;

#### 1. 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.

#### 2. Modern Trade

The Company distributes its products directly to modern trade outlets by focusing on distribution to Convenience stores such as 7-Eleven most of the products distributed to modern trade are dispenser drink available at 7-Eleven.

### 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 Beverage Dispenser	✓	-
2. Instant powder drink	✓	-
3. Hot Beverage Dispenser	✓	-
4. Japanese Style Donut "A Smile"	✓	-
5. Ready to drink Green tea "Zenya"	✓	✓
6. Instant powder drink "Na Arun"	✓	✓
7. Instant powder drink "Sawasdee"	✓	✓
8. Hershey's chocolate beverage	✓	-
9. Character Business	✓	✓
10. Cafe Business	✓	✓

## Thai Economic Outlook in 2019

NESDC ECONOMIC REPORT The Thai Economy in 2019 is projected to grow by 2.6 percent, decelerating from 4.1 percent in the previous year. Headline inflation is expected to be at 0.8 percent, and the current account balance is forecasted to register a surplus of 6.2 percent of GDP, compared with a surplus of 5.6 percent in 2018. This revision included some key revisions on key growth components to be consistent with the actual data of the first three quarters of 2019 and some change in key assumptions of the projection. The details of growth revisions are as follows:

- The Thai economy in the third quarter of 2019 expanded slower than previously projected mainly due to
  - the slower-than-expected export growth reflected in the values of exports in the third quarter which started to show improving sign but was still slower than in the previous estimation due mainly to the intensified trade measures and the uncertainty of US - China trade negotiations throughout the third quarter which caused producers and exporters in the supply chain to continue slowing their production and trade activities;
  - the lower-than-assumed disbursement rate of Stated-owned Enterprises (SOEs) capita budget which led to public investment in the third quarter to expand at slower rate than previously expected and was consistent with some delays of key infrastructure projects for example a high-speed train from Bangkok to Nakhon Ratchasima; and
  - temporary effects from an adjustment in domestic car market due to shift in a new car model, together with shutdowns of some oil refinery plants. Combining with the sluggish recovery of export, manufacturing sector thus declined faster than expected.
- The revisions on growth components in accordance with the actual data in the first three quarters of the year, coupled with key assumptions revision include
  - the downward revision of the global economic growth and export price from 3.3 percent and 0.5 percent in the previous projection to 3.1 percent and 0.3 percent respectively. This is due to the lower-than-expected economic growth of major trade partners and export price in the third quarter. This downward revision is also attributable to the intensified trade measures, and the signs of global economic slowdown which cause exports to grow lower-than-expected;
  - the downward revision of public investment due to the actual disbursement rate in the last quarter of fiscal year 2019; and
  - the downward revision of private investment due to slower-than-expected growth in the third quarter and to be consistent with slowerthan-expected growths of export and public investment.

## Thai Economic Outlook in 2020

The Economic Intelligence Center (EIC), Siam Commercial Bank Public Company Limited, expects the Thai economy to grow at 2.7% in 2020; a modest recovery from 2019 which is projected to expand at 2.5% in line with the gradual recovery trend in export sector; following signs of recovery in global trade and in part resulting from the Phase 1 trade agreement between the United States and China. Such will lead to the cancellation and reduction of import duties on some parts that went up earlier; including the more accommodative monetary and fiscal policies by countries around the world in order to sustain the economy. Nevertheless, the Thai baht, which has appreciated by more than 24% against the competitors over the past 6 years and is expected to maintain its strength going forward, which will continue to weigh on exporters' income in baht terms and price competitiveness of Thai exports. Also, tourism income is set to decline given lower spending per head among foreign tourists. Moreover, while the number of foreign tourists is expected to expand, the rate of growth will likely moderate.

Private domestic demand is projected to expand at a slower pace. Although exports sector is expected to recover, private consumption and investment are projected to go at a slow pace due to several headwinds. The decline in employment particularly in manufacturing sectors, the continuous deterioration in consumer confidence, the contraction in non-farm income, the reduction in agricultural sectors income due to drought conditions, and the high level of household debt will together adversely affect household spending, particularly on durable goods, going forward. Also, private investment is expected to slowdown in line with subdued domestic purchasing power. Furthermore, low capital utilization Rate (Cap-U) and high inventory level in the manufacturing sectors will contribute to a slowdown of private investment in the next phase. However, the government sector is expected to play a greater role, in sustaining the economy in 2020, in the form of the use of economic stimulus, short-term supports for vulnerable groups, and infrastructure investment. Moreover, economic policy formulation that supports private sector business operations; which will serve as an enabler, such as holding a 5G-spectrum license auction that should set in motion additional investments in telecommunications and other related sectors. Furthermore, the delay in budget approval from the end of 2019 has meant that disbursements for many projects are postponed to 2020.

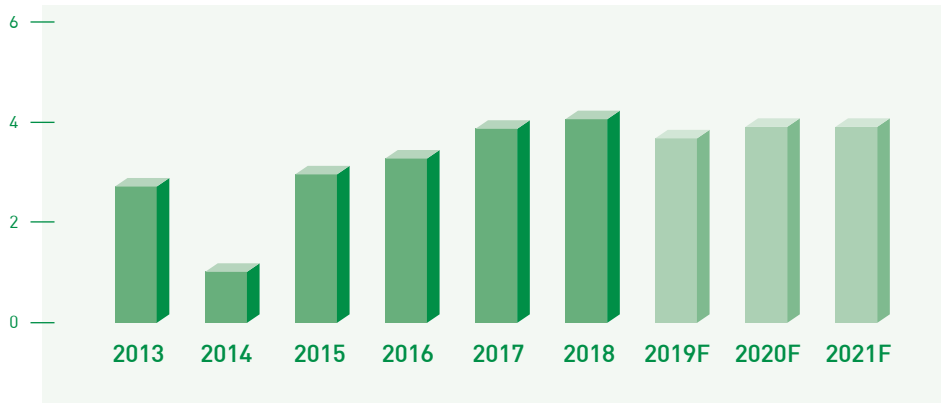
Three key risk factors for the Thai economy in 2020 are trade war uncertainties, geopolitical risks, and household and business financial vulnerabilities. With regard to trade war, despite the completion of the Phase-1 trade deal between the US and China, many uncertainties remain around the US trade protectionist policies which can impact global trade, such as the next phase of the negotiation with china, potential trade retaliations between the US and Europe, and the decisions of the United States to cut GSP privileges for many countries. At the same time, geopolitical risks, especially from the conflict between the US and Iran, the prolonged protests in Hong Kong, as well as Brexit, should continue to pose challenges for global growth recovery. On the domestic side, key risks to growth include financial vulnerabilities among households and businesses sectors; particularly those with high debt levels and whose income suffers from economic slowdown, technological disruptions, and a more intense competition.

## Beverage Industry

Krungsri Research forecast overall beverage sector is expected to grow in the period 2019-2021, but the rates of growth will likely be fairly low. Markets for the major product groups (carbonated drinks, energy drinks, beer and spirits, which together contribute 90% of sales) are reaching saturation as changing consumer trends increasingly value personal health, while the government is also trying to reduce consumption of drinks that are potentially damaging to human health (i.e. alcoholic drinks or those with a high sugar content). Exports (10% of the market) are also forecast to see only limited growth in the period. The decision by a large number of Thai beverage manufacturers to reduce costs and to increase the potential of their marketing by shifting production directly to export markets will reduce the value of goods shipped from Thailand, though at the same time, it will increase the profits generated from overseas production facilities. For non-alcoholic drinks, the outlook is generally positive and demand is forecast to rise steadily on an expanding economy, increasing rates of urbanization, and hotter weather driven by the possible emergence of a new El Nino in the first half of 2019.



## 2019-2021 Thai GDP Projection (%)



Source : NESDE, Forecast by Krungsri Research

## Coffee Beverage Industry

Department of Business Development has informed that nowadays coffee is regarded as a one of the world's most popular drinks where people consume on a daily basis. As a result, the world's demand for coffee continuously increased. In 2017/2018, the growth rate was 1.06%, countries with the most demand for coffee are the EU, USA, Brazil, Japan respectively, accounting for up to 64% of total demand. While the world's coffee production growth rate declined at 1.24% in 2017/2018, where major coffee growing areas in the world are Brazil, Vietnam, Colombia, Indonesia, respectively, accounting for 66% of total production. Demand for coffee tends to increase steadily as a result of the increasing popularity of coffee consumption, giving the Thai coffee makers opportunities to increase market share in the world coffee market. Currently, Thailand exports the highest coffee beans to the United States, with the growth rate of 74% in 2018. Although, Thailand is the 6th largest exporter of instant coffee in the world at 95,000 tons per year, domestic production capacity is at 23,617 tons where coffee must be imported at 68,616 tons or 72 percent in order to be sufficient for domestic demand. We can see that coffee market, both domestically and internationally, has high potential to expand, if manufacturers are capable of developing production processes to increase productivity. In addition, developing quality of coffee to meet standards will create more value added and opportunities in expanding the market.

## Retail industry condition

The Government Savings Bank Research Center in 2019 expects the modern retail business to grow at 3.6-3.8 percent (% yoy), which grow slightly from 2018. At the end of the year, modern retail business is expected to grow at 3.3 percent. -3.5 (% yoy); most will be in Bangkok and major tourist cities. As for branches in other provinces, the purchasing power is weakening, particularly with provinces where the main income is from the agricultural sectors. In addition, for the year 2018 with early rainy season causing production and prices of agricultural products fail to meet the target. For the year 2019, business is expected to grow well due to government stimulus measures where entrepreneurs invested in opening new branches, renovate old branches, and increase rental space; helping the revenue of entrepreneurs to grow continuously.

Modern retail businesses in Thailand are likely to expand branches despite intense competition, resulting in a more careful selection of the location of branches. In addition, having to face with technological changes and consumer behavior that is increasingly in favor of online shopping, thus for the long-term business survival each group of retailers must constantly adjust; particular, understanding as much as possible, the lifestyle or behavior of their customers. Data obtained from the analysis, through technologies that help analyze customer Big Data, whether it is Data Analytics technologies or even AI technologies, are utilized to manage and connect retail businesses in each channel. Via Online to Offline: O2O or Omni Channel, which perfectly connects the offline stores with the online technology. On the one hand, retailers can gain benefit from the convenience of shopping for goods and making payments online while being able to collect vast amount of consumer information. On the other hand, the strengths of the store with real products for customers to experience and test can be used as well as using space for customer to gather with friends and walk around.

## Character Licensing Business

According to the Department of International Trade Promotion, Ministry of Commerce, the character licensing business overview in 2016, held the value of 1,687 million baht, which was a 7.2 percent increase from 2015. The market had the tendency to grow by 9.5 percent in 2017 and 8.1 percent in 2018 where the value of exports is at 14 million baht, an increase of 16.67 percent from 2015. Thai character licensing business in 2016 had import value as high as 1,243 million baht or increased by 7.9 percent from 2015. Currently, there are approximately 24 character licensing entrepreneurs in Thailand.

### Types of purchaser and employers in the character licensing

1. Purchaser consisted of Organizations, Corporates and Consumers.
2. The employer consisted of Corporate, Production House, Ad Agency, and Government.

### The form of income generator of the characters are categorized in 3 forms

1. Character Licensing : Income from ones' own character management by selling or renting character licensing.
2. Traditional License : Income from the purchase or rental of other people's copyrights by producing products such as clothing.
3. Digital License : Income from sales or rental of digital characters such as LINE stickers, and games.

# 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, 2019 as follows:

## Sales

In 2019, the sales revenue of the company was 1,520.28 million baht, increased by 17.89 % from 2018 when the sales was 1,289.59 million baht. Resulted from

### Sales growth factors:

(A) Cold Beverage in Dispenser, increase from gaining new outlets and launching new flavors (B) 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, (C) Licenses fee of the Characters Business.

### Sales decrease factors:

(D) The delisted of bakery business under brand “a smile” since June 2019 (E) Decreasing of ready to drink Green tea for export sale from an aggressive promotion from key competitors, and the company apply cash sale to reduce risk from account receivables

## Other income

In 2019, the other income were 9.61 million baht, increased by 60.38 % from the previous year (being reported at 5.99 million baht). This was due to unrealized gain on short term of investment and interest income.

## Cost of Sales

In 2019, the company had the cost of sales valued 1,053.37 million baht or 69.29% of sale deriving 30.71% gross margin (increased by 14.65%), while in 2018, the company had the cost of sales valued 918.77 million baht or 71.24% of sale or 28.76% gross margin. The cost of sales increased in the same way of sales, but increase in less portion of sale increase. So it seem that this decreasing of cost of sales or increasing of gross margin was due to (a) the company had developed new formulas with sweeteners and sold since in 2nd Quarter 2018, therefore resulting in gross profit in 2019, with a higher gross profit than 2018. In addition, (b) increase in portion sale of high margin products mix

## Selling Expenses

In 2019, the selling expenses were 193.21 million baht, decreased by 10.39 % from the previous year being reported at 215.61 million baht. This decrease derived from write off in bad debt of oversea account receivables in amount of 23.8 Mb. However, in 2019 the company have appointed a new distributor in Cambodia using cash basic Payment to avoid long overdue outstanding receivable or allowance of bad debt.



## Administrative Expenses

In 2019, the company had administrative expenses of 72.62 million baht increased by 11.57% from the previous year when there were 65.09 million baht. However, if it was compared with total revenues, the company incurred a decrease the proportion 4.75% and 5.02% of total revenues in 2019 and 2018, in respectively, that occurred as the operation business plan.

However, the expenses increase from 1) Loss on exchange rate 4.18 million baht due to investment in foreign fund, that unrealized loss from exchange rate and 2) loss on disposal of investment in joint venture 5.22 million baht due to the company has disposal own share due to JV underperformed of operation plan.

## Finance Costs

In 2019, the company had finance cost valued 0.35 million baht compared to 0.48 million baht of the last year (decrease by 27.15%). This finance costs were from the deferred interest of a financial lease.

## Net Profit

In 2019, the company's net profit was 159.18 million baht (10.41 % of sale) increased by 87.88 million baht (123.26%) from the previous year (71.29 million baht or 5.50 % of sale). The increase in net profit was driven by (a) higher gross margin from decline of the cost of sugar tax (b) increase in portion sale of high margin products mix and (c) In 2018, had write off in bad debt of oversea account receivables

## Business Plan 2020

In 2020, TACC aims to continue to grow by creating value of existing portfolio and continue creating new product in high growth & potential markets

# Risk Factor

## 1. Risk Form Key Customer Dependency

The Company's total revenue in the year 2018 and 2019, 96% and 89% 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 2019 there were 11,712 stores (refer: [www.cpall.co.th](http://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 17 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 for 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.

## The Key Milestone of product group at 7-Eleven since 2015-2019

2015	2016-2017	2018	2019
 <b>Cold Beverage Dispenser</b> <ul style="list-style-type: none"> <li>▶ Milk Tea</li> <li>▶ Espresso</li> <li>▶ #4 Bowl</li> </ul>	<b>Cold Beverage Dispenser</b> <ul style="list-style-type: none"> <li>▶ Milk Tea</li> <li>▶ Espresso</li> <li>▶ #4 Bowl</li> <li>▶ Latte</li> </ul>	<b>Cold Beverage Dispenser</b> <ul style="list-style-type: none"> <li>▶ Milk Tea</li> <li>▶ Espresso</li> <li>▶ #4 Bowl</li> <li>▶ Latte</li> <li>▶ Hershey's</li> </ul>	<b>Cold Beverage Dispenser</b> <ul style="list-style-type: none"> <li>▶ Milk Tea</li> <li>▶ Espresso</li> <li>▶ #4 Bowl</li> <li>▶ Latte</li> <li>▶ Hershey's</li> </ul>
 <b>All Cafe</b> <ul style="list-style-type: none"> <li>▶ Green Tea</li> <li>▶ Milk Tea</li> <li>▶ Lemon Tea</li> </ul>	<b>All Cafe</b> <ul style="list-style-type: none"> <li>▶ Green Tea</li> <li>▶ Milk Tea</li> <li>▶ Lemon Tea</li> <li>▶ Yogurt Menu, Supply use</li> </ul>	<b>All Cafe</b> <ul style="list-style-type: none"> <li>▶ Green Tea</li> <li>▶ Milk Tea</li> <li>▶ Lemon Tea</li> <li>▶ Yogurt Menu, Supply use</li> <li>▶ Milk Tea Brown Sugar</li> </ul>	<b>All Cafe</b> <ul style="list-style-type: none"> <li>▶ Green Tea</li> <li>▶ Milk Tea</li> <li>▶ Lemon Tea</li> <li>▶ Yogurt Menu, Supply use</li> <li>▶ Milk Tea Brown Sugar</li> </ul>
 <b>Hot Beverage Dispenser</b>	<b>Hot Beverage Dispenser</b>	<b>Hot Beverage Dispenser</b>	<b>Hot Beverage Dispenser</b>
 <b>Bakery</b> <ul style="list-style-type: none"> <li>▶ A Smile</li> </ul>	<b>Bakery</b> <ul style="list-style-type: none"> <li>▶ A Smile</li> </ul>	<b>Bakery</b> <ul style="list-style-type: none"> <li>▶ A Smile</li> </ul>	<b>Bakery</b> <ul style="list-style-type: none"> <li>▶ A Smile</li> </ul>
 <b>Stationary</b> <ul style="list-style-type: none"> <li>▶ TACC Stationary</li> </ul>	<b>Stationary</b> <ul style="list-style-type: none"> <li>▶ TACC Stationary</li> </ul>	<b>Stationary</b> <ul style="list-style-type: none"> <li>▶ TACC Stationary</li> </ul>	<b>Stationary</b> <ul style="list-style-type: none"> <li>▶ TACC Stationary</li> </ul>

The extensive relationship with CPALL for over 17 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 has goal in 2020 by increase of Sale revenue for B2B group and B2C group is 70:30. The B2B group, the Company has always been given the opportunity to grow together with Key Strategic Partner. The B2C group, Business is growing but the proportion may growth not to catch up B2B group due to the very large market size. The detail are as follow:

- ▶ The B2B Group, There is additional menu as a signature menu is Milk Tea Brown Sugar which is launch all year.

- ▶ The B2C Group, For Character Business has significantly growth from domestic and international and additional new Character Cartoon under “Dog Please”. Which is more strength of business and beverage of B2C group has expansion to Café Business such as Muanchon, Arabitia, Jungle, CP Fresh mart, Black Canyon

## 2. Risk Form Dependency Original Equipment Manufacturer

The Company outsources most of its production to OEM. At present the Company utilizes OEMs compare with 6-10 major OEMs from the prior year, which accounts for 82% and 83% of the Company's total finish product purchase volume of the year 2018 and 2019 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 2019. 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. If 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. In this year, the Company establish factory at Chonburi for support the production capacity of B2B business.

On the contrary, the management's policy to hire those major OEMs, in which their plants are located in Ratchaburi, Ayutthaya, Rayong, and Samut Prakarn, 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. Research and Development Department jointly with Procurement Department to planning select and test second source of raw materials used in large quantities.

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 consult with agencies or experienced people to help design, develop products and production. Moreover, 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 and other 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.

## 7. Riks From Piracy Of Character Business

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.

The Company has a licensing agent of San-X, Representative agent of “Dog Please” as a local popular character in Thailand and “Art Story” is a social enterprise business for autistic individuals and other exceptional persons. The Risk Management of Character Business that the Company has legal team who are knowledge and expertise in copyright of Character Business, Take care of copyright infringement, covering all character businesses and there are still clear procedures for handling piracy.

# Shareholder and Management Structure

## Stock and Shareholders Information

### 1. Registered Capital and Paid-up Capital

As at 31<sup>st</sup> December 2019, 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 2019.

Name of Shareholders	No. of Share	%
1. Mr. Chatchawe Vatanasuk	180,459,643	29.681
2. Mr. Thanutum Kiatphaibool	67,887,943	11.166
3. Thai NVDR Company Limited	22,721,138	3.737
4. Mr. Chanaphan Piriyaphan	15,028,700	2.472
5. Mr. Nuthajak Liengchayetz	13,000,000	2.138
6. Thai Life Assurance Public Company Limited	12,300,000	2.023
7. Mrs. Nantana Suwanparin	8,933,572	1.469
8. Mrs. Pinporn Tubtimcharoon	7,370,800	1.212
9. Mr. Vasin Detchkijvikom	7,150,000	1.176
10. Mr. Petch Phaewphraikul	6,526,971	1.074
<b>Total</b>	<b>341,378,767</b>	<b>56.15</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 2019, 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. Chanit Suwanparin	Director
6. Mr. Chatchawe Vatanasuk	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 17<sup>th</sup> February 2015.

#### Authorized Director Signatory Representing the Company

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

#### The Board of Directors Meeting

In the year 2018 and 2019, the Company has set the meeting of Board of Directors Meetings 7 time and 5 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	
		2019	2018
1. ADM Apichart Pengsritong	Chairman of the Board of Directors and Independent Director	5/5	7/7
2. Assco. Prof. Kitti Siripullop	Chairman of the Audit Committee and Independent Director	5/5	7/7
3. Mrs. Paktra Suriyapee	Audit Committee and Independent Director	5/5	7/7
4. Mr. Komsak Wattanasriroj	Audit Committee and Independent Director	5/5	7/7
5. Mr. Chanit Suwanparin	Director	5/5	7/7
6. Mr. Chatchawe Vatanasuk	Director	3/5	6/7
7. Mrs. Chirapan Khotcharit Choosang	Director	4/5	3/7

**Note:** In the case that some of the Directors are unable to attend the meeting due to important mission such as traveling abroad etc.

## 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.

### **Authority of the Board of Directors**

1. To approve preparation and announcement of organization chart.
2. To approve the changes in duties and responsibilities of the level of Assistant Managing Director upwards.
3. To approve the annual action plan and budget and operation plan (Including budget and expense budget).
4. To approve of investment budgets and fixed asset purchases in the amount exceeding the authority of the Executive Committee.
5. To approve the investment budget outside the budget plan in the amount exceeding the authority of the Executive Committee.
6. To approve the appointment of the Audit Committee and Executive Committee.
7. To approve the workforce that is not in the annual budget from the level of Assistant Managing Director upwards.
8. To approve the determination of the employment rate that is / is not in the annual budget of the level of Assistant Managing Director upward.
9. Approve the employment and recruitment of employees who are not in the annual budget from the level of Assistant Managing Director or higher.
10. To approve the performance evaluation and consideration of salary / bonus adjustment and annual promotion, level Chief Executive Officer.

11. To approve the appointment of the transfer of employees at the level of Assistant Managing Director upward.
12. To approve for termination of the position of Chief Executive Officer.
13. To approve of termination in case of compensation according to law Chief Executive Officer and no termination of employment compensation for the Managing Director and Chief Executive Officer.
14. To approve of purchase of machinery according to the investment budget and purchase other assets in an amount exceeding the authority of the Executive Committee.
15. To approve of advance payment to employees to be a company expense in the amount exceeding the authority of the Executive Committee.
16. To approve other expenses in the business of the company in an amount exceeding the authority of the Executive Committee.
17. To approving expenses outside the budget plan in the amount exceeding the authority of the Executive Committee.
18. To approving the formulation or change of financial policy.
19. To approve the appointment / change of authorized signatory of disbursements with banks / financial institutions and opening / closing deposit account with banks / financial institutions.
20. To approval for setting / changing policies / accounting rules.
21. To approve write-off / disposal from bad assets of fixed assets and obsolete / depreciated assets in The amount exceeding the authority of the Executive Committee.

## 2. Audit Committee

As at 31<sup>st</sup> December 2019, The Audit Committee consisted of 3 members, which are as follow:

Name and Last name	Position
1. Assco.Prof. Kittir 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. Kittir 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. Kittir 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 14<sup>th</sup> 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 2018 and 2019, 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	
		2019	2018
1. Assoc.Prof. Kittir Siripullop	Chairman of the Audit Committee and Independent Director	4/4	4/4
2. Mrs. Paktra Suriyapee	Audit Committee and Independent Director	4/4	4/4
3. Mr. Komsak Wattanasirroj	Audit Committee and Independent Director	4/4	4/4

### Scope of Duties and Responsibilities

- To review the accuracy and sufficiency of the financial reports of the Company.
- 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.
- 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.
- 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.
- 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.
- 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.
  - Opinions on accuracy, completeness and credibility of the Company's financial reports;
  - Opinions on sufficiency of the company's internal control system;
  - 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.
  - Opinions on suitability of auditors of the Company;
  - Opinions on transactions of possible conflicts of interest
  - The number of audit committee's meetings, and attendance of each audit committee member;
  - Opinions or observation by the audit committee during their auditing practice according to charter; and
  - 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.
- 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 2019, 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.

### 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	
		2019	2018
1. Mrs. Paktra Suriyapee	Chairman Nomination and Compensation Committee	2/2	1/1
2. Mr. Komsak Wattanasriroj	Nomination and Compensation Committee	2/2	1/1
3. Mr. Chanit Suwanparin	Nomination and Compensation Committee	2/2	1/1

### Duties and Responsibilities of the Nomination and Compensation Committee

- Review the structure, composition and the qualifications of the Board of Director.
- 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.
- Review development plan for the Board of Director succession plan.
- 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.
- Assess the performance of the Board of Director and submitted the report to the board of director annually.
- Consider and propose the Chairman of the Executive Board remuneration structures such as salary, bonus, provident fund, and social security.
- 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.

## Board diversity policy

The Board of Directors is aware of the benefits of the diversity of the Board of Directors and sees it as an important factor in increasing the efficiency of decision making and the work of the Board of Directors

The diversity is not just limited to gender but also Age, Education, Professional experience, Skills and knowledge. Therefore, the recruitment and consideration of the company's Directors will be based on knowledge and capability and use of criteria for selection. Which takes into account the benefits of diversity.

## 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.



## Process of 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.

Moreover, If the Company has strategy of operate new business without from the original business. The nomination director is necessary nomination who has attribute and direct experience with new business will proceed. To consider to Board of Director and/or shareholder meeting to approval as the case.

## 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 2019, 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 2019, 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. Chanit Suwanparin	Risk Management Committee
3. Mr. Chatchawe Vatanasuk	Risk Management Committee
4. Mrs. Chirapan Khotcharit Choosang	Risk Management Committee
5. Ms. Parichat Chotipumiwet	Risk Management Committee

Ms. Panjaporn Roeksomboon is the Secretary of Risk Management Committee

**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	
			2019	2018
1. Mr. Komsak Wattanasriroj	Chairman of the Risk Management Committee		1/1	1/1
2. Mr. Chanit Suwanparin	Risk Management Committee		1/1	1/1
3. Mr. Chatchawe Vatanasuk	Risk Management Committee		0/1	1/1
4. Mrs. Chirapan Khotcharit Choosang	Risk Management Committee		1/1	1/1
5. Ms. Parichat Chotipumiwet	Risk Management Committee		1/1	1/1

#### 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 to 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 2019, The Executive Committee consisted of 6 members which are follow:

Name-Last name	Position
1. Mr. Chatchawe Vatanasuk	Chairman of the Executive Committee
2. Mrs. Chirapan Khotcharit Choosang	Executive Committee
3. Mr. Woraphot Tangmanuswong	Executive Committee
4. Mrs. Suveeraya Ansavananda	Executive Committee
5. Ms. Hatsaya Charuwitayanan	Executive Committee
6. Ms. Parichat Chotipumiwet	Executive Committee

Former Executive Committee retirement during the year 2019 as follow:

Name and Last name	Position
1. Mr. Chanit Suwanparin	Vice Chairman of the Executive Committee

**Note:** Mr.Chanit Suwanparn has retirement from the position with effective on March 1, 2019 onward.

**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	
		2019	2018
1. Mr. Chatchawe Vatanasuk	Chairman of the Executive Committee	8/12	10/12
2. Mr. Chanit Suwanparin <sup>1)</sup>	Vice Chairman of the Executive Committee	2/2	12/12
3. Mrs. Chirapan Khotcharit Choosang	Executive Committee	12/12	11/12

Name and Last name	Position	No. of times attended the Meeting/Total No. of Meeting	
		2019	2018
4. Mrs. Suveeraya Ansavananda	Executive Committee	10/12	12/12
5. Mr. Woraphot Tangmanuswong <sup>2)</sup>	Executive Committee	9/12	4/6
6. Ms. Hatsaya Charuwitayanan <sup>2)</sup>	Executive Committee	10/12	5/6
7. Ms. Parichat Chotipumiwet	Executive Committee	12/12	12/12

**Note:**

- 1) The Director No.2 has retirement of the position with effective on March 1, 2019 onward.
- 2) The Director No. 5 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 2019, The Company has Risk Management Sub Committee Consisted of 10 members, which are as follow:

Name and Last name	Position
1. Mrs. Chirapan Khotcharit Choosang	Chairman of Risk Management Sub Committee
2. Mr. Woraphot Tangmanuswong	Risk Management Sub Committee
3. Mrs. Suveeraya Ansavananda	Risk Management Sub Committee
4. Ms. Hasaya Jaruwittayanant	Risk Management Sub Committee
5. Mrs. Preawnapa Nimma	Risk Management Sub Committee
6. Mr. Yodchai pundee	Risk Management Sub Committee
7. Ms. Parichat Chotipumiwet	Risk Management Sub Committee
8. Ms. Preeyaporn Parisuthakul	Risk Management Sub Committee
9. Ms. Nunthaphuk Phothisarn	Risk Management Sub Committee
10. Mr. Chawalit Prawatborisut	Risk Management Sub Committee

Former Risk Management Sub Committee resigned during the year 2019 as follow:

Name and Last name	Position
1. Mr. Chanit Suwanparin	Chairman of Risk Management Sub Committee

**Note:** Mr.Chanit Suwanparin has retirement of the position with effective on March 1, 2019 onward.

Ms. Panjaporn Roeksomboon is the Secretary of Risk Management Sub Committee

### Duties and Responsibilities of the Risk Management

1. To support the company to maintain Good Corporate Governance procedure, to perform transparently and to have sufficient, appropriate and effective internal control system.
2. To considering 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. Review risk management strategy to be in conform to risk management policy. The committee should be able to assess, monitor and control risk at the appropriate level, especially significant risk.
4. Monitor, Review 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. 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.
6. Regularly report the Company's risk status and the guidelines that need to be rectified to the Risk Management Committee 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 2019, The Company has 12 Managements, which are as follow:

Name-Last name	Position
1. Mr. Chatchawe Vatanasuk	Chairman of the Executive Board and Acting Managing Director
2. Mrs. Chirapan Khotcharit Choosang	Deputy Managing Director, Corporate Strategy Division
3. Mrs. Suveeraya Ansavananda	Assistant Managing Director, Strategic Partner and Integrated Marketing Communication Division
4. Mr. Woraphot Tangmanuswong	Assistant Managing Director, Sales and Marketing Division
5. Ms. Hatsaya Charuwitayanan	Assistant Managing Director, Operation Support Division
6. Mr. Chawalit Prawatborisut	Associate Director, Domestic and Equipment Department
7. Ms. Narisa Tiyasuksawad	Associate Director, 7-Eleven Department
8. Mrs. Preawnapa Nimma	Associate Director, Procurement Division
9. Ms. Parichat Chotipumiwet	Senior Manager, Accounting and Finance Division
10. Mr. Yodchai Pundee	Senior Manager, Corporate Affairs Department
11. Ms. Nunthaphuk Pothisarn	Senior Manager, Supply Chain Department
12. Ms. Phonphun Phunpanich	Senior Manager, Character Business Department

**Note :** "Managements" 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 Managements 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 2019 as follow:

Name and Last name	Position
1. Mr. Chanit Suwanparin	Managing Director

**Note :** Mr.Chanit Suwanparin has retirement of the position with effective on March 1, 2019 onward.

## 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 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 Company has set adjusting the Directors' Remuneration Policy annual 4 year. The Annual General Meeting of shareholders year 2019 on 23<sup>th</sup> April 2019 have the resolution to determine the Directors remuneration for the year 2019, which are as follow:

#### 1) Meeting Fee

Unit : Baht

Position	Meeting fee/person/times
Chairman of the Board of Director	38,000
Directors	31,000
Chairman of the Audit Committee	31,000
Audit Committee	25,000
Chairman of the Nomination and Compensation Committee	19,000
Nomination and Compensation Committee	12,000
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 Directors also received remuneration in other benefits such as expenses for training courses 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 2,500,000 million Baht. The Board of Director will consider and allocate as appropriate.



# For the year 2019, the Company paid meeting fee to the Board of Directors according to the detail as follow

Unit: Baht

Year 2019								
No.	Name of Directors	Position	Meeting Fee				Total Remuneration	
			Director	Audit Committee	Nomination and Compensation Committee	Risk Management Committee		Incentive
1	ADM Apichart Pengsritong	Chairman of the Board of Directors and Independent Director	190,000	-	-	-	430,000	620,000
2	Assoc.Prof. Kitti Siripullop	Chairman of the Audit Committee and Independent Director	155,000	124,000	-	-	370,000	649,000
3	Mrs. Paktra Suriyapee	Audit Committee, Independent Director and Chairman of the Nomination and Compensation Committee	155,000	100,000	38,000	-	350,000	643,000
4	Mr. Komsak Watanasriroj	Audit Committee, Independent Director, Nomination and Compensation Committee and Chairman of the Risk Management Committee	155,000	100,000	24,000	10,000	350,000	639,000
5	Mr. Chanit Suwanparin <sup>1)</sup>	Director, Nomination and Compensation Committee and Risk Management Committee	124,000	-	24,000	10,000	-	158,000
6	Mr. Chatchawe Vatanasuk	Director and Risk Management Committee	-	-	-	-	-	-
7	Mrs. Chirapan Khotcharit Choosang	Director and Risk Management Committee	-	-	-	-	-	-
Total of Remuneration			779,000		86,000	20,000	1,500,000	2,709,000

**Note:** 1. Director No.5, Mr. Chanit Suwanparin has retirement from Executive Committee with effective on March 1, 2019 onwards, which is take a position of Director, Nomination and Compensation Committee and Risk Management Committee.

2. Director No.6-7 are Directors that received monthly salary as the Company employee, thus did not receive remuneration as a Director.

## B) Management Remuneration

In 2018 and 2019, the Company paid remuneration to the Management at the amount of Baht 41.60 million and Baht 41.86 million, respectively. Such remuneration includes salary, bonus and contribution to provident fund

Year	No. of Executives (Person)	Remuneration (Baht)
2018	11	41,608,728.01
2019	12	41,867,255.38

**Note :**

- Number of Managements in the table included Mr.Chatchawe Vatanasuk, Chairmand of the Executive Committee.
- In 2018, Former Management resigned during the year such as Ms.Pornsiri Pluemkiattichai Senior Manager - Research and Development Department.
- In 2019, Former Management retirement during the year, Mr.Chanit Suwanparin

## Other Remuneration

-None-

## Personnel

### Number of Personnel

As at 31<sup>st</sup> December 2019, the Company has the total of 125 employee (exclude 12 Managements) by separated into the main field of work, which are as follow:

Department	No. of Employee (Person)		
	Full-Time Employee	Day Labor	Total
1. Procurement Division	3	-	3
2. Operation Support Division			
- Research and Development Department	19	-	19
- Supply Chain Department	7	-	7
3. Corporate Strategy Division			
- Total Quality System Department	5	-	5
- Corporate Affairs Department	9	-	9
- Accounting and Finance Department	8	-	8
- Corporate Strategy Business Department	1	-	1
4. Investment Venture Department	1	-	1
5. Strategic Partner and Integrated Marketing Communication			
- Character Business Department	1	-	1
- Key Strategic Supplier and OEM Department	1	-	1

Department	No. of Employee (Person)		
	Full-Time Employee	Day Labor	Total
6. Sales and Marketing Division			
- 7-Eleven Department	8	-	8
- International Business Department	1	-	1
- Domestic and Equipment Department	4	-	4
7. Secretary Office	4	-	4
8. Factory Division	24	29	53
<b>Total</b>	<b>96</b>	<b>29</b>	<b>125</b>

### Significant Labor dispute for the part 3 years.

-None-

### Employee Remuneration

#### Financial Remuneration

In 2018 and 2019, the Company paid remuneration to the employee (exclude Executives) at Baht 35.19 million and Baht 36.74 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 2019

Internal Training	Number of employee attend to tanning (person)	Training period (Hours)
1. Impactful Business Presentation	16	8
2. Risk Management	47	4
3. Strength Base Organization	66	6
4. Structure and Document control system	52	4
5. Job Description workshop	20	8
6. First Add CPR	20	8
7. Product Insurance	10	3
8. 4 Skills Study English Course	21	6 months
9. English for Business Communications	1	40
10. Coaching Individual (Management)	1	4
11. How to efficiency Job Description	30	4
12. The record and Budgeting (Business Plus)	30	3
<b>Total</b>		<b>74</b>

**Note:** The Company has 12 internal training course, total 74 hours, 6 months and 17 external training course, overall 181.5 hours

## The 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.

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 2019, there are Managements and Managers that training are as follow:

- ▶ Strength Base Organization, For managements to have knowledge, understanding and strengths of each team by used to match their own strengths come to work to achieve goals
- ▶ Engagement Mobile Application Assessment, To be able to measure the relationship between employees and the company, In order for the company to be able to understand and directly solve the problems of employees by reporting important information to the Executive Committee on a monthly basis. The project aims to make everyone work happily and make the job more effective as well.

## Employees Treatment, 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. For new employees, the Company has an On-Boarding Program, one of the training programs that help new employees to have a systematic effective. The On-Boarding Program to adapt, will enable organizations to find way to enable personel in the organization to learn work, understand the role and work process that are responsible for them faster and reduce the resignation of employees.

## 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 employee's 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 2019, the Company has provided four major influenza vaccines according to the World Health Organization (WHO) standards for all employees and provided air purifier interior office area.

## 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 Corporate Affairs 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 2019, 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@tacconsumer.com](mailto:whistleblower@tacconsumer.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 Managements for the year 2018 and 2019

Name	As of 31 December 2018			As of 31 December 2019			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 Chairman of the Audit Committee and Independent Director	-	-	-	-	-	-	-
3. Mrs.Paktra Suriyapee Audit Committee, Independent Director and Chairman of the Nomination and Compensation Committee	-	-	-	-	-	-	-
4. Mr.Komsak Watanasriroj Audit Committee, Independent Director, Nomination and Compensation Committee and Risk Management Committee	-	-	-	-	-	-	-

Name	As of 31 December 2018			As of 31 December 2019			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	
5. Mr. Chanit Suwanparin Director, Nomination and Compensation Committee and Risk Management Committee Spouse's Mrs.Nantana Suwanparin	8,923,572	-	8,923,572	-	8,923,572	8,933,572	10,000
6. Mr. Chatchawe Vatanasuk Director, Chairman of Executive Committee, Risk Management Committee and acting Managing Director *Spouse's Ms.Pawenee Suwanmethanont	180,429,643	5,642,900	186,072,543	180,459,643	5,669,000	186,128,643	70,000
7. Mrs. Chirapan Khotcharit Choosang Director, Risk Management Committee, Executive Committee and Deputy Managing Director, Corporate Strategy Division	4,190,000	-	4,190,000	4,225,000	-	4,225,000	35,000
8. Mrs. Suveeraya Ansavananda Executive Committee and Assistant Managing Director, Strategic Partner and Integrated Marketing Communication.	205,000	-	205,000	199,000	-	199,000	(6,000)
9. Mr. Woraphot Tangmanuswong Executive Committee, Assistant Managing Director, Sales and Marketing Division	-	-	-	-	-	-	-



Name	As of 31 December 2018			As of 31 December 2019			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	
10. Ms. Hatsaya Charuwitayanan Executive Committee, Assistant Managing Director, Operation Support Division	36,300	-	36,300	36,300	-	36,300	-
11. Ms. Parichat Chotipumiwet Executive Committee, Senior Manager, Accounting and Finance Division	50,000	-	50,000	53,000	-	50,000	3,000
12. Mr. Chawalit Prawatborisut Associate Director, Domestic and Equipment Department	-	-	-	-	-	-	-
13. Ms. Preawnapa Nimma Associate Director, Procurement Division	-	-	-	-	-	-	-
14. Ms. Narisa Tiyasuksawad Associate Director, 7-Eleven Department	3,500	-	3,500	3,500	-	3,500	-
15. Mr. Yodchai Pundee Senior Manager, Corporate Affairs Department	3,100	-	3,100	3,100	-	3,100	-
16. Ms. Phonphun Phunpanich Senior Manager, Character Business Department	-	-	-	-	-	-	-
17. Ms. Nunthaphuk Pothisarn Senior Manager, Supply Chain Department	-	-	-	-	-	-	-

**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 retirement of the position Managing Director during the year 2019 such as Mr. Chanit Suwanparin.

# Corporate Governance

## Corporate Governance Policy

The Company has 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.

## The monitoring of compliance with the Good Corporate Governance policy

The Company has promoted and communicated information to all level of employees via the intranet, Orientation for new employees and Staff manual. There are focusing on enhancing knowledge and understanding to lead to the implementation of the Corporate Governance Policy and business ethics. The Board of Directors, Executives and employees of the company have complied with the Good Corporate Governance Policy and monitor the result. There is a review and adjustment to be in accordance with the ASEAN CG Scorecard to be implemented and implemented as appropriate. As well as explaining the reasons for not being able to comply with the above principles are as follows:

### The Item has not been execution reason

Does the Board of Directors establish the CG Committee?	The Board of Directors be aware and recognize the importance of Good Corporate Governance and committed to overseeing the organization to operate and comply with Good Corporate Governance principles. Comply with relevant laws in accordance with the guidelines of the Stock Exchange of Thailand. The consideration of the appointment of the CG Committee is still under consideration.
Does the Board of Directors provide knowledge and train staff on environmental matters?	The Company has a policy to conduct business in accordance with environmental standards and efficient use of resources. To ensure the efficiency of environmental and safety operations. The company operates according to the Law, Rules and regulations, which will conduct training or organize environmental activities for employees in the next year.

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 5 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.

### Action year 2019

- ▶ 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 period 16 October 2018 to 16 January 2019. There are disclosing information via SETLink and notification the criteria of practice via [www.tacconsumer.com](http://www.tacconsumer.com) under shareholder information, shareholder's meeting. 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.
- ▶ Notification of voting methods and vote counting before the meeting of shareholders and ballots were used
- ▶ Allowing shareholders to vote for election of directors individually by nominating the Directors to shareholders one by one.
- ▶ At every General Meeting of shareholders The company has an independent auditor who has no interest in the company. Which is responsible for checking the vote counting and the result of the vote for the meeting to be transparent Legally and company regulations.
- ▶ The Company does no additional agenda or change key information without notifying shareholders in advance the 2019 Annual General Meeting of Shareholders. The Company shall provide opportunities for shareholders to independently and fully make inquiries, suggestions or expression of opinions.



- ▶ After the meeting of shareholders, 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.

### Action year 2019

- ▶ 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.
- ▶ Providing the equal right of voting for shareholders base on the number of share held.
- ▶ The Company attached Proxy form B with the Invitation of the Meeting of Shareholders. Which is the form shareholders can specify their own voting as each agenda. For shareholders who are not convenient to attend the meeting by themselves able to authorize an Independent Director or another person to attend the meeting and vote on his behalf by disseminating on the company's website.
- ▶ 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 has importance on the rights of all Company's stakeholders both internal and external.

### Action year 2019

- ▶ **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 its 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, timely and equality under the ethics and good corporate governance. There are providing opportunities for all relevant parties to access and query information. The Company reports on corporate position, operating results, financial and accounting status along with other report are prepared and presented regularly and accurately. By communicate the story or point of sale of the company to stakeholder. The operating results must be consistent with the information disclosed and treats all shareholders equally in the shareholders' meeting.
- ▶ **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 has importance on internal and external communications by procedure as cover the both. There are communicate with stakeholder of the company such as Director, Executive, Customer, Consumer, Shareholder, Investor etc.

Internal communication is the disseminate necessary information to executives and employees. Which may be the focus of the participation of all executives and employees to achieve the goals of the organization via various media such as Line Group, Line official, Intranet, E-mail and PR board of the company

External communication is the reporting of information, Public relations and News delivery to outside the organization through various communication channels of the company such as company website, Facebook, Instagram, E-mail, sending news via the SET LINK.

Internal and External communication as communicate normal information and urgent information to stakeholder. 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.

## 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:-

Corrupt	refers to	Any act of unlawful exploitation for itself or others.
Fraudulent	refers to	Using fraudulent deception by giving false claims to others.
Corruption	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.
Complainant recipient	refers to	The Managing Director or Chairman of the Executive Board
Complaints coordinator	refers to	Company secretary

Complaints inspector	refers to	Corporate Affairs Manager
Complainant	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 of the Executive Board 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  
<https://th-th.facebook.com/TACConsumer/>
4. E-mail: [whistleblower@tacconsumer.com](mailto:whistleblower@tacconsumer.com) This e-mail direct to Managing Director or Chairman of the Executive Board only.

## 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 or Chairman of the Executive Board 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 or Chairman of the Executive Board for consideration within 1 month.
5. The Managing Director or Chairman of the Executive Board shall approve the complaint regarding to fraud or corruption within 1 month.
  - 5.1 In case of approval, the Managing Director or Chairman of the Executive Board 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 or Chairman of the Executive Board 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. This year, the Company has promoted the use of resources efficiently and worthwhile. Require employees to be attentive and operate with awareness of safety and environmental awareness By having a photo contest activity "Awakening ... Awakening ... take care of the environment within the organization" to all employees to realize the importance of helping to preserve the environment in the organization such as Water droplets, Save electricity, Use reuse paper, Data collection Paperless, Cancel using plastic tubes etc.

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.

### Action year 2019

- ▶ 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.
- ▶ 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.
- ▶ Submit financial reports to the Securities and Exchange Commission and the Stock Exchange of Thailand within the time limit. There are no conditional items for which the auditor has expressed opinions and has no history of being ordered to amend financial statements from the Stock Exchange of Thailand and the Securities and Exchange Commission.
- ▶ The top management have emphasize with investor relations relation with participating in meeting and providing information, and exchanging ideas with shareholders, investors, analysts, and the media.
- ▶ The Company has established an Investor Relations unit responsible for disclosing information to shareholders, investors, and stock analysts through its website [www.taconsuner.com](http://www.taconsuner.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 to investor and interested person can access information quickly and equally. The information obtained from the Company is accurate, complete, transparent, and timely, Especially important information that may have an impact on the Company's stock price. Those who receive the information can use the information to make an investment decision more efficiently. Which will reflect the true value and suitable according to the situation in each period
- ▶ The Company reported performance of Investor Relations to Board of Directors by quarterly and set Investor Relations plan. In 2019, IR activities for disclosing corporate information to investors can be summarized as follows:-

Forms of Activities	Time
Investor/Analyst Visit, Site Visit and Conference call	9
Analyst Meeting	2
Local Roadshow	6
SET Activities such as Opportunity day, Mai forum	3



Forms of Activities	Time
Company Snapshot by quarterly	4
Interview/media	2
Press release, Business update, Operating results and Activities	Regularly

- The disclosure and transparency in the year 2019. The Stock Exchange of Thailand and Money & Banking Magazine jointly hosted SET Awards 2019, the announcement and award presentation ceremony aim to recognize companies on the Thai capital market with excellent and outstanding performances in various areas. TACC was award “Best Investor Relations Awards” This award presentation ceremony to listed companies that have outstanding performance of Investor Relations activities. Which important to emphasize that the participation of the whole organization in carrying out the activities. Moreover, TACC was award “Outstanding Investor Relations Awards” (The third consecutive year). This award is honor and pride for the team of the company to strive to do good things for shareholders, investors, and the company’s stakeholder groups in the future.

#### Contact Investor Relations

Contact: Ms. Panjaporn Roeksomboon

Tel: 0-2717-2898 # 77

Fax: 0-2717-2899

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

- Disclose information regarding the shareholding of directors and executives. By comparing the changes in the shareholding of Directors and Executives each year and requiring directors and executives to report connected transactions and reports of interest of directors and executives to prevent conflicts of interest.
- Disclose fairly complete information in the annual report and website of the company such as investor information, Shareholder information, Financial data, Reports Corporate Governance Policy, Code of Ethics and Business Ethics of the Company Shareholders’ meeting, various news rooms etc.





## 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 2 Executive Directors, 1 Non-Executive Directors and 4 Audit Committee Directors (including Chairman of the Board of Directors). Such Board of Directors structure allows check and balance in voting to contemplate in various issues.

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 6 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 10 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 Independents 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 secretary has scheduled the Board of Directors meeting for the year 2019 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.

In year 2018, the Company has set scheduled the Board of Directors meeting for the year 2019 (For schedule the meeting is may to change) Which does not include meetings on special agenda are as follow:

No	Board of Director meeting	Audit Committee meeting	Nomination and Compensation meeting	Risk Management meeting
1/2019	22 February 2019	22 February 2019	17 October 2019	4 July 2019
2/2019	9 May 2019	9 May 2019		
3/2019	8 August 2019	8 August 2019		
4/2019	17 October 2019	7 November 2019		
5/2019	7 November 2019			

#### Meetings of the Non-Executive Directors

The Company has a policy for Non-Executive Directors (NED) have the opportunity to meet among themselves. To discuss problems or suggestions such as management strategie, ,Sustainable growth, Other risk factors without the management team at least 1 time per year. For the year 2019, a meeting was held on 7 November 2019 to support the management of the management.

#### 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 2019, 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 Watanasriroj	Audit Committee, Independent Director, Nomination and Compensation Committee and Risk Management Committee	- Board Nomination & Compensation Program (BNCP) class 8/2019 by Thai Institute of Directors (IOD).



List	Position	Course/ Organized by
2. Mr.Chatchawe Vatanasuk	Director, Risk Management Committee and Chairman of the Executive Board	- Senior Executive Program for Nation-Building, Class 7, by the Nation-Building Institute
3. Mrs.Chirapan Khotcharit Choosang	Director, Risk Management Committee and Deputy Managing Director	- The Herrmann Brain Dominance Instrument (HBDI) by Hermann International Asia
4. Ms.Hatsaya Charuwittalyanan	Executive Committee and Assistant Managing Director-Operation support division	- Strategic VCM for AI program by Faculty of AGRO-Industry (Kasetsart University)
5. Ms.Parichat Chotipumiwet	Risk Management Committee, Executive Committee and Senior Manager-Accounting & Finance Department	- Keep pace and analyze financial reports program by Federation of Accounting Professions of Thailand (FAP)
6. Ms.Panjaborn Roeksomboon	Company Secretary	- Engaging your stakeholders through effective communication program by Thai Institute of Directors (IOD) - Role of the Company Secretary in shipping Corporate Culture program 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) 2019. The report published by Thai Institute of Directors (IOD) which Thai Listed Companies attended 677 companies; SET Group 78% of companies and Mai Group 22% of companies. The Company has 88% (Very Good level).The results as following.

Year	Result (%)		
	Point of TACC	Level	Average point of Thai Listed Companies
2019	88%	 Very Good	82%
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 99 point (very good) which the AGM Checklist 2019 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
2019	99	Very Good	93.70
2018	97	Very Good	92.42
2017	98	Very Good	91.97
2016	97.25	Very Good	91.62

## Self-Assessment of the Board of Director

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 2019, 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,

**Average score 3.73 was rated Good consisting of 4 sections, namely:-**

Section	Topic	Average score
1	Structure and qualification of Board of Directors	3.73
2	Board of Directors Meeting	3.83
3	Roles, duties and responsibilities of the Board of Directors	3.64
4	Other	3.71

According to the assessment results, the overall performance of the collective Board of Directors on 4 sections was rated Good. The section with the highest average score was Section 2: Board of Director Meeting while the topics with highest the number of Directors is appropriate for the nature of the company's business, The board consists of people with sufficient knowledge and experience, The number of independent directors on the board is appropriate, The committee in each category is appropriate and the definition of the independent directors specified by the company is suitable for the characteristics of the company. The section with the lowest average score was Section 3, Roles and responsibilities of the committee. The topics with the least votes are process of remuneration for directors and top management.

## 2) Self-assessment of the Subcommittee (Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee)

**Average score 3.72 was rated Good consisting of 3 sections, namely:-**

Section	Topic	Average score
1	Structure and qualification of Subcommittee	3.71
2	Subcommittee Meeting	3.83
3	Roles, duties and responsibilities of Subcommittee:	3.57

According to the assessment results, the overall performance of the Self-assessment of the Subcommittee on 3 sections was rated Good. 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. The section with the lowest average score was Section 3: Roles, duties and responsibilities of Subcommittee are as follow:-

### 2.1 Audit Committee, Average score 3.57 was rated Good

The topics with highest score was reviewed the financial statement correctly credible, follow the law and regulations properly, good internal audit, consider related transaction and conflict of interest transaction accord to the rule. The topic with the lowest average score was commenting on the appointment remove the Head of Internal Audit and operate the management to have appropriate procedures for receiving complaints.

### 2.2 Nomination and Compensation Committee, Average score 3.39 was rated Good

The topics with highest score was set qualify of Director or Top Management to nominate accord to the rule and nature of business, operate to the list for consider to Director. The topic with the lowest average score was succession plan and the development continuous training of Directors.

### 2.3 Risk Management Committee, Average score 3.60 was rated Good

The topics with highest score was the control, follow up, check and evaluation of risk management as risk management policy. 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.

### 2.4 Executive Committee, Average score 3.58 was rated Good

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 present organization structure that is suitable for the operation of the company.

## 3) Self-assessment of the Board of Directors and Subcommittee (individual)

**Average score 3.82 was rated Good consisting of 3 sections, namely:-**

Section	Topic	Average score
1	Structure and qualification of Board of Directors and Subcommittee (individual)	3.86
2	Board of Directors and Subcommittee (individual) Meeting	3.80
3	Roles, duties and responsibilities of Board of Directors and Subcommittee (individual)	3.80

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. The section with the highest average score was Section 1: Structure and qualification of Board of Directors and Subcommittee (individual), while the topics with highest score was Directors have qualify, knowledge and experience for business of the company.

## Evaluated the performance of CEO

In year 2019, The Board of Director evaluated the performance of CEO. The evaluation topics are in accordance with the SET guidelines, consisting of 10 areas as follows:

1. Leadership
2. Strategy formulation
3. Strategy implementation
4. Financial planning and performance
5. Relationship with the board
6. Relations with external parties
7. Administration and relations with personnel
8. Succession
9. Knowledge of products and services
10. Personal features

The overall performance evaluation of CEO was rated Good. In which the Company intends to evaluate the performance of CEO annually. This is in accordance with the principles of good corporate governance. The next assessment of the performance of CEO will be in 2020.



# 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 Audit Committee has evaluate the sufficient of 2019 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 set corporate governance structure include Board of Directors and Sub Committee such as Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee. The Director has responsibility to shareholders for operation business and corporate governance for management in line with the target for the best benefit of the shareholders. There are scope of good ethic and social responsibility.
- ▶ The Company has established Company structure, appropriate responsibilities and segregate of duties to achieve effectiveness of internal control for business conditions.
- ▶ The Company has define 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 appointed 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 Board of Director has appointed Sub Committee 4 Committee include Audit Committee, Nomination and Compensation Committee, Risk Management Committee and Executive Committee. Which all Sub Committee are perform under Scope, Authority and function to the control operate of management. Moreover, the Audit Committee to consider review and approve audit plan of the year to cover all process of operate has high risk.
- ▶ 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 (Intranet) 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
- ▶ The Company has procedure of corporate communication with cover internal communication and external communication. As well as stakeholder group of the company such as Director, Management, Customer, Consumer and Investor etc.
- ▶ The 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 2019 which reporting informed to the Audit Committee. In this regard, it has opined that there was no 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 Assistant Vice President, 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 auditor's 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 2019 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 of 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 realizes the importance care and fair treatment of employee. The Company aim 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 solution together.

### 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 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.

This year, the Company has promoted the use of resources efficiently and worthwhile. The require employees to be attentive and operate with awareness of safety and environmental awareness By having a photo contest activity "Awakening ... Awakening ... take care of the environment within the organization" to all employees to realize the importance of helping to preserve the environment in the organization such as Water droplets, Save electricity, Use reuse paper, Data collection Paperless, Cancel using plastic tubes etc. and add recycle sign on box packaging o be able to reuse.

## 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 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 has donated old calendar to Foundation for the blind in Thailand under the Roya patronage of H.M. the Queen. For use in teaching media for the blind.
- ▶ The Company has donated money to Ban Tang Kwang School, Vengnoi, Khonkaen. For contribute to purchasing school supplies and renovate building of the school.
- ▶ The Company has donated in the project to answer academic problems in food science and technology "FoSTAT- Nestle Quiz Bowl 2019" 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 has donated products of the company to many location such as Half way home for women, Phathumthani province, Home for children with disabilities, Nonthaburi province, Rachawadee home for persons with disabilities protection and development (for boy & gril), Nonthaburi province.





- ▶ The Company make merit to SANTACITTARAMA Buddhist Monastery, Italy. To participate in donation the construction of the temple.
- ▶ The employees of the company make merit to give alms to the 39 monks during the new year festival at Head office of the company.
- ▶ The Company arranged CSR project “Fulfill dreams, Sharing kindness to children’s” at Wat Nong Ka Nam school, Ban Bueng District, Chonburi. The objective is manage activities according to mission of the company for returning profits to society. Which the organization has participate to improving the quality of life to community, society and environment. The Company has donated Money, School equipment, Television and Sport equipment to the school and join activities with students to cleaning classroom, improving the landscape and help to plant vegetables such as Galangal, Lemongrass, Eggplant, Morning glory and basil.
- ▶ 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 2019

Person who may have Conflict of Interest	Nature of Relation	Type of Transaction	Value of Transaction Jan-Dec 2019 (Unit: Baht)	Justification Transaction and Necessity of Related
<b>1. Mr. Chatchawe Vatanasuk</b>	Chairman of the Executive Board and major shareholders of the Company, 29.68% shareholding	Sales of asset	1,542,056.07	The Company has set policy and procedure of Human and Resource subject the car of position by those who use the car is eligible to purchase cars as condition. The Company offers a discount 25% of the appraised value of second hand car buyer and comparison the market price.
<b>2. Mr. Chatchawe Vatanasuk</b>	Chairman of the Executive Board and major shareholders of the Company, 29.68% shareholding	Sales of goods	25,166.40	It is the sales price for general customers. Due to not entering the employee purchase price policy
<b>3. Mrs. Chirapan Khotcharit Choosang</b>	Deputy Managing Director, Corporate Strategy Division	Sales of asset	771,028.04	The Company has set policy and procedure of Human and Resource subject the car of position by those who use the car is eligible to purchase cars as condition. The Company offers a discount 25% of the appraised value of second hand car buyer and comparison the market price.
<b>4. Siam GatewayCo., Ltd. (Join venture Company)</b>	The Company was registered as a company on 30 May 2018. T.A.C. Consumer PCL 49% of shareholder and Join venture with NPPG (Thailand) PCL) 49% of shareholder. the remaining 2% is held by one individual person. On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the disposal all ordinary shares that the Company holds in Siam Gateway Company Limited to NPPG (Thailand) Public Company Limited with book value remaining.	Investment	5,219,614.68	Loss on disposal of investment in joint venture

**Note:** Sales of goods transaction is the welfare that the Company offers to all employees. All the conditions that the Management received are the same as what all the employees received.

# Board of Directors

**ADM Apichat Pengsrithong** Age 70 Years  
Chairman and Independent Director

**Date of Appointment** ▶ 10 February 2015

**Education** ▶ Master's Degree, National Defence College, The Joint State.  
▶ Bachelor of Science Royal Thai Naval Academy.

## Credential of Thai Institute of Directors

- ▶ Risk Management Program for Corporate Leaders (RCL) Class 4/2016.
- ▶ Directors Accreditation Program (DAP) Class 82/2010.

## Experiences Positions in Listed Companies

- ▶ 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 Capital Public Company Limited.
- ▶ 2010-Present Independent Director, S&J International Enterprise Public Company Limited.

## Other Current Position (Non-Listed Companies)

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 0.03% (200,000 shares)

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

**Assoc.Prof.Kitti Siripullop** Age 68 Years  
Chairman of Audit Committee and Independent Director

**Date of Appointment** ▶ 14 July 2017

**Education** ▶ 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.

## Credential of Thai Institute of Directors

- ▶ None

## Experiences Positions in Listed Companies

- ▶ June, 2017-Present Chairman of Audit Committee and Independent Director, T.A.C. Consumer Public Company Limited.

## Other Current Position (Non-Listed Companies)

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ None

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

**Mrs. Paktra Suriyapee** Age 60 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.

**Credential of Thai Institute of Directors**

- ▶ Directors Accreditation Program (DAP) Class 116/2015.

**Experiences Positions in Listed Companies**

- ▶ 2015-Present Audit Committee, Independent Director and Chairman of the Nomination and Compensation Committee, T.A.C. Consumer Public Company Limited

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

- ▶ 2009-Present Managing Director, Management division, Chokpana Co., Ltd.  
▶ 2008-Present Director, PLUS 5 Co., Ltd.

**Shareholding in the Company (%) as of December 31, 2019** ▶ None

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

**Mr. Komsak Wattanasriroj** Age 51 Years

Audit Committee, Independent Director, Nomination and Compensation Committee and Chairman of 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.

**Credential of Thai Institute of Directors**

- ▶ Board Nomination & Compensation Program (BNCP) Class 8/2019  
▶ Advance Audit Committee Program (AACP) Class 29/2018  
▶ Directors Certification Program (DCP) Class 105/2008.

**Experiences Positions in Listed Companies**

- ▶ Dec 2016-Present Audit Committee, Independent Director, Nomination and Compensation Committee and Chairman of Risk Management Committee, T.A.C. Consumer Public Company Limited  
▶ 2005-Present Director, Executive Director and CFO, Mono Technology Public Company Limited.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ None

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



**Mr.Chanit Suwanparin** Age 55 Years

Director, Nomination and Compensation Committee and Risk Management Committee

**Date of Appointment** ▶ 19 August 2011**Education** ▶ Master of Business Administration, Chulalongkorn University.  
▶ Bachelor of Business Administration (Marketing), Assumption University.**Credential of Thai Institute of Directors**

▶ Directors Accreditation Program (DAP) Class 112/2014.

**Experiences Positions in Listed Companies**

- ▶ June 2019- Present Managing Director, Electric Vehicle Business Group, Banpu Public Company Limited.
- ▶ 2011-Present Director, Nomination and Compensation Committee and Risk Management Committee, T.A.C. Consumer Public Company Limited.
- ▶ 2011- 1 March 2019 Managing Director, T.A.C. Consumer Public Company Limited.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ None**Relationship between Director & Executive family** ▶ None**Mr.Chatchawe Vatanasuk** Age 46 Years

Director, Risk Management Committee, Chairman of the Executive Committee and Acting Managing Director (Authorized Director)

**Date of Appointment** ▶ 3 January 2005**Education** ▶ Master of Business Administration, University of San Diego, USA.  
▶ Bachelor of Business Administration, Assumption University.**Credential of Thai Institute of Directors**

▶ Directors Accreditation Program (DAP) Class 112/2014.

**Experiences Positions in Listed Companies**

- ▶ 2005-Present Director, Risk Management Committee and Chairman of the Executive Committee, T.A.C. Consumer Public Company Limited.
- ▶ 1 Mar 2019-Present Acting Managing Director, T.A.C. Consumer Public Company Limited.

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

- ▶ 2017-Present Director, Proplayer online Co., Ltd.
- ▶ 2010-Present Director, SP Intermach Co., Ltd.
- ▶ 2010-Present Director, C.A. General Co., Ltd.

**Shareholding in the Company (%) as of December 31, 2019** ▶ 29.68% (180,459,643 shares)**Relationship between Director & Executive family** ▶ None

**Mrs.Chirapan Khotcharit Choosang** Age 50 Years

Director, Risk Management Committee and Deputy Managing Director – Corporate Strategy Division  
[Authorized Director]

**Date of Appointment** ▶ 1 September 2011

**Education** ▶ Master of Business Administration, University of South Alabama, USA.  
▶ Bachelor of Arts (Political Science), Chulalongkorn University.

**Credential of Thai Institute of Directors**

- ▶ 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.

**Experiences Positions in Listed Companies**

- ▶ May 2019 - Present Director, Risk Management Committee and Deputy Managing Director — Corporate Strategy Division, T.A.C. Consumer Public Company Limited.
- ▶ 2014 - Aug 2015 Assistant Managing Director Marketing Division, T.A.C. Consumer Public Company Limited.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 0.69% (4,225,000 shares)

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

# Executive Committee

**Mrs.Suveeraya Ansavananda** Age 49 Years

Assistant Managing Director - Strategic Partner & Intergraded Marketing Communication

## 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

- ▶ May 2019 - Present Assistant Managing Director- Strategic Partner & Intergraded Marketing Communication, T.A.C. Consumer Public Company Limited.
- ▶ 2013 - April 2019 Division Director — Commercial 1 and Corporate Communications 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, 2019** ▶ 0.03% (199,000 shares)

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

**Mr. Woraphot Tangmanuswong** Age 46 Years

Assistant Managing Director – Sales & Marketing 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

- ▶ May 2019 - Present Assistant Managing Director — Sales & Marketing Division, T.A.C. Consumer Public Company Limited.
- ▶ July 2018 - April 2019 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, 2019** ▶ None

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

**Ms.Hatsaya Charuwitayanan** Age 38 years  
Assistant Managing Director-Operation Support 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**

- ▶ May 2019-Present Assistant Managing Director-Operation Support Division, T.A.C. Consumer Public Company Limited.
- ▶ 2016 - April 2019 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 Senior Manager New Business Development, T.A.C. Consumer Public Company Limited.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 0.005% (36,300 shares)

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

**Ms.Parichat Chotipumiwet** Age 37 Years  
Risk Management Committee and Senior Manager Accounting and Finance Department

- Education**
- ▶ Bachelor of Accounting, Thammasat University.
  - ▶ Certified Public Accountant, Federation of Accounting Professions.

**Credential of Thai Institute of Directors**

- ▶ 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.

**Experiences Positions in Listed Companies**

- ▶ 2017 - Present Risk Management Committee and Senior Manager Accounting and Finance Department, 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.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 0.01% (88,000 shares)

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

**Mr.Chawalit Prawatborisut** Age 54 years  
Associate Director- Department & Domestic Equipment

**Education** ▶ Bachelor of Engineering Program, Mechanical Engineering, Siam University.

**Credential of Thai Institute of Directors**

▶ Directors Accreditation Program (DAP) Class 131/2016.

**Experiences Positions in Listed Companies**

- ▶ May 2019-Present Associate Director- Department & Domestic Equipment, T.A.C. Consumer Public Company Limited.
- ▶ 2016-2017 Associate Director- Business Development 2 Department & Domestic Department, T.A.C. Consumer Public Company Limited.

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

- ▶ 2014-2016 Product Manager, K.V.N. import-export (1991) Co., Ltd.
- ▶ 2007-2014 Business Development Manager, All service Solution Co., Ltd.

**Shareholding in the Company (%) as of December 31, 2019** ▶ None

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

**Mrs.Preawnapa Nimma** Age 54 Years  
Associate Director-Procurement Division and Acting Factory Manager-Banbung Factory Department

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

**Credential of Thai Institute of Directors**

▶ None

**Experiences Positions in Listed Companies**

- ▶ May 2019-Present Associate Director-Procurement Division and Acting Factory Manager-Banbung Factory Department, T.A.C. Consumer Public Company Limited.
- ▶ 2013 - April 2019 Senior Manager-Supply Chain, 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, 2019** ▶ None

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



**Ms.Narisa Tiyasuksawad** Age 42 Years  
Associate Director - 7-Eleven Department

**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**

- ▶ May 2019-Present Associate Director - 7- Eleven Department, T.A.C. Consumer Public Company Limited.
- ▶ April 2015-April 2019 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, 2019** ▶ 0.0005% (3,500 shares)

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

**Mr. Yodchai Pundee** Age 49 Years  
Senior Manager-Corporate Affairs Department

**Education**

- ▶ Bachelor of Business Administration (Management), Phranakhon Rajabhat University.

**Credential of Thai Institute of Directors**

- ▶ None

**Experiences Positions in Listed Companies**

- ▶ April 2019-Present Senior Manager-Corporate Affairs Department, T.A.C. Consumer Public Company Limited.
- ▶ February-April 2019 Manager — Human Resource Department, T.A.C. Consumer Public Company Limited.

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

- ▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 0.0005% (3,100 shares)

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

**Ms.Phonphun Phunpanich** Age 39 Years  
Senior Manager – Character Business Department

**Education** ▶ Master of Marketing, Mahanakorn University of Technology.

**Credential of Thai Institute of Directors**

▶ None

**Experiences Positions in Listed Companies**

- ▶ April 2019-Present Senior Manager — Character Business Department, T.A.C. Consumer Public Company Limited.
- ▶ Dec 2013-April 2019 Key Account Manager, T.A.C. Consumer Public Company Limited.

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

▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ None

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

**Ms.Nanthaphuk Pothisarn** Age 36 Years  
Senior Manager-Supply Chain Department

**Education** ▶ Bachelor of Business Administration (Management), Rajamangala University of Technology Thanyaburi.

**Credential of Thai Institute of Directors**

▶ None

**Experiences Positions in Listed Companies**

- ▶ April 2019-Present Senior Manager-Supply Chain Department, T.A.C. Consumer Public Company Limited.
- ▶ Mar 2016-Mar 2019 Manager-Supply Chain, T.A.C. Consumer Public Company Limited.
- ▶ Mar 2014-Mar 2016 Manager-Production Planning Department, T.A.C. Consumer Public Company Limited.

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

▶ None

**Shareholding in the Company (%) as of December 31, 2019** ▶ 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, 23rd 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)

## Corporate Communication Department

Tel: +66 2717 2898 Ext. 77  
Fax: +66 2717 2899  
E-mail: [iconcontact\\_info@tacconsumer.com](mailto:iconcontact_info@tacconsumer.com)

## Reference

### 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](mailto: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

# Report of the Board of Directors' Responsibilities for Financial Reports

## 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 is 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, 2019 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 Pengsarithong)**  
Chairman of Board of Director



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

# Report of Nomination and Compensation Committee

## 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 remuneration 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 remuneration of the CEO and propose to the Board of Directors meeting for approval.

The Nomination and Compensation Committee has held 2 meeting in the year 2019, to consider various matters. The essence of duties can be summarized as follows:

1. To considered 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 2019 to be re-appointed for another term.

2. To consider the Compensation of Directors and proposed to the shareholders' meeting for approval. The Board of Directors had determined the remuneration for Directors in 2019, by considering from the criteria for determining the remuneration 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.

3. To consider the performance evaluation of the CEO. The evaluation topics are in accordance with the SET's guidelines in 10 areas such as Leadership Strategy, Formulation Strategy, Implementation financial planning and performance and Relations with the Board of Directors etc.

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



**(Mrs. Paktra Suriyapee)**

**Chairman of the Nomination and Compensation Committee**



# Report of Risk Management Committee

## 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 2019

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 2019, 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 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 2019, 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

# Report of Audit Committee

## 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 Watanasriroj      | 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 2019. Audit Committee had arranged 4 meetings, each of which was attended with the management, internal audit and auditors to discuss relevant issue. There are also meetings that do not have management and auditors on matters related and report the meeting to the Board of Directors. 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 remuneration 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 2019 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 2018 and 2019

Unit : Baht

List	2018	2019	%Change
Annual audit of financial Statement	900,000	1,020,000	13.33%
Review report and interim Financial Statements (Total 3 Quarters)	450,000	480,000	6.67%
<b>Total</b>	<b>1,350,000</b>	<b>1,500,000</b>	

- Note:**
1. The amount does not include other expense such as travel fee, document fee, fax fee etc.
  2. In the year 2019, the Company has no other service fees paid to the auditors or the auditing company.

The Audit Committee deemed that during the accounting period ended on 31<sup>st</sup> December 2019, 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.

**On behalf of the Audit Committee**



**(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 separate financial statements of T.A.C. Consumer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2019, 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 statements of comprehensive income, changes in shareholders' equity and cash flows in which the equity method is applied 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 2019, 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: 20 February 2020

# Statement of Financial Position

T.A.C. Consumer Public Company Limited

As at 31 December 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		
		Separate financial statements		
		2018	2019	2018
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	79,996,941	16,094,791	79,996,941
Current investments	8	392,024,421	540,583,646	392,024,421
Trade and other receivables	9	317,793,618	311,971,659	317,793,618
Inventories	10	63,399,125	39,631,255	63,399,125
Other current assets		3,710,081	2,378,362	3,710,081
<b>Total current assets</b>		<b>856,924,186</b>	<b>910,659,713</b>	<b>856,924,186</b>
<b>Non-current assets</b>				
Investment in joint venture	11	3,219,316	-	6,125,000
Property, plant and equipment	12	89,831,805	104,311,438	89,831,805
Intangible assets	13	758,723	261,620	758,723
Deferred tax assets	21	3,101,384	9,292,864	3,101,384
Other non-current assets		7,677,128	4,250,818	7,677,128
<b>Total non-current assets</b>		<b>104,588,356</b>	<b>118,116,740</b>	<b>107,494,040</b>
<b>Total assets</b>		<b>961,512,542</b>	<b>1,028,776,453</b>	<b>964,418,226</b>

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

# Statement of Financial Position (Con't)

T.A.C. Consumer Public Company Limited

As at 31 December 2019

(Unit: Baht)

	Note	Financial statements in which the equity method		
		is applied	Separate financial statements	
		2018	2019	2018
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	15	256,064,964	266,546,691	256,064,964
Advance received from customers		13,554,053	7,406,416	13,554,053
Current portion of liabilities under financial lease agreements	16	2,147,198	1,317,702	2,147,198
Income tax payable		12,366,304	26,480,887	12,366,304
Other current liabilities		4,206,298	8,449,661	4,206,298
<b>Total current liabilities</b>		<b>288,338,817</b>	<b>310,201,357</b>	<b>288,338,817</b>
<b>Non-current liabilities</b>				
Liabilities under financial lease agreements - net of current portion	16	2,773,250	1,533,670	2,773,250
Provision for long-term employee benefits	17	13,262,952	18,575,050	13,262,952
<b>Total non-current liabilities</b>		<b>16,036,202</b>	<b>20,108,720</b>	<b>16,036,202</b>
<b>Total liabilities</b>		<b>304,375,019</b>	<b>330,310,077</b>	<b>304,375,019</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	104,277,675	65,854,506
<b>Total shareholders' equity</b>		<b>657,137,523</b>	<b>698,466,376</b>	<b>660,043,207</b>
<b>Total liabilities and shareholders' equity</b>		<b>961,512,542</b>	<b>1,028,776,453</b>	<b>964,418,226</b>

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 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		1,520,276,775	1,289,594,347	1,520,276,775	1,289,594,347
Gain on disposal of investment in joint venture	11	75,751	-	-	-
Other income		9,606,649	5,989,988	9,606,649	5,989,988
<b>Total revenues</b>		<u>1,529,959,175</u>	<u>1,295,584,335</u>	<u>1,529,883,424</u>	<u>1,295,584,335</u>
<b>Expenses</b>	20				
Cost of sales and services		1,053,373,191	918,768,542	1,053,373,191	918,768,542
Selling and distribution expenses		193,207,454	215,609,023	193,207,454	215,609,023
Administrative expenses		72,623,672	65,090,534	72,623,672	65,090,534
Loss on exchange rate		4,177,893	594,682	4,177,893	594,682
Loss on disposal of investment in joint venture	11	-	-	5,219,615	-
<b>Total expenses</b>		<u>1,323,382,210</u>	<u>1,200,062,781</u>	<u>1,328,601,825</u>	<u>1,200,062,781</u>
<b>Profit before share of loss from investment in joint venture, finance cost and income tax expenses</b>		<u>206,576,965</u>	<u>95,521,554</u>	<u>201,281,599</u>	<u>95,521,554</u>
Share of loss from investment in joint venture	11	(2,389,682)	(2,905,684)	-	-
<b>Profit before finance cost and income tax expenses</b>		<u>204,187,283</u>	<u>92,615,870</u>	<u>201,281,599</u>	<u>95,521,554</u>
Finance cost		(352,438)	(483,786)	(352,438)	(483,786)
<b>Profit before income tax expenses</b>		<u>203,834,845</u>	<u>92,132,084</u>	<u>200,929,161</u>	<u>95,037,768</u>
Income tax expenses	21	(41,744,188)	(23,738,258)	(41,744,188)	(23,738,258)
<b>Profit for the year</b>		<u>162,090,657</u>	<u>68,393,826</u>	<u>159,184,973</u>	<u>71,299,510</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	17	(6,553,474)	3,252,801	(6,553,474)	3,252,801
Less: Income tax effect	21	1,310,695	(650,560)	1,310,695	(650,560)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(5,242,779)</u>	<u>2,602,241</u>	<u>(5,242,779)</u>	<u>2,602,241</u>
<b>Other comprehensive income for the year</b>		<u>(5,242,779)</u>	<u>2,602,241</u>	<u>(5,242,779)</u>	<u>2,602,241</u>
<b>Total comprehensive income for the year</b>		<u>156,847,878</u>	<u>70,996,067</u>	<u>153,942,194</u>	<u>73,901,751</u>
<b>Basic earnings per share</b>	22				
Profit for the year		<u>0.27</u>	<u>0.11</u>	<u>0.26</u>	<u>0.12</u>
Weighted average number of ordinary shares (shares)		<u>608,000,000</u>	<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 2019

(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>	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>62,948,822</u>	<u>657,137,523</u>
<b>Balance as at 1 January 2019</b>	152,000,000	426,988,701	15,200,000	62,948,822	657,137,523
Profit for the year	-	-	-	162,090,657	162,090,657
Other comprehensive income for the year	-	-	-	(5,242,779)	(5,242,779)
Total comprehensive income for the year	-	-	-	156,847,878	156,847,878
Dividend paid (Note 25)	-	-	-	(115,519,025)	(115,519,025)
<b>Balance as at 31 December 2019</b>	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>104,277,675</u>	<u>698,466,376</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 2019

(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 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>	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>65,854,506</u>	<u>660,043,207</u>
<b>Balance as at 1 January 2019</b>	152,000,000	426,988,701	15,200,000	65,854,506	660,043,207
Profit for the year	-	-	-	159,184,973	159,184,973
Other comprehensive income for the year	-	-	-	(5,242,779)	(5,242,779)
Total comprehensive income for the year	-	-	-	153,942,194	153,942,194
Dividend paid (Note 25)	-	-	-	(115,519,025)	(115,519,025)
<b>Balance as at 31 December 2019</b>	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>104,277,675</u>	<u>698,466,376</u>

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 2019

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	203,834,845	92,132,084	200,929,161	95,037,768
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	18,542,170	19,067,370	18,542,170	19,067,370
Bad debts and doubtful debts	525,290	23,384,104	525,290	23,384,104
Reduction of inventories to net realisable value	17,403,437	2,691,782	17,403,437	2,691,782
(Gain) loss on disposal of investment in joint venture	(75,751)	-	5,219,615	-
Share of loss from investment in joint venture	2,389,682	2,905,684	-	-
Gain on sales and change in value of investments in trading securities	-4,301,073	(2,988,142)	(4,301,073)	(2,988,142)
Loss on write-off of non-refundable deposit	1,089,869	-	1,089,869	-
Loss (gain) on disposals of equipment	-1,838,240	32,349	(1,838,240)	32,349
Loss on write-off of equipment	54,111	199,508	54,111	199,508
Provision for long-term employee benefits	4,782,252	2,912,668	4,782,252	2,912,668
Unrealised loss on exchange	4,213,597	806,713	4,213,597	806,713
Interest income	-2,518,191	(1,976,426)	-2,518,191	-1,976,426
Interest expenses	374,810	483,785	374,810	483,785
Profit from operating activities before changes in operating assets and liabilities	244,476,808	139,651,479	244,476,808	139,651,479
Operating assets decrease (increase):				
Trade and other receivables	5,341,325	19,991,429	5,341,325	19,991,429
Inventories	6,364,433	-11,569,413	6,364,433	(11,569,413)
Other current assets	241,850	-719,112	241,850	(719,112)
Other non-current assets	3,426,310	-1,981,136	3,426,310	(1,981,136)
Operating liabilities increase (decrease):				
Trade and other payables	10,481,727	19,971,909	10,481,727	19,971,909
Advance received from customers	-6,147,637	13,554,053	(6,147,637)	13,554,053
Other current liabilities	4,243,363	(190,783)	4,243,363	(190,783)
Cash from operating activities	268,428,179	178,708,426	268,428,179	178,708,426
Cash paid for long-term employee benefits	(6,023,628)	(314,117)	(6,023,628)	(314,117)
Cash received from interest income	2,459,975	1,917,777	2,459,975	1,917,777
Cash paid for income tax	-32,510,390	-27,358,505	(32,510,390)	(27,358,505)
<b>Net cash from operating activities</b>	<b>232,354,136</b>	<b>152,953,581</b>	<b>232,354,136</b>	<b>152,953,581</b>

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

# Cash Flow Statement (Con't)

T.A.C. Consumer Public Company Limited

For the year ended 31 December 2019

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	-	27,000,000	-	27,000,000
Increase in current investments	(148,458,189)	(90,904,467)	(148,458,189)	(90,904,467)
Increase in investment in joint venture	-	(6,125,000)	-	(6,125,000)
Proceeds from disposals of investment in joint venture	905,385	-	905,385	-
Acquisitions of plant and equipment	(32,866,736)	(9,499,668)	(32,866,736)	(9,499,668)
Proceeds from disposals of equipment	2,676,402	40,090	2,676,402	40,090
Increase in intangible assets	(47,464)	(183,340)	(47,464)	(183,340)
<b>Net cash used in investing activities</b>	<b>(177,790,602)</b>	<b>(79,672,385)</b>	<b>(177,790,602)</b>	<b>(79,672,385)</b>
<b>Cash flows from financing activities</b>				
Repayments of liabilities under finance lease agreements	(2,946,659)	(2,909,595)	(2,946,659)	(2,909,595)
Dividend paid	(115,519,025)	(79,039,545)	(115,519,025)	(79,039,545)
<b>Net cash used in financing activities</b>	<b>(118,465,684)</b>	<b>(81,949,140)</b>	<b>(118,465,684)</b>	<b>(81,949,140)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(63,902,150)</b>	<b>(8,667,944)</b>	<b>(63,902,150)</b>	<b>(8,667,944)</b>
Cash and cash equivalents at beginning of year	79,996,941	88,664,885	79,996,941	88,664,885
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>16,094,791</b>	<b>79,996,941</b>	<b>16,094,791</b>	<b>79,996,941</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Acquisitions of assets under financial lease agreements	502,773	1,229,484	502,773	1,229,484

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 2019

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

## **TFRS 15 Revenue from Contracts with Customers**

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

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

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

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

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

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



### Financial reporting standards related to financial instruments

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

#### Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

#### Accounting Standard:

TAS 32	Financial Instruments: Presentation
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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 expects that the following would be the effects when adopting financial reporting standards related to financial instruments.

- Recognition of credit loss - The Company shall recognise an allowance for expected credit losses for financial assets without triggered by loss events subsequent to origination. The Company will apply a simplified approach in calculating a loss allowance based on a lifetime expected credit loss for trade receivables.

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

### TFRS 16 Leases

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

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

The Company expects to use the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *a) Sales of goods*

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

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognises the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The right of return asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

###### *b) License fee*

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

The obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advance received from customers" in the statement of financial position, which is recognised as revenue when the Company performs under the contract.

###### *c) 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.

#### 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	2 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

#### 4.14 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.

### **Allowance for goods returns**

In determining an allowance for goods returns, the management needs to make judgement and estimates of goods returns when a contract provides a customer with a right to return the goods, which is based on past goods returns history and the market condition.

### 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 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	58.1	41.1
Post-employment benefits	4.2	3.7
Total	<u>62.3</u>	<u>44.8</u>



## 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cash	20	20
Bank deposits	15,946	79,763
Cash in private fund	129	214
Total cash and cash equivalents	<u>16,095</u>	<u>79,997</u>

As at 31 December 2019, bank deposits in savings and fixed deposit accounts carried interests between 0.04 and 0.50 percent per annum (2018: between 0.13 and 1.00 percent per annum).

## 8. Current investments

8.1 As at 31 December 2019 and 2018, current investments consisted of the following:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Investments in trading securities (Note 8.2)	319,508	228,400
Current investments in private fund (Note 8.3)	54,708	59,810
Fixed deposits	166,368	103,814
Total current investments	<u>540,584</u>	<u>392,024</u>

As at 31 December 2019, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 166.4 million, carrying interests between 1.00 and 1.75 percent per annum and due for redemption during January 2020 to May 2020 (2018: Baht 103.8 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 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<b>Balance as at 31 December 2018 - fair value</b>	228,400	196,464
Cash paid for investments in trading securities		
during the year - at cost	1,742,000	1,273,000
Sales during the year - at cost		
Proceeds from sales	(1,656,095)	(1,243,000)
Gain on sales	3,742	1,501
Total	(1,652,353)	(1,241,499)
Gain on change in value	1,461	435
<b>Balance as at 31 December 2019 - fair value</b>	<u>319,508</u>	<u>228,400</u>

8.3 Movements in the current investments in private fund for the year ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<b>Balance as at 31 December 2018 - fair value</b>	59,810	-
Cash paid for current investments in private fund		
during the year - at cost	-	59,670
Gain (loss) on change in value of investments	(902)	1,052
Unrealised loss on exchange	(4,200)	(912)
<b>Balance as at 31 December 2019 - fair value</b>	<u>54,708</u>	<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 2019, 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 decreased by Baht 0.9 million (2018: 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>2019</u>	<u>2018</u>
<b><u>Trade accounts receivable - unrelated parties</u></b>		
Aged on the basis of due dates		
Not yet due	295,378	282,617
Past due		
Up to 3 months	5,834	9,304
3 - 6 months	-	4,214
6 - 12 months	284	-
Over 12 months	1	44
Total	301,497	296,179
Less: Allowance for doubtful accounts	(200)	-
Total trade accounts receivable - unrelated parties - net	301,297	296,179
<b><u>Other receivables</u></b>		
Other receivables - unrelated parties	1,292	1,606
Less: Allowance for doubtful accounts	(544)	(219)
Total other receivables - unrelated parties - net	748	1,387
Prepaid expenses	9,310	19,669
Interest receivable	617	559
Total other receivables - net	10,675	21,615
Total trade and other receivables - net	311,972	317,794

For the year 2018, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	39,282	40,728	(10,828)	(1,630)	28,454	39,098
Work in process	125	152	-	-	125	152
Raw and packing materials	20,442	15,583	(9,390)	(1,185)	11,052	14,398
Goods in transit	-	9,751	-	-	-	9,751
Total inventories	59,849	66,214	(20,218)	(2,815)	39,631	63,399



During the current year, the Company reduced cost of inventories by Baht 18.5 million (2018: Baht 2.8 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 1.1 million (2018: Baht 0.1 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	Investment				
		Shareholding percentage		Financial statements in which the equity method is applied	Separate financial statements in which cost method is applied	
		31	31	31	31	31
		December 2019	December 2018	December 2018	December 2019	December 2018
		Percent	Percent			
Siam Gateway Company Limited	Distribution and packing services through export channels	-	49	3,219	-	6,125
Total				3,219	-	6,125

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 investment 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.

As the business operation of Siam Gateway Company Limited was not as initially planned, the Company therefore considered recording an allowance for impairment loss on investment of Baht 5.3 million in the second quarter of 2019.

On 5 August 2019, the Extraordinary General Meeting of shareholders of Siam Gateway Company Limited passed a resolution to approve the change in its shareholding structure, whereby NPPG (Thailand) Public Company Limited is to purchase all ordinary shares from other shareholders at the net book value of the shareholders' equity as at 30 June 2019 of Baht 1.8 million, or Baht 0.18 per share.

On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the disposal of 4,899,998 ordinary shares that the Company holds in Siam Gateway Company Limited to NPPG (Thailand) Public Company Limited, at a total price of Baht 0.9 million. The transfer of shares was completed on 20 September 2019 and the payment was made in November 2019. The Company therefore reversed an allowance for impairment loss on investment of Baht 5.3 million previously recorded in the second quarter and recognised loss on disposal of investment in joint venture of Baht 5.2 million in the separate financial statements and gain on disposal of investment in joint venture of Baht 0.1 million in the financial statements in which the equity method is applied in the current year.

## 11.2 Share of loss from investment in joint venture

During the year ended 31 December 2019 and 2018, the Company recognised its share of loss from investment in joint venture in the financial statements in which the equity method is applied as follows:

Joint venture	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	<u>2019</u>	<u>2018</u>
Siam Gateway Company Limited	(2,390)	(2,905)
Total	<u>(2,390)</u>	<u>(2,905)</u>



## 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 2018	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
Additions	14,874	6,986	3,582	1,421	-	5,689	817	33,369
Transfer in (transfer out)	-	158	285	130	205	-	(778)	-
Disposals/write-off	-	-	(143)	(612)	-	(10,995)	(54)	(11,804)
31 December 2019	25,578	38,252	14,097	18,634	48,424	9,786	12,257	167,028
<b>Accumulated depreciation</b>								
1 January 2018	-	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
Depreciation for the year	-	2,453	1,334	2,777	9,674	1,760	-	17,998
Depreciation on disposals/write-off	-	-	(143)	(254)	-	(10,515)	-	(10,912)
31 December 2019	-	11,090	6,935	13,646	28,822	2,224	-	62,717
<b>Net book value</b>								
31 December 2018	10,704	22,471	4,629	6,572	29,071	4,113	12,272	89,832
31 December 2019	25,578	27,162	7,162	4,988	19,602	7,562	12,257	104,311
<b>Depreciation for the year</b>								
2018 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								17,350
2019 (Baht 3.2 million included in cost of sales, and the balance in selling and administrative expenses)								17,998

As at 31 December 2019, the Company had machinery, motor vehicles and office equipment acquired under finance lease agreements with net book value amounting to Baht 3.6 million (2018: Baht 5.9 million).

As at 31 December 2019, 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 16.9 million (2018: Baht 17.4 million).

The Company has mortgaged land with structures thereon with net book value as at 31 December 2019 amounting to approximately Baht 16.5 million (2018: Baht 17.0 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 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cost	6,597	6,550
Less: Accumulated amortisation	(6,335)	(5,791)
Net book value	<u>262</u>	<u>759</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	759	2,293
Acquisitions - at cost	47	183
Amortisation for the year	(544)	(1,717)
Net book value at end of year	<u>262</u>	<u>759</u>

### 14. Bank overdrafts

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

As at 31 December 2019, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 119.8 million (2018: Baht 119.8 million).

### 15. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	183,308	186,730
Other payables - unrelated parties	23,777	24,258
Accrued expenses	59,462	45,077
Total trade and other payables	<u>266,547</u>	<u>256,065</u>



## 16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	2019	2018
Liabilities under finance lease agreements	3,136	5,525
Less: Deferred interest expenses	(284)	(605)
Total	2,852	4,920
Less: Current portion	(1,318)	(2,147)
Liabilities under finance lease agreements - net of current portion	1,534	2,773

The Company has entered into the finance lease agreements with leasing companies for rental of 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)		
	As at 31 December 2019		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	1,490	1,646	3,136
Deferred interest expenses	(172)	(112)	(284)
Present value of future minimum lease payments	1,318	1,534	2,852

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



## 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>2019</u>	<u>2018</u>
<b>Defined benefit obligation as at 31 December 2018</b>	13,263	13,917
Included in profit or loss:		
Current service cost	3,634	2,692
Interest cost	304	221
Past service costs	845	-
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	1,899	(3,481)
Financial assumption changes	1,473	(2,048)
Experience adjustments	3,181	2,276
Benefit paid during the year	(6,024)	(314)
<b>Defined benefit obligation as at 31 December 2019</b>	<u>18,575</u>	<u>13,263</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 0.8 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statement of comprehensive income in the current year.

The Company expects to pay Baht 2.0 million of long-term employee benefits during the next year (2018: Baht 5.9 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 11 years (2018: 7 years).

Significant actuarial assumptions are summarised below.

	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	1.61	2.07
Salary increase rate	5.00	2.00 - 4.00
Staff turnover rate (depending on age of employees)	3 - 34	0 - 45

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

	(Unit: Million Baht)	
	As at 31 December 2019	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.5)	1.6
Salary increase rate	1.4	(1.3)
Staff turnover rate	(1.5)	1.8

	(Unit: Million Baht)	
	As at 31 December 2018	
	<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

## 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. 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>2019</u>	<u>2018</u>
Purchases of finished goods and changes in inventories of finished goods and work in process	800,694	703,613
Raw materials and consumables used	149,601	137,022
Advertising and promotion expenses	103,823	119,113
Salaries and wages and other employee benefits	113,452	92,259
Transportation expenses	36,606	39,486
Depreciation and amortisation	18,542	19,067
Consulting fees	1,355	1,285

## 21. Income tax

21.1 Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>		
Current income tax charge	46,625	24,774
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(4,881)	(1,036)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>41,744</u>	<u>23,738</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain (loss)	<u>(1,311)</u>	<u>651</u>

21.2 The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2019 and 2018 is shown below.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>203,835</u>	<u>92,132</u>	<u>200,929</u>	<u>95,038</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	40,767	18,426	40,186	19,008
Effects of:				
Non-deductible expenses	2,245	6,400	2,826	5,818
Additional expense deductions allowed	(1,268)	(1,088)	(1,268)	(1,088)
Total	<u>977</u>	<u>5,312</u>	<u>1,558</u>	<u>4,730</u>
Income tax expenses reported in the statement of comprehensive income	<u>41,744</u>	<u>23,738</u>	<u>41,744</u>	<u>23,738</u>
Effective income tax rate	<u>20.5%</u>	<u>25.8%</u>	<u>20.8%</u>	<u>25.0%</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 31 December 2019	As at 31 December 2018
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	149	44
Allowance for diminution in inventory value	4,044	563
Accrued expenses	1,560	-
Allowance for goods returns	144	-
Provision for long-term employee benefits	3,715	2,715
Total	9,612	3,322
<b>Deferred tax liabilities</b>		
Right of return assets	(120)	-
Financial leases	(199)	(221)
Total	(319)	(221)
<b>Deferred tax assets - net</b>	<b>9,293</b>	<b>3,101</b>

## 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. For the year 2019, the operation of the sales of license of cartoon characters represented 3 percent of total sales (2018: 1 percent of total sales). The Company's distribution channel includes both in domestic and overseas markets. For the year 2019, domestic sales represented 97 percent of total sales (2018: 98 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 2019, the Company had revenue from one major customer, with revenue of 96 percent of the Company's revenues (2018: 96 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 2019 amounting to approximately Baht 3.0 million (2018: Baht 3.2 million) were recognised as expenses.

#### **25. Dividend**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<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		79.0	0.13
<u>2019</u>			
Dividends for 2018	Annual General Meeting of the shareholders on 23 April 2019	54.7	0.09
Interim dividends for 2019	Board of Directors' meeting on 13 August 2019	60.8	0.10
Total for 2019		115.5	0.19

## 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 3 years.

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

	(Unit: Million Baht)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
Payable		
In up to 1 year	4.9	6.7
In over 1 year and up to 3 years	2.9	4.4

### 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.

On 1 September 2019, the Company entered into a merchandise sub-license agreement with a creator and copyright holder in Thailand. 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 2 years, from 1 September 2019 to 31 August 2021.



**27. Fair value hierarchy**

As at 31 December 2019 and 2018, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	2019	2018
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Investments in trading securities - Debt instruments	319	228
Current investments in private fund	55	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 2019						
	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	-	-	10.3	5.8	16.1	0.04 - 0.50
Current investments	166.4	-	-	374.2	540.6	1.00 - 1.75
Trade and other receivables	-	-	-	312.0	312.0	-
	166.4	-	10.3	692.0	868.7	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	266.5	266.5	-
Liabilities under financial lease agreements	1.3	1.5	-	-	2.8	3.96 - 11.12
	1.3	1.5	-	266.5	269.3	

(Unit: Million Baht)

As at 31 December 2018						
	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	-	-	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	-
	103.8	-	74.5	611.5	789.8	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	256.1	256.1	-
Liabilities under financial lease agreements	2.1	2.8	-	-	4.9	3.92 - 10.81
	2.1	2.8	-	256.1	261.0	



**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 denominated in foreign currencies as at 31 December 2019 and 2018 are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2019 (Million)	2018 (Million)	2019 (Baht per foreign currency unit)	2018
US dollar	2	2	30.1540	32.4498

**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 2019, the Company's debt-to-equity ratio was 0.5:1 (2018: 0.5:1)

**30. Events after the reporting period**

On 20 February 2020, the meeting of the Board of Directors of the Company No. 1/2020 approved the payment of final dividend for 2019 to the Company's shareholders at Baht 0.14 per share or a total dividend of Baht 85.12 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 20 February 2020.







## T.A.C. Consumer PCL.

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Additional Information