



YEARS AND BEYOND

*Coca-Cola*

HAADTHIP



Annual Report

2019



## Vision

**We are the leader in the beverage industry and committed to sustainable growth with the communities.**



## Mission

1. To be a completely integrated beverage company and to maintain the leading position in the southern market, with revenue, sales and profits soaring on a continuous basis.
2. To continue to be the manufacturer, distributor and service provider of high quality products to customers and consumers, so that the Company is trusted as part of the South.
3. To ensure that the Company's personnel have integrity, perform their duties with loyalty and honesty; and have responsibilities to the organization and society as a whole.
4. To be an organization with good governance, through the creation and development of the type of personnel that the society needs; and taking part in the development and improvement of natural resources and environment in a responsible and sustainable manner.



## Purpose

Continually increasing profitable, sustainable unit case sales of our products by satisfying new and existing consumers through excellent service to and with our customers at an increasing return



## Value

We will create an organizational culture on the foundation of the following 10 values:

1. **Integrity:** To be loyal, honest, open and sincere
2. **Individual Initiative:** To be creative and to initiate new work ideas individually
3. **Customer Value:** To always focus on customers' needs and expectations and add value to their businesses
4. **Teamwork:** To work as a team and support co-workers in order to raise overall performance level
5. **People Development:** To create personnel of quality through continuous training and development process
6. **Mutual Trust & Respect:** To treat each other with respect and to be trustworthy
7. **Commitment:** To hold oneself responsible for and to perform the tasks as committed
8. **Always be part of the South:** To be responsible for the society and environment in order to leave no impact to later generations
9. **Relationship Marketing:** To continue to strengthen the relationship with customers, consumers and government agencies of all levels
10. **Fun:** To have good balance between life at work and personal life, and to work happily on a daily basis



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## Financial Highlights

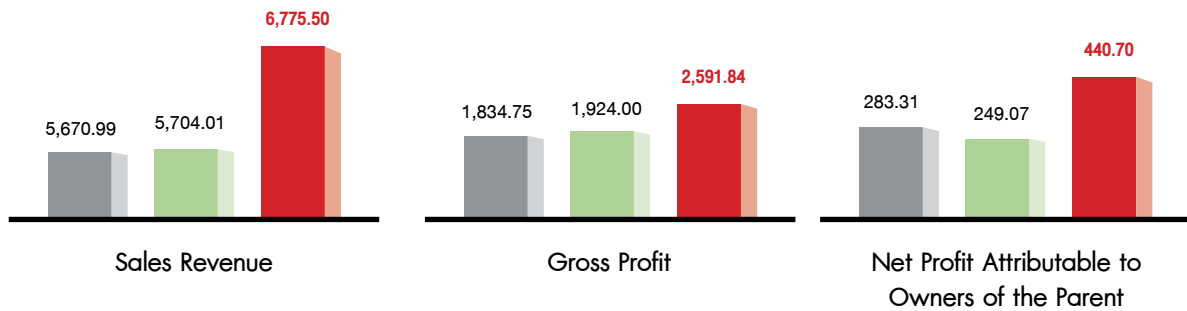
		2019	2018	2017
<b>Statement of Income</b>				
	(THB million)			
Revenue from Sale of Goods		6,775.50	5,704.01	5,670.99
Cost of Sale of Goods		4,183.66	3,780.01	3,836.24
Gross Margin		2,591.84	1,924.00	1,834.75
Total Revenue		6,792.29	5,722.70	5,690.86
Distribution Costs and Administrative Expense		2,107.29	1,624.64	1,515.07
Net Profit Attributable to Owners of the Parent		440.70	249.07	283.31
<b>Statement of Financial Position</b>				
	(THB million)			
Total Assets		4,906.98	4,757.80	4,609.24
Total Liabilities		1,992.26	2,045.52	1,943.99
Total Equity Attributable to Owners of the Parent		2,914.70	2,712.26	2,665.24
<b>Shares or Information about Common Shares</b>				
Shares and Fully Paid-up Share Capital	(Million Shares)	200.96	199.22	199.22
Book Value per Share	(THB)	14.50	13.61	13.38
Earnings per Share	(THB)	2.21	1.25	1.42
Dividend per Share	(THB)	1.76	0.80	1.00
Dividend Payout Ratio	(%)	79.95	63.99	70.32
Share Price at the End of Financial Period	(THB)	22.70	13.90	20.20
<b>Financial Ratios</b>				
Net Profit Margin Ratio	(%)	6.50	4.37	5.00
Return on Equity Ratio	(%)	15.66	9.26	11.03
Return Total Assets Ratio	(%)	10.37	6.41	7.29
Debt-to-Equity Ratio	(Times)	0.68	0.75	0.73



2017 2018 2019

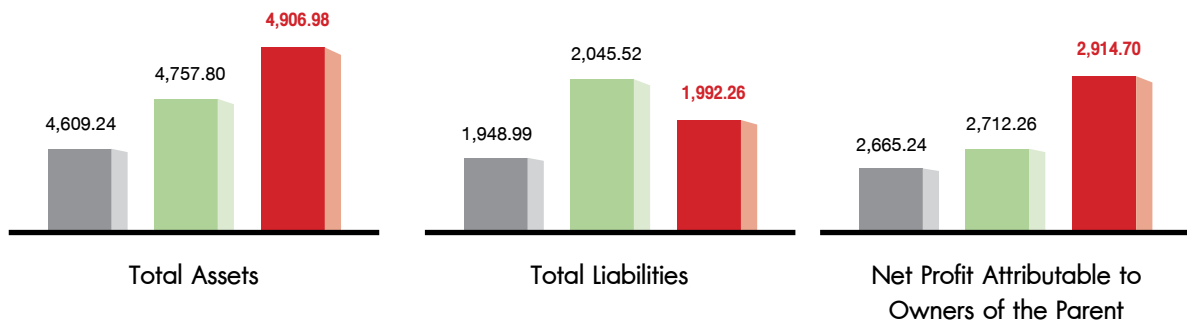
## Profit & Loss

(THB million)

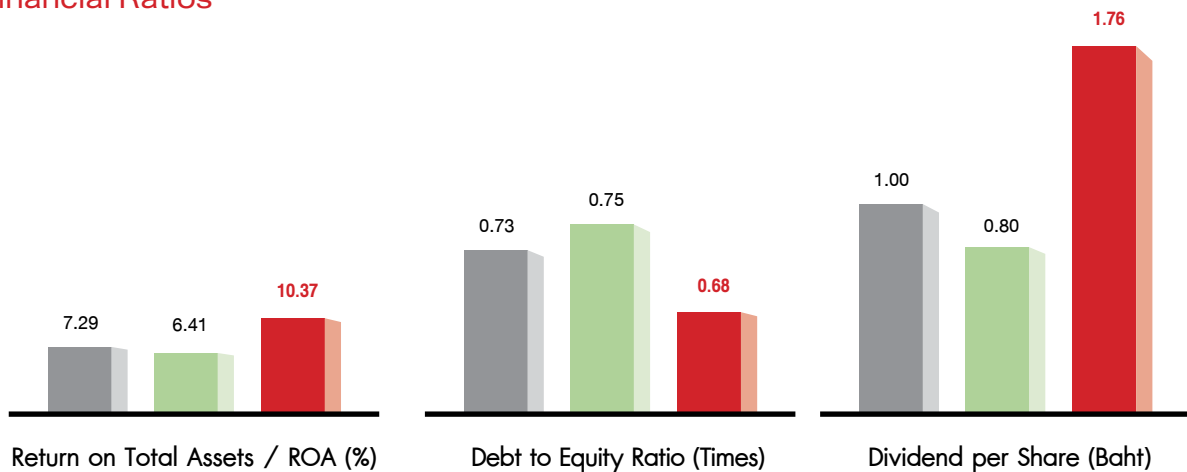


## Financial Status

(THB million)



## Financial Ratios







## Message from the Chairman and the CEO



### To Shareholders

In 2019, the overall picture of the economy of the south showed the condition of sluggishness that had continued on from the year 2018. This was the result of continued drop in the price of economic crops, namely oil palm, rubber, coconut all the way to fishery, all of which are the main source of income for the farmers and folks of the South. But since southern Thailand is popular among tourists, both domestic and foreign, tourism industry also plays the main part in driving the economy, and, fortunately, economic growth, for the South. Another fortunate circumstance in 2019 was the scorching hot weather, with no heavy rains like in the past year, which was highly to the advantage of the food and beverage industry. As a result, the Company's operating results experienced a leap growth, and 2019 was certainly the golden year for HaadThip, with strong and stable growth in sales volume, revenue from sales and net profits.

### Operating Results

In 2019, revenue from sales was Baht 6,776 million, the highest ever since the Company was established, and an increase of 19% from the same period of last year. Total sales increased to 64 million unit cases or an increase of 20% from total sales of 53 million unit cases in the same period of 2018. The growth in revenue was the result of the Company's implementation of revenue growth management (sales price and sales promotion) as well as applying the right marketing campaign to the target group. In addition, such strong revenue growth of the year 2019 was also the result of higher production volume to accommodate for higher purchase order from our domestic business partner.

In 2019, the Company's net profit was Baht 441 million, an increase of 77% from the same period in 2018. Part of this increase was the result of economy of scale, which had led to a decrease in the cost per unit of production. As a result, Gross Profit Margin increased from 33.7% to 38.3% and net profit margin increased from 4.3% to 6.5%. As a result of the strong operating results and solid financial status, the Interest

bearing Debt / Equity Ratio was merely 0.22 times; and Interest Coverage Ratio was over 21 times. ROE was 16% which was an increase from 9% in the same period of 2018.

From the operating results of the year 2019 with net profit of Baht 441 million or Baht 2.21 per share, the Board of Directors had considered and approved Interim Dividend Payment to the shareholders of the Company at the rate of Baht 0.98 (Ninety-eight Satang) per share. This came as a replacement of the annual dividend payout to be proposed to the Annual General Shareholders' Meeting for approval. However, this Interim Dividend Payment shall serve to reduce any impact that may occur to the shareholders of the Company as a result of postponement of the Shareholders' Meeting until further notice. The postponement was a result of the ongoing pandemic of coronavirus disease 2019 or COVID-19 in Thailand, with a number of infected individuals still rising continuously and spreading more widely. The Interim Dividend Payment at the rate of Baht 0.98 per share this time, when adding to the Interim Dividend Payment for the first 6 months of the year 2019, according to the resolution already passed by the Board of Directors on 20th August 2019, at the rate of Baht 0.78 per share, the total dividend payment would then add up to Baht 1.76 per share, accounting for 79.6% of net profit, and shall serve as dividend payment from the operating results of the entire year of 2019. The Board of Directors shall not propose for any more dividend payment for the year 2019, since the previously mentioned dividend payments are in accordance with the Dividend Payment Policy of the Company.

### Social and Environmental Responsibility

The Board of Directors of HaadThip Public Company Limited has a policy to operate the Company's business with complete awareness of its responsibility to the society and determination to reduce the impact upon the environment as a result of business growth and expansion, while also committed to generating a sound operating result. The Company has proceeded with activities to help reducing the impact on the environment via various projects. For example,



the Company and Coca-Cola (Thailand) Foundation have provided support for the organization of "Rak Nam Project" in Surat Thani and Phatthalung provinces to construct a check dam as well as hill irrigation system to conserve water for all households to have drinking water and water for household use; to open the waterway and get rid of weeds in the canals; to promote community forestry by arranging for an activity to plant vetiver grass and indigenous plants and trees. An arrangement has also been made for a neighborhood watch, with volunteers to take care and keep a watchful eye on the river basin, from upstream to downstream, which has gradually led to the creation of the Conservation and Management of Water Resource Network within the community that is a very strong and solid network.

Moreover, the Company has also proceeded with Carbon Footprint Project by implementing various measures in making an effort to mitigate utilization of electricity and fuel. The Company was able to reduce emission of greenhouse gases by 8% of the carbon footprint for organization, and more than 2% of the carbon footprint for the product, as certified by Thailand Greenhouse Gas Management Organization (Public Organization).

Following the Company's determination to develop in all dimensions of the Environmental, Social and Governance (ESG) factors on a continuous basis, assessment has been made on the Company's corporate sustainability level, according to the format and criterion set by the Stock Exchange of Thailand. As a result, the Company has been considered a publicly listed company with sustainable business. It was also 1 out of 98 listed companies on the Thailand Sustainability Investment list of the year 2019 and was awarded with the Rising Star Sustainability Excellence Awards of the year 2019.

In addition, Thaipat Institute has announced that HaadThip Public Company Limited is on the list of Sustainable Investment ESG100 of the year 2019 in the category of Agro & Food Industry. The Company has been listed on ESG100 for the second time in 2019, after the first in 2015.

## Anti-Corruption Policy

The Company has elevated the status of its membership of the CAC by joining the CAC SME Certification Program to expand the transparent and corruption-free network by making its trade partners from the SME group of companies realized how important it was to create a supply chain and collectively declare an intent to join the network of transparency. As a result, a total of 13 trade partners of the Company had declared an intent to join the network of transparency, all of which were SMEs from purchasing and procurement department, raw material and strategic procurement department and operation department. This was an important step towards the creation of a strong network, for the purpose of corruption prevention through to the future. The Company was also granted "CAC Change Agent Award for the year 2019" and honored during the 10th Annual CAC Nation Conference Day event held under the title "Innovations in the Fight against Corruption". HaadThip was 1 out of 5 companies honored with an award this time.

## Future Trend

For the operation plan for the year 2020, the Company's goal is for the business to continuously grow, with the target for sales growth at approximately 5% from the year 2019. However, nobody could have predicted in advance such crisis as this horrific pandemic of coronavirus disease 2019 or COVID-19, which has substantially disrupted the economy of the entire world. This certainly is a risk factor that presents an impact upon the set target and goal of the Company. However, the food & beverage industry is usually less volatile than other industries, when it comes to demand for the products. For medium term, the main factor that the Company must monitor closely is how long this pandemic will go on, and how the government policy will impact the overall economy of the nation and the South, especially in the areas known as tourist destination. It certainly will present an impact upon the Company's operating results without a doubt, but the Company is confident that our business is resilient enough, and we can keep up with business operations even if a recession will prolong for a lengthy period of time. As of now, the Company has already proceeded with the plan to handle and be adaptive to the situation of COVID-19 pandemic as follows:

- 1) To make adjustment to the channels of distribution as well as packaging, to accommodate the new way of consumer behavior, which is staying home, as required by the government;
- 2) To monitor and control the Company's operating expense in a stricter manner;
- 3) To proceed with the plan to reduce the cost of sales; and
- 4) To prioritize the importance of investment activities and to place top priority on the investment of the type of work deemed necessary for generating short-term revenue for this year.

By making the above-mentioned preparations, the Company believes that we will soon pass through this crisis, and when we get back on our normal track of business operation, we will come back even stronger.

The Board of Directors states that the shareholders and all parties of stakeholders can rest assure that the Management of the Company will put wholehearted effort in ensuring that our organization will pass through this crisis. The Board of Directors also would like to thank the shareholders and stakeholders for your trust and support in HaadThip's business operation all these times, and would like to reassure that the Board of Directors, the Management and all of the staff/employees of HaadThip PCL will cooperatively and wholeheartedly devote ourselves at our utmost best to the development and improvement of "HaadThip" for great success in a sustainable manner.

Gen.   
(Charan Kullavanijaya)  
Chairman

Maj. Gen.   
(Patchara Rattakul)  
CEO



## Board of Directors



**1. Gen. Charan Kullavanijaya**

Chairman /  
Independent Director

**2. Maj. Gen. Patchara Rattakul**

Chief Executive Officer /  
Authorized Director

**3. Mr. Prakit Pradipasen**

Independent Director /  
Chairman of the Audit Committee

**4. Mrs. Yupares Thiengtham**

Director /  
Chairman of the Nomination and  
Remuneration Committee

**5. Mr. Yanyong Maethapanich**

Independent Director /  
Audit Committee Member /  
Nomination and Remuneration  
Committee Member

**6. Mr. Philipp Hugo Gutsche**

Director /  
Nomination and Remuneration  
Committee Member





**7. Mr. Martin Jansen**  
Independent Director

**8. Ms. Smornluk Mahasmiti**  
Independent Director /  
Audit Committee Member /  
Nomination and Remuneration  
Committee Member

**9. Mrs. Pariya Chirabandhu**  
Authorized Director /  
Nomination and Remuneration  
Committee Member

**10. M.L. Dhisana Sritavaj**  
Director

**11. Mr. Dumrongrugs Apibalsawasdi**  
Authorized Director

**12. Mrs. Kerry-Ann Shipp**  
Director



# Report on Corporate Social Responsibility (CSR) for Sustainability



**SET  
AWARDS  
2019**

**“HaadThip”**  
Give **2 SET AWARDS**  
about Sustainability

**Rising Star Sustainability Award 2019**  
**Thailand Sustainability Investment (THSI) 2019**  
**(2 Years in Succession)**





The Board of Directors of HaadThip Public Company Limited has established a policy to operate the Company's business with complete awareness of its responsibility to the society and environment, as well as commitment to generate a sound operating result, for the purpose of business growth alongside social and community development in a sustainable manner. The Company's vision "We are the leader of the beverage industry and committed to sustainable development" also reflects the Company's determination to create the highest value possible for its customers, business partners, employees and staff, as well as the society overall. The Company shall create the value by regularly developing the work procedure, innovations and technologies, as well as personnel to ensure their strengths and stability in their potential as well as the mind. All of which will ensure the right balance of efficiency level in both short-term and long-term work process. Moreover, according to the long lasting value and motto of the Company that reads "HaadThip is always by your side through thick and thin" the Company has certainly created a good relationship with its customers, consumers and stakeholders, be it in regards to safety, hygiene, environmental protection all the way to natural resources as well as the well-being of the community and society.

## 1. Commitment to Fair Business Practice

The Company is committed to fair business practice and strictly abides by the law and other requirement set forth by regulatory agencies. The Company is also committed to operate its business by following the Code of Conduct, which has been put in writing as explicit guidelines and regulations for the directors, management and staff of all levels to follow, in order to treat all stakeholders such as shareholders, customers, business partners, competitor, staff and employees with fairness and without seeking an opportunity to serve one's own interest that would be in conflict with the Company's interests.

The Company has established a policy and principles of conduct in regards to non-violation of intellectual property or copyright as part of the Company's regulations under the subject of the Utilization of Computer network, Information and/or Electronics Equipment Act B.E. 2549, in line with

all of the Computer related Crime Acts. Violation of or infringement upon such regulations shall result in the maximum penalty of employment termination and possibly prosecution.

The Company has a Personal Data Protection Policy that helps to protect personal data of the people outside of the Company. The data protection measure of the Company is of international standard and in accordance with the law and regulations stipulated under the Personal Data Protection Act B.E. 2562 (2019) as well as other related laws and amended versions in the future. Detailed information can be found on the website: [www.haadthip.com](http://www.haadthip.com)

The Company has a compensation measure for stakeholders in the case that damage has been inflicted upon the stakeholders as a result of the Company's violation of the legal rights of the stakeholders. The Company also provides an opportunity for notification of tips and clues or complains in regards to violation of the law or Code of Conduct through the Company's Consumers Information Center (CIC). The CIC shall act as a center to receive news and information and consumers' complains. Following the notification of tips or clues, information shall be verified and then reported to the Audit Committee and the Board of Directors. The Company has also arranged for a communication channel for employees to submit their suggestions and complaints on any subject of constraints or frustration in the workplace. Every suggestion shall be taken seriously into consideration, and an effort shall be placed in finding a solution to the problem that shall benefit all parties connected. This is also in line with the human rights principle and development of good working relationships in the workplace. The Company shall provide an opinion box and electronics channel for all staff and employees to have equal and inclusive opportunities to submit their opinions.

The Company has also established the guidelines in regards to appropriate manners of giving and receiving gifts, assets or any other benefits. The objective is to try and prevent any possible channel of fraud or reasons to decide to treat the giver in a way that may lead to inequitable compensation or unfair treatments to other related persons. However, the Company shall take priority in considering the intention of the giver and the receiver in this case in addition, the Company has established a set of guidelines for the roles and responsibility of the management and staff of all levels as well as the Code of Conduct and responsibilities towards all of the interested persons and stakeholders. Such guidelines shall be proven beneficial, as it shall set the standards of job performance for the management and staff on the basis of honesty and integrity. Performance shall be followed up on a regular basis to ensure conformity to the established regulations, with considerateness and respect for the rights of others who coexist in the same society.





Hence the company has communicated the aforementioned policies to its trading partners so that they have the same procedures in compliance with the company's policies. The company has also announced the same policies to staff for their acknowledgement and compliance.

## 2. Respect for Human Rights and Fair Labor Treatment

The Company has a policy to conduct the business by abiding to the law and adhering to the principle of human rights and shall not support any businesses that violate human rights. The Company shall adhere to the principle of equitability in the management of wages, salaries, compensations and benefits and any other employment terms and conditions. The Company shall also recognize the rights to freedom in the gathering of work colleagues; not allow forced labor or child labor to exist; forbid unfair treatment; and proceed with employment selection with no discrimination in terms of gender, religion or political viewpoint. The Company had arranged for a suitable working environment; activities to provide opportunity to create bond, relationship and unity between the organization and employees. Such activities include Bidding Farewell to the Old Year and Welcoming the New Year Project; HaadThip Family Bonding Through Merit Making (Poonpin Production Plant); Children's Day gift-giving to employees' children; 8th "HaadThip Cup" Petanque competition for senior citizens for the year 2019; "Baan Pru Games" sports contest; "Super Songkran for Relationship Building," Promotion of Morale and Ethics Among HaadThip Family; Lent Candle Offering of the year 2019; "HaadThip Unity Cup" relationship building football match of the year 2019; Employees' Birthday gift-giving activity; Ror Jor Ror Yor Activity Day and Employee Retirement Day Activity. The activities had been carried out with an objective to create unity and harmony among the group of staff and build good relationship among employees from different work units.

The Company shall proceed in accordance with Labor Protection Act and Thai Labor Standard, as well as other related laws, regulations and requirements as follows:

**2.1 Hiring Procedure:** Appointment, transfer, compensation and welfare payment shall be carried out in an equitable manner and in accordance with the principle of impartiality and moral principle. Employees shall be compensated with the rate higher than minimum wage rate, and shall have the opportunity to advance in their career according to their knowledge, ability and performance level. All employees are readily informed about the Company's Compensation and Fringe Benefit Policy from the first day of employment as it is started in the Employees Handbook; and from the new staff orientation program.

**2.2 Welfare / Fringe Benefit:** Medical treatment and safety are considered the Company's responsibility, to ensure the welfare of its employees and maintain the right, safe and sanitarian environment of the workplace. The Company shall strictly abide by all labor-related laws, and make the welfare of employees its priority. In 2017, the Company had established a Provident Fund as additional benefit for the employees, in order to provide additional financial security for the employees in the form of retirement savings. The program started off applying only to employees with duration of employment with the Company of 1 year or more, with employee's contribution at 3% and the Company's (employer's) contribution at 3%.

**2.3 Complaints / Whistleblowing:** HaadThip Public Company Limited has intended to perform business operation along the line of fairness and transparency, by adhering to the fact that it must be responsible to the society and all parties of stakeholder, as per the principle of good corporate governance, with the code of ethics as guideline and indicator to business operation. In order to operate in an equitable manner for all parties concerned, as well as show that the Company places utmost importance on verifiable transparency, the Company has, therefore, established the means for employees and staff to be able to report or provide information on any wrongdoings in business operation, be it in the area of financial transaction, conformity to the law, regulations, code of conduct or business ethics, via the provided channels for whistleblowing. In order to build confidence among employees or whistleblowers, the Company shall ensure that such employees will not get into trouble, be harmed or affected in anyway by reporting or providing information on any wrongdoing. As such, the Company has established the methods and channels for whistleblowing or making a complaint on fraud and corruption as follows:





## To report or provide information

It is considered the duty of the Company's employees and staff to report on any situation deemed unlawful, nonconformity to the regulations, code of conduct or business ethics. Employees or whistleblowers can choose to report or provide information in a safe and secured manner, under the policy and guidelines regarding the process of whistleblowing or providing information on behaviors considered unlawful and nonconformity to the regulations, code of conduct and business ethics in relation to the Company's working procedure and operation. The Company shall fully protect each and every whistleblower or reporter of the mentioned information, in such a way that the whistleblower approves and finds suitable for him/herself.

## Recipients of complaints or information

A whistleblower can choose a channel or an individual trusted by the whistleblower to whom the whistleblower chooses to report or provide the information, one way or the other, as follows:

1. A supervisor level of employee in any level and any work unit on whom the whistleblower places trust;
2. The CEO who is also in the position of the Chairman of the Anti-Corruption Measure and Guideline Establishment Committee of the Company;
3. A Committee member, one or the other, of the Anti-Corruption Measure and Guideline Establishment Committee, as specified by the Company.

**Whistleblowing or information providing methods** can be done via the following channels:



Following the investigation, if the information has been proven to be true, the Company shall proceed as follows:

1. In the case that the information on complaint has put the Company in a position that is considered unlawful and nonconformity to the regulations, code of conduct or business ethics, the Company shall immediately put to rights the rectification, prevention and guideline establishment procedure, in order to prevent an impact upon the Company's reputation, image as well as status in all aspects.
2. In the case that the complaints made have created a negative impact or present harm upon a certain individual, the Company shall propose to the affected individual in a prompt manner, a suitable and equitable way to relieve the damage.
3. In the case that the whistleblower has been found guilty of bad intention, telling lies, wishing harm or ill faith, in reporting or providing the information, the investigation procedure shall be put to a halt, and the Company may proceed with disciplinary action upon the whistleblower as a result.
4. The overall process should be completed within 30 days. In the case that more time is needed, the investigator must issue a sound reason to prove the case.

## Protection for whistleblowers or information providers

1. Regarding related information and information that may present an impact upon the whistleblower or information provider, the Company shall treat such information as confidential. In the case that it is necessary for the information to be disclosed, the Company shall disclose only as necessary, by taking into consideration safety of and harmful impact upon the information provider or related individuals. All related individuals from each and every step of whistleblowing information must keep the information confidential without disclosing it to any others. Violations of this rule shall be regarded as serious disciplinary offences.





2. Whistleblower shall be protected in an appropriate manner, and shall not have to encounter such cases as demotion, work suspension, threat, distraction to daily operation, termination of employment, or any other actions regarded as unfair treatment to the whistleblower. The information provided by the whistleblower shall be kept confidential, with no piece of information disclosed to non-related parties, except for the case where it is necessary to disclose the information as stipulated by the law.
3. In the case that the whistleblower finds him/herself in an unsafe position or may be put in harm's way, the whistleblower may urge for a suitable protection measure for him/herself from the Company. On the other hand, the Company may establish a protection measure without an urge or request from the whistleblower, for the case that is likely to put the whistleblower in harm's way or unsafe position.
4. An employee who treats a fellow employee in an unfair or inappropriate manner or cause damage to another employee as motivated by the fact that the latter employee had filed a complaint, provided information or whistle-blown regarding fraud, or nonconformity to the law, rules, regulations, code of conduct or business ethics, including the fact that a lawsuit may be filed, a witness called upon, deposition may be made, or cooperation with the court or other government agencies is needed, shall be regarded as serious disciplinary offences and shall be punished.
5. Individuals who have been troubled, harmed or negatively affected, the damage shall be alleviated by means or procedure that is suitable and fair.

On the subject of complaints submitted through the different channels and systems provided by the Company for the year 2019, the 2 main categories of complaint in relation to the welfare of the employees/staff are as follows:

- 1) Welfare housing for employees is insufficient; and
- 2) The employees do not understand why manufacturing base had to be relocated. However, the Management had already explained in detail and addressed the problems to the employees.

## **2.4 Knowledge and Ability Development for Employees:**

The Company provides inclusive opportunities of employee development and training, both on and off premise, and on a regular basis. For example, the Company has provided educational sessions to its employees on various topics related to each employee's job, in order to develop their skills, vocational ability, technological knowledge, knowledge on domestic and international laws, as well as regulations and requirements. The intention is to improve employees' performance efficiency through implementation of their acquired knowledge and skills, and also to stimulate and create teamwork and maintain good relationships among work colleagues through training programs as well as activities organized on premise.

**2.5 Occupational Health and Environment:** The Company has a policy in regards to safety, occupational health and environment in the workplace, in realizing the importance of a healthy environment at work; believing that accidents, injuries, diseases and ailments inflicted in a workplace can be prevented through safety awareness and employees' cooperation. The Company is prompt to provide any resources for its employees to support and encourage safety in the environment of the workplace and while driving; mitigation of occupational accidents, ailments, diseases and loss; prevention of public hazard; as well as continuous improvement and development on this particular area. This policy shall be communicated to all of the employees of the organization, visitors, contractors, general public and any other interested parties for the purpose of acknowledgement.



### Accident Statistics in the past 3 years:

Year	Total Cases of Accident (No. of Person)	By degree of severity			
		Off-Work (Person)	Able to Work (Person)	Total Off-Work (Day)	Total Able to Work (Day)
2017	11	7	4	31	-
2018	12	11	1	145	-
2019	9	7	2	64	-

The Company has proceeded with and arranged for activities, both by the requirements of the law and by the Company's desire to train and provide knowledge to the employees in regards to accident prevention. The examples of the training courses are: "Safety, Occupational Health and Environment Week No.14" event of the year 2019; "How to Use the AED (Automated External Defibrillator)" Course; "First Aid" Course by Thai Red Cross Society, "First Aid: Resuscitation" Course; "Review of Knowledge on Quality, Safety and Environment for the year 2019" Course; "First Aid: Hearing Conservation Program and Occupational Disease" Course; and a fire drill course: "Fire Evacuation from Employee Housing and Fire Evacuation for the Night Shift Practice." All of which have been arranged to ensure that the employees and staffs have knowledge and understanding on the subjects of safety, health and environment in the workplace; and are reminded to always proceed with their tasks with caution, in order to reduce injury or illness from happening in the workplace. The Company has been certified with OHSAS 18001 of the Occupational Health and Safety standards; and received an Honorary Plaque from The Federation of Thai Industries of Songkhla, for being a model company of a Happy Workplace.

### 3. Responsibility to Consumers

The Company is committed to fair business practice and the business operation that creates benefits for the consumers and clients, by giving heed to quality, safety and occupational health, from the production process all the way to the quality of product delivery and services that meets the level of international standards. Moreover, the Company has imposed a stricter management system responsible for the control of the production proceed as well as product verification and analysis. As a result, the customers and consumers have placed trust in the Company's product and service standards up until these days. The Company's principles of conduct are as follows:

- ▶ Certified by ISO 9001:2008 that sets out the criteria for quality management system
  - ▶ Awarded with a Gold Medal from "Technical Stewardship Excellence Awards 2008 (TSEA 2008)" as the best manufacturer in Southeast and West Asian region, from a total of 30 manufacturers in 6 countries namely Thailand, Vietnam, Cambodia, Malaysia, Singapore and Indonesia
  - ▶ Certified by ISO 22000 Food Safety Management, an international standard that specifies the requirements for a food safety management system
  - ▶ The first manufacturer in Southeast and West Asian region (SEWA Division) to be certified by Q3
  - ▶ The Process Focus Stage in the Quality Management System of The Coca-Cola Quality System
  - ▶ Certified by the Standard for Corporate Social Responsibility, Department of Industrial Works (CSR-DIW Awards) in the year 2010 and certified by CSR-DIW Continuous Awards in 2011, by the Department of Industrial Works, Ministry of Industry
- The Company gives precedence to the operation under consumer-related laws, for example, Consumer Protection Act B.E. 2522 (1979), as amended by the Consumer Protection Act (No.2) B.E. 2541 (1998) as well as Act on Prices of Goods and Service B.E. 2542 (1999)
- The Company can communicate with its consumers through various communication channels as follows:
  - ▶ The Company has a Consumer Information Center (CIC) to receive news and information as well as complaints from consumers
  - ▶ The Company has a procedure to perform customer satisfaction survey (Voice of Customers Project)
- The Company manufactures products of high quality and standard, as it has always been strict in terms of safety and quality of products by the standard of The Coca-Cola Quality System that ensures the same standard worldwide. The Company has also been certified with the following standardized systems:



- The Company has been marketing its products in a fair manner, and providing accurate, sufficient and up-to-date news and information to the customers. There is no marketing activities conducted with youth under 12 years of age in whatever communication channels.
- The Company respects and maintains customers' confidentiality.
- The Company makes contact with its customers in a courteous manner; business partners and consumers place trust in the Company; the Company always ensures promptness in responding to customers as well as in delivering products to the customers.
- Educating consumers is one of the Company's priorities, especially in regards to the Company's activities, products and services. For examples, the Company has educated consumers on the subjects of consumer health and safety, consumer protection and the product labels.
- The company has appointed IMCI (Incident Management and Crisis Resolution) from the managerial members to analyses, make decisions and notify related parties so as to reduce effect upon the products or company.

#### 4. Environmental Management

The Company truly realizes its responsibility for the environment, especially in regards to the possible impact on the environment as a result of the Company's business operation. The Company would like to express its intention and commitment in regards to the environmentally related principle through the establishment of an Environmental Management Policy in order to create a framework for its employees to perform their tasks under the established objectives and goal. This, ultimately, intends for the conservation of environment and to urge the management and staff to progress in the same direction

The Company had passed the standard for environmental management system and certified by ISO14001: 2015. In the year 2017, Haad Yai Production Plant had been awarded with a Green Industry Plaque of level 4, in honoring its achievement of the Green Culture level from the Ministry of Industry. The Company is determined to reach level 5 (Green Network) of the Green Industry, and has already set a plan together within the organization to build a network of green throughout its supply chain, by creating and enhancing relationship and bond through environment-related activities with all of the stakeholders throughout the entire supply chain as well as the community and consumers.

The Poonpin Plant has been constructed in such a way that makes it a prototype of the Green Factory that helps to conserve the environment. It is equipped with skylight roof to receive natural light; makes appropriate use of rain water, with a water quality control system installed to ensure acceptable water standards; equipped with a state-of-the-art waste water treatment system that saves energy during the operation; helps to conserve nature through conservation and planting of trees; and last but not least, its vetiver grass cultivation project has helped to prevent erosion of soil surface. The vetiver grass cultivation project to prevent soil surface from erosion has allowed the Company to become the first and only private company to have won the "Golden Vetiver Grass" award, with a Royal Plaque received as the winner of His Majesty King Bhumibol Adulyadej's vetiver award.

The Company has proceeded according to the policy it has announced, in accordance with the framework and guidelines below:

1. The Company shall proceed strictly in accordance with the following environmental laws:
  - ▶ Notification of Ministry of Industry on the subject of Determination of Particulates Emissions from Stationary Sources B.E. 2549 (2006)
  - ▶ Notification of Ministry of Industry on the subject of Disposal of Waste and Unusable Materials B.E. 2548 (2005)
  - ▶ Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992)
  - ▶ The Energy Conservation Promotion Act B.E. 2535 (1992)
  - ▶ National Energy Policy Council Act B.E. 2535 (1992)
  - ▶ The Groundwater Act (No.2) B.E. 2535 (1992)
2. The Company is determined to become the leader of beverage industry that places values and importance on energy conservation and protection of climate condition. For example, through the use of the new version of refrigerators that utilizes 50% less energy and is free of CFC substance, meaning that it is not harmful to the atmospheric layers and environment; and the Carbon Footprint for Product and Carbon Footprint for Organization Projects. The Company has received certification for Carbon Footprint for Organization for both Hat Yai Plant and Poonpin Plant. As for the Company's products, a total of 58 SKUs of the Company's products have received carbon footprint labels, covering all of the Company's manufactured products in both of its manufacturing plants.



3. The Company is determined to make the most responsible and efficient use of water resources, with the ultimate goal to return an equivalent amount of water used in the Company's production process to the community and nature in a safe and sustainable manner. The Company is equipped with state-of-the-art waste water treatment system that treats waste water generated by the production process. The Waste Stabilization Pond System is an energy-saving system that utilizes natural resources for the treatment, for example, sunlight and water hyacinth, with aerobic and anaerobic decomposition of organic material. The Company has also provided support to various projects in order to meet the above objectives, for examples, construction of 30 check dams and 5 hill irrigation systems through the "Check Dam Construction and Hill Irrigation" for the upstream and watercourse of Cha-Uat, Pak Phanang River Basin Project No.2; "Rak Nam" Volunteer Activity Project to protect the river bank, open the waterway and help setting up household waste water treatment system, Talay Noi River Basin Network, Amphoe Khuan Khanun, Patthalung province.



**Waste Water Treatment  
System at Haad Yai Plant,  
Songkhla**



**Waste Water Treatment  
System at Poonpin Plant,  
Surat Thani**



4. Energy saving Project:

1. Poonpin Solar Roof – Top Project

The Company has a policy to develop alternative energy alongside business operation, as seen through its promotion and support for the installation of the Solar Rooftop system as Poonpin Plant. The power generation capacity is 600 kilowatts, generated from the 1,880 solar panels in a total area of 3,760 square meters. This marks another effort made by the Company to help mitigating the global warming problem, through the use of environmental-friendly energy, and the Company is certainly ready to move forward with sustainable development in this area. Through this system, solar energy was available for utilization at the Plant from February – May 2019, a total of 252 MWh. The result from utilization of energy generated by the Solar Rooftop

System was 10% reduction in the cost of electricity for the Company, compared to electricity charged by Provincial Electricity Authority.

2. To push forward the use of NGV in transportation and product distribution to all areas of the South

The Company still continues with the policy to operate its business with responsibility to the society and is determined to reduce environmental impact resulting from the growth and expansion of the Company. One policy is to reduce utilization of fossil fuel, by using electric power and LPG as fuel for forklifts instead. Moreover, the Company is now pushing for the use of NGV instead of petroleum for transportation and product distribution trucks traveling to all areas of the South, in order to mitigate environmental impact that would lead to the global warming effect.

The Company has established an annual budget for training and educational courses for employees in regards to the environment that take place on a regular basis. These courses include on-the-job training as well as sending employees to participate in external seminars organized by other institutions or agencies, in regards to environmental issues. In 2019, the Company had organized training courses and sent out employees to participate in environmental seminars altogether 36 courses with a total of 660 employees participating in the events, and the total budget for the year was approximately Baht 252,560



## 5. Innovation and promulgation of innovative creations derived from business operation with responsibility to the society, environment and

The Company has a policy to support the development of innovative creations with responsibility to the society and environment. The Company has been certified by ISO 14001:2004 since the year 2007, which is the highest of international standards in environmental management. The innovation on packaging that the Company has been applying, has enabled the Company to reduce the use of plastic by 1,700 tons per year. Moreover, the Company has been able to reduce energy consumption in the production process by 10% since the year 2012 and more than 99% of garbage and waste generated by the manufacturing plants have been through the recycled process, and hence, reused.

1. The Company has developed and created environmental-friendly packaging by way of reducing the quantity of raw materials and resources utilized in the production process. For example, reducing utilization of plastic in the production on PET products; reducing the use of aluminum in the production of 325ml can products; and using plastic wrap without having to use the paper trays.
2. The Company has developed and created the type of packaging that can possibly become valuable resources in the future, for example, 100% of it bottles and cans can be recycled.

3. “Namthip” product has certainly been designed for today’s world and in an environmental-friendly manner. The design and concept used in creating the product is totally new, by using the innovative PET packaging that is extra light. The high technology used in the production of this product is able to help reducing the utilization of such raw material as plastic by 35%, compared to the previous type of packaging. This is another determination in business operation by Coca-Cola throughout the world. This particular PET bottle design is the most lightweight in Thailand. The design also allows consumers to twist the bottle when emptied, in order to reduce space and increase efficiency in the collection and management of recycled waste. The used bottles can go through recycle process and become usable again. The production of “Namthip” Drinking Water helps to reduce emission of greenhouse gases or carbon footprint; plus “Namthip” has also received Halal Certification from The Central Islamic Council of Thailand.



## 6. Participation in Community and Social Development

The Company has a policy to reinforce and strengthen the community by getting involved in “our community” for the purpose of sustainability. The Company shall perform its duties in the areas and localities of its business with total responsibility, be it to provide support, promotion or development for the quality of life, society and environment, so that the communities of the 14 provinces of southern Thailand to remain strong in a sustainable manner. This shall be succeeded through collaboration with all possible sectors/agencies and by means of the 3 fundamental areas of sustainability framework as follows:





**ME:** Enhancing personal well-being and active living for good health, for “me”

**WE:** Building stronger communities, for “our communities”

**WORLD:** Developing and protecting the environment even better, for “our world”

In 2019, the Company had participated in social or community development activities by means of the 3 areas of sustainability framework as follows:

### 1. Football Match Project “HaadThip Youth Cup” No.8 in 2019

HaadThip promotes, supports and provides opportunities to children aged 8-12 years old in the 5 southernmost provinces (Songkhla, Satun, Yala, Pattani, Narathiwat), to encourage them become professional football players in the future. This project came into the picture 12 years ago by intention of Sec. Lt. Phairoch Rattakul, former CEO, ever since the start of the unrest in the 3 southernmost provinces. Being part of the South, HaadThip had decided to help easing troubles in the South by using football as a medium. The competition shall have no racial or religious segregation, but will focus on getting the youth population to recognize the fact that it is moral principle that is a useful tool as life’s guidance for the future. They must learn that the key principle is unity, sportsmanship and forgiveness. They would come to play the game of football happily, with their families present to support them and cheer them on. It could very well be the first time for many children to have the opportunity to get together and get into an activity together with children outside of their community. They would be able to make new friends and gather new experiences. “Beyond winning are friendship and happiness”.



HaadThip Youth Cup event had been organized consecutively for the 8th time, with the final round taking place from 20th-30th July 2019 at the stadium of Prince of Songkhla University, Hat Yai Campus. The champion from this match was Ban Sala Mai School Team from Narathiwat province. The Honor Cup was granted by Gen. Surayud Chulanont together with a scholarship of Baht 25,000. Their dream to become professional football players had been made closer to reality through their trip of a lifetime with SCG Muangthong United Football Club. The children had a chance to learn and train their football skills with the Head Coach of the Academy, whose coaching skill is of world class standard. They also got a chance to learn the skills with SCG players, and to warm up with youth football players of Muangthong Academy. The experience of a lifetime ended with their attending the big football match between SCG Muangthong United FC and Suphanburi FC at SCG Stadium on 25th August 2019.





## 2. Promoting Exercise

HaadThip promotes exercise by supporting the variety of running activities in several areas of the South. For examples, the 21st “Prince of Songkhla University Hat Yai to Nature” Charity Run, Songkhla Marathon, Trang Marathon, Yala Marathon, ARMYLAND, and the 13th Walk-Run Hatyai Marathon 2019. Many folks of the South had shown interest and participated in these events, a real proof that more people have become more health conscious.



## 3. Coca-Cola HaadThip Plant Tour

The Company passes on the experiences, knowledge, happiness and fun to everyone through Coca-Cola HaadThip Plant Tour. The manufacturing plant has been made the off-campus source of learning and education for young students from 14 southern provinces as well as neighboring countries such as Malaysia, Indonesia and Singapore. The Company has been developing and improving its procedure on a continuous and regular basis, in order to provide happiness, satisfaction and good impression to every visitor, not to mention knowledge enhancement to all from real-life experience. Everyone can harvest and further develop from the experience received, in order to develop and improve oneself in the future.



## 4. Color the Wall to Create a Pleasant World” Project

This was a project for 100 students from 10 schools in Krabi province to come and paint a total of 25 blocks of the wall surrounding the premise of the Company’s Krabi branch. The painting was to go by the concept of “Coke-HaadThip and the Environment,” in order for the children to show off their creative painting skills and to instill in them the principle of natural resource and environmental responsibility and conservation.



## 5. Continuance of local culture and tradition

In continuance of the tradition, HaadThip had participated in the Tenth Lunar Month Festival of the year 2019 (on the 15th day of the waning moon of the 10th month), which is a significant cultural event of the southern folks. The essence of the event is to make merit and dedicate the merit to the spirits of the ancestors who have passed. HaadThip had joined the majestic procession, by decorating its part with crown seals from the packaging of the products together with 5 desserts known as the 10th month desserts namely Kanom La, Kanom Pong, Kanom Gong, Kanom Joh Hu, and Kanom Ba, all for the purpose of unending continuance of the southern culture. The event was organized at Sanam Na Muang Public Park and Princess Mother 84 Park (Thung Tha Lat), Amphoe Muang, Nakon Si Thammarat province, with activities taking place from 22nd September - 1st October 2019.



## 6. Distinguished Staff Translator Fund for the year 2019

“Distinguished Staff Translator Fund” by HaadThip PCL was set up and continued as per the resolution of the late Sec. Lt. Phairoch Rattakul, former CEO, through provision of a Baht 380,000 fund as welfare benefit for distinguished staff translators and temporary staffs for the year 2019. The fund was set up in showing appreciation to the mentioned staffs and temps for their dedicated volunteer effort in facilitating the transfer of patients to 24 hospitals in the South of Thailand. The hospitals included Krongpinang Hospital in Yala; Tharongchang Hospital, Amphoe Poonpin, Surat Thani; Phangnga Hospital in Phang Nga; Vachira Phuket Hospital in Phuket; Hatyai Hospital and Songklanagarind Hospital in Songkhla.



## 7. Volunteer Activity for the “Rak Nam” Project

A volunteer activity to protect the river bank, open the waterway and help setting up household waste water treatment. Talay Noi River Basin Network, Amphoe Khuan Khanun, Phattalung province, Coca-Cola Foundation started to provide support to Talay Noi River Basin Network since the year 2018. By doing so, the network has been able to increase efficiency in water reservation and drainage through rehabilitation and development of a watercourse by putting up concrete blocks to elevate the area in front of the pipe and dredging the gut canal. By doing so, the waterways connected, forming a network of waterways that can drain and reserve over 37,000 cubic meters more than before. This activity has provided benefit to over 183 households and over 1,700 rai of agricultural land.



### The activities included:

“Protecting Canal Rod” by planting 2 layers of vetiver grass on a lengthy 6,000 meters of distance along the canal bank to prevent erosion. “Open the waterways” by getting rid of weeds in the canal to increase efficiency in drainage. “Household Waste Water Treatment” by assembling a total of 34 grease trap drums for 34 households to mitigate waste water problem for each household. The outcome that the Company had hoped for was to increase efficiency in water management together with conservation of indigenous plants as well as efficient waste water treatment for the households within the area of Tambon Talay Noi. As a result, 150 households with 500 people and 1,463 rai of agricultural land have benefited from this activity.



## 8. CSR-DIW Project of the year 2019

HaadThip PCL's Poonpin Plant had participated in the project to promote social and community responsibility among manufacturing plants in a sustainable manner (CSR Beginner CSR-DIW) of the year 2019. Poonpin Plant had participated in the activities to disseminate standard knowledge on social responsibility, led by an officer from Department of Industrial Works. The knowledge acquired from the project has been applied and the CSR-DIW project has been implemented at the Company. During the preparation and arrangement of the project, the Company had consulted with and received advice from an expert from The Federation of Thai Industries.

The Company had proceeded with the CSR-DIW Project together with the community of Moo 5, Ban Khuan Sai, Tambon Tharongchang, Amphoe Poonpin, Surat Thani province, by sharing the knowledge and demonstrating to the community how to make soil amendment substance from natural materials. The people from the community had taken the soil amendments back to use in their households and found that their plants and crops grew beautifully; and, therefore, they were able to save the cost on soil amendment purchase.

On 23rd September 2019, Khun Seksan Petchsut, Plant Director, had travelled to Bangkok to receive a Certificate and a Plaque in honoring the Plant for proceeding with the CSR Beginner CSR-DIW Project of the year 2019, at Miracle Grand Convention Hotel, Bangkok.





# Marine Camp

## a Southern Sea Coral Reef Conservation Project

### No.2 of the year 2019



## GROWING WITH OUR COMMUNITIES

**HaadThip** promotes the conservation and making good use of natural resources from the ocean in a sustainable manner. HaadThip, together with Department of National Parks, Wildlife and Plant Conservation, National Parks of Thailand, Reef Guardian Thailand, and volunteers from several agencies in the locality, organized

a Marine Camp - southern sea coral reef conservation project - to survey the damages and grow coral reefs in order to restore and replace them in a vast area of 2,000 square meters near Ko Bolon Leh, Amphoe La-ngu, Satun province. Moreover, the activities had been arranged to instill conscience in the youth population to love, cherish and protect the natural resources in their locality. Garbage collecting was another activity, by collecting garbage from the sea and the beach to help mitigating the problem of sea garbage, which is currently producing a huge impact upon the environment, ecosystem as well as food chain in all of the ocean systems around the world.





## Coral Reef Growing and Propagation Activity



The outcome from beach cleaning activity was a collection of 125 kilograms worth of garbage.



Detail of garbage collected is as follows:

Plastic and rubber	66.5	kk.
Hazardous waste	0.5	kk.
Glass and metal	12	kk.
Biochemical waste	46	kk.



Diving operation for the survey of damages to the coral reefs and garbage collection from under the sea

## Auction of creative works made from garbage

Creative work made from garbage by the children trained at the camp by the team of instructors from Marine National Park Operation 3, Trang Province.



## Anti-Corruption Policy

The Board of Directors has placed great emphasis on business operation with good moral principle and responsibility to the society and all parties of stakeholder, as per the principle of good corporate governance and ethical performance by employees with honesty, fairness and transparency. In order to ensure that the Company and its personnel proceed in the direction of the established policy and guidelines, the "Anti-Corruption Measure and Guideline Establishment Committee," on behalf of the Company, has carried out related activities with stakeholders in an explicit and substantive manner in order to get the essence of the message across to all people involved. Especially for the employees of the Company, that it must become a habit to perform daily operations in accordance with the set guidelines, which would eventually lead the Company to corporate sustainability.

In 2018, the Company's membership with Thailand's Private Sector Collective Action Coalition against Corruption (CAC) had expired and it was time to renew the certificate (the term of each membership period is 3 years). The Company has already renewed the membership by submitting self-evaluation on anti-corruption measure together with related documents to the CAC Committee, and has already been certified as a member of the CAC and shall remain so continuously until the end of term in Q4/2021. HaadThip is 1 out of 356 companies listed on the Stock Exchange of Thailand that have shown an intent to become a member and have been certified as a member of the CAC.

Maj. Gen. Patchara Rattakul, CEO, has placed great emphasis on the subject of anti-corruption; instilled good conscience in the employees of all levels; created realization and pride among employees in doing good deeds and taking moral actions; and acted as a support system to the CAC for its effort in trying to steer forward the anti-corruption mission.



On 24th June 2019, Khun Pana Ratanabanangkoon, Director of the CAC (Collective Action Coalition Against Corruption) together with Khun Nattarawee Areerat, Assistant Certification Manager, and Khun Sorachat Intayung, Certification Coordinator from the CAC team paid a visit to Maj. Gen. Patchara Rattakul, CEO, HaadThip PCL., Khun Voranin Asadamongkol, Vice President - HORECA & Sustainability and Khun Rattanawadee Kiatsimkul, Director - Human Resource Development & Corporate Governance, to discuss the experience of the Company after being certified as a member of the CAC.

## Involvement with Independent Organizations

The Company was given the opportunity to represent the private sector and participate in a forum as a presenter for the Office of the National Anti-Corruption Commission (NACC) in a regional seminar held on 7th June 2019 at Divana Hotel Phuket. The title of the forum was "Effective Anti-Bribery Measures for Private Sector" and the Company was the presenter on the subject of "Suitable Bribery Prevention Measures: Prevent Before Too Late" (with examples of guidelines for practice used at HaadThip PCL.) The intention was to provide examples for businesses of the private sector in Phuket, to set up a plan and arrange for the anti-bribery measures, in line with the guidelines set forth by the Office of the National Anti-Corruption Commission (NACC).







## Establishment of Collective Action Coalition against Corruption Network

On 23<sup>rd</sup> September 2019, the Company had invited a total of 11 business partners from SME group of business to attend a meeting with the Company and listen to the talk on the subject of CAC SME Certification. The intention of the meeting was to create a supply chain and expand the transparent and corruption-free business network. Khun Pana Rattanabanangkoon, Director of Thailand's Private Collective Action Coalition against Corruption (CAC) was the presenter at the meeting, to provide detailed explanation of the program to the meeting. The business partners attending the meeting had shown interest in the program which was very well received by all.

### Change Agent Award 2019

The Company has elevated the status of its membership by joining the CAC SME Certification Program to expand the transparent and corruption-free network, by getting the Company's trade partners from the SME group of companies to realize how important it was to create a supply chain and collectively declare an intent to join the network of transparency. As a result, a total of 13 trade partners of the Company had declared an intent to join the network of transparency, all of which were SMEs from purchasing and procurement department, raw material and strategic procurement department and operation department. This was an important step towards the creation of a strong network, for the purpose of corruption prevention through to the future. The Company was also granted "CAC Change Agent Award for the year 2019" and honored during the 10th Annual CAC National Conference Day event held under the title "Innovations in the Fight against Corruption". HaadThip was 1 out of 5 companies honored with an award this time.



Khun Pariya Chirabandhu, President, received the Change Agent Award 2019 on behalf of the Company, on 18th October 2019 at Regency Ballroom, Hyatt Regency Bangkok Sukhumvit



### No Gift Policy

Following the campaign established by publicly listed companies and their network regarding the No Gift Policy, the Company has also taken part in the campaign and announced its intent to the public in regards to the Company's No Gift Policy, in order for all levels of personnel of the Company to perform their tasks according to the policy of good corporate governance and to create a culture of transparency within the organization.



## COMPANY PROFILE

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<b>Company's Name</b>	: HaadThip Public Company Limited
<b>Abbreviation</b>	: HTC
<b>Registration Number</b>	: 0107537002206
<b>Registered Capital</b>	: 201,210,180 ordinary shares at a par value of Baht 1 per share totaling Baht 201,210,180
<b>Issued and paid-up share capital</b>	: 200,960,500 ordinary shares at a par value of Baht 1 per share totaling Baht 200,960,500
<b>Nature of Business</b>	: Sparkling Beverage Industry

### LOCATIONS

<b>Head Office</b>	: 87/1 Karnchanavanich Road, Baan Pru, Haad Yai, Songkhla 90250
	Tel : (074) 210 008 - 18, (074) 210 025 - 33 (074) 209 240 - 1, (074) 439 644 - 53
	Fax : (074) 210 006 - 7
<b>Poonpin Office</b>	: 206/1 Moo 3, Tha Rong Chamg, Poonpin, Surat Thani 84130
	Tel : (077) 357 385 - 9
	Fax : (077) 313 640
<b>Bangkok Office</b>	: 36/6 Soi Ramkhamhaeng 21 (Navasri), Yaek 5, Phlabphla, Wang Thonglang, Bangkok 10310 Thailand
	Tel : 0 2391 4488
	Fax : 0 2381 2257
<b>Website</b>	: <a href="http://www.haadthip.com">http:// www.haadthip.com</a>
<b>Accounting Period</b>	: 1 January - 31 December
<b>Anti-Corruption progress indicator</b>	: Level 4

### REFERENCE

#### Registrar

##### Thailand Securities Depository Company Limited

93 Rachadapisek Road, Dindaeng, Bangkok 10440

Tel : 0 2009 9000

Fax : 0 2009 9991

SET Contract center : 0 2009 9999

E-mail : SETContractCenter@set.or.th

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

#### Auditor

##### KPMG Phoomchai Audit Ltd.

Empire Tower, 50<sup>th</sup> - 51<sup>st</sup> Floors, Yanawa,

Sathorn, Bangkok 10120

Tel : 0 2677 2000

Fax : 0 2677 222

E-mail (general issues) : [info@kpmg.co.th](mailto:info@kpmg.co.th)

E-mail (service request) : [yyothakarnpinij@kpmg.co.th](mailto:yyothakarnpinij@kpmg.co.th)

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



## Nature of Business and Industry Trend

HaadThip Public Company Limited is a sparkling beverage manufacturer, granted a franchise by the Coca - Cola Company (U.S.A), Atlanta, Georgia, as a producer and distributor of sparkling beverages under the trademarks of "Coca-Cola," "Fanta" and "Sprite," and other products owned by Coca-Cola Company such as Minute Maid, and Namthip, Drinking Water. The Company has 2 manufacturing plants located in Amphoe Haad Yai, Songkhla, and Amphoe Poonpin, Surat Thani, with the products distributed exclusively to the 14 southern provinces of Thailand namely Chumphon, Ranong, Yala,

Krabi, Phuket, Phang-nga, Trang, Phatthalung, Surat Thani, Nakhon Si Thammarat, Songkhla, Satun, Pattani, and Narathiwat. The products are manufactured by the Company, with some of the products purchased from a business partner in Bangkok for distribution. The products comprise of the followings:

1. Sparkling beverages that include Coke, Fanta and Sprite
2. Non-carbonated / Still beverages that comprise of Minute Maid, and NamThip Drinking Water

The Company's main source of revenue is derived from the sales of sparkling beverages in the south of Thailand. The Company's revenue structure for the past 3 years is as follows:

Detail	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Sparkling beverages	6,375.17	94.20	5,400.70	94.68	5,361.13	94.54
Non - carbonated products	392.68	5.80	303.31	5.32	309.86	5.46
<b>Total Revenue from Sales</b>	<b>6,767.85</b>	<b>100.00</b>	<b>5,704.01</b>	<b>100.00</b>	<b>5,670.99</b>	<b>100.00</b>

## INVESTMENT IN SUBSIDIARY COMPANY

### Southern Rocks Company Limited

#### Location:

**Head Office** : 87/1 Karnchanavanich Road, Baan Pru, Haad Yai, Songkhla 90250

**Tel.** : (074) 210-008 -18 ext. 292

**Fax** : (074) 210-006-7

**Branch Office** : 206/2 Moo3, Tha Rong Chang, Poonpin Surat Thani 8410

**Tel.** : (077) 357-385

**Fax** : (077) 313-640

**Nature of Business** : Manufacture and distribute plastic bottles and semi - finished plastic bottles and blowing plastic bottles service that has received investment promotion from BOI

**Registered capital** : 970,000 ordinary shares at par value of Baht 100 per share, totaling Baht 97,000,000 and 970,000 issued and paid-up ordinary shares totaling Baht 97,000,000.

**Company's Shareholding** : 969,932 ordinary shares at par value of Baht 100 per share, totaling Baht 96,993,200 a direct shareholding 99.99 percent of the paid-up capital.





## Business Structure



## Future Industry trend and Competitive Environment

Major players in the soft drink industry in Thailand at present comprise of ThaiNamthip Ltd., a manufacturer and distributor of Coca-Cola products in all regions of the country, in exception of the 14 southern provinces covered by HaadThip Public Company Limited; Pepsi-Cola (Thai) Trading Company Limited, a manufacturer and distributor of "Pepsi"; Serm Suk Public Company Limited, a manufacturer and distributor of "Est Cola"; Aje Thai Co., Ltd., a manufacturer and distributor of Big Cola, and 2 - 3 other small operators in the industry.

The soft drink industry in Thailand is an oligopoly by nature. It is considered difficult for a new operator to enter the industry because high level of investment is inevitable for the purchase of machinery, creation of demand, as well as construction of building structures such as stock warehouses, in addition to sales and distribution vehicles. The characters of the products in the market also do not differ much, and so from the consumers' point of view, each and every product is substitutable. As such, each operator is making an utmost effort to differentiate their products from the others, be it the taste of the products, the image of the products or the image of the Company, especially through regular introduction of new products to the market. Sparkling beverage industry is currently a highly competitive industry, therefore, each Company is in need for adjustment and adaptation at all times. As a result, each bottler is placing great emphasis on continuous advertising and sales promotions throughout the year, in order to maintain exposure and brand recognition; create faith and trust in the products; and prevent consumers from losing interest in the products while creating brand loyalty. Business operators would continue to create value added services or introduce the latest innovation on a regular basis, in order to stimulate and entice the market, with an objective to maintain and acquire more market shares through unique marketing strategies designed and executed by each company.

Sparkling beverages are seasonal by nature, with sales volume often higher during the summer than other seasons. As such, major players usually concentrate their tactics and marketing efforts through main media channels namely television media, social media and printing media in order to generate feedback from the consumers through sales promotion activities to reach as much consumer target group as possible. The Company's strategy is to emphasize on the advertising campaigns to suit the target groups in each area as well as promote good relationships with vendors, community and society in all aspects, while also emphasizes genuine, prompt, reliable and consistent services, with the Coca-Cola standard and quality of products - the products that can be conveniently found and consumed anywhere and anytime, and come in various sizes to satisfy every consumer's preference possible.

In 2019, the Company's sales growth was as high as 19%, which was the result of a great effort made by marketing personnel, in aggressively and intensely making an effort to survey and work on the market in all areas possible. Moreover, various technologies had been adopted and applied to enhance efficiency and effectiveness in sales activities. In 2019, the Company had applied different types of strategy on different sales channel.

For Traditional Trade (TT) group of customers, the Company had set a goal to expand store/customer base as much as possible, and as such, store/customer growth was over 6% as a result. The Company also applied a strategy to stimulate consumer demand at storefront, through integration of Customer Loyalty System or M Game (Merchandise Game). Meaning that each store must have the Company's products ready in the cooler at all time. Moreover, the Company had replaced the coolers for Silver-level stores and upgraded them to Gold-level stores, which had resulted in an increase in sales. As for the new products, the Company recognized that health-conscious



group of customers was on the rise, and therefore, had put an emphasis on trying to drive growth in the zero-sugar product category. This year, revenue from the sales of Coca-Cola No Sugar product had increased by more than 50% for the Coca-Cola Group, which was higher than revenue growth of the same product category in the Thai market of 38%.

The Company's market share in sparkling beverage market is 83.5% on average, remaining number one in the market of the South. The market share in all other products in the non-alcohol ready-to-drink (NARTD) category is 24.4% on average, which is an increase from last year's average market share in this market of 23.6% [Source: AC Nielson]

The Company has forecasted that the growth rate of sparkling beverage market for the year 2020 will be approximately 4-5%. By looking at the overall picture, the growth rate for the Company will be the result of the Company's marketing strategy that includes the strategy to increase our response to the needs of our core customers. Our core customers are consumers and community, Traditional Trade (TT), Wholesale/Indirect customer, and Modern Trade (MT) customers.

For individual consumers and community, emphasis shall be placed on the addition of new products such as healthy beverages, to increase variety for the consumers. The Company shall also create trust in the products by means of product quality control, alongside an effort to mitigate pollution created by the production process. In addition, the Company shall continue to establish and maintain close relationships with customers, in line with the "HaadThip is always by your side through thick and thin" concept, by means of CSR activities and provision of support to various activities inclusive of charitable activities.

As for traditional trade (TT) customers, the Company's objective is to increase efficiency in the management of sales and distribution of products to the market, in order to increase the number of vendors while maintaining the existing customer base. To achieve the objective, the company will develop a procedure to systematically collect accurate and updated customers' data, and set up EDS (Every Dealer Survey) Team to survey all shops including those unrelated to the company in order to search for potential customers.

The company will develop a new sales management system call "Pre-sell" and "Tele-Sale" to serve customers' and consumers needs so that they receive service and product according to their needs in all target areas, to increase effectiveness of customer service, to improve marketing activities, not mentioning cost reduction of sales in the long time.

The Company has also arranged for the Logistic for Ex-Factory Project, which is a development and variation of product transportation and distribution method, through the method of direct transportation from the factory to a wholesale customer for the case of full-truckload order. This method can help to cut down the procedure of transporting the products via a warehouse/branch, with an objective to meet the customers' requirements more instantly and to reduce the transportation cost.

In the case of Modern Trade customers (MT), the Company places the focus on team development, in order to increase service level and ensure readiness of products, to prevent the problem of stock shortage. Efficient supply chain management is the key, so the Company would work closely with the customers on business planning, in order to meet the customers' requirements in the best possible way. The Company has also focused on sales and distribution of new products through convenient store channel, to be in line with changes in consumer behavior.

In addition, the Company has developed and improved the in-house data management system by means of the HaadThip Improvement Project (HIP), to be able to manage all of the business processes and operational activities with SAP (System, Applications, and Products) system in a more efficient manner.

The Company is determined to improve its management policy in every aspect, to ensure higher efficiency on a continuous basis. As such, the Company is confident that it will be able to move forward and generate an even better operating results than the previous year. For the year 2020, the Company has set a goal for sales growth at approximately 5% from the year 2019 (excluding the impact by COVID-19). Moreover, the Company shall continue to place importance in participating in the activities and events of the local community and society. The Company shall do so by providing support and sponsorships to the events concerning local culture and tradition, sports events, education, as well as providing aid to the community when suffering from unfortunate events such as natural disasters or unrest in the 3 southernmost provinces of Thailand.



## Elements of Risk

A risk is an uncertainty of an event that, when occurred, will present a negative impact upon the Company's accomplishment of its objective or target. A risk may be induced by both internal and external factors. The Company has a Risk Management Committee to take responsibility in the analysis and assessment of various risk factors, in order to establish the guidelines for the preparation of internal control strategy, for the purpose of reducing and limiting the level of risk to an acceptable level.

### Risk factors associating with the Company can be summarized as follows:-

#### 1. Raw material sourcing risk:

There is a risk that the quality of raw material is not in conformity to the requirement of the Company. Such risk occurs from the fact that each raw material supplier opts to focus on reducing the cost of raw material for the purpose of cost reduction and customer satisfaction. Such action may possibly lead to the quality of raw material decreasing to the level lower than the requirement set by Coca-Cola, as well as the risk of delayed delivery of the raw material. As a result, the Company has a plan to lower the risk level by cooperating with the same suppliers to mutually develop and improve the quality of raw material; and also to source new suppliers with potential and technological capability in improving the quality of raw material. Fluctuation of the price of raw material also presents another risk, but the Company has already planned to make advance purchase agreement with 2-3 suppliers, with the volume of purchase in accordance with the Company's forecasted volume of production.

#### 2. Risk associating with water source for production:

Ground water is the main source of water used in the production process. The Company has managed the water source risk through the work of the Water Source Risk Assessment Committee, with an expert from Prince of Songkla University as a consultant. The Committee is responsible for the assessment and monitoring of water source risk and forecasting the amount of water needed for production, by considering geographical, climate and hydrological condition. Moreover, consideration of legal risk, changes in the price structure as well as drawing up

a risk management plan for the case of drought also play an important part. Especially for the purpose of management of water source in an efficient manner, and in a way that will not present an impact upon the Company's operation and nearby community.

#### 3. Price Risk:

Since sparkling beverage is a category of product under close surveillance by Department of Internal Trade, Ministry of Commerce, a reasonable price increase is difficult.

#### 4. Risk resulting from changes in consumer preference:

- 4.1 Changes in consumer preference according to the social trend towards becoming more health conscious have shifted consumers' attention to more healthy beverages such as milk, fruit juice, bottled water, mineral water, green tea, etc. The current trend towards healthier life has led to the fact that people are paying more attention to their health, and cutting down on the consumption of food and beverages considered harmful to their health. As such, sparkling beverage industry, which has been viewed as non - beneficial to health, has therefore, felt the impact.
- 4.2 Changes in consumer preference on product types to non - returnable products: Consumers now prefer to consume beverages in the form of non - returnable PET bottles or cans to returnable glass bottles, since non - returnable or one - way products are easily portable. At present, one - way products are sold mainly through channels such as modern trade and convenience stores, and have shown increasing sales volume on a continuous basis as a result of an expansion of an expansion of modern trade outlets, with the latter being the most popular among the current generation of consumers, Such changes in consumer behavior have affected the Company's profitability, since returnable glass bottles generate higher profit per unit. At the same time, distribution of the type of products only shows a decreasing trend. Which is also a universal trend.



## 5. Human Capital Risk :

1. This is an element of risk associated with the policy and strategy in the planning of manpower, especially in association with the nomination and selection of personnel with qualification and attributes suitable for the positions. The risk is also associated with promotion of unsuitable personnel or ones with insufficient knowledge, ability and skills. All of which will present an impact upon the Company's strategic goals and their accomplishment. In order to manage this particular risk factor, the Company has performed the analysis and arranged for a human resource management plan as follows:
  - 1.1 Increasing appropriate personnel recruitment channels for each level of personnel. For example, for executive level recruitment, to use a website that is well-known among experienced personnel who are on the verge of changing jobs to a more challenging one with the possibility of career growth; or to recruit personnel in operation level from agencies in the area, and also by recruiting military personnel who have been discharged;
  - 1.2 Setting up an appropriate format and tool for the selection and recruitment of personnel to fill in a particular position in an explicit manner. Moreover, the interview technique used shall be on the basis of competency, so that the interviewer can train the new recruit to work on the assigned task in a competent and effective manner.
  - 1.3 Developing and improving the employee promotion system into a more appropriate, transparent and equitable one, with a plan to develop each and every personnel, and a clearer and more concrete succession plan.
2. There is also a risk factor associating with personnel development in order to become suitable for a particular position, especially to become a good leader of the organization. It is, therefore, imperative to evaluate the potential and strength of each employee, and try to develop and substantially improve such strength. On the other hand, employees with weaknesses in some area may present obstruction to their performance, and hence, their career advancement in the future. Therefore, it is crucial that the Company arranges for a personnel development plan, on an individual basis, by adopting such human resource development techniques as mentoring program, coaching program, etc. In addition, personnel development for each

individual employee is needed in order for each employee to perform his/her task in a way that meets the Company's expectation and that performance evaluation can be applied to each employee. The ongoing actions and results shall help to reduce employee turnover rate, and employee satisfaction level shall increase as a result.

## 6. Risk Associating with Fraud and Offender:

This type of risk is usually associated with the operation part of the business and has been classified as asset-related fraud. For example, asset misappropriation or the act of using the Company's assets or Company's advances/ petty cash for own benefit. The Company has laid out the guidelines that shall be put to practice in dealing with fraud and offender risk as follows:

1. The Company has set up a mechanism for monitoring, following up and whistleblowing;
2. The Company has stipulated that every unit is to arrange for operation regulations and working procedure via E-document system of Document Control Center, Quality Department;
3. The Company has arranged for investigation procedure for the investigation of fraud committed by employees, which shall be carried out by Investigation Committee and Disciplinary Action Committee;
4. The Company has arranged for a training course on Ethics in Business Operation for new employees in order for every employee to strictly adhere to the Anti-Corruption Policy;
5. The Company has been supporting anti-corruption-related activities all along. For example, through the arrangement of the anti-corruption logo contest; and promotion and commendation of employees with loyalty and honesty. As for employees who commit fraud, which is wrongful to their duty and the Company, the highest disciplinary action shall certainly be imposed upon such employees. Such disciplinary action shall be set as standard for all employees to acknowledge and understand clearly;
6. With the leader of the organization setting a good example for all employees, trust and confidence will be built in the workplace, and the employees will fully and whole-heartedly cooperate in resisting corruption in the workplace.





## 7. IT System Risk:

Information technology plays a big part and is a very important system in any business operation today. The Company also places value on and promotes utilization of IT system in the management and administration of the Company as well as other operations. The Company has adopted the SAP system (System Applications and Products in Data Processing) since the year 2010, to increase efficiency in the workplace with correct, accurate and reliable information for analytical, planning and decision making process. Nevertheless, the following risks associating with the IT system may possibly occur:

1. A risk that the IT systems utilized by the Company may possibly crash, be it the SAP system, email system, etc.
2. A risk that the IT systems currently utilized by the Company may become outdated and cannot be updated to support changes in business environment in a timely manner.
3. A risk from external threat that may cause disturbances, damages or harm to the Company's IT system.

The Company has a way to manage IT system risk as follows:

1. The Company has already arranged for a Disaster Recovery Site, for the purpose of information and IT system recovery.
2. The Company has arranged for internal network system for the use of IT systems within the organization; and also arranged for backup through the use of Backup Link system.
3. The Company has arranged for Security Gateway or a preventive and security system for the information and IT system.
4. The Company provides support for improvement and development of the IT system on a continuous basis.

## 8. Market Risk:

1. Sparkling beverages are seasonal products, with higher demand during the summer season. The Company is, therefore, inclined to encounter the risk of shortage in production during the summer and excess capacity during other seasons. However, the management has already drawn up a production plan and a plan for machinery investment in the most cautious manner, with the use of SAP system to help with the management of this issue.

2. Stiff competition especially in the modern trade market both from competitors in the same industry and other healthy drink companies in particular.
3. Limitation in market expansion because of the Company's distribution territory is limited only to 14 southern provinces, while its major competitor is able to distribute the products nationwide. The scales of operation are, therefore, highly different, allowing the competitor to produce at a lower cost per unit, and hence, having more money on hand for marketing activities.

## 9. Financial Risk:

This is the risk derived from performing normal business operation. Such risk includes changes in the interest rate and foreign exchange rate; and credit risk, which is the risk derived from the fact that the partner of a contract does not abide by the terms and condition of the contract. Detail regarding financial risk is as follows:

1. Interest rate risk is the risk that will occur as a result of future changes in the market rate of interest. This will present an impact upon the operating results as well as cash flow, since most of the interest rates on the Company's loans are floating rates.
2. Foreign exchange risk occurs from the fact that the Company imports raw materials and machinery on an occasional basis. However, the group of companies has entered into a FX Forward Contract in order to prevent the risk of having financial liabilities in foreign currencies.
3. Credit risk is the type of risk that may be incurred from the loss that partner of a contract is unable to repay the loan to the group of companies at maturity as per the stipulated terms and conditions. The Management has, regularly, established a credit policy in order to control the risk, by performing analysis on the financial status of all of the Company's customers who have requested for a credit line at a certain level.
4. Lack of liquidity risk: The group of companies controls the risk associating with the lack of liquidity by always maintaining cash and cash equivalents at a level sufficient for business operation. This action also helps to lessen the impact from fluctuation in the cash flow.



## 10. Risk that may produce an impact on Shareholders' right or investment :

The Company's major shareholders were Ruttakul family (35.57% shareholding), and Gutsche Family Investments (Proprietary) Limited (24.16% shareholding) which was incorporated in South Africa and the Company's business ally. As such, the 2 groups of shareholders hold all together 59.73% (over 50%) of the total paid - up capital. There are therefore, able to control almost all of the resolutions at the shareholders, meeting, be it the appointment of directors and other request for approval that need the majority votes from the shareholders' meeting. Exception, however, is made for the agendas, that either required by the law or the Company's Code of Conduct, for 3 out of 4 votes to be obtained at the shareholders' meeting to call it unanimous. Therefore, it is possible that no other shareholders would be able to try and collect votes in order to verify and offset the votes on the agenda proposed by major shareholders.

## 11. Other Risk Factors :

1. There is a risk that may be induced by public policy like the imposition of the excise tax. Since an increase in the rate of taxation or changes in the method of tax imposition would certainly produce a material impact upon the Company's cost of production i.e. the imposition of excise tax on beverages with sugar as an ingredient, at the rate according to the level of sweetness. The Company has been preparing for this upcoming new tax by experimenting on a new formula with less sugar content; as well as introducing additional new products such as Coca-Cola Zero No sugar and Sprites Zero No sugar in order to reduce the cost of production as well as tax expenditure
2. Unfortunately, natural disasters like storm, flood and mudslide caused by the heavy rains, unfortunately, seem to occur in the southern part of Thailand on a yearly basis with no way to predict the level of severity. These types of disaster inevitably cause life-threatening damage as well as damage on the assets of the community and transportation, tourism or pandemic of disease like the current coronavirus or COVID – 19 which is now spreading all over the world, which is expected to inevitably produce a huge impact upon the world overall economy and the whole nation.

3. Ongoing unrest in the 3 southernmost provinces continues on ever since the month of January 2004 has caused the Company's market share in the mentioned area to gradually and continuously dwindle on a yearly basis.

## Guidelines to dealing with risk factors that may impact the Company's operating results

1. Invest in new machineries in order to increase production efficiency; reduce wastage from the production process; and control the cost of production and operating expense. In addition, the company also has a project of relocating production lines from the Haad Yai factory to the Poonpin factory to make it become the only large production factory. This will allow the management to manage the most appropriate and effective production capability.
2. Develop some new distribution channels and seek opportunities to create sales and profits in both existing and new markets, as well as restructure the product mix according to areas of distribution and the principle of BPPC (Brand, Pack, Price and Channel).
3. Reduce the cost of logistics. The Company has improved its product distribution technique in order to increase efficiency in customer service, by developing a way to promptly distribute products to customers at lower transportation cost. The distribution technique has been altered from the previous 100% sales truck technique to the technique that combines the following 4 methods together:
  1. The traditional sales truck method;
  2. Vending Machine method;
  3. Pre-sell and Tele-sale techniques, which require advance order of products for delivery on a set date and time; and
  4. Direct delivery of products to customers' stores / retail stores (for modern trade or National Account (NA) customers, or wholesalers with high-volume order at a time).



4. Introduce non-carbonated beverages to provide alternatives to health-conscious consumers, by launching products such as Minute Maid in the fruit juice category (Minute Maid Splash, Minute Maid Pulpi and Minute Maid Vita Kids); Namthip Drinking Water; a new launch of Coca-Cola Zero No sugar as well as "Coke Light," for the new generation of consumers who prefer to control their calorie intake while still wanting to enjoy the refreshingly sparkling taste that is the signature of everyone's favorite drink; and also "Coca-Cola Zero Sugar," the new recipe that tastes just like Coke but comes with no sugar. "Coca-Cola Zero Sugar" has been certified by The Nutrition Promotion Foundation, Institute of Nutrition, Mahidol University, as a healthy alternative to sparkling beverages. The company also launches a new Sprites Zero No sugar that has still the refreshingly sparkling taste with the smell of lemon lime that is the signature of the original Sprites that consumers favors.
5. Improve the IT system so that users can analyze the information more expeditiously and accurately. As a result, the management will have a more reliable piece of information for planning and decision-making. The Company had carried out IT development and improvement process in order to improve efficiency of the work and management procedures; and provide a complete network throughout the organization. The software system that the Company has been using since the year 2010 is Enterprise Resources Planning (ERP) by SAP ECC 6.0. During the year 2017, the Company had arranged for the HaadThip Improvement Project (HIP) with an objective to improve and revise the SAP system to ensure higher efficiency level, and also with the ability to provide a more complete coverage to all of the work processes and procedures of all units of the Company. After the completion of the HIP project as planned, the company has continually developed and improved the effectiveness of the SAP system in order to support the technology that is developing and changing rapidly.
6. Adhere to the policy that maintains a longstanding relationship with customers and related organizations outside of the Company, for the purpose of understanding and trust in the Company's product quality and service standards.
7. Continue to proceed with the "HaadThip is always by your side through thick and thin" policy by participating in good times and bad times alongside the people of the south, especially when they encounter catastrophic incidents. The Company also participates in a variety of activities to promote and support the local culture and tradition, youth education, sporting events, community development; and plays an important role, in conjunction with the community, in environmental conservation.





## SHAREHOLDERS STRUCTURE

List of the first 10 Shareholders as of 8th April 2020 (The record date on which shareholders have the right to receive the interim dividend that paid from the Company's profit as of December 31, 2019)

Name – Surname	Number of shares	% of paid-up shares capital
1. GUTSCHE FAMILY INVESTMENTS (PROPRIETARY) LIMITED	49,040,726	24.403
2. Sec. Lt. Phairoch Rattakul's group		
1. Sec. Lt. Phairoch Rattakul	24,439,839	12.162
2. Mrs. Prabhansri Rattakul (spouse)	20,136,281	10.020
3. Miss Pannapa Rattakul (daughter)	15,184,247	7.556
4. Maj. Gen. Patchara Rattakul (son)	10,381,044	5.166
5. Mr. Pichakorn Rattakul (son)	1,473,144	0.733
3. Mrs. Pariya Chirabandhu's group		
1. Mrs. Pariya Chirabandhu	8,661,275	4.310
2. Mr. Apichart Chirabandhu (spouse)	214,272	0.107
3. Mr. Harith Chirabandhu (son)	3,003,400	1.495
4. Miss Chanya Chirabandhu (daughter)	2,047,300	1.019
4. ABERNDEEN SMALL CAP FUND	7,009,423	3.488
5. Miss Sirincha Sitichaivises	4,160,326	2.070
6. Mrs. Chira Sritavaj na Ayudhya	3,183,807	1.584
7. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	3,107,600	1.546
8. Thai NVDR Company Limited	2,917,657	1.452
9. Mr. Teerapatana Chernchom	2,000,000	0.995
10. Miss Wonchalerm Sataman	1,626,264	0.809
11. Others	42,373,895	21.086
<b>Grand Total</b>	<b>200,960,500</b>	<b>100.000</b>

### Distribution of shares by nationality

Nationality	Number of shares	% of paid-up share capital
Thai	145,631,926	72.47
Forieng	55,328,574	27.53
<b>Total</b>	<b>200,960,500</b>	<b>100.000</b>

Remarks : Forieng shareholding limit is 35%



# Dividend Policy

## HTC's dividend policy

"The Company's has a policy to pay out dividend at the rate of no less than 50% to 80% of the remaining Net Profits after deduction of all types of reserves required by the law and set forth by the Company. Dividend shall be paid out accounting to the appropriation of Net Profits from the Company's Consolidated Financial Statements. However, dividend payments shall be based upon the Company's cash flow, investment plan, other necessities and circumstances deemed appropriate in the future.

## Dividend payments for prior years are shown below for reference:

Details of Dividend Payment	2019	2018	2017
Number of paid - up capital (shares)	200,960,500	199,218,000	199,218,000
Profit for the year (million Baht)	440.70	249.07	283.31
Basic earnings per share (Baht)	2.21	1.25	1.42
Dividend per share (Baht/share)	1.76 <sup>1/</sup>	0.80	1.00
Total dividend payment (million Baht)	352.33	159.37	199.22
Dividend as % of profit for the year (%)	79.95	63.99	70.32

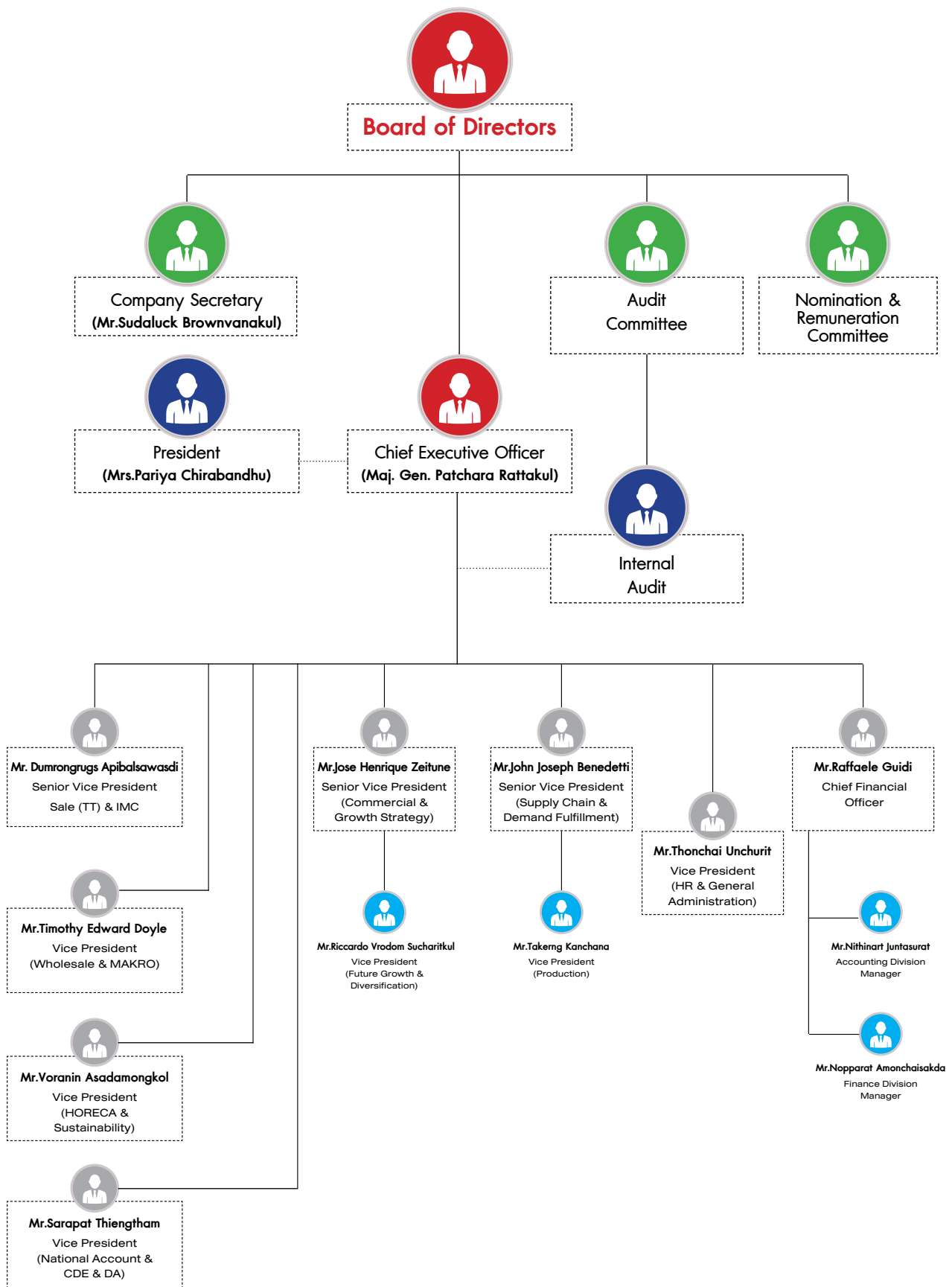
<sup>1/</sup> The resolution had been passed by the Board of Directors' Meeting 2/2020 held on 23rd March 2020 to approve Interim Dividend Payment from the Company's net profits ended 31st December 2019 at the rate of Baht 0.98 per share. This Interim Dividend shall be paid out in place of the annual dividend payout, which is to be proposed for approval from the Annual General Shareholders' Meeting. This Interim Dividend Payment shall serve to reduce any impact that may occur to the shareholders of the Company as a result the postponement of the Shareholders' Meeting until further notice. The postponement is the result of the ongoing pandemic of coronavirus disease 2019 (COVID-19). The Interim Dividend Payment at the rate of Baht 0.98 per share, when adding to the Interim Dividend Payment for the first 6 months of the year 2019, according to the resolution already passed by the Board of Directors on 20th August 2019, at the rate of Baht 0.78 per share, the total dividend payment would then add up to Baht 1.76 per share. This shall serve as dividend payment from the operating results of the year 2019, and the Board of Directors shall not propose for any more dividend payment for the year 2019.

## Subsidiary's dividend policy

Concerning subsidiary's dividend policy, may decide dividend payment by taking into account its remaining cash flow. If the cash flow is substantial enough after legal provisions, the subsidiary may proceed with payment.



## Management Structure





# Management and Administrative Structure

The Management and Administrative Structure of the Company comprises of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, and Management Team. Each member must hold the following qualifications, roles and responsibilities:

## 1. The Board of Directors

The Board of Directors is composed of qualified individuals with experience, leadership character, vision, and independent decision making process, who devote their time and utmost effort in carrying out duties under their responsibility with caution and integrity for the best interest of the Company, shareholders and all stakeholders concerned.

The structure of the Board of Directors of the Company is quite diverse, for examples, it comprises a variety of professions and skillsets, areas of expertise, and different genders. The Board of Directors comprises 12 individuals, with 9 non-Executive Directors which account for 75% of the entire Board of Directors, and 3 Executive Directors as follows:

Independent Directors: 5 persons, which is more than one-third of entire board.

Non - Executive Directors: 4 persons

Executive Directors: 3 persons

Name	Position	Number of Board of Directors' Meetings	
		2019	2018
1. Gen. Charan Kullavanijaya	Chairman / Independent Director	6/6	4/4
2. Maj. Gen. Patchara Rattakul	Director/ CEO	6/6	4/4
3. Mr. Prakit Pradipasen	Independent Director	6/6	4/4
4. Ms. Smornluk Mahasmiti	Independent Director	6/6	4/4
5. Mr. Yanyong Maethapanich	Independent Director	6/6	4/4
6. Mr. Martin Jansen	Independent Director	1/6	2/4
7. Mr. Philipp Hugo Gutsche	Director	3/6	2/4
8. Mrs. Yupares Thiengtham	Director	6/6	4/4
9. Mrs. Pariya Chirabandhu	Director	6/6	4/4
10. M.L. Dhisana Sritavaj	Director	5/6	4/4
11. Mr. Dumrongrugs Apibalsawasdi	Director	6/6	4/4
12. Mrs. Kerry-Ann Shipp <sup>1/</sup>	Director	1/6	-

<sup>1/</sup> Mrs. Kerry – Ann Shipp was elected as a newly Director as per the resolutions of the Extraordinary Shareholders' Meeting on 21 October 2019

**Authorized Directors of the Company:** Maj. Gen. Patchara Rattakul, Chief Executive Officer, is to sign and affix the Company's seal, or Mrs. Pariya Chirabandhu and Mr. Dumrongrugs Apibalsawasdi to co - sign and affix the Company's seal.



**Scope of Duties and Responsibilities of the Board of Directors can be summarized as follows:**

1. To perform duties in accordance with the statutory regulation, objectives, and regulations of the Company as well as the resolutions from the Shareholders' Meeting, with responsibility, discretion and integrity and in the best interest of the Company, and to perform in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission and Capital Market Supervisory Board
2. To establish policies and strategies, objectives, work plans and annual budget as well as to monitor the management activities performed by the Directors and Executives and ensure that such duties are efficiently performed according to their individual assignments, also with regular follow - up system imposed on the work progress of the Management
3. Establishing the policy for the organizational structure of the Company, to comprise a variety of factors necessary for business operation such as professions and skillsets, areas of expertise and gender differences, for examples.
4. To set up a review and to participate in determining vision, mission, purposes and values of the company for the management and all employees to follow in the same direction.
5. To formulate and ensure appropriate and adequate internal control system and risk management system
6. To set a guideline for transactions that may have conflict of interest or may be considered connected transactions
7. To demand that the company holds board of directors meeting and AGM, prepares financial statements and sufficiently and consistently discloses the company's information to related parties.
8. To appoint the sub - committees as necessary through consideration of the Nomination and Remuneration Committee, as well as specify the scope of duties and responsibilities of the sub - committees as follows.
  - (A) Audit Committee
  - (B) Nomination and Remuneration Committee
9. To stipulate that the Chairman of the Board of Directors and the Chief Executive Officer are 2 different individual. Hence, the scope of duties and responsibilities shall be set as follows.
  1. The Chairman of the Board of Directors shall assume the duties to establish policy, establishing business plan, monitoring the management activities of the Management in order to proceed in an efficient manner, providing advice without intervening in the day - to - day management operations. In addition, the Chairman of the Board of Directors must possess leadership skill, with an ability to supervise directors to ensure that they are not under the control or influence of the Management. The Chairman of the Board of Directors shall act as Chairman of the meetings. Including Board of Directors' Meeting and the Shareholders' Meeting in an equitable manner. The Chairman of the Board of Directors must support and encourage meeting attendees to exercise their voting rights and strictly follow the principle of good corporate governance as well as proceed in an efficient manner.
  2. The Chief Executive Officer shall assume the duties of managing and administering daily job routines to ensure that they proceed in line with the objectives, policies, targets, strategies and business plan as approved by the Board of Directors, and under the scope of authority assigned by the Board of Directors.
10. To appoint the Company Secretary and establish scope of duties and responsibilities of the Company Secretary to the coordinator among the executives, directors and shareholders of the Company. The Company Secretary has duty to organize meeting and take minutes of the Shareholders' Meeting and Board of Directors' Meeting, to oversee that the disclosure of information are conducted in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission.
11. To monitor and oversee that the operation and procedure of the Company are in conformity to the laws, regulations and related requirements, as well as the resolutions passed by the Shareholders' Meetings, Securities and Exchange Law; and the requirements and best practice stipulated by the Securities and Exchange Commission, to be in conformity to the Securities and Exchange Act, B.E. 2535, Sections 89/7-89/10.



12. To stipulate that the Board Charter be drawn up and issued for the Board of Directors and every committee/ subcommittee to explicitly determine roles, duties and responsibilities of each board/committee. The Board Charter shall also be used as reference for each and every director and member of the board/committee to perform his/her duty. The mentioned Board Charter must be revised at least once a year, to keep it in line with the direction of the Company's business operation.
13. Approval authority by the Board of Directors:
  1. To approve bank borrowings for the purpose of working capital for the Company, for the part of credit line that exceeds the authority of the CEO;
  2. To approve the receipt or cancellation of credit line for loans, for the part of the credit line that exceeds the authority of the CEO;
  3. To approve the opening or closing of the fixed, savings and current accounts with financial institutions;
  4. To approve the establishment, merging or termination of the subsidiary company, affiliated company or joint venture company of the Company as per the requirements in regards to the acquisition or the sales of assets, as stipulated by the Stock Exchange of Thailand, Securities and Exchange Commission and related laws and legal requirements;
  5. To approve the investments in fixed assets, such as new production line installation project, in accordance with the requirements in regards to the acquisition or the sales of assets, as stipulated by the Stock Exchange of Thailand, Securities and Exchange Commission and related laws and legal requirements;
  6. Other approval authorities shall be in accordance with the Company regulations.

## 2. Audit Committee

Audit Committee comprises of at least 3 Independent Directors. One of the Directors must hold sufficient qualification and experience to perform the review and evaluate the reliability of the Company's financial statements. The term for each set of Audit Committee is 3 years at a time, but a member whose term has expired can be reappointed for the position. In the case that an Audit Committee member's term has expired, or such member is unable to remain in the position until expiration of term by some other reasons, causing the number of Audit Committee members to fall below the required number, then the Board of Directors must appoint a new member to the Audit Committee immediately or at least no later than 3 months following the date of insufficient number of committee members, in order to ensure uninterrupted work progress. The Directors to be appointed as Audit Committee members must possess all of the qualities stipulated in the notifications by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors has appointed the Audit Committee that comprises of 3 Independent Directors who had held a total of 4 Audit Committee Meetings in 2019 as follows:

Name	Position	Number of Audit Committee Meetings	
		2019	2018
1. Mr. Prakit Pradipasen	Chairman of the Audit Committee	4/4	4/4
2. Mr. Yanyong Maethapanich <sup>1/</sup>	Audit Committee Member	4/4	4/4
3. Ms. Smornluk Mahasmiti	Audit Committee Member	4/4	4/4

<sup>1/</sup> Mr. Yanyong Maethapanich are Audit Committee members with sufficient qualification and experience to perform the review and evaluate the reliability of the Company's financial statement, with Ms. Nithinart Juntasurat, Manager of Accounting Division, as a Secretary to the Audit Committee





**Scope of duties and responsibilities of the Audit Committee as assigned by the Board of Directors are as follows:**

1. To review the company's financial report for accurately and completeness.
2. To review the company's internal control and internal audit systems to ensure that they are suitable, sufficient and effective.
3. To review the company's operations to ensure compliance with all relevant and applicable law and standards.
4. To review internal auditor's independence, and approve the appointment and termination of the head of the internal audit function. Outsourcing of the internal audit function has to be reviewed for the independence and approved by the audit committee.
5. To consider and approve internal audit plan, budgets and manpower of the internal audit department.
6. To consider and select as well as propose for the appointment of an Auditor and propose for the Auditor's remuneration; and also to propose for the reappointment of the previous Auditor, and to propose for termination of the previous Auditor, through consideration of trustworthiness and the level of independence of the Auditor; and to attend the meetings with the Auditor without the presence of the Management at least once a year.
7. To review related party transactions and other transactions that may create conflicts of interest, to ensure that they comply with applicable law, are reasonable, and carried out in the best interest of the company
8. To review the company's compliance with private sector's anti- corruption and certification programs, including the Collective Action Coalition against Corruption's Self-Evaluation Tool.
9. The audit Committee should express its opinion on the adequacy of the company's internal control and risk management system, and disclose its opinion in the company' annual report.
10. To prepare the Audit Committee Report for disclosure in the Company's Annual Information Disclosure Form (Form 56-1) and Annual Report (Form 56-2). The Report must be certified and signed by the Chairman of the Audit Committee.
11. Any other assignments required by law or assigned by the board of directors.

The Company has also arranged for an establishment of an Internal Audit Office, in order to oversee and review the Company's progress and performance, to ensure conformity to the established operational system and standard. The internal audit office also acts as a coordinator and provide assistance to the Audit Committee, to ensure good corporate governance.

### **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises at least 3 directors and at least 1 member shall be an independent director. The committee member shall be appointed by the Board of Directors and shall have an office term of 3 years. If the members of Nomination and Remuneration Committee are below the specified number, the Board of Directors shall select and appoint new member(s) within 3 months for continuity in operation.

The Nomination and Remuneration Committee are as follows:

- |   |   |
|---|---|
| 1. Mrs. Yupares Thiengham                 | Chairman of the Nomination and Remuneration Committee |
| 2. Ms. Smornluk Mahasmiti <sup>1/</sup>   | Member of the Nomination and Remuneration Committee   |
| 3. Mr. Yanyong Maethapanich <sup>1/</sup> | Member of the Nomination and Remuneration Committee   |
| 4. Mr. Philipp Hugo Gutsche               | Member of the Nomination and Remuneration Committee   |
| 5. Mrs. Pariya Chirabandhu                | Member of the Nomination and Remuneration Committee   |

<sup>1/</sup> Ms. Smornluk Mahasmiti and Mr. Yanyong Maethapanich are independent directors.



In 2019, The Nomination and Remuneration Committee had held a total of 3 meetings, as follows:

Name	Position	Number of Nomination and Remuneration Committee Meetings	
		2019	2018
1. Miss Yupares Thiengham <sup>1/</sup>	Chairman of the Nomination and Remuneration Committee	2/3	-
2. Ms. Smornluk Mahasmiti	Nomination and Remuneration Committee Member	3/3	2/2
3. Mr. Yanyong Maethapanich	Nomination and Remuneration Committee Member	3/3	2/2
4. Mr. Philipp Hugo Gutsche <sup>1/</sup>	Nomination and Remuneration Committee Member	1/3	-
5. Mrs. Pariya Chirabandhu	Nomination and Remuneration Committee Member	3/3	2/2

<sup>1/</sup> The Board of Directors Meeting on 21st January 2019, approved the appointment of Mrs. Yupares Thiengham and Mr. Philipp Hugo Gutsche as the Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee has responsibilities as assigned by the Board of Directors to perform their duties with responsibility, caution, and honesty as follows.

1. Consideration of Nomination of Company's Directors and Executives
  - 1.1 To establish and review proper structures and qualifications of the Board of Directors, sub - committee and executives, as well as to consider recruitment criteria and process to search for candidates with specific qualifications, suitable for the directorship position by taking into consideration knowledge, specific competencies beneficial to the company, experience in the company's main business and industry so as to enable the Board to determine strategies, policies and supervise so that the strategies are implemented effectively and submit opinion to the Board of Directors for consideration before proposing to the Shareholders' meeting for consideration and appointment.
  - 1.2 To consider the recruitment criteria and process in search for candidates suitable for the positions of the Chief Executive Officer and the Company Secretary in order submit opinion to the Board of Directors for consideration and approval in case of vacancy of the position; as well as establish criteria for consideration of successors and perform other duties as assigned by the Board of Directors.
2. Consideration of Remuneration for Company's Directors and Employees.
  - 2.1 To fairly and reasonably establish and remuneration formats and criteria for the Board of Directors and sub - committees by considering a comparison with other listed companies in the same industry. Remuneration is considered based on accountability and responsibility and annual operating results of the Company to identify remuneration namely, meeting allowance and annual remuneration paid to the Board of Directors and sub - committees before proposing to the Board of Directors before the shareholders' meeting for consideration and approval.
  - 2.2 To consider performance evaluation formats and criteria for the Company's employees or KPI (Key Performance Indicators) to determine salary increments and annual bonus payment based on the market and economic situations and submitting opinion to the Board of Directors for consideration and approval.
3. To perform other duties as assigned by the Board of Directors.



4. Preparation of Nomination and Remuneration Committee Report once a year to be proposed to the Company's Board of Directors by disclosing it within the Annual Information Disclosure Form (Form 56-1) and the Annual Report (Form 56-2) of the Company, signed by the Nomination and Remuneration Committee Chairman. it's required to state numbers of meetings and attendance of the Nomination and Remuneration Committee.

#### 4. Independent Directors

As at 31st December 2019, the Board of Directors comprised of 12 Directors, where 5 which was more than one-third of the total number of Directors were Independent Directors as follows:

1. Gen. Charan Kullavanijaya
2. Mr. Prakit Pradipasen
3. Ms. Smornluk Mahasmiti
4. Mr. Yanyong Maethapanich
5. Mr. Martin Jansen

#### Selection Criteria for Independent Directors

The Board of Directors has defined the qualification of the Independent Directors which is stricter than those defined by the Capital Market Supervisory Board, the detail of which as in Article 1 the shareholding, as follows:

1. Shareholders who are holding no more than 0.05% of total voting shares of the Company, the parent company, the subsidiary company, the affiliated company, major shareholder or person with controlling interest in the Company, including shares held by related persons to each Independent Director.
2. Neither having a position nor had been the Executive Director, employee, staff or advisor who receive salary from or a person with controlling interest in the Company, parent company, affiliated company, subsidiaries of the same level, major shareholder or of person with controlling interest in the Company, unless has abstained from such duty for at least 2 years. However, the mentioned prohibition shall not include the case that an Independent Director was formally a civil servant or an advisor to the government sector that is a major shareholder or holds controlling interest in the Company.
3. Neither related by blood nor by legal registration as parent, spouse, sibling or child, including spouse of child, executive, major shareholder, person with controlling interest in the Company or person to be nominated as an executive or person with controlling interest of the Company or subsidiaries.
4. Neither having nor had business relationship with the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company in such a way that may prevent independent decision making, including not having been or used to be a shareholder deemed material or person with controlling interest in the person with business relationship with the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company unless the person has been abstained from such relationship for at least 2 years.
5. Neither being nor had been the Auditor of the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company, and not a shareholder deemed material, person with controlling interest or partner of the audit firm with whom the Auditor of the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company is an employee, unless the person has been abstained from such duty for at least 2 years.
6. Neither being nor had been a provider of professional services, including legal or financial services that receive service fees of more than two million Baht per year from the Company, parent company, subsidiary company, affiliated company, major shareholder or person with controlling interest in the Company; and not a shareholder deemed material, person with controlling interest or partner of such service providers, unless the person has been abstained from such duty for at least 2 years.
7. Not a director who has been appointed to represent the Company, major shareholder or shareholders who are related to the major shareholders of the Company.



8. Neither operating the same type and condition of business and considered a major competitor to the business of the Company or subsidiaries; nor a shareholder deemed material of the partnerships or an Executive Director, employee, staff or advisor who receives fulltime salary or holds over 1% of total voting shares of the other Company that operates the same type and condition of business as the Company and is considered a major competitor to the business of the Company or subsidiaries.
9. Not having in possession any other characteristics that may hinder the Director from rendering independent opinions regarding the Company's operations.

### **The selecting nominees to serve on the Board of Directors**

The Board of Directors has assigned the duties to the Nomination and Remuneration Committee to consider and screen personnel with knowledge, abilities and qualification as per the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand, and to propose the names of the individuals deemed suitable for the director position to the Board of Directors in the following manner, and the names shall be proposed to the Shareholders' Meeting for consideration and approval thereafter:

1. The Nomination and Remuneration Committee shall consider the individual's knowledge and specific skill/ability deemed beneficial to the Company, as well as experiences in business operation or in the core business in the industry that the Company operates in, so that the Board of Directors can establish strategies, policies and regulations and monitor such individual to conduct the business in such a way that it effectively proceeds in the direction of the Company's strategy. Education and work experiences of such individual shall also be considered without any gender discrimination.
2. The Board of Directors has issued a policy to provide equitable rights to all shareholders, especially minority shareholders, in proposing in advance the names of individuals deemed suitable to become new directors. The rules and methods of proposal had been published on the website of the Company: [www.haadthip.com](http://www.haadthip.com) under the subject of "Investor Relations" ► "Shareholders' Information" ► "Shareholders' Meeting." Thereafter, the Nomination and Remuneration Committee shall perform the consideration and selection process as per the rules previously established, before proposing to the Board of Directors to further propose to the Shareholders' Meeting for final approval.
3. The selection process of the Company's director shall be in conformity to the Company regulations and related legal requirements. The Shareholders' Meeting shall consider and select the directors to the Company in regards to the rules, regulations and methods as follows:
  1. Each shareholder has a voting right equivalent to one share to one vote
  2. In the election process, the shareholders can cast their votes to elect one Director, or a group of Directors at a time, or by any other methods as deemed appropriate by the Shareholders' Meeting. During the voting procedure, however, the shareholders can only exercise their voting right as per condition (1) above, and cannot allocate any portions, less or more, of their voting rights to any one Director or group of Directors
  3. Appointment of Directors shall be decided by majority votes. If the votes are tied, the Chairman of the Meeting shall cast the vote to determine the final outcome

At the Annual General Shareholders' Meeting held each year, one third of the Directors shall be retired. If the number of Directors cannot be divided evenly by one third, the number of retiring Directors shall be as close to one third as possible.

The names shall be drawn and announced, for Directors to retire in the first and second year following registration. But for the following years, the method employed will be to retire the Director with longest tenure. In the case that the number of Directors with longest tenure exceed that of the number of Directors to retire at that time, the names of Directors to retire at that time shall be drawn.

The Directors whose tenure has expired may be re - elected.





## Shareholdings of the Directors Report

No.	Name of the Directors	Number of Shares		Increase (Decrease) during the year
		31 Dec 2019	31 Dec 2018	
1.	Gen. Charan Kullavanijaya	-	-	-
2.	Maj. Gen. Patchara Rattakul	10,381,044	10,381,044	-
3.	Mr. Prakit Pradipasen	-	-	-
4.	Mr. Philipp Hugo Gutsche	266,058	266,058	-
5.	Mr. Martin Jansen	-	-	-
6.	Mrs. Yupares Thiengtham	30,120	30,120	-
7.	Ms. Smornluk Mahasmiti	-	-	-
8.	Mrs. Pariya Chirabandhu <sup>1/</sup>	8,875,547	8,875,547	-
9.	Mr. Yanyong Maethapanich	-	-	-
10.	M.L. Dhisana Sritavaj <sup>1/</sup>	3,183,807	3,183,807	-
11.	Mr. Dumrongrugs Apibalsawasdi	-	-	-
12.	Mrs. Kerry-Ann Shipp	-	-	-

Notes : <sup>1/</sup> Inclusive of shares held by spouses

## 5. Management Team

As at 31st December 2019, the Company's Management Team comprised of the followings:

Name – Lastname	Position
1. Maj. Gen. Patchara Rattakul	Chief Executive Officer
2. Mrs. Pariya Chirabandhu	President
3. Mr. John Joseph Benedetti	SVP - Supply Chain & Demand Fulfillment
4. Mr. Dumrongrugs Apibalsawasdi	SVP - Sales (TT) & IMC
5. Mr. Jose Henrique Zeitune	SVP - Commercial & Growth Strategy
6. Mr. Raffaele Guidi	Chief Financial Officer (CFO)
7. Mr. Takerng Kanchana	VP - Production
8. Mr. Thongchai Unchurit	VP - HR & General Administration
9. Mr. Sarapat Thiengtham	VP - National Account & Direct Chanel
10. Mr. Timothy Edward Doyle	VP - Wholesales & MAKRO
11. Mr. Voranin Asadamongkol	VP - HORECA & Sustainability
12. Mr. Riccardo Vrodom Sucharitikul	VP - Future Growth & Diversification
13. Ms. Nithinart Juntasurat	Accounting Division Manager/ Chief Accountant
14. Ms. Nopparat Amornchaisakda	Finance Division Manager



## Scope of duties and responsibilities of the Chief Executive Officer

1. The Chief Executive Officer shall determine the vision, mission, corporate value, objective, policy, business plan as well as the Company's business operation strategy, financial planning, human resource management and the annual budget.
2. The Chief Executive Officer shall also follow up and evaluate the Company's operating results on a regular basis, in order to prevent any possible risks that may incur from both internal and external factors, which may cause failure to meet the established objectives.
3. The Chief Executive Officer holds the power to appoint the working teams and committees for the best interest of the Company and for the purpose of efficient and transparent management activities.
4. The Chief Executive Officer holds the power to issue rules and regulations, orders, requirements and notifications, for all operations and tasks to progress according to the policies and to the best interest of the Company, as well as to maintain the code of conduct within the organization in the most efficient manner.
5. The Chief Executive Officer shall possess authorizational power as stipulated in the regulations, and approval authorization as considered and approved by the Board of Directors' Meeting.
6. The Chief Executive Officer shall ensure that business is operated and progressed in accordance with the rules and regulations, orders and requirements established by the Company as well as rules and regulations as per the Securities and Exchange Act; and the requirements and operational guidelines set forth by the Securities and Exchange Commission, the Stock Exchange of Thailand and any other rules related to the Company's business.

## Shareholdings of Management Team Report

No.	Name	Number of Shares		Increase (Decrease) during the year
		31 Dec 2019	31 Dec 2018	
1.	May. Gen. Patchara Rattakul	10,381,044	10,381,044	-
2.	Mrs. Pariya Chirabandhu <sup>1/</sup>	8,875,547	8,875,547	-
3.	Mr. John Joseph Benedetti	-	-	-
4.	Mr. Dumrongrugs Apibalsawasdi	-	-	-
5.	Mr. Jose Henrique Zeitune	99,600	-	99,600 <sup>2/</sup>
6.	Mr. Raffaele Guidi	99,600	-	99,600 <sup>2/</sup>
7.	Mr. Takerng Kanchana <sup>1/</sup>	123,298	34,998	88,300 <sup>2/</sup>
8.	Mr. Thongchai Unchurit	9,580	9,580	-
9.	Mr. Sarapat Thiengtham	106,853	7,253	99,600 <sup>2/</sup>
10.	Mr. Timothy Edward Doyle	99,600	-	99,600 <sup>2/</sup>
11.	Mr. Voranin Asadamongkol	99,600	-	99,600 <sup>2/</sup>
12.	Mr. Riccardo Vrodom Sucharitkul	99,600	-	99,600 <sup>2/</sup>
13.	Ms. Nithinart Juntasurat	-	-	-
14.	Ms. Nopparat Amornchaisakda	-	-	-

Notes : <sup>1/</sup> Inclusive of shares held by spouses

<sup>2/</sup> Exercise the rights new ordinary shares under HTC ESOP Scheme



## Director and Management Remuneration

The Company's Board of Directors has assigned duty to the Nomination and Remuneration Committee to consider the remuneration for the directors and executives and propose its opinion to the Board of Directors for consideration of the remuneration for the executives and employees of the Company. As for the remuneration for the Board of Directors, it shall be proposed to the Shareholders' Meeting for its consideration. However, the remuneration for the directors is considered by comparing with other companies in the same industrial sector that will also provide incentive and sufficient retain qualified Directors, before proposing to the Shareholders' Meeting for approval.

1. The Annual General Shareholders' Meeting of the year 2019, was held on 24th April 2019, a resolution had been passed for the remuneration of the Board of Directors and sub-committee of the year 2019 at the same rate as that of 2018 as per the following detail:

Committees	Position	2019		2018	
		Remuneration (Person/Year)	Meeting Allowance (Person/Meeting)	Remuneration (Person/Year)	Meeting Allowance (Person/Meeting)
Board of Director	Chairman	253,000.00	10,000.00	253,000.00	10,000.00
	Directors	181,500.00	10,000.00	181,500.00	10,000.00
Audit Committee	Chairman	253,000.00	5,000.00	253,000.00	5,000.00
	Member	181,500.00	5,000.00	181,500.00	5,000.00
Nomination and Remuneration Committee	Chairman	16,500.00	3,000.00	16,500.00	3,000.00
	Member	11,000.00	3,000.00	11,000.00	3,000.00

2. The Extraordinary General Meeting of Shareholders No. 1/2019 was held on 21st October 2019 approved the payment of the extra bonus for the Board of Directors, totaling approximately Baht 3 million or not exceeding 1.00 percent of the operating results of the first half of 2019 which shall be paid equally to each director.

**Monetary Remuneration:** Summary of Monetary Remuneration per Director for the year ending 31st December 2019

Name-Lastname Position	Extra Bonus	Remuneration (Baht/person/year)			Meeting Allowance (Baht/Person/meeting)			Total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Board of Directors	Audit Committee	Nomination and Remuneration Committee	
1. Gen. Charan Kullavanijaya Independent Director/ Chairman	272,727.00	253,000.00	-	-	60,000.00	-	-	585,727.00
2. Maj. Gen. Patchara Rattakul Director / CEO	272,727.00	181,500.00	-	-	60,000.00	-	-	514,227.00
3. Mr. Prakit Pradipasen Independent Director / Chairman of the Audit Committee	272,727.00	181,500.00	253,000.00	-	60,000.00	20,000.00	-	787,227.00
4. Mrs. Yupares Thiengtham Director / Chairman of the Nomination and Remuneration Committee	272,727.00	181,500.00	-	16,500.00	60,000.00	-	6,000.00	536,727.00



Name-Lastname Position	Extra Bonus	Remuneration (Baht/person/year)			Meeting Allowance (Baht/Person/meeting)			Total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Board of Directors	Audit Committee	Nomination and Remuneration Committee	
5. Ms. Smornluk Mahasmiti Independent Director / Audit Committee Member/ Nomination and Remuneration Committee Member	272,727.00	181,500.00	181,500.00	11,000.00	60,000.00	20,000.00	9,000.00	735,727.00
6. Mr. Yanyong Maethapanich Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member	272,727.00	181,500.00	181,500.00	11,000.00	60,000.00	20,000.00	9,000.00	735,727.00
7. Mrs. Pariya Chirabhandhu Director / Nomination and Remuneration Committee Member	272,727.00	181,500.00	-	11,000.00	60,000.00	-	9,000.00	534,227.00
8. Mr. Philipp Hugo Gutsche Director/ Nomination and Remuneration Committee Member	272,727.00	181,500.00	-	11,000.00	30,000.00	-	3,000.00	498,227.00
9. Mr. Martin Jansen Independent Director	272,727.00	181,500.00	-	-	10,000.00	-	-	464,227.00
10. M.L. Dhisana Sritavaj Director	272,727.00	181,500.00	-	-	50,000.00	-	-	504,227.00
11. Mr. Dumrongrugs Apibalsawasdi Director	272,727.00	181,500.00	-	-	60,000.00	-	-	514,227.00
12. Mrs. Kerry - Ann Shipp <sup>1/</sup> Director	-	-	-	-	10,000.00	-	-	10,000.00

<sup>1/</sup> Mrs. Kerry – Ann Shipp was elected as a newly Director as per the resolutions of the Extraordinary Shareholders' Meeting on 21 October 2019

**Non- Monetary compensation:** Directors' and Officers' Liabilities Insurance : D&O





## 2. Management Remuneration

### 1. Monetary Compensation

Management remuneration has been set through the policy and requirements established by the Company, which are also linked to the operating results and Key Performance Indicators (KPI). The remuneration is always set at a level that will provide incentive and sufficient retain qualified Directors. Management remuneration in monetary term for the year ending 31st December 2019 is as follows:

	No. of Persons	Amount (Baht)
Monthly Salary	14	69,981,669.00
Bonus	14	9,128,365.00
Contribution to provident fund	14	1,666,917.00
<b>TOTAL</b>		<b>80,776,951.00</b>

### 2. Non – Monetary compensation :

- 2.1 Company' car
- 2.2 Employee Stock Option Program under HTC-ESOP Scheme
- 2.3 Accident Insurance (Group)

## Company's Personnel

As of 31st December 2019, the company employed 2,286 staff whereas its subsidiary had 21 staff, are as follows:

The Figures of Employees Classified by Levels	Number of Persons	
	Company	Company's Subsidiary
Operation Worker Level	1,471	16
First - Line Manager Level	512	3
Middle Manager Level	206	1
Top Manager Level	97	1
<b>Total</b>	<b>2,286</b>	<b>21</b>

Number of staff based on types of employment	Company		Company's Subsidiary	
	Male	Female	Male	Female
Permanent staff	1,726	550	17	4
Temporary staff	4	6	-	-

Total expenses for the Company's employees' benefits in 2019 and 2018 are of Baht 933.05 million and Baht 713.71 million, respectively, which are consisted of Monthly salary, wages, overtime pay, welfare medical expenses, contribution to provident fund and other grants, etc.

The Company has not been engaged in any labor disputes in the past 3 years because the Company has had good relationship with its employees. Staff turnover rate is considered low, in 2019 the employee resignation rate was at 0.97% decreasing from 2018 by 1.10% and no union has been established for the employees.



## People Development Policy

The Company has an explicit policy for human resource development, which is to promote and support development of the potential and capability of the Company's personnel of all sectors and all levels thoroughly and comprehensively, as well as continuously and in a suitable manner. The objective is to enhance the capabilities and create conscience as well as attitude in such a way that each and every personnel can steer their attitude or perspective in the direction that would be beneficial for themselves, their families, the society and the nation. In addition, the Company would like to instill good conscience in its personnel and ensure that their morale, ethics, values and attitude or perspective are in the right place. Moreover, the personnel must possess up-to-date knowledge, capability and skills suitable for the modern days, which can be adapted and applied in their jobs and assigned tasks, and in accommodating the fast and ever-changing world.

### Training Courses

In 2019, the Company had arranged for training courses in several areas for its personnel, from management level to supervisor as well as operational levels, both on and off-premise, to be in line with the organization's vision. The courses also served to upgrade the operational capabilities of the personnel as well as enhance knowledge and ensure comprehensiveness in operational skill, management skill, short-term vocational skill as well other skills. The 134 training courses arranged and completed are as follows

▶ Quality, safety and environmental system	36	courses
▶ Organizational culture	4	courses
▶ Development of operational skill	112	courses
▶ Supervisory development	20	courses
▶ Corporate social responsibility (CSR)	12	courses
▶ Short vocational training courses	3	courses

Moreover, the Company continuously encourages higher education to all of its employees, through provision of scholarships and time for the study of Bachelor's, Master's and Doctorate Degrees to its employees on a continuous basis. In 2019, the Company granted 2 scholarships for Master's Degree level and 1 for Bachelor's Degree level.

In 2019, the Company's expenses on training courses and human resource development totaled to Baht 13 million.

### Short Vocational Training Courses for the year 2019

Apart from the annual training courses, the Company also encourages its employees to acquire knowledge in and develop vocational skills, in order for them to make use of the knowledge acquired in their everyday lives. Such knowledge can also serve as extra income for the employees or lead to good use of their free time. As such, the Company had arranged for "short vocational training courses" as follows:

#### Home Economics:

1. Courses on how to make "Kanom Tuay", "Kanom Tago", "Kao Niaw Condo" and "Kanom Mor Gang": 2 groups
2. Courses on how to make "Curry Puff and Pan Klib (Stuffed Flour Dumplings)": 1 group
3. Courses on how to make "Salapao (Steamed Pork Buns)": 1 group

**Handwork:** Courses on how to make "Funeral Wood Flowers"



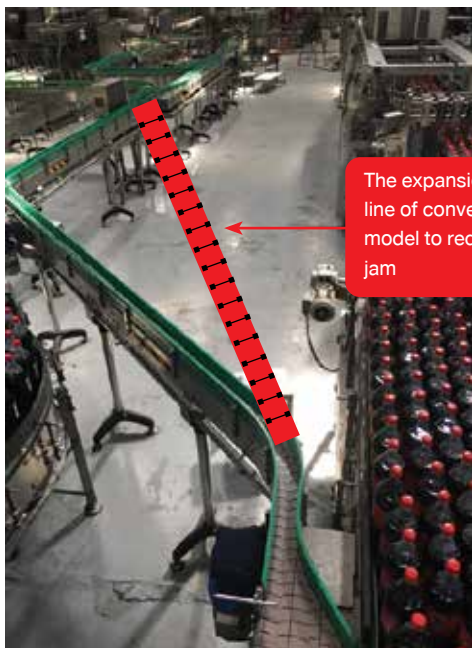
## Best Creative Idea Project

The Company encourages its personnel to come up with original and creative ideas because it believes that every organization would appreciate and embrace the original ideas, innovative ideas or creative ideas coming from their employees, since these ideas will certainly help to develop and improve the organization continuously. The Company, therefore, invited its employees to participate in the "Best Creative Idea Project" to encourage and support the creative ideas thought up by the employees. Many creative ideas by the employees have actually and substantially benefited the Company. Some have helped to lower the cost of production; while some have helped to lower losses or rectify the operational problems and increase efficiency. One example of the Best Creative Idea of an employee is the widening of the conveyor belt at the entrance to Auto Pack Machine.

### Subject : Conveyor Belt Expansion to the Auto Pack Machine

#### Problem :

Entry to the Auto Pack when producing the 500ML products has too small a conveyor belt to deliver the products to the Auto pack, causing bottles to get stuck and having to employ officers to monitor



The expansion with direct line of conveyor belt model to reduce bottle jam



Currently the entry position of 500 ml. products movement on narrow conveyor belt to Auto Pack is often jam, thus officer's monitoring are required.

The current conveyor belt of 500 ml. products is narrow.

#### Problem Solving :

To enlarge the conveyor belt to reduce the problem of stuck bottles and make the belt direct.

#### Result :

Machine operates faster, reducing break down, stuck bottle problem and necessity to have officers monitor all the times.

Re: Conveyor Belt Expansion for the Auto Pack Machine Entries

by Mr.sitthichai Yodprasit

Position : Shift Leader PET Line





# Corporate Governance

The Board of Directors has placed an importance on the principle of Good Corporate Governance and understands its roles, duties and responsibilities to the Company, shareholders and all stakeholders concerned. The Company has been abiding by the policy and procedure for the Board of Directors of a listed company, in accordance with the guidelines set forth by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Accordingly the company was rated in the Corporate Governance Scoring for 2019 at a rate of "Very Good" or 4 star level (★★★★), by Thai Institute of Directors (IOD).

## Policy on Corporate Governance

The Board of Directors has established a Corporate Governance Policy for the Company, which is in line with the guidelines set forth by The Stock Exchange of Thailand and Securities and Exchange Commission, Thailand (SEC), in order for directors, management and employees of all levels to adhere to in performing their tasks with responsibility, caution and honesty. The guidelines can be summarized as follows:

1. The Board of Directors shall perform their duties with dedication, responsibility, independence, caution and honesty in order to accomplish the established objective and mission. The roles and responsibilities for the Chairman and CEO are explicitly and completely separated.
2. The Board of Directors plays a crucial role in establishing vision, strategy, policy and crucial plans of the Company, through consideration of risk factors and establishment of suitable management guidelines, as well as ensuring that the accounting system, financial reporting system and auditing system are reliable.
3. The Board of Directors shall be the leader in the realm of ethics; be a good example in performing their duties according to good corporate governance; monitor, take care of and solve the problems concerning conflicts of interest and connected transactions.
4. The Board of Directors may appoint an Ad Hoc Committee when deemed appropriate, to help considering and filtering essential pieces of work in a cautious manner.
5. The Board of Directors is responsible for the establishment of the Company's philosophy and Code of Ethics, for the Board of Directors, management, officers, staffs of all levels as well as employees to follow as operational guidelines, together with the Company's Articles of Association.
6. The shareholders of the Company shall be treated in an equitable manner; hold the rights to gain access to the information system as well as appropriate channels of communication with the Company.
7. The Company must have a system for selection of suitable personnel to take on the responsibility in a management position; and a nomination process that is transparent and impartial.
8. The Company must disclose financial and non-financial information in a sufficient, reliable and prompt manner, in order for the shareholders and stakeholders of the Company to receive the information in an equitable manner; and must arrange for an investor relations officer to be responsible for provision of information to investors and general public.
9. The Board of Directors must set up a system that provides support on anti-corruption matters in an efficient manner, as an assurance that the management is seriously aware of and recognizes the gravity of anti-corruption matters, and strictly follows the anti-corruption measures.

The actions deemed material and in accordance with the Corporate Governance Policy that the Company has already excuted can be summarized as follows:

### 1. Shareholders' Rights

The Company has a policy to proceed in a fair manner on the preservation of fundamental and equitable rights of all shareholders as required by the law. As the owners, the shareholders are entitled to attend shareholders' meeting, take adequate deliberation time, and acknowledge meeting minutes.





## 1. Arrangement of Shareholders' Meetings

The Company has set a requirement for the Annual General Shareholders' Meeting to be held one time per year, and within 4 months after the end of the Company's accounting period. In case of urgent matters that may impact or relate to the benefits of the shareholders or to the terms and conditions or requirements or law enforcement that require approval from the shareholders, the Company shall call for the Extraordinary Shareholders' Meeting on a case-by-case basis.

For the year 2019, the Annual General Shareholders' Meeting was held on 24th April 2019 at 14.30 hrs. at Ballroom 2, 5th Floor, S31 Sukhumvit Hotel, 545 Sukhumvit 31, Klong Toey Nua, Wattana, Bangkok

And the Extraordinary General Shareholders' Meeting 1/2019 was held on 21st October 2019 at 14.30 hrs. at Ballroom 2, 5th Floor, S31 Sukhumvit Hotel, 545 Sukhumvit 31, Klong Toey Nua, Wattana, Bangkok, in order to consider and approve the Employee Stock Option Program by the name of HTC ESOP Program

## 2. Advance distribution of the Letter of Invitation

The Company has appointed Thailand Securities Depository Co., Ltd. (TSD), its securities registrar, to send out invitation letters to the shareholders. Each Letter of Invitation shall contain the meeting agendas in detail, supporting documents, copy of the previous meeting, Annual Report and proxy form, to be sent out to shareholders at least 14 days prior to the meeting date. Advertisement shall also be placed in newspapers for 3 consecutive days and at least 3 days prior to the meeting in order to allow ample time for shareholders to prepare for the meeting.

For the Annual General Shareholders' Meeting / the Extraordinary General Shareholders' Meeting, the Company has disclosed the information on the Letter of Invitation and supporting documents on the Company's website at [www.haadthip.com](http://www.haadthip.com) at least 30 days prior to the Meeting date.

## 3. Facilitation for Shareholders

The Company has prepared to facilitate all shareholders in an equitable manner at the Annual General Shareholders' Meeting, by arranging for adequate number of staffs to welcome and assist the shareholders to ensure convenience; and to check documents. The Barcode system will be used for providing convenience and accuracy in counting of votes with the Registration opened at 13.00 hrs, and registration time extended to the period before the last agenda is being considered. Appropriate snacks will also be prepared for all attending shareholders.

As for shareholders appointing proxy, the Company has prepared the stamp duty to be affixed on the proxy form.

## 4. Rules of Procedure for Annual General Shareholders' Meeting

Prior to commencement of each of the Annual General Shareholders' Meeting, the Chairman of the meeting shall introduce the Board of Directors, Management and Auditor of the Company to the meeting, then inform the meeting of all the rules, inclusive of the ballot counting method for the shareholders' votes in each agenda of the meeting, as per the Articles of Association, including how to exercise the rights to vote in each of the agenda in an explicit manner. Once the information on each agenda has been provided, the Chairman shall provide the opportunity for meeting attendees to express their opinions, suggestions or ask questions on each agenda; and provide an appropriate amount of time for discussions. Thenafter, the Chairman and Management shall provide answers to the questions, clearly and to the point; and give precedence to every question. Then the meeting shall be asked to cast a vote to pass a resolution for such agenda. For the agenda on the appointment of directors, the Chairman shall ask the shareholders to cast a vote for each director individually.

The Chairman shall proceed according to the agendas in a consecutive manner. The Chairman shall not present additional agendas without notifying the shareholders in advance unless the Meeting has passed a resolution to modify the order of the agendas with no less than two-third of the number of shareholders attending the Meeting, or shareholders whose accumulated number of shares is no less than one-third of total share outstanding. In this case, they can request the Meeting to consider matters other than the agendas indicated in the Letter of Invitation. Nevertheless, no changes occurred regarding to the order of the agendas at the Annual General Shareholders' Meeting of the year 2019, and the Extraordinary General Shareholders' Meeting 1/2019, there was no request for the Meeting to consider matters other than the ones indicated in the Letter of Invitation.



The Chairman shall then inform the meeting on the outcome of the vote for each agenda, after the consideration process of each agenda has ended. Total time spent at each Annual General Shareholders' Meeting is approximately 1-2 hours. The Annual General Shareholders' Meeting of the year 2019 had been set to commence at 14.30 hrs, with the registration process starting from 13.00 hrs. At commencement of the meeting, there was a total of 82 shareholders attending the meeting. There were 38 shareholders present in person with a total of 24,953,670 shares, and 44 shareholders by proxy totaling to 64,214,638 shares, totaling to 89,168,308 shares or 44.7592%, which exceeded one-third of the issued and paid-up shares capital of the Company totaling 199,218,000 shares.

After the Meeting has begun, more shareholders and proxy holder gradually arrive, which has led to an increase in the total number of shareholders to 101 shareholders, totaling 89,415,708 shares or 44.8833% that can be divided in to 46 shareholders attending in person totaling 25,011,346 shares and 55 shareholders attending by proxy to 64,404,362 shares

The directors, management and auditor were also attendees at the Meeting and were present to provide the meeting with the following information:

### List of Attending Directors

1. Gen. Charan Kullananijaya	Chairman/ Independent Director
2. Maj. Gen. Patchara Rattakul	Director/ Chief Executive Officer
3. Mr. Prakit Pradipasen	Independent Director/ Chairman of Audit Committee
4. Mrs. Yupares Thiengtham	Director/ Chairman of Nomination and Remuneration Committee
5. Miss Smornluk Mahasmiti	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee
6. Mr. Yanyong Maethapanich	Independent Director/ Member of Audit Committee/ Member of Nomination and Remuneration Committee
7. Mrs. Pariya Chirabandhu	Director/ Member of Nomination and Remuneration Committee
8. M.L. Dhisana Sritavaj	Director
9. Mr. Dumrongrugs Apibalsawasdi	Director

### Non-attending Directors

1. Mr. Martin Jansen <sup>1/</sup>	Independent Director
2. Mr. Philipp Hugo Gutsche <sup>1/</sup>	Director/ Member of Nomination and Remuneration Committee

Remark : <sup>1/</sup> live aboard

### Management

1. Mr. Sarapas Thiengtham	Vice President - National Account & Indirect Chanel
2. Miss Plernpun Rutchakitprakarn	Senior Executive Assistant to COO / Acting CFO
3. Miss Nithinart Juntasurat	Accounting Division Manager / Chief Accountant

### KPMG Phoomchai Audit., Ltd.:

1. MR. Thanit Osathalert	CPA license no. 5155
2. Miss Pawinee Nissaisuk	Division Head - Audit

For the Extraordinary General Shareholders' Meeting 1/2019 had been set to commence at 14.30 hrs, with the registration process starting from 13.00 hrs. At commencement of the meeting, there was a total of 177 shareholders attending the meeting. There were 78 shareholders present in person with a total of 15,329,129 shares, and 99 shareholders by proxy totaling to 104,480,473 shares, totaling to 119,809,602 shares or 60.1399%, which exceeded one-third of the issued and paid-up shares capital of the Company totaling 199,218,000 shares.



After the Meeting has begun, more shareholders and proxy holder gradually arrive, which has led to an increase in the total number of shareholders to 184 shareholders, totaling 119,972,322 shares or 60.2216% that can be divided in to 85 shareholders attending in person totaling 15,491,849 shares and 99 shareholders attending by proxy to 104,480,473 shares

The directors, management and Financial Advisor were also attendees at the Meeting and were present to provide the meeting with the following information:

#### **List of Attending Directors**

- |                                  |  |
|----------------------------------|--|
| 1. Gen. Charan Kullavanijaya     | Independent Director / Chairman  |
| 2. Maj. Gen. Patchara Rattakul   | Director/ Chief Executive Officer  |
| 3. Mr. Prakit Pradipasen         | Independent Director/ Chairman of the Audit Committee  |
| 4. Ms. Smornluk Mahasmiti        | Independent Director/ Audit Committee Member/<br>Nomination and Remuneration Committee Member  |
| 5. Mr. Yanyong Maethapanich      | Independent Director/ Audit Committee Member /<br>Nomination and Remuneration Committee Member |
| 6. Mrs. Pariya Chirabandhu       | Director / Nomination and Remuneration Committee Member  |
| 7. M.L. Dhisana Sritavaj         | Director   |
| 8. Mr. Dumrongrugs Apibalsawasdi | Director   |

#### **Non-attending Directors**

- |   |  |
|---|--|
| 1. Mrs. Yupares Thiengham <sup>1/</sup>   | Director / Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Philipp Hugo Gutsche <sup>2/</sup> | Director / Nomination and Remuneration Committee Member          |
| 3. Mr. Martin Jensen <sup>2/</sup>        | Independent Director   |

Remark : <sup>1/</sup> have a prior engagement

<sup>2/</sup> live aboard

#### **Management**

- |                                    |  |
|------------------------------------|--|
| 1. Mr. Raffaele Guidi              | Chief Financeial Officer (CFO)                     |
| 2. Mr. Riccardo Vrodom Sucharitkul | Vice President – Future Growth and Diversification |
| 3. Ms. Plernpun Rutchakitprakarn   | Senior Executive Assistant to the CEO              |
| 4. Mr. Pongsakorn Thiengham        | Financial Advisor to the CEO                       |

#### **Financial Advisor – Finanssa Securities Limited**

- |                              |                             |
|------------------------------|-----------------------------|
| 1. Mr. Varah Sucharitakul    | Executive Director          |
| 2. Miss Chompunuch Bunsumpun | Assistant Managing Director |

### **5. Guideline for Managing Conflict of Interest**

The Board of Directors has established operational guidelines for the Annual Shareholders' Meeting. If a director becomes aware that he/she may be a stakeholder or may have an interest that conflicts with the interests of the Company in an agenda, the mentioned director must declare his/her concern to the meeting and withdraw him/herself from the meeting and abstained from the voting procedure of such agenda.

### **6. Post-procedure of Annual General Shareholders' Meeting**

Following the Meeting date, the Company shall send the summary of the resolutions passed by the Shareholders' Meeting to the Stock Exchange of Thailand no later than 9.00 hrs the next day. The Company shall also send the report of the Shareholders' Meeting comprising of the Minutes of the Meeting, the votes recorded as well as questions raised by the shareholders in each agenda (if any) to the Stock Exchange of Thailand within 14 days as required; and disclose the Minutes of the Meeting via the Company's website at [www.haadthip.com](http://www.haadthip.com) with in 14 days



## 2. Equitable Treatment of the Shareholders

The Company shall treat all shareholders in an equitable manner regardless of sex, age, race, nationality, religion, belief, political view or disability, even though the number of shares held by each shareholder may not be equal. Even if the shareholders are absent from the Meeting, by any reasons of inconvenience, such shareholders are eligible to the rights to issue a proxy to the third party to attend the Meeting on behalf of them. The Company also has preventive measures to avoid conflicts of interest or wrongful use of internal information for own and other benefits.

### Best Practice for fair treatment to shareholders

#### 1. Proposal of additional agenda and a candidate for Director position

In order to allow minority shareholders to take part in the Company's operation, the Company has established a set of rules and regulations in provision of rights to minority shareholders to propose the Meeting agenda and/or nominate a candidate for the Director position in advance. The regulations established in regards to the provision of rights to minority shareholders have been disclosed via the Company's website at [www.haadthip.com](http://www.haadthip.com)

For the provision of rights to minority shareholders to propose the Meeting agenda and/or nominate a candidate for the Director position in advance for the Annual General Shareholders' Meeting of the year 2019, the Company had disclosed the regulations for the rights to minority shareholders via the website at [www.haadthip.com](http://www.haadthip.com) from 1 November 2018 to 31 December 2018 and posted the notification on the website of the Stock Exchange of Thailand. However, there have been no proposals of additional agenda or candidate for Director's position.

#### 2. Language of the Meeting

The Company is a public company limited established according to the statute of the Kingdom of Thailand with Thai as an official language. Since the majority of attending shareholders are of Thai national, the Annual General Shareholders' Meeting shall be conducted in Thai

#### 3. Issuance of a proxy to a third party

In order to preserve the rights for non-attending shareholders, the shareholders can issue a proxy to a third party or one of the Independent Directors of the Company. The Company shall indicate the name of a third party on the proxy form, in accordance with the requirement of the Ministry of Commerce, as a Meeting attendee with unconditional rights to cast the votes on behalf of the absent shareholders.

The Company has posted the Proxy Form on the website of the Company at [www.haadthip.com](http://www.haadthip.com) at least 30 days prior to the Meeting. Shareholders might make further inquiries about this through the telephone number: 0-2391-4488 extention 103 or e-mail address: [ir@haadthip.com](mailto:ir@haadthip.com)

#### 4. Use of Voting Ballots

The Company supports use of voting ballots in important events, e.g. consideration and election the Directors, connected transactions, acquisition or disposal of assets etc. for transparency and accountability in case of any dispute in the future.

#### 5. Use of Internal Information

The Company has established measures and practices in the good corporate governance on the use of nondisclosure information. The Company prohibits directors, executives and all level of employee to use nondisclosure information with important content for own benefit including for security trading.





### 3. Roles and Responsibilities of Stakeholders

The Company has placed an importance and consideration on all of the stakeholders, as per the related laws. The Company shall not perform or enter into transactions in such a way to infringe on the legal rights of the stakeholders, in order to promote the act of responsibility between the Company and all groups of stakeholders namely shareholders, employees, customers, business partners, competitors, creditors, the community and environment as follows:

#### Shareholders:



Apart from the fundamental rights established by the laws and Company's regulations, for example, the rights to attend and cast the votes at the Shareholders' Meeting; the rights to offer independent opinion in the Meeting; as well as the rights to receive dividends in an equitable manner, minority shareholders have also been given the rights to propose in advance additional agendas for the Meeting and/or qualified candidates for the Director positions. The Company provides opportunity and offer right for the shareholders to propose meeting agenda deemed important by the shareholders and to propose name list of persons with appropriate qualifications for nomination as the new director in advance.

#### Employees:



The Company treats its employees fairly and equally; has respect to human rights; provides appropriate compensation; and places an importance on employees' development of knowledge and ability by providing equal opportunities to employees of all levels on a regular basis. The company also maintains the quality of the working environment; strictly abides by labor-related laws and regulations; as well as encourages employees to prevent and get rid of all kinds of fraud and corruption, by providing appropriate protection to an informant and keeping his/her name highly confidential.

#### Customers:



The Company produces high quality products of acceptable standard and strictly adheres to high safety and quality standard in conformity to The Coca-Cola Quality System and is certified by FSSC 22000 Food Safety Management, an international standard that specifies the requirements for a food safety management system. The Company shall refrain from charging excessive price or setting unfair business conditions; keep customers' information in a confidential manner and arrange for a customer service unit to deal with customers' complaints in a prompt manner, to ensure highest satisfaction in the Company's products and services.

#### Business Partners:



The Company purchases goods and services from business partners as per the normal trading terms and conditions, and strictly abides by the business agreements and promises made to the business partners, without any request for bribery or other unlawful benefits, or receive from or provide to customers thereof in anyway.

#### Competitors:



The Company shall operate the business within the boundary of decent competition and create a healthy competitive environment by maintaining the standard of the code of conduct. The Company shall avoid exploitation of competitors' information in an unethical or dishonest manner, and avoid unlawful proceedings in order to cause damages to competitors. In the past year, the Company was not engaged in any competitor-related disputes.

#### Creditors:



The Company shall strictly adhere to the terms and conditions agreed upon with the creditors in terms of repayment, guarantee and other conditions. The Company shall also ensure proper use of loans as stipulated in the loan agreement.

#### Community : and Environment



The Company establishes the quality policy, safety and environment policy, and promoted employees to follow these policies so the relevant parties can ensure that the company is aware of quality, safety and environmental factors and continual development. The Company is certified by ISO 14001; Environmental Management System and CSR-DIW Award (Corporate Social Responsibility, Department of Industrial Works) in 2010 from Department of Industrial Works, Ministry of Industry. In 2011, the Company received the CSR-DIW Continuous Awards from Department of Industrial Works, Ministry of Industry, and Poonpin plant participated in a project of industrial factories for sustainable responsibilities to society and community in 2019 (CSR Beginner CSR-DW 2019)



Apart from placing an importance upon stakeholders of all groups, the Company also pays great attention to all recommendations, opinions and information on traces and evidents that can possibly lead to the development, improvement and rectification of the Company's operation. The Company has created channels of communication through which the stakeholders can communicate with the Company in case there are inappropriate or wrongful situations that the stakeholders would like to report, rectify, request for clarification or provide suggestions. Communication can be made through the email address of the Company's Internal Audit Office at [internalaudit@HaadThip.com](mailto:internalaudit@HaadThip.com) or telephone number 074210008-18 extension 124 or 307 or through the Company's Consumer Information Center (CIC): 07421008-18 extension 242 or 252.

#### 4. Disclosure and Transparency of Information

The Board of Directors has issued a policy for the Company to perform with transparency, verifiability and sufficient information disclosure to all parties concerned. Information shall also be disclosed in an accurate, complete, timely and reliable manner, with equal opportunity to access the information for all parties concerned.

##### Guidelines for appropriate information disclosure and transparency

1. The Company recognizes the importance of disclosure of the important information, both financial and non financial information to shareholders and investors in an accurate, complete, timely and reliable manner, as per the requirement set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand, via SET Community Portal: [www.setlink.set.or.th](http://www.setlink.set.or.th) and the website of the Company at [www.haadthip.com](http://www.haadthip.com) both Thai and English languages, to allow users to access the information in an equitable manner.
2. The Company has disclosed the information on the Annual Disclosure Form (Form 56-1) and Annual Report (Form 56-2) as per the requirement set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.
3. The Company has established that the audit fees and other services fees of the auditor be disclosed with in the Annual Information Disclosure Form (Form 56-1) and the Annual Report (Form 56-2)
4. The Company has appointed the Board of Directors to issue the Statement of the Board of Directors' Responsibilities to the Financial Reports, to be presented together with the Auditor's Report in the Annual Report (Form 56-2).
5. The Company defines criteria, conditions, and methods for reporting interest of directors, executives, and relevant personnel in accordance with Section 89/14 of The Security and Exchange Act (No.4) B.E. 2551 (2008)
6. The Company has established that there shall be disclosure of the roles and responsibilities of the Board of Directors and sub-committees; the number of meeting sessions, and number of meeting attendance by each committee member in the past year in the Annual Disclosure Form (Form 56-1) and Annual Report (Form 56-2).
7. Mrs. Anyanee Kerrick, Manager of Investor Relations Division, is the person in charge of Investor Relations. She is responsible for contacting, coordinating with and providing information to institutional investors, analysts and general investors as well as answering questions raised by the shareholders. Mrs. Anyanee Kerrick can be contacted via the telephone number 0-2391-4488 Ext. 138, 8248 or the e-mail address: [ir@haadthip.com](mailto:ir@haadthip.com) or [anyanee.ker@haadthip.com](mailto:anyanee.ker@haadthip.com). In 2019, the institutional investors and analysts had made a company visit to meet with the Company and the Company had answered questions raised by investors and shareholders via the email address: [ir@haadthip.com](mailto:ir@haadthip.com) as well as via telephone on a regular basis. For 2020, the Company plans to participate in 2 of the Opportunity Day events, which is the event for publicly listed companies organized by the Stock Exchange of Thailand.
8. In the case of conflict of interest, the Board of Directors has issued a requirement for transactions with major shareholders, Directors, Executives, or others with relation to the persons thereof, to be considered and approved by the Audit Committee, who will closely supervise the approval process of such transactions and strictly abide by the regulations and measures set forth by the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Capital Market Supervisory Board. The transaction details such as type, value, counterparties of agreement, reasons and assurance of transparency shall be disclosed to the public via electronic media of the Stock Exchange of Thailand, [www.setlink.set.or.th](http://www.setlink.set.or.th) and in the Annual Report (Form 56-2) and Annual Information Disclosure Form (Form 56-1).



The Company has sought approval in principle from the Board of Directors for the case of future engagement in a connected transaction with Directors, Executives, or related persons. In the case that the transaction is a normal business transaction or a normal business support transaction with normal business terms and conditions, the Management shall have the rights to grant approval to such transaction, and shall need to prepare a report of each transaction with the value of more than Baht 50 million per transaction, in order to report to the next Board of Directors' Meeting, in accordance with Section 89/12 (1) of the Securities and Exchange Act (Issue 4) B.E. 2551 (2008).

## **5. Roles and Responsibilities of the Board of Directors**

The Board of Directors comprises of qualified individuals with experience, leadership character, vision and ability to make decisions independently, who also devote their time and utmost effort in performing their duties according to the responsibilities assigned with discretion and integrity for the best interest of the Company, shareholders and stakeholders. The composition, qualification, duties and responsibilities and structure of the Board of Directors and Subcommittees have been established, as well as the rules and regulations concerning nomination and remuneration for Directors and Executives, with complete detail presented under the 'Management Structure' topic.

### **1. Structure of the Board of Directors**

The Board of Directors of the Company comprises 12 individuals of both male and female genders of various professions and skillsets, and from an array of areas of expertise, which is deemed suitable for the structure of the Board of Directors. It comprises 9 Non-Executive Directors which accounts for 75% of the Board of Directors and 5 Independent Directors, or more than one-third of the entire Board of Directors, which is in accordance with the Notification of the Capital Market Supervisory Board. The Independent Directors are Gen. Charan Kullavanijaya, Mr. Prakit Pradipasen, Mr. Yanyong Maethapanich, Miss Smornluk Mahasmiti and Mr. Martin Jansen (as detailed under the title of Management Structure, Item 2.1, Board of Directors).

### **2. Audit Committee**

The Board of Directors has established and appointed the Audit Committee to perform specific tasks and propose to the Board of Directors for consideration or acknowledgement. The Audit Committee comprises of 3 Independent Directors, Mr. Yanyong Maethapanich equipped with sufficient knowledge and experience to perform and review the reliability of the financial statements. The Audit Committee shall perform the review and ensure that the Company's operation is in conformity to the Company's policy and Articles of Association as well as the laws, regulations and requirements stipulated by the supervisory authorities. The Audit Committee must also promote the development of financial reporting system to that of an international standard; perform regular review of and ensure appropriate internal control system; and ensure prudent, appropriate and efficient risk management system. In addition, the Audit Committee shall perform its duties and issue opinions in an independent manner, with Internal Control Office reporting directly to the Audit Committee. The Audit Committee shall participate in a meeting with the Auditor without the presence of the Management at least one time per year, to request for the Auditor's opinions on any issues, with complete detail presented under the "Management Structure" topic No. 2.2: Audit Committee]

### **3. Nomination and Remuneration Committee**

The Company's Board of Directors has appointed the Nomination and Remuneration Committee to consider the selection and appointment of the qualified directors and to consider the remuneration for the directors and executives and propose its opinion to the Board of Directors for consideration of the nomination and remuneration for the board of the directors and all the committees before proposing to the Shareholders' Meeting for its consideration, with complete detail presented under the "Management Structure" topic No. 2.3: Nomination and Remuneration Committee]

### **4. Number of listed companies in which the Directors are eligible to hold the Director position**

The Board of Directors has established a policy regarding the number of listed companies in which the Directors are eligible to hold directorship positions in no more than five listed companies, especially independent directors. At present, there is no directors who holds the directorship positions in more than 5 listed companies.

Since the Chief Executive Officer cannot hold a directorship position in other listed companies besides other its own company's subsidiaries.



## 5. Segregation of Duties between the Board of Directors and the Management

The Company has segregated the duties and responsibilities of the Board of Directors from those of the Management in an explicit manner. The Directors are responsible for the establishment of policies and supervisory of the Management performance at the policy level; while the Management is responsible for management activities in several different areas to ensure conformity to the established policies.

As such, the Chairman and the Chief Executive Officer must be 2 separate individuals, and both positions must have been through selection process by the Board of Directors to ensure the most appropriate individuals for the positions. Moreover, the Board of Directors is responsible for the establishment of succession plan for the top Executive positions.

The Chairman must have in possession the quality of independence; must not hold the Executive Director position; must not take part in the management of the Company; and must not be an authorized Director, to ensure explicit segregation of overall policy-making and supervisory duties from the management of the Company.

Top Executives of the Company shall be assigned with duties and responsibilities, in order to perform under the established policies; hold themselves responsible for the overall outcome; control expenses and budget within the limit approved and indicated in the annual budget plan; perform as per human resource policy; rectify and find a solution for the problem or conflicts that may pose an impact upon the company; and maintain the effectiveness of communication process with all related parties.

## 6. Board of Directors' Meeting

The Directors must attend the Board of Directors' Meeting on a regular basis, in order to acknowledge and unanimously make decisions in regards to the Company's operation. Normally, there are approximately 4 Board of Directors' Meetings per year, each with agendas clearly set in advance. Extra meetings may also be called upon in the case of important or urgent matters.

The Chairman and the Chief Executive Officer shall cooperatively establish the agendas for each Meeting, and consider the issues to add into each agenda of the Board of Directors' Meeting, while providing opportunities to each Director to propose issues for consideration as an agenda.

In year 2019, a total of 6 Board of Directors' Meetings were held, all of which had been set in advance. Letters of Invitation along with the agendas and supporting materials were sent to all of the Directors at least 7 days prior to the Meeting, to allow ample time for the Directors to study the information.

In consideration of each matter, the Chairman of the Board of Directors who is also the Chairman of the Meeting shall provide the opportunity to the Directors to share their independent opinions. Majority voting rule shall be applied during each Board of Directors' Meeting, with one vote per one Director, and Directors who are stakeholders to abstain from attending the Meeting and/or from exercising the rights to vote for such matter. If the votes are tied, the Chairman of the Meeting shall cast the vote to determine the final outcome and ensure that at least two third of all entire Board members are present while casting the vote.

The Management shall attend the Board of Directors' Meeting to provide useful information and be informed of the policy in a direct manner, in order to apply such policy to their performance in an efficient manner. The only exemption from participation is when the Meeting agenda is set exclusively for the Board of Directors.

The Board of Directors has also placed an importance upon the management of transactions with conflict of interest in the most discreet, equitable and transparent manner, with information thereof being disclosed in entirety. In the case that a Director is also a stakeholder and may possibly benefit from an issue in the agenda, such Director must abstain himself/herself from the decision making process of the issue.

At the end of the Meeting, the Secretary to the Company shall produce the Minutes of the Meeting in order to propose for approval in the first agenda of the following Board of Directors' Meeting, and to have the Chairman of the Board of Directors signed and certified the accuracy of the report. The Directors are allowed to issue opinions and request for additional items to or correction of the Minutes of the Meeting, in order to ensure utmost accuracy. The Minutes of the Meeting that has been acknowledged and certified shall be archived in the Office of the Chief Executive Officer.





## 7. Development Training

The Board of Directors supports and encourages Directors to consider and participate in training courses with the Thai Institute of Directors (IOD) or other institutions as seen appropriate.

For the year 2019, with time constraint and missions to be completed and accomplished, no Directors had participated in any director-related training courses with the Thai Institute of Directors (IOD) or any other institutions.

## 8. Secretary to the Company

According to the Board of Directors' Meeting 3/2008 on 14th August 2008, the Board of Directors has passed a resolution to appoint Ms. Sudaluck Browvanakul as a Secretary to the Company. The duties and responsibilities of the Secretary to the Company are according to Section 89/15 of Securities and Exchange Act (No. 4) B.E. 2551 (2008) as well as complying with the laws and regulations of the Company, Board of Directors and resolutions of the shareholders' meeting as followings:

1. Preparing and keeping the following documents:
  - a) a register of directors;
  - b) a notice calling a director meeting, minute of the meeting of the board of directors and an annual report of the company;
  - c) a notice calling a shareholder meeting and minutes of the shareholders' meeting;
2. Keeping a report on interest filed by a director or an executive and submitting a copy of the report on interest in accordance with Section 89/14 to Chairman and Chairman of Audit Committee within 7 days of receipt of the mentioned report;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the Secretary to the Company has other responsibilities as followings:

1. To provide advice on the rules and regulations deemed crucial for the Board of Directors to acknowledge and abide by;
2. Arrange for the Board of Directors' Meetings and Annual General Shareholders' Meeting;
3. Coordinate with other departments in the Company to comply with the Board of the Directors and the resolutions of the Shareholders' Meeting;
4. Coordinate with regulatory agencies such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to regulate the information disclosure and report the disclosure to the mentioned agencies in accordance with the law;
5. Other duties as assigned.

## 9. Succession Plan

The Board of Directors, by the Nomination and Remuneration Committee, is responsible for the establishment of a policy for the Succession Plan, in order to make preparation for the purpose of assurance that the Company has a plan to prepare for and make ready suitable personnel for the time of replacement. The succession and retirement system has been laid out in a solid manner, as well as an arrangement of a Career Path for the targeted personnel to gather work experiences in order to become the right man in the right position

## 10. Director Orientation

The Board of Directors has arranged for an orientation for newly appointed Directors to attend and acquire knowledge on the Company's business policies as well as other related information namely investment structure and related rules and regulations, together with the distribution of Director's Manual that provides valuable detail and information for those assuming a Director position.



## 11. Business Ethics

The Board of Directors has established the Code of Conduct in a written format, as guidelines to follow and practice by the Board of Directors, management and all of the employees and staffs, in regards to the treatment of the rights of all stakeholders, be it the internal stakeholders such as employees and staffs, or external stakeholders namely shareholders, customers, business partners, competitors, creditors, society, community and environment; as well as human rights policy, political neutrality and anti-corruption. The Company has posted the Company's Code of Conduct on the Company's website at [www.haadthip.com](http://www.haadthip.com)

## 12. Utilization of Internal Information

The Company has established a supervision policy to prevent Directors and Executives from exploitation of the Company's internal information for their own benefits as follows:

1. Directors or Executives are permitted to use the internal information related to the their assigned duties and responsibilities only,
2. Directors and management, inclusive of their spouses and children under legal age, are prohibited to make use of the Company's internal information, that has not yet been disclosed to the public, for own benefits or interests, including stock transactions. Moreover, personnel with knowledge of internal information that has not yet been disclosed to the public are prohibited to engage in any transactions of stocks issued by the Company within the period of 1 month before the information is released to the public and 24 hours after the information has been released to the public.
3. Directors as well as their spouses and children under legal age are prohibited from disseminating undisclosed internal information to the public for their own interest and for stock trading purpose. In addition, individuals with knowledge of undisclosed internal information are prohibited from trading stocks issued by the Company within 1 month prior to information being released to the public,
4. Directors/Executives or any department with knowledge of internal information are prohibited from disclosing such information to outside or unrelated persons,
5. Ensuring that the Directors/Executives report any changes in shareholding status to the Securities and Exchange Commission, in accordance with Article 59 of the Securities and Exchange Act B.E. 2535 (1992).



# Internal Control and Risk Management

The Board of Directors has considered and reviewed the internal control and risk management systems, in realizing that the internal control and risk management systems serve as a security mechanism for the management, in helping to reduce any possible business associated risks and increase operational efficiency and effectiveness to the level established by the Board of Directors.

## 1. Internal Control

The Board of Directors has appointed the Audit Committee to supervise the internal control, risk management and corporate control systems of the Company, in order to ensure suitability and efficiency of the systems with a sound audit mechanism and as a counterbalance. The Company also has an Internal Audit Office to perform audit on the operational activities of all work units; provide advice on how to create an effective internal control system for all of the work systems; evaluate the level of efficiency and sufficiency of the internal control, risk management and corporate control systems on the operational activities of each work unit. The scope of work and guidelines for the Internal Audit Office to follow and perform the above-mentioned duties on the internal control, risk management and corporate control systems in a more accurate manner, have been adapted from the international standards of COSO or The Committee of Sponsoring Organizations of the Tread Way Commission; Enterprise Risk Management System; and in accordance with the Principle of Corporate Control set forth by the Stock Exchange of Thailand and Thai Institute of Directors (IOD). All matters relating to the above-mentioned systems shall be reported directly to the Audit Committee; and all activities performed by the Internal Audit Office must be accepted and approved by the Audit Committee.

The management has adopted other technological systems, namely CQR, Green Mile, MOS, RTM Mobile and Road Net to help manage the internal control more effectively and increase more systems of the internal control.

## 2. Risk Management

The Company has appointed the Risk Management Committee (RMC) consisting of top management from different departments with Mr. Dumrongrugs Apibalsawasdi, Director/Vice president (Sales & Marketing) acting as President of the Risk Management Committee: RMC and Internal Audit Manager, acting as secretary of the RMC

The Risk Management Committee: RMC is responsible for monitor, control and manage the level of risk in such a way that the Company accomplishes its goal and the level of risk is acceptable to the organization. The Risk Management Committee is also responsible for the establishment of a Risk Management Policy for all parties to strictly follow. The Risk Management Policy has been established through assessment and management of risks induced by both external and internal factors, which also cover all areas of risk namely strategic risk, operational risk, financial risk and compliance risk as well as risk from fraud, in order to find the best measure to deal with such risks in the most suitable manner. From an analysis of opportunity and effect, risk can be broken down into the following:

- RED (Inadequate) :** Unacceptable risk level which requires prompt action to manage risk to be at acceptable level
- YELLOW (Adequate):** Acceptable risk level which requires preventive action
- GREEN (Strong):** Acceptable risk level which requires no preventive nor any further actions

In order to manage the company's risk to the maximum effect, to standardize management process and to build company's culture which emphasize integrated development to make stakeholders confident that the company's risk management plays an important part in the operations of every department. The company has set up risk evaluation at the department level twice a year, covering major factors related to risk, prepared a plan for continual risk reduction, presented reports to the Risk Management Committee and proposed the risk evaluation results to the Management Review meetings that are held twice a year.



### 3. Operational Control

The Company has explicitly established measures and operational guidelines in the form of orders, rules and regulations, approval authority and operational procedures, in order for the management and staff of all levels to proceed in the same direction and follow the same set of rules and regulations. In addition, the Internal Audit Office shall serve to regularly review the work performance in order to ensure that such orders, rules and regulations, approval authority and operational procedures have been strictly followed, to make certain that internal control system on operational activities is sufficient, suitable and efficient. The SAP system has also been implemented, in order to help speeding up the work process and ensure higher efficiency in the operational routines.

The Audit Committee serves to consider and review the Internal Audit Reports on a regular basis, in order to acknowledge the important issues and problems found from audit process; and make recommendations to the Management to rectify the problems and prevent the same problems from reoccurrence.

### 4. Information Technology and Communication System

The Company has an adequate data and information storage system that can be used for the benefit of the Company. It has also improved the information technology system in order to develop and improve the working system to a more efficient level. The Company has been using the Enterprise Resources Planning (ERP) software by SAP ECC 6.0 since June 2011.

In 2017, the Company had considered an investment in the HaadThip Improvement Project (HIP), with an objective to develop and improve a SAP software, to ensure higher efficiency and to facilitate the Company's business operations with the work procedure that is subject to change; and to add on another module that shall cover any other and new work procedures and operational activities. The HIP project was implemented on 15th May 2017. After the completion of the project as planned, the company has developed and improved the effectiveness of the SAP so that the company has an effective internal control system that can support other continual changes in the company's operations.

Moreover, in 2019, the Company's information technology system was audited by an external Auditor (KPMG), and it has not been notified by the Auditor of any flaws or errors deemed material.

### 5. Monitoring System

The Board of Directors has arranged for an evaluation and follow-up system to monitor the internal control system on a regular basis and in completion. The Board of Directors has appointed the Audit Committee to audit, monitor and review the internal control system through the Internal Audit Office; and to perform audit activities on the operational procedures and evaluate the performance by the use of international standards, to ensure that issues found during audit activities or review process can be improved or revised in the most suitable and immediate manner. As for the evaluation of internal control on the accounting and finance side of the Company, the Auditor shall be responsible to perform the audit activities on this part and present the results for consideration by the Audit Committee on a quarterly and yearly basis. The outcomes from the review by the certified Auditor and Internal Control Office had shown no issues deemed defective, in all material aspects.

### 6. Internal Audit

The Audit Committee has been monitoring the performance of the Internal Audit Office, to ensure performance of the assigned duties. Such duties include building confidence and providing advice in an independent and equitable manner in regards to the audit activities and evaluation of the level of sufficiency of the internal control system; as well as following up on the improvement or revision of the operational procedures to ensure suitability and that all operational procedures of the Company have been covered. All of which shall be reported directly to the Audit Committee, and the Internal Audit Office Charter and the Internal Auditors' Code of Ethics shall explicitly serve as the operational guidelines.

The Internal Audit Office has developed and improved the internal audit procedure in such a way that it is in accordance with the Standards for the Professional Practice of Internal Auditing, in order to continuously improve the performance of Internal Auditors to a more efficient and effective level. The Company also promotes and supports continual internal training & development sessions at every level on the subject of professional practice of internal auditing as well as other professions so as to get staff ready for examinations at the level certified with a Professional Diploma.



# Summary Profile of the Directors and Management

As of 31 December 2019

## Gen. Charan Kullavanijaya

<b>Position</b>	:	Independent Director / Chairman of the Board
<b>Age (years)</b>	:	84
<b>Education</b>	:	Bachelor of Science CHULACHOMKLAO ROYAL MILITARY ACADEMY
	:	The Command and General Staff College, Fort Leavenworth, Kansas, USA
	:	Diploma on Economic Development The Nation Institute of Development Administration (NIDA)
	:	30 <sup>th</sup> Thailand National Defense College (NDC)
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	1987 - Present      Special ADC to H.M. the King
	:	2013 - Present      Chancellor of the University Council, RAJAMANGALA University of Technology RATTANAKOSIN
	:	2006 - 2008      First Vice - President, The National Legislative Assembly
	:	1996 - 2000      Senator, Member of the Senate
	:	1992 - 1996      Senator, Member of the Senate
	:	1991 - 1996      Secretary General of the National Security Council, Office of the Prime Minister
	:	1991 - 1992      Member of the National Legislative Assembly
<b>Date of Appointment</b>	:	29 April 1998 (21 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

## Holding a position of Director / Executive in other organization:

Listed Company	:	- None -
None - Listed Company	:	- None -





### Maj. Gen. Patchara Rattakul

<b>Position</b>	:	Authorize Director / Chief Executive Officer
<b>Age (years)</b>	:	58
<b>Education</b>	:	M.A Philosophy Politics and Economics St. John's College, Oxford University, UK
<b>% of shareholding</b>	:	5.166% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	Mrs. Pariya Chirabandhu's brother Mrs. Yupares Thiengtham's nephew Cousin of Mr. Sarapat Thiengtham
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 2019 - Present    Chief Executive Officer 2009 - 2019      Chief Operating Officer 2003 - 2009      Advisor  : <b>Southern Rocks Co., Ltd.</b> 2012 - Present    Director  : <b>Mee Pieng Por Co., Ltd.</b> 2007 - Present    Director
<b>Date of Appointment</b>	:	17 March 2004 (15 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	Director Accreditation Program (DAP), year 2005

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Director 1. Southern Rocks Co., Ltd. 2. Mee Pieng Por Co., Ltd.

*Remark : Appointed as a CEO as per the resolutions of the board meeting on 21<sup>st</sup> January 2019*



## Mr. Prakit Pradipasen

<b>Position</b>	:	Independent Director / Chairman of the Audit Committee
<b>Age (years)</b>	:	78
<b>Education</b>	:	Bachelor of Science of Business Administration Silliman University, Philippines
	:	Master of Business Administration Wayne State University, Detroit Michigan, USA
	:	City Bank Credit Trading Center, Philippines
	:	Senior Executive Program, Stanford National of Singapore, Singapore
	:	3 <sup>rd</sup> Special Program of Thailand National Defense College, Joint Public & Private Sector
	:	Program for Senior Executive The Sloan School of Management Massachusetts Institute of Technology, USA
<b>% of Shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Date of Appointment</b>	:	17 March 1989 (30 years in total)
<b>Training by Thai Institute of Director</b>	:	2003 Director Accreditation Program (DAP)
<b>Association (IOD)</b>	:	2007 Role of Chairman Program (RCP)
	:	2013 Thailand's 4 National Conference on Collective on Collective Action against Corruption

## Holding a position of Director / Executive in other organization:

Listed Company	:	Chairman 2003 - Present Diamond Building Products Plc.
	:	Chairman, Independent Directors 2000 - Present Asian Marine Service Plc.
	:	Independent Director / Member of Audit Committee 2000 - Present SUSCO Public Company Limited
None Listed Company	:	Directors 2002 - Present Myriad Material Co., Ltd.



### Mrs. Yupares Thiengtham

<b>Position</b>	:	Director / Chairman of the Nomination and Remuneration Committee
<b>Age (years)</b>	:	83
<b>Education</b>	:	Certificate of Secretary and Commerce Bristol College of Commerce, England
<b>% of shareholding</b>	:	0.015% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	Mr. Sarapat Thiengtham's mother Relative of Maj. Gen. Patchara Rattakul and Mrs. Pariya Chirabandhu
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> Working experience with HaadThip Plc. 25 years, retired from the Company as Deputy Managing Director on 31 <sup>st</sup> December 2003
<b>Date of Appointment</b>	:	24 August 1978 (41 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -

*Remark : Appointed as Chairman of the Nomination and Remuneration Committee as per the resolutions of the board meeting No. 1/2019 on 21st January 2019*



### Mr. Philipp Hugo Gutsche

<b>Position</b>	:	Director / Nomination and Remuneration Committee Member
<b>Age (years)</b>	:	82
<b>Education</b>	:	Bachelor of Commerce University of Cape Town, South Africa
<b>% of Shareholding</b>	:	0.132% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	Chairman 2 July 2016 - Present      Coca - Cola Beverage Africa (Pty) Ltd. July 1962 - 2 July 2016      Coca - Cola SABCO (Pty) Ltd.
	:	Board Member 1 March 2016 - Present      Meridian Holdings (Pty) Ltd. 7 September 1976 - Present      GUSCHE Investment and Management Company 8 July 2015 - Present      GUTSCHE Family Investments (Pty) Ltd.
<b>Date of Appointment</b>	:	30 November 2005 (14 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Chairman Coca - Cola Beverage Africa (Pty) Ltd.
	:	Board Member 1. Meridian Holdings (Pty) Ltd. 2. GUTSCHE Investment and Management Company 3. GUTSCHE Family Investments (Pty) Ltd.

Remark : Appointed as Nomination and Remuneration Committee Member as per the resolution of the board meeting No. 1/2019 on 21st January 2019



### Mr. Johan Willem Maarten Jansen (Martin Jansen)

<b>Position</b>	:	Independence Director
<b>Age (years)</b>	:	62
<b>Education</b>	:	Marketing Degree, HEAO - GRONINGEN (Higher studies Economics and Administration)
	:	NIMA - C Certificate, NIMA (Highest marketing diploma in the Netherlands)
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	Non - Executive Director
		July 2007 - Present      Equatorial Coca - Cola Bottling Company
		January 2011 - May 2018      The Coca - Cola AMATIL
	:	Executive Director
		Present      MYCO Management Consulting
	:	Region Director & Chairman (Southeast Asia)
		January 2010 - May 2018      The Coca - Cola Company
	:	Chief Executive Officer
		January 2010 - May 2018      Coca - Cola Industries Ltd., China
<b>Date of Appointment</b>	:	21 March 2006 (13 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Non - Executive Director
		Equatorial Coca - Cola Bottling Company
	:	Executive Director
		MYCO Management Consulting





### Miss Smornluk Mahasmiti

<b>Position</b>	:	Independent Director/ Member of Audit Committee / Member of Nomination and Remuneration Committee
<b>Age (years)</b>	:	76
<b>Education</b>	:	Srinakharin wirot University Demonstration School (Secondary)
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> Working experience with HaadThip Plc. 26 years, retired from the Company as Deputy Managing Director on 31 <sup>st</sup> December 2004
	:	<b>Southern Rocks Co., Ltd</b> 2012 - Present Director
<b>Date of Appointment</b>	:	21 March 2006 (13 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Director Southern Rocks Co., Ltd



### Mr. Yanyong Maethapanich

<b>Position</b>	:	Independent Director/ Member of Audit Committee / Member of Nomination and Remuneration Committee
<b>Age (years)</b>	:	54
<b>Education</b>	:	Prince of Songkla University Bachelor of Accounting Master of Business Administration
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	INTADIT C.P.A. Office Co., Ltd. 1995 - Present     Managing Director
<b>Date of Appointment</b>	:	5 November 1999 (20 years in total)
<b>Training by Thai Institute of Director</b>	:	2005     Director Accreditation Program (DAP)
<b>Association (IOD)</b>	:	2012     Role of the Compensation Committee - RCC
	:	2018     How to Develop a Risk Management Plan (HRP)

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Managing Director INTADIT C.P.A. Office Co., Ltd.



### Mrs. Pariya Chirabandhu

<b>Position</b>	:	Authorize Director / Member of Nomination and Remuneration Committee
<b>Age (years)</b>	:	59
<b>Education</b>	:	Bachelor of Arts Boston University, USA
<b>% of shareholding</b>	:	4.417% of the paid - up share capital and total voting right (Inclusive of shares held by spouse)
<b>Family Relationship of Management Team</b>	:	Maj. Gen. Patchara Rattakul's sister Mrs. Yupares Thiengtham's niece Cousin of Mr. Sarapat Thiengtham
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 2019 - Present    President 2005 - 2019      Senior Executive Vice President and Acting Procurement Director
	:	<b>Southern Rocks Co., Ltd.</b> 2012 - Present    Directors
	:	<b>Mee Pieng Por Co., Ltd.</b> 2007 - Present    Director
<b>Date of Appointment</b>	:	29 March 1993 (26 years in total)
<b>Training by Thai Institute of Director</b>	:	2006              Director Accreditation Program (DAP)
<b>Association (IOD)</b>	:	2012              Role of the Compensation Committee - RCC
	:	2018              Strategic Board Member

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Director
		1. Southern Rocks Co., Ltd.
		2. Mee Por Pieng Co., Ltd.



### **M.L. Dhisana Sritavaj**

<b>Position</b>	:	Director
<b>Age (years)</b>	:	57
<b>Education</b>	:	Master Degree (Engineering Management) George Washington University, Washington DC, USA
<b>% of shareholding</b>	:	1.584% of the paid - up share capital and total voting right (Inclusion of share held by spouse)
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	General Manager 2010 - Present      SUVARNABHUMI Marketing Co., Ltd. 2009 - 2010      ISEPA Asia (Thailand) Co., Ltd. Marketing Director 2002 - 2008      TON - YA - TAI Co., Ltd
<b>Date of Appointment</b>	:	30 November 2005 (14 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### **Holding a position of Director / Executive in other organizations:**

Listed Company	:	- None -
None - Listed Company	:	General Manager SUVARNABHUMI Marketing Co., Ltd.



### Mr. Dumrongrugs Apibalsawasdi

<b>Position</b>	:	Authorize Director
<b>Age (years)</b>	:	58
<b>Education</b>	:	Bachelor of Politics CHULALONGKORN University
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 22012 - Present    Senior Vice President Sale (TT) & IME 2007 - 2012       Sales and Marketing Director 2004 - 2007       Marketing Director
<b>Date of Appointment</b>	:	20 May 2009 (10 years in total)
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	2018               Strategic Board Member

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -





### Mrs. Kerry – Ann Shipp

<b>Position</b>	:	Director
<b>Age (years)</b>	:	48
<b>Education</b>	:	Nelson Mandela Metropolitan University, South Africa, Bachelor of Commerce Degree (Cum Laude) - 1991, Bachelor of Commerce Honours Degree - 1992
<b>% of shareholding</b>	:	- None -
<b>ความสัมพันธ์ทางครอบครัวระหว่างผู้บริหาร</b>	:	- None -
<b>Experience</b>	:	GUTSCHE Family Investments Pty Limited July 2017 - Present      Director of the Family Office Coca - Cola Beverages Africa / Coca - Cola SABCO December 2012 - June 2017   Group Financial Controller Coca - Cola SABCO April 2005 - November 2012   Group Governance Manager
<b>Date of Appointment</b>	:	21 October 2019
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	GUTSCHE Family Investments Pty Limited Director of the Family Office

*Remark : was elected as a Director as per the resolutions of the extraordinary shareholders' meeting No. 1/2019 on 21st October 2019*



## Mr. Jose Henrique Zeitune

<b>Position</b>	:	Senior Vice President (Commercial & Growth Strategy)
<b>Age (years)</b>	:	55
<b>Education</b>	:	Master of Business Administration (MBA) FUNDACAO DOM Cabral, Brazil
<b>% of shareholding</b>	:	0.050% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 7 June 2019 - Present Senior Vice President (Commercial & Growth Strategy) 5 October 2018 - 7 June 2019 Vice President (Commercial & Growth Strategy)
	:	<b>COCA-COLA THAILAND</b> July 2013 - August 2018 Franchise Director for Southern Thailand (HAAD THIP Bottler) and LAOS
	:	<b>COCA-COLA THAILAND seconded to THAINUMTHIP Ltd.</b> May 2011 - July 2013 Strategic Planning Director
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

## Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -

<b>Position</b>	:	Senior Vice President (Supply Chain and Demand Fulfillment)
<b>Age (years)</b>	:	55
<b>Education</b>	:	St. Josephs College of Further Education, Glasgow, Scotland, UK.
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b>  2015 - Present      Senior Vice President (Supply Chain and Demand Fulfillment)  2014 - 2015          Vice President  2006 - 2014          Operation Director  : Operations Manager - Highveld Bottling Scarlet Ibis Investments Coca - Cola Southern Africa  : Operations Manager - Highveld Bottling, TJC Holding (PTY) Ltd. : Production Manager - Highveld Bottling, TJC Holding (PTY) Ltd. : Bottling Managing - Coca - Cola SABCO : Installation Technician - Bass Clarington Breweries London, UK
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

Listed Company	:	- None -
None - Listed Company	:	- None -



### Mr. Timothy Edward Doyle

<b>Position</b>	:	Vice President (Wholesale&MAKRO)
<b>Age (years)</b>	:	59
<b>Education</b>	:	Bachelor of Arts - Speech Communication & Business Marketing San Jose State University, San Jose California USA
<b>% of shareholding</b>	:	0.050% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 1 April - Present Vice President (Customer Service System) 2014 - 31 March 2016 Customer Service System Director 2006 - 2014 Operations Director <b>Coca - Cola Southeast Asia Service Company</b> <b>(Coca - Cola Company Asia)</b> 2011 - 2013 Lao Project Manager - Franchise Director Southern Thailand: TCCC 2002 - 2010 Company Manager PNG & Pacific Island
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -



### Mr. Takerng Kanchana

<b>Position</b>	:	Vice President (Production)
<b>Age (years)</b>	:	64
<b>Education</b>	:	Bachelor of Engineering, CHULALONGKORN University
	:	Master of Public Administration, National Institute of Development Administration (NIDA)
<b>% of shareholding</b>	:	0.061% of the paid - up share capital and total voting right (Inclusive of shares held by spouse)
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b>
		2015 - Present Vice President (Production)
		2004 - 2015 Plant Director
		1995 - 2004 Plant Division Manager
<b>Training by Thai Institute of Director</b>		
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -





## Mr. Thongchai Unchurit

<b>Position</b>	:	Vice President (HR & General Administration)
<b>Age (years)</b>	:	66
<b>Education</b>	:	Bachelor of Economics RAMKHAMHAENG University
	:	Master of Public Administration National Institute of Development Administration (NIDA)
<b>% of shareholding</b>	:	0.005% of the paid - up capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b>
		1 July 2016 - Present Vice President (HR & General Administration)
		2007 - 30 June 2016 General Administration Director
		2004 - 2006 General Administration manager
		2002 - 2003 Asst. Marketing Manager
	:	<b>Southern Rocks Co., Ltd.</b>
		2012 - Present Director
<b>Training by Thai Institute of Director</b>		
<b>Association (IOD)</b>	:	- None -

## Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Director
		Southern Rocks Co., Ltd.



### Mr. Sarapat Thiengtham

<b>Position</b>	:	Vice President (National Account & Indirect Chanel)
<b>Age (years)</b>	:	55
<b>Education</b>	:	MBA International Management University of DALLAS, U.S.A.
<b>% of shareholding</b>	:	0.053% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	Mrs. Yupares Thiengtham's son Relative of Mrs. Pariya Chirabandhu and Maj. Gen. Patchara Rattakul
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 1 July 2016 - Present Vice President (National Account & Indirect Chanel) 28 May 2015 - 30 June 2016 National Account Manager 27 August 2014 - 27 May 2015 Senior Manager – National Account
<b>Training by Thai Institute of Director</b>		
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -



**Mr. Riccardo Vrodom Sucharitkul**

Position	:	Vice President (Future Growth and Diversification)
Age (years)	:	42
Education	:	M.A. Law, Bristol University, UK: 2002-2004 B.A. Classics, Amherst College, Mass., USA 1996-2000
% of shareholding	:	0.050% of the paid - up share capital and total voting right
Family Relationship of Management Team	:	- None -
Experience	:	<b>HaadThip Public Company Limited</b> 1 August 2019 - Present Vice President (Future Growth & Diversification)
	:	<b>CANADOIL Group of Companies</b> 2009 - 2017 Chief Corporate Officer (Final Position Held)
	:	<b>Bank of Thailand</b> 2000 - 2009 Senior Analyst, Financial Risk Management and Operations Group
Training by Thai Institute of Director		
Association (IOD)	:	- None -

**Holding a position of Director / Executive in other organizations:**

Listed Company	:	- None -
None - Listed Company	:	- None -



### Mr. Voranin Asadamongkol

<b>Position</b>	:	Vice President (HORECA & Sustainability)
<b>Age (years)</b>	:	45
<b>Education</b>	:	MBA. Major of Marketing and Strategic Management. University of Southern New Hampshire. USA
<b>% of shareholding</b>	:	0.050% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 1 August 2019 - Present Vice President (Future Growth & Diversification)
	:	<b>Siam GS sales Co., LTD.</b> 2015 - 2019 Managing Director
<b>Training by Thai Institute of Director Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -



### Miss Nopparat Amonchaisakda

<b>Position</b>	:	Financial Division Manager
<b>Age (years)</b>	:	51
<b>Education</b>	:	Bachelor Degree in Business Administration Prince of Songkhla University
	:	Master Degree in Business Administration Melbourne Institute of Technology (Australia)
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 2008 - Present      Financial Division Manager 2007 - 2008      Accounting Division Manager
<b>Training by Thai Institute of Director</b>		
<b>Association (IOD)</b>	:	- None -

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None -



## Summary Profile of the person taking the highest responsibility in finance and accounting (CFO) and the person supervising accounting

### Mr. Raffaele Guidi

<b>Position</b>	:	Chief Financial Officer (CFO)
<b>Age (years)</b>	:	43
<b>Education</b>	:	M.B.A. University of Pennsylvania, M.S. Engineering University of Bologna
<b>% of shareholding</b>	:	0.050% of the paid - up share capital and total voting right
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	HaadThip Public Company Limited 1 June 2019 - Present Chief Financial Officer THAINAMTHIP CO., LTD. : 2016 - 2019 Associate Vice president Finance and Planning Coca Cola - ASEAN : 2011 - 2016 Director Strategy and Innovation
<b>Training by Thai Institute of Director</b>	:	
<b>Association (IOD)</b>	:	- None -
<b>The orientation training (hours)</b>	:	12 E- learning: CFO's Orientation Course (English version)
<b>Training Course</b>	:	TLCA CFO Professional Development Program (TLCA CFO CPD) No. 4/2018 "How important are TLCA CFO" : Professional Development Program (TLCA CFO CPD) No. 4/2019 "How important are intangible assets impairments?" & "How important of Employee Benefit Actuarial Valuation" : TLCA CFO Professional Development Program (TLCA CFO CPD) No. 5/2019 "The CFO's role in stakeholder communications"

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	- None





### Miss Nithinart Juntasurat

<b>Position</b>	:	Accounting Division Manager
<b>Age (years)</b>	:	48
<b>Education</b>	:	Bachelor of Commerce (Accounts) Chiang Mai University, THAILAND
	:	Master of Business Administration RAMKHAMHAENG University
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of Management Team</b>	:	- None -
<b>Experience</b>	:	<b>HaadThip Public Company Limited</b> 2010 - Present     Accounting Division Manager 2006 - 2010     Asst. Accounting Division Manager
	:	<b>Southern Rocks Co., Ltd.</b> 2012 - Present     Director
<b>Training by Thai Institute of Director</b>		
<b>Association (IOD)</b>	:	- None -
<b>Refresh (hours)</b>	:	12

### Holding a position of Director / Executive in other organizations:

Listed Company	:	- None -
None - Listed Company	:	Director Southern Rocks Co., Ltd.



## Summary Profile of Company Secretary and Head of Internal Audit

### Miss Sudaluck Brownvanakul

<b>Position</b>	:	Company Secretary
<b>Age (years)</b>	:	70
<b>Education</b>	:	Bachelor of Commerce and Accountancy (Finance and Banking), THAMMASAT University
<b>% of shareholding</b>	:	0.0008% of the paid - up share capital and total voting right
<b>Family Relationship of management Team</b>	:	- None -
<b>Experience</b>	:	<b>Haad Thip Public Company Limited</b> 2011 - Present      Securities Division Manager 2004 - 2011      Security Deputy Manager
<b>Date of Appointment</b>	:	14 August 2008
<b>Training by Thai Institute of Director Association (IOD)</b>	:	Company Secretary Program (CSP) Class 32/2009

### Mrs. Arunee Praduppeth

<b>Position</b>	:	Internal Audit Department Manager
<b>Age (years)</b>	:	48
<b>Education</b>	:	Bachelor Degree (Accounting) SUHHOTHAI THAMMATHIRAT Open University
<b>Certified Internal Auditor</b>	:	IACP (Internal Auditing Certificate Program) - The Institute of Internal Auditors of Thailand - Chief Audit Executive Professional Leadership Program
<b>% of shareholding</b>	:	- None -
<b>Family Relationship of management Team</b>	:	- None -
<b>Experience</b>	:	5 years of work experience in Internal Auditing - HAADTHIP Public Company Limited - Ban Suzuki Group Co., Ltd. 18 years of work experience in Accounting - Ban Suzuki Group Co., Ltd. - PHIYHAN PHANICH Group Co., Ltd. - A.P.K. FURNISHING PARAWOOD Co., Ltd. - 3KHomeBase Co., Ltd.
<b>Date of Appointment</b>	:	3 January 2017
<b>Training by Thai Institute of Director Association (IOD)</b>	:	Private Sector Collective Action Coalition Against Corruption (CAC)
<b>External training</b>	:	The Political Science Association of Kasetsart University - Personal Data Protection Act for Internal Auditor Academic Service Center, Faculty of Economics, Chulalongkorn University - Enterprise Risk Management



## Related Transactions

Connected transactions mean transactions between a listed company or its subsidiary with connected person(s) such as an executive, major shareholder or person with controlling interest in the Company, inclusive of a company wherein the connected person is a major shareholder or person with controlling interest.

The Company certainly realizes that entering into a connected transaction may possibly lead to conflicts of interest. Therefore, in order to ensure equal opportunities of transparency and fairness among all shareholders, the Company shall ensure that all transactions are in conformity with the following principles:

1. A connected transaction must go through an approval process deemed transparent, and stakeholders or persons with possible conflict of interest in the connected transaction shall refrain from participating in the decision - making process
2. Consideration to enter into a connected transaction must be based on the best interest of the Company as the top priority
3. Careful consideration by the Audit Committee must be carried out before proposing to the Board of Directors and/or Shareholders' Meeting for approval of such a transaction
4. In the case that a connected transaction is entered as a trade agreement in such a way that any reasonable person would carry out a transaction agreement with another party to a contract in the same situation and with power of negotiation that bears no influences as a result of the reasonable person holding a position of a Director, Executive or related person thereof, depending on the case, or a normal transaction, or a normal business support transaction with general trading terms and conditions; then the Company must propose such an Agreement to the Board of Directors or request for approval in principle from the Board of Directors before entering into such a transaction, as per Section 89/12(1) of the Security and Exchange Act (No.4) B.E. 2551
5. Connected transactions must be disclosed as per the rules and regulations stipulated by the Securities and Exchange Commission
6. There must be reliable follow - up and verification systems to ensure that the connected transactions are adhered to the correct procedure

For the year 2019, the Company has a transaction with Southern Rocks Company, which is the Company's subsidiary that the Company holds 99.99% of total shares in buying containers of Baht 704.67 million with the price policy of the cost plus margin, and blowing plastic bottles service of Baht 9.65 million with the price policy of contractually agree price, in accordance with the normal trade.

### Future Related Transactions

Related transactions of the Company in the future shall be transactions of normal business operation without transferring any interest between the Company and related companies or persons. The company shall adhere to and strictly follow the regulations of the Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC) as well as relevant laws, considering the reasonability and appropriateness of the conditions and market price which can be referred to in order to ensure that the shareholders and every stakeholder receive fair and equitable benefits according to the Company's good governance.



# Management Discussion and Analysis: MD&A

## 1. Overall picture of the past performance

The Company is an operator of a sparkling beverage business, with main income generated by sales and distribution of sparkling beverage products namely Coke, Fanta and Sprite as well as non-carbonated products namely Minute Maid fruit juice group of beverages and Namthip Drinking Water, in the southern part of Thailand. In 2019, total sales of the Company had increased by 20% from the previous year.

## 2. The operating results of HaadThip PCL and the Subsidiary

The Company's profit for the year, as stated in the Consolidated Financial Statements, was Baht 440.72 million, in comparison with Baht 249.07 million in the same period of previous year, an increase of Baht 191.65 million or 76.95%. The reasons behind changes in profit are as follows:

1. Revenue from sales of Baht 6,775.50 million showed an increase of Baht 1,071.49 million or 18.78% as the result of an increase of sales volume. The growth of sale volume primarily due to 1) revenue growth management initiatives such as prices adjustments in the last quarter of 2019 and also the employed of sales promotion and marketing campaign 2) Production per orders of business partners and 3) favorable climate.
2. Cost of sales was Baht 4,183.66 million, Baht 403.65 million or 10.68% increase, in line with an increase in the sales volume. However, the rate of increase in cost of goods sold is lower than the rate of increase in volume growth, partly as a result of a decrease in sugar price, and savings from economy of scale.
3. There was a foreign exchange gain of Baht 1.95 million, an increase of Baht 1.66 million or 575.63%.
4. Other income in the amount of Baht 14.79 million showed a decrease of Baht 3.61 million or 19.63%.
5. Distribution costs had increased by Baht 235.36 million or 19.94%, plus an increase in administrative expenses in the amount of Baht 229.29 million mainly impacted by the following Human Resource expenses.
  - The Company recognizing the provision for retirement benefits in accordance with the changes in the Labor Protection Act (one – off impact)
  - Expenses incurred from the implementation of Employee Stock Option Program (the “HTC ESOP Scheme”) in the fourth quarter of 2019 (one – off impact).
  - An increase in salary and welfare, to be in line with labor in the South.
  - The recruitment of new talents to support future business growth.
  - Distribution Costs, have also been impacted by an increase in sales promotion and marketing expenses in the amount of Baht 111 million or 23% which in line with sale volume growth.
6. Finance Costs had decreased by Baht 6.14 million or 20.20% as the result of the principal repayment.
7. Income tax expense increased by Baht 13.36 million or 64.96% following the increase in the company's profit.



## Profitability and Operational Efficiency Ratios:

Ratios	2019	2018
Gross Profit Margin (%)	38.25	33.73
Operating Profit Margin (%)	6.45	4.27
Net Profit Margin (%)	6.50	4.37
Return on Equity (%)	15.66	9.26
Return on Assets (%)	10.37	6.41

- Gross profit margin showed an increase of 4.52% due to an increasing the selling price, a decrease in sugar price and the cost of sales of some products and product sizes, following an increase in production by the second production plant.
- Operating profit margin showed an increase of 2.18% as a result of an increase in the sales revenue as well as savings on cost of goods sold.
- Net profit margin increased by 2.13% as a result of an increase in the sales revenue as well as savings on cost of goods sold.
- Return to equity increased by 6.40% as a result of the increase in the Company's net profit.
- Return on assets increased by 3.96% as a result of the increase in the Company's net profit.

### 3. Financial Status of HaadThip Public Company Limited and the Subsidiary

(Unit: Million Baht)

Items	As at 31 Dec 2019	As at 31 Dec 2018	Increase (Decrease) by	
			Amount	%
Total Assets	4,906.98	4,757.80	149.18	3.14
Total Liabilities	1,992.26	2,045.53	(53.27)	(2.60)
Shareholders' Equity	2,914.72	2,712.26	202.44	7.46

- As at 31st December 2019, the Company's total assets was Baht 4,906.98 million, an increase of Baht 149.18 million or 3.14% from end of the year 2018.
  - Cash and cash equivalents had increased by Baht 36.17 million or 34.72% since there was more inflow than outflow of cash from operating activities by the amount of Baht 725.59 million. Net cash used in investing activities was in the amount of Baht 213.41 million; and cash outflow from financing activities was in the amount of Baht 487.06 million.
  - The amount of temporary investment had increased by Baht 11.04 million or 1,269.07% from investing in the investment units.
  - There was a net increase of Baht 11.68 million or an increase of 20.86% in account receivables due to the sales growth.
  - Other receivables had increased by Baht 16.28 million or 44.56%, mainly due to loans to employees.
  - There was an increase of Baht 35.69 million or 12.74% in inventory, mainly as a result of an increase in finished goods produced in stock to support the relocation of the production line.
  - Income tax assets for the current period increased by Baht 2.97 million since the Company had income tax refund while the previous year the company had income tax payable.
  - Other current assets increased by Baht 8.25 million or 77.82% as a result of an increase in sales promotion materials.



- Available-for-sales investments increased by Baht 0.34 million or 33.33% as a result of an investment in securities available for sales.
  - Remaining balance of investment property equaled to last year's balance of Baht 206.39 million.
  - Land, building and equipment decreased by Baht 51.16 million or 1.46% because the investment in fixed assets necessary for business operation was less than the depreciation expenses during the year.
  - Intangible assets decreased by Baht 9.34 million or 15.21% as a result of the 5 year account debit.
  - Other non-current assets decreased by Baht 1.62 million or 16.19% since the number of sales promotion materials in the category of fixed assets, such as refrigerators that had not been withdrawn from stock for utilization, had declined.
2. As of 31st December 2019, the Company's total liabilities was Baht 1,992.26 million, which could be divided into short-term liabilities in the amount of Baht 1,061.22 million and long-term liabilities in the amount of Baht 931.04 million. This indicated a decrease of Baht 53.27 million or 2.60% in total liabilities from the end of year 2018.
- Short-term loan from financial institution decreased by the entire amount of Baht 90.00 million or 45% as a result of using cash balance to pay for the short – term loan borrowed to utilize as working capital.
  - Account payables decreased by Baht 84.38 million or 31.26% as a result of payables for the price of concentrate purchased from a business partner abroad and the purchase of other raw materials.
  - Other payables increased by Baht 153.12 million or 33.51%, mainly as a result of an increase in excise tax and payables for spare parts for machinery and accrued sales promotion expenses.
  - Long – term loan decreased by Baht 91.14 million or 20.41% as a result of loan repayment due during the year.
  - Finance lease liabilities decreased by Baht 25.45 million or 13.31% as a result of repayment due during the year.
  - Customers' deposits on bottles and cases decreased by Baht 0.36 million or 1.71% following the return of deposits on bottles and cases to customers.
  - Deferred tax liability decreased by Baht 22.61 million or 8.09% due to an increase in the estimated provision for employee retirement benefits in 2019.
  - Estimation of non-current liabilities in the category of provision for employee benefits increased by Baht 13.13 million or 65.01%, according to additional record of the estimation of provision for employee retirement benefits in the amount of Baht 66.77 million in compliance with the amended Labor Protection Act as well as an improvement of forecast of increasing volume based on a presumption of changing actuarial science.
3. The Company's shareholders' equity of Baht 2,914.72 million as of 31<sup>st</sup> December 2019 showed an increase of Baht 202.44 million or 7.46% from the end of year 2018 due to fact that the Company offered the newly issued ordinary shares to the management and/or employees according to the HTC ESOP Scheme. Total 1,742,500 shares were subscribed at Baht 11.33 per share versus the market price of Baht 23.32 per share. In addition, the net profit of the year subtracted by dividend payout from the operating results of 2018 at the rate of Baht 0.42 per share in May 2019, and interim dividend payout from the operating results of 2019 at the rate of Baht 0.78 per September 2019.





#### 4. Cash Flow

Items (Unit : Million Baht)	2019	2018
Net cash from operating activities	725.59	575.50
Net cash used in investing activities	(213.41)	(261.24)
Net cash from (used in) financing activities	(487.06)	(272.55)
Net increase (decrease) in cash and cash equivalents	25.13	41.71

The Company's inflow of cash from operating activities was higher than outflow by Baht 725.59 million, an increase of Baht 150.09 million from the previous year. The Company's net cash used in investment activities in the amount of Baht 213.41 million showed a decrease of Baht 47.83 million from the previous year. The Company's net cash used in financing activities was Baht 487.06 million as a result of the repayments of long-term loans and financial lease inclusive of interest. Dividend payout had also been made to the shareholders, from the operating results of the year 2018 as well as interim dividend payout from the operating results of the year 2019. Overall, the company had income from the issue of the extra ordinary shares in the amount of Baht 19.74 million.

#### 5. Liquidity

##### Important liquidity ratios:

Ratios	2019	2018
Liquidity Ratio (times)	1.11	0.89
Cash Ratio (times)	0.68	0.59
Average Debt Collection Period (day)	31.85	34.28
Average Inventory Turnover Period (day)	26.00	25.72
Average Debt Repayment Period (day)	19.86	24.21

- The Company's liquidity ratio of 1.11 times showed an increase of 0.22 times from the previous year; with cash ratio of 0.68 times, an increase of 0.12 times from the previous year. All of which was as a result of cash flow from increasing activities.
- The Company's average debt collection period was 32 days, which was slightly faster than the previous year.
- The average inventory turnover period was 26 days, which was equal to the previous year.
- Average debt repayment period was 20 days, which was quicker than the previous year because the purchase of raw materials at the end of 2019 decreased due to the plant relocation.

## 6. Financial Policy

### Financial Analysis Ratios:

Ratios:	2019	2018
Debt-to-Equity Ratio (times)	0.68	0.75
Interest Coverage Ratio (times)	20.66	9.87

- Debt-to-equity ratio of 0.68 times was slightly lower than the previous year, indicating that investment incurred from an increase in borrowing than from equities decreased.
- Interest coverage ratio of 20.66 times showed a significant increase from the previous year. This was because the company had a significant increase in cash flow from the operations with full capability of repaying loan and interest to all the creditors.



## Nomination and Remuneration Committee Report

Nomination and Remuneration Committee comprises the following 5 members:

1. Mrs. Yupares Thiengtham Chairman of the Nomination and Remuneration Committee
2. Miss Smornluk Mahasmiti Member of the Nomination and Remuneration Committee
3. Mr. Philipp Hugo Gutsche Member of the Nomination and Remuneration Committee
4. Mrs. Pariya Chirabandhu Member of the Nomination and Remuneration Committee
5. Mr. Yanyong Maethapanich Member of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has performed the duties assigned by the Board of Directors, in accordance with the scope of duties and responsibilities described in the Charter, in a prudent, equitable and reasonable manner.

The Nomination and Remuneration Committee held 3 meetings throughout 2019. The below table show details of the Committees who attend to the meetings.

Names – Surname	Positions	No. of attendances
1. Mrs. Yupares Thiengtham <sup>1/</sup>	Chairman of the Nomination and Remuneration Committee	2/3
2. Ms. Smornluk Mahasmiti	Nomination and Remuneration Committee Member	3/3
3. Mr. Philipp Hugo Gutsche	Nomination and Remuneration Committee Member	1/3
4. Mrs. Pariya Chirabandhu	Nomination and Remuneration Committee Member	3/3
5. Mr. Yanyong Maethapanich	Nomination and Remuneration Committee Member	3/3

<sup>1/</sup> Mrs. Yupares Thiengtham and Mr. Philipp Hugo Gutsche were appointed as Committees of the Nomination and Remuneration Committee as per resolution of the Board Meeting on 21st January 2019

### The Meetings considered the following matters:

1. To consider and nominate the top executive of the Company to fill in the vacant position, in accordance with the Succession Plan.
2. To consider and nominate members of the Director to replace those retired by rotation, before proposing to the Board of Directors to propose for approval from the Annual General Shareholders' Meeting.
3. To consider the remuneration for the Company's Board of Directors as well as Sub-committees before proposing to the Board of Directors to propose for approval from the Annual General Shareholders' Meeting. The rate of compensation must be appropriate for the scope of duties and responsibilities; within a similar range to compensation set by other companies listed on the Stock Exchange of Thailand with the same operation size and in the same industry; at a sufficient rate to attract and retain qualified directors; and to be in accordance with the annual operating results of the Company.
4. To consider and increase the salary and bonus for the Management and staff of the Company, through consideration of their performance, the overall operating results of the company as well as the economics condition and industry trend, and to propose to the Board of Directors' Meeting for consideration and approval.

In addition, the Company had provided the opportunity for minority shareholders to propose in advance the name of an individual deemed suitable for the director position of the Company, prior to the Annual General Shareholders' Meeting of the year 2019. Such proposal was to be submitted as per the rules, regulations and method set by the Company, and to be published on the website of the Company: [www.haadthip.com](http://www.haadthip.com). However, no shareholder had proposed any name of an individual for the selection process.

(Mrs. Yupares Thiengtham)

**Chairman of the Nomination and Remuneration Committee**



# Audit Committee Report

## To Shareholders

The Audit Committee comprises 3 qualified professional and independent directors as follows:

- |    |                          |                                 |
|----|--------------------------|---------------------------------|
| 1. | Mr. Prakit Pradipasen    | Chairman of the Audit Committee |
| 2. | Miss Smornluk Mahasmiti  | Member of the Audit Committee   |
| 3. | Mr. Yanyong Maethapanich | Member of the Audit Committee   |

The Audit Committee has performed duties in conformity to the scope of duty and responsibility as assigned by the Board of Directors of the Company, by examining and encouraging HaadThip to operate in accordance with the principles of the Corporate Governance under supervision in compliance with the rules, risk management and sufficient internal audit system, focusing on being a transparent company with a response to all the stakeholders' requirements in mind. This is in accordance with the announcement of the Securities and Exchange Commission (SEC) and the requirements set forth by The Stock Exchange of Thailand (SET).

During the year 2019, the Audit Committee held a total of 4 official meetings with the Auditor and Internal Audit officers, with the presence of the Chairman of the Audit Committee and the 2 Committee members in all of the meetings. The meetings were held to consider the various matters according to the duty and responsibility of the Audit Committee as assigned by the Board of Directors. The results from the meetings were reported at each and every Board of Directors' Meeting, and can be summarized as follows:

1. To consider the reports on the review of the quarterly and annual financial statements together with the Executive of the Accounting Department and the Auditor, by considering until satisfaction the report on observations from the audit activities or the review of the financial statements. However, the meetings with the presence of external Auditor were exclusive of the Executive responsible for such department. Once unanimous conclusion had been reached, recommendation on rectification would then follow. The Audit Committee had concluded that the quarterly and annual financial statements of the year 2019 were correct and accurate, and had been prepared and arranged in accordance with the generally accepted accounting standards, with disclosure of information deemed sufficient and appropriate.
2. To consider the Internal Audit Report of the year 2019 and observations on the evaluation of the internal audit system in order to encourage the company to improve the correction and protection process or issues that internal auditors may find to ensure that it is carried out systematically and sustainably. This is to allow the Internal Audit office to analyze problems or other issues and coordinate with auditee so as to provide recommendations and direction/ suggestions for improvement and rectification by the Management as per the Code of Conduct. All of which was carried out to ensure that the internal audit system of the Company was appropriate and sufficient.
3. To consider and approve the internal audit plan, development plan, rotation of personnel, training and annual budget for the year 2020, provided by the Internal Audit Office; and to issue internal audit guidelines for the Company, with an emphasis on the objectives and the scope of audit that cover significant risk factors of each and every work unit and activity and specify directions of the internal audit that is capable of supporting a rapid change of the business.
4. To consider and select an Auditor and consider the Audit Fee for the year 2020, by considering and selecting an Auditor with qualified performance and standard as well as expertise and independence in performing his/her duties. The selected Auditor would then be proposed to the Board of Directors for consideration and proposal for approval from the Annual General Shareholders' Meeting.



5. To consider connected transactions and to disclose the information on connected transactions in the annual and quarterly Notes to the Financial Statements; as well as to provide an independent opinion on the gains and loss on investment assets in the major projects of the Company and subsidiary.

The Audit Committee has performed the duties with prudence, independence, provision of honest opinions and transparency as well as conformity to the principle of good corporate governance. The Audit Committee is confident that the Financial Statements and Notes to the Financial Statements of the Company are complete, accurate, reliable, appropriate and sufficient, and in accordance with the generally accepted accounting principle. Moreover, the Company's risk management and internal control measures are effective and sufficient. Internal audit is considered independent and provides sufficient coverage to the work procedure with high risk. The working procedure and performance of duties have also been monitored in such a way that conforms to the established laws and regulations in an appropriate manner.

(Mr. Prakrit Pradipasen)

**Chairman of the Audit Committee**



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

## To Shareholders

The Company's Board of Directors shall be responsible for the Financial Statements of Haad Thip Public Company Limited and the Subsidiary, which have been prepared in accordance with the Financial Reporting Standards as per the Accounting Act B.E. 2543 and the requirements set forth by The Securities and Exchange Commission on the subject of Financial Reporting, under The Securities and Exchange Act B.E. 2535. The Company has considered and adopted the accounting policy deemed suitable for the Company and has put the policy to practice on a regular basis. In addition, essential information in the Notes to the Financial Statements have been disclosed in a sufficient manner.

The Company's Board of Directors has ensured that the Company has a sound Corporate Governance Policy; Anti-corruption Policy; and has established as well as intended to maintain the Risk Management System and Internal Control System, for the purpose of assurance that every accounting record is accurate, complete and timely, sufficient to preserve the Company's assets and prevent any fraudulence or anomalous operations deemed material. As such, the Company has appointed an Audit Committee that comprises independent directors for the purpose of monitor and control; to perform the review of the Financial Statements in order to ensure reliable and accurate information in the Financial Statements; and to perform an assessment on Internal Control and Internal Audit System to ensure efficiency and effectiveness of the system. The opinions of the Audit Committee appear in the Audit Committee Report, which is presented in this Annual Report.

The Board of Directors issues an opinion that the Company's Internal Control and Internal Audit System serves to assure that the Financial Statements of Haad Thip Public Company Limited and the Subsidiary for the accounting year ended 31st December 2019 display the financial status, operating results and cash flows in an accurate manner, in all material respects, and appropriately in accordance with the Financial Reporting Standards. The Auditor has performed a review; disclosed opinions; and issued an unqualified opinion in the Audit Report, which is presented in this Annual Report.

Gen.   
[Charan Kullavanijaya]  
**Chairman of the Board of Directors**

Maj. Gen.   
[Patchara Rattakul]  
**Chief Executive Officer**





# Independent Auditor's Report

## To the Shareholders of Haad Thip Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of Haad Thip Public Company Limited and its subsidiary (the “Group”) and of Haad Thip Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### *Basis for Opinion*

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

### *Key Audit Matters*

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



<b>Completeness of accrued sales promotion and marketing expenses</b>	
Refer to Note 13 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>In a highly competitive market, the Group has to incur more expenditures in relation to sales promotional and marketing activities with various campaigns to help the Group maintain their market shares. Sales are realised through modern trades with different types of sales incentives such as discounts, rebates, marketing support and sales promotion. Due to the variety of contractual terms, the estimate of the expenditure on incentives is complex in nature and highly uncertain depending upon market conditions. As a result, the completeness on estimate of accrued discounts, rebates, sales promotion and marketing support is an area of focus for my audit.</p>	<p>My principal audit procedures to address this matter included:</p> <ul style="list-style-type: none"> <li>- Understanding the process of sales and estimation relating to the accrual of sales promotion and marketing expenses and testing both key manual controls and systems-based controls of such processes with the assistance of KPMG's information technology specialists. This included, but was not limited to, accessing and maintaining customer master data and price list, credit limit approval and accrual rates of sales discounts, rebates, promotions and marketing campaigns.</li> <li>- Sampling the agreements with modern trades and comparing the data of sales discounts, rebates and incentives programs which were specified in those agreements to the data inputs in the system.</li> <li>- Analysing relationships and movements year on year of sales and related movements of discounts, rebates, promotional and marketing programs.</li> <li>- Considering the reasonableness of the accrual calculation on a sample basis, by corroboration of samples of inputs and inspection of underlying contractual terms with modern trades, and considering the historical accuracy of the accrual with actual expenditures incurred. Also performing test of subsequent expenditures incurred with amounts invoiced and payment documents on a sample basis.</li> <li>- Considering whether the amounts have been recognised in the proper period through sampling tests of credit notes and invoices received during the period and post period.</li> <li>- Sampling the sales promotion activities from promotion grid during the end of period and considering whether the sales promotion and marketing expenses have been recognized in the proper period.</li> <li>- Evaluating the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>



### *Other Information*

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Thanit Osathalert)  
Certified Public Accountant  
Registration No. 5155

KPMG Phoomchai Audit Ltd.  
Bangkok  
21 February 2020



# Statement of financial position

Haad Thip Public Company Limited and its subsidiary

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	5	128,432,944	103,305,737	108,619,434	63,528,395
Current investments	6, 23	11,914,373	870,252	777,179	194,471
Trade accounts receivable	7	647,091,567	535,415,442	647,091,567	535,415,442
Other receivables		52,801,092	36,525,336	55,118,130	34,861,381
Inventories	8	315,851,716	280,165,398	303,987,517	243,643,509
Current tax assets		2,965,842	-	2,965,842	-
Other current assets		18,845,104	10,597,624	18,845,104	10,597,624
<b>Total current assets</b>		<b>1,177,902,638</b>	<b>966,879,789</b>	<b>1,137,404,773</b>	<b>888,240,822</b>
<b>Non-current assets</b>					
Available-for-sale investments	6, 23	1,360,000	1,020,000	1,360,000	1,020,000
Investment in subsidiary	9	-	-	96,993,200	59,496,800
Investment properties	10	206,387,935	206,387,935	207,346,499	207,346,499
Property, plant and equipment	11	3,460,619,669	3,511,775,262	3,181,452,161	3,204,038,144
Intangible assets		52,063,466	61,401,888	52,051,999	61,386,121
Deferred tax assets	20	277,531	353,942	-	-
Other non-current assets		8,364,997	9,980,726	8,363,497	9,979,224
<b>Total non-current assets</b>		<b>3,729,073,598</b>	<b>3,790,919,753</b>	<b>3,547,567,356</b>	<b>3,543,266,788</b>
<b>Total assets</b>		<b>4,906,976,236</b>	<b>4,757,799,542</b>	<b>4,684,972,129</b>	<b>4,431,507,610</b>

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



# Statement of financial position

Haad Thip Public Company Limited and its subsidiary

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	12	110,000,000	200,000,000	110,000,000	200,000,000
Trade accounts payable	4	185,503,854	269,881,969	294,219,174	331,563,481
Other payables	13	610,156,886	457,026,826	603,835,020	439,249,215
Current portion of long-term loans	12	97,660,000	91,140,000	90,760,000	91,140,000
Current portion of finance lease liabilities	12	57,897,032	58,761,129	57,633,616	58,507,561
Income tax payable		-	6,308,797	-	6,308,797
<b>Total current liabilities</b>		<b>1,061,217,772</b>	<b>1,083,118,721</b>	<b>1,156,447,810</b>	<b>1,126,769,054</b>
<b>Non-current liabilities</b>					
Long-term loans	12	257,700,000	355,360,000	197,600,000	288,360,000
Finance lease liabilities	12	107,901,022	132,488,100	107,856,136	132,179,798
Customers' deposits on bottles and cases		21,512,724	21,151,412	21,512,724	21,151,412
Deferred tax liabilities	20	256,782,833	279,395,508	256,761,546	279,374,220
Non-current provisions for employee benefits	14	287,144,560	174,011,191	286,878,167	173,362,744
<b>Total non-current liabilities</b>		<b>931,041,139</b>	<b>962,406,211</b>	<b>870,608,573</b>	<b>894,428,174</b>
<b>Total liabilities</b>		<b>1,992,258,911</b>	<b>2,045,524,932</b>	<b>2,027,056,383</b>	<b>2,021,197,228</b>

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



# Statement of financial position

Haad Thip Public Company Limited and its subsidiary

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
Equity					
Share capital					
Authorised share capital	15	201,210,180	199,218,000	201,210,180	199,218,000
Issued and paid-up share capital		200,960,500	199,218,000	200,960,500	199,218,000
Share premium					
Share premium on ordinary shares	15	392,838,100	353,945,500	392,838,100	353,945,500
Retained earnings					
Appropriated					
Legal reserve	16	25,000,000	25,000,000	25,000,000	25,000,000
General reserve	16	35,000,000	35,000,000	35,000,000	35,000,000
Unappropriated		972,621,200	811,088,052	715,926,650	509,228,386
Other component of equity	11	1,288,275,645	1,288,003,645	1,288,190,496	1,287,918,496
Equity attributable to owners of					
the parent		2,914,695,445	2,712,255,197	2,657,915,746	2,410,310,382
Non-controlling interests		21,880	19,413	-	-
Total equity		2,914,717,325	2,712,274,610	2,657,915,746	2,410,310,382
Total liabilities and equity		4,906,976,236	4,757,799,542	4,684,972,129	4,431,507,610

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





# Statement of comprehensive income

Haad Thip Public Company Limited and its subsidiary

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in Baht)</i>			
<b>Revenue</b>					
Revenue from sale of goods	17	6,775,501,024	5,704,008,753	6,767,845,677	5,704,008,753
Dividend income	4, 9	48,000	-	305,028,251	49,977,312
Net foreign exchange gain		1,952,046	289,127	961,560	-
Other income		14,787,330	18,398,694	15,333,662	19,687,975
<b>Total revenue</b>		<b>6,792,288,400</b>	<b>5,722,696,574</b>	<b>7,089,169,150</b>	<b>5,773,674,040</b>
<b>Expenses</b>					
Cost of sales of goods		4,183,661,227	3,780,007,771	4,444,771,365	3,886,278,089
Distribution costs		1,415,770,485	1,180,406,048	1,415,770,485	1,180,406,048
Administrative expenses		691,521,953	462,231,363	684,631,023	456,562,790
Net foreign exchange loss		-	-	-	85,116
Finance costs		24,271,340	30,413,892	21,909,303	29,474,996
<b>Total expenses</b>		<b>6,315,225,005</b>	<b>5,453,059,074</b>	<b>6,567,082,176</b>	<b>5,552,807,039</b>
<b>Profit before income tax expense</b>		<b>477,063,395</b>	<b>269,637,500</b>	<b>522,086,974</b>	<b>220,867,001</b>
Tax expense	20	-36,344,037	-20,566,149	-36,258,324	-20,579,323
<b>Profit for the year</b>		<b>440,719,358</b>	<b>249,071,351</b>	<b>485,828,650</b>	<b>200,287,678</b>

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



# Statement of financial position

Haad Thip Public Company Limited and its subsidiary

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on remeasuring available-for-sale investments, net of income tax	6, 20	272,000	-	272,000	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>272,000</b>	<b>-</b>	<b>272,000</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans, net of income tax	14, 20	(40,105,994)	(2,828,162)	(40,068,786)	(2,807,433)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(40,105,994)</b>	<b>(2,828,162)</b>	<b>(40,068,786)</b>	<b>(2,807,433)</b>
<b>Other comprehensive income (expense) for the year, net of income tax</b>		<b>(39,833,994)</b>	<b>(2,828,162)</b>	<b>(39,796,786)</b>	<b>(2,807,433)</b>
<b>Total comprehensive income (expense) for the year</b>		<b>400,885,364</b>	<b>246,243,189</b>	<b>446,031,864</b>	<b>197,480,245</b>
<b>Profit attributable to:</b>					
Owners of the parent		440,700,742	249,065,999	485,828,650	200,287,678
Non-controlling interests		18,616	5,352	-	-
<b>Profit for the year</b>		<b>440,719,358</b>	<b>249,071,351</b>	<b>485,828,650</b>	<b>200,287,678</b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		400,866,748	246,237,837	446,031,864	197,480,245
Non-controlling interests		18,616	5,352	-	-
<b>Total comprehensive income (expense) for the year</b>		<b>400,885,364</b>	<b>246,243,189</b>	<b>446,031,864</b>	<b>197,480,245</b>
<b>Basic earnings per share</b>	21	<b>2.21</b>	<b>1.25</b>	<b>2.44</b>	<b>1.01</b>

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

# Statement of changes in equity

Haad Thip Public Company Limited and its subsidiary

	Consolidated financial statements						
	Retained earnings			Other component of equity			Total equity
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	General reserve	Unappropriated surplus (in Baht)	Revaluation surplus	
Note							
<b>For the year ended 31 December 2018</b>							
<b>Balance at 1 January 2018</b>	<b>199,218,000</b>	<b>353,945,500</b>	<b>25,000,000</b>	<b>35,000,000</b>	<b>764,068,215</b>	<b>1,288,003,645</b>	<b>2,665,235,360</b>
							<b>16,749</b>
							<b>2,665,252,109</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Distributions to owners of the Company</i>							
Dividends to owners of the Company	-	-	-	-	(199,218,000)	-	(199,218,000)
<b>Total distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(199,218,000)</b>	<b>-</b>	<b>(199,218,000)</b>
<i>Change in ownership interests in subsidiary</i>							
Dividends to non-controlling interests	-	-	-	-	-	-	(2,688)
<b>Total change in ownership interests in subsidiary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,688)</b>
<b>Total transactions with owners, recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(199,218,000)</b>	<b>-</b>	<b>(199,220,688)</b>
<b>Comprehensive income for the year</b>							
Profit	-	-	-	-	249,065,999	-	249,071,351
Other comprehensive income	-	-	-	-	(2,828,162)	-	(2,828,162)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,237,837</b>	<b>-</b>	<b>246,237,837</b>
<b>Balance at 31 December 2018</b>	<b>199,218,000</b>	<b>353,945,500</b>	<b>25,000,000</b>	<b>35,000,000</b>	<b>811,088,052</b>	<b>1,288,003,645</b>	<b>2,712,274,610</b>

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





# Statement of changes in equity

Haad Thip Public Company Limited and its subsidiary

	Note	Consolidated financial statements										
		Retained earnings			Other component of equity							
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Available-for-sale investments (in Baht)	Revaluation surplus	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
For the year ended 31 December 2019												
Balance at 1 January 2019		199,218,000	353,945,500	25,000,000	35,000,000	811,088,052	-	1,288,003,645	1,288,003,645	2,712,255,197	19,413	2,712,274,610
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Shares options exercised	15	1,742,500	38,892,600	-	-	-	-	-	-	40,635,100	-	40,635,100
Dividends to owners of the Company	22	-	-	-	-	(239,061,600)	-	-	-	(239,061,600)	-	(239,061,600)
Total contributions by and distributions to owners of the Company		1,742,500	38,892,600	-	-	(239,061,600)	-	-	-	(198,426,500)	-	(198,426,500)
Change in ownership interests in subsidiary												
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	3,600	3,600
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(19,749)	(19,749)
Total change in ownership interests in subsidiary		-	-	-	-	-	-	-	-	-	(16,149)	(16,149)
Total transactions with owners, recorded directly in equity												
		1,742,500	38,892,600	-	-	(239,061,600)	-	-	-	(198,426,500)	(16,149)	(198,442,649)
Comprehensive income for the year												
Profit		-	-	-	-	440,700,742	-	-	-	440,700,742	18,616	440,719,358
Other comprehensive income	6, 14, 20	-	-	-	-	(40,105,994)	272,000	-	272,000	(39,833,994)	-	(39,833,994)
Total comprehensive income for the year		-	-	-	-	400,594,748	272,000	-	272,000	400,866,748	18,616	400,885,364
Balance at 31 December 2019		200,960,500	392,838,100	25,000,000	35,000,000	972,621,200	272,000	1,288,003,645	1,288,275,645	2,914,695,445	21,880	2,914,717,325

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

# Statement of changes in equity

Haad Thip Public Company Limited and its subsidiary

	Separate financial statements							Total equity
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings			Other component of equity	
				Legal reserve	General reserve	Unappropriated		
(in Baht)								
For the year ended 31 December 2018								
Balance at 1 January 2018		199,218,000	353,945,500	25,000,000	35,000,000	510,966,141	1,287,918,496	2,412,048,137
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the Company</i>								
Dividends to owners of the Company	22	-	-	-	-	(199,218,000)	-	(199,218,000)
<i>Total distributions to owners of the Company</i>		-	-	-	-	(199,218,000)	-	(199,218,000)
Total transactions with owners, recorded directly in equity								
		-	-	-	-	(199,218,000)	-	(199,218,000)
Comprehensive income for the year								
Profit		-	-	-	-	200,287,678	-	200,287,678
Other comprehensive income	14, 20	-	-	-	-	(2,807,433)	-	(2,807,433)
<i>Total comprehensive income for the year</i>		-	-	-	-	197,480,245	-	197,480,245
Balance at 31 December 2018		199,218,000	353,945,500	25,000,000	35,000,000	509,228,386	1,287,918,496	2,410,310,382

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





# Statement of changes in equity

Haad Thip Public Company Limited and its subsidiary

Separate financial statements										
	Note	Retained earnings			Other components of equity				Total equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	General reserve	Unappropriated (in Baht)	Available-for-sale investments	Revaluation surplus		Total other components of equity
For the year ended 31 December 2019										
Balance at 1 January 2019		199,218,000	353,945,500	25,000,000	35,000,000	509,228,386	-	1,287,918,496	1,287,918,496	2,410,310,382
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners of the Company										
Shares options exercised	15	1,742,500	38,892,600	-	-	-	-	-	-	40,635,100
Dividends to owners of the Company	22	-	-	-	-	(239,061,600)	-	-	-	(239,061,600)
Total contributions by and distributions to owners of the Company										
		1,742,500	38,892,600	-	-	(239,061,600)	-	-	-	(198,426,500)
Total transactions with owners, recorded directly in equity										
		1,742,500	38,892,600	-	-	(239,061,600)	-	-	-	(198,426,500)
Comprehensive income for the year										
Profit		-	-	-	-	485,828,650	-	-	-	485,828,650
Other comprehensive income	6, 14, 20	-	-	-	-	(40,068,786)	272,000	-	272,000	(39,796,786)
Total comprehensive income for the year										
		-	-	-	-	445,759,864	272,000	-	272,000	446,031,864
Balance at 31 December 2019										
		200,960,500	392,838,100	25,000,000	35,000,000	715,926,650	272,000	1,287,918,496	1,288,190,496	2,657,915,746

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



# Statement of cash flows

Haad Thip Public Company Limited and its subsidiary

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	440,719,358	249,071,351	485,828,650	200,287,678
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	36,344,037	20,566,149	36,258,324	20,579,324
Finance costs	24,271,340	30,413,892	21,909,303	29,474,996
Depreciation	278,190,740	273,639,470	240,884,277	243,684,624
Amortisation	18,372,488	14,154,649	18,368,188	14,150,348
Unrealised (gain) loss on foreign exchange	(89,959)	88,897	(84,563)	(59,546)
Share-based payment	20,892,575	-	20,892,575	-
Reversal of bad and doubtful debt expenses for				
trade and other receivables	(334,094)	(439,762)	(334,094)	(439,762)
Allowance for obsolete inventories	3,046,560	2,407,066	3,046,560	2,407,066
Gain on disposal of property, plant and equipment	(3,559,332)	(5,682,763)	(3,559,332)	(5,682,763)
Loss on property, plant and equipment written-off	873,769	114,875	753,505	114,822
Loss on containers written-off	374,323	222,827	374,323	222,827
Gain on sale of investment units	(1,010,207)	(896,497)	(580,157)	(736,508)
(Gain) loss on fair value adjustment of investment units	(33,914)	22,576	(2,551)	3,432
Dividend income	(48,000)	-	(305,028,251)	(49,977,312)
Interest income	(541,212)	(417,142)	(518,539)	(401,255)
	817,468,472	583,265,588	518,208,218	453,627,971
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(111,425,728)	906,178	(111,425,728)	906,178
Other receivables	(16,192,059)	(4,599,931)	(20,173,052)	(1,470,623)
Inventories	(38,732,878)	(29,952,347)	(63,390,568)	(22,544,203)
Other current assets	(8,247,480)	7,058,482	(8,247,480)	7,058,482
Other non-current assets	1,615,729	6,908,621	1,615,727	6,813,877
Trade accounts payable	(84,321,638)	38,489,699	(37,287,829)	43,316,445
Other payables	160,264,758	(18,117,620)	160,270,236	(19,333,147)
Customers' deposits on bottles and cases	361,312	(780,782)	361,312	(780,782)
Provision for employee benefits	63,000,876	10,288,935	63,429,440	10,223,083
Net cash generated from operating	783,791,364	593,466,823	503,360,276	477,817,281
Taxes paid	(58,196,439)	(17,965,259)	(58,196,439)	(17,965,259)
<b>Net cash provided by operating activities</b>	<b>725,594,925</b>	<b>575,501,564</b>	<b>445,163,837</b>	<b>459,852,022</b>

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





# Statement of cash flows

## Haad Thip Public Company Limited and its subsidiary

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
<i>Cash flows from investing activities</i>				
Acquisition of available-for-sale investments	-	(1,020,000)	-	(1,020,000)
Payment on investment in subsidiary	-	-	(37,496,400)	-
Proceeds from sale of property, plant and equipment	3,559,360	5,766,680	3,559,360	5,766,680
Acquisition of property, plant and equipment	(201,773,196)	(226,263,480)	(181,227,066)	(148,260,821)
Acquisition of intangible assets	(5,786,293)	(57,138,021)	(5,786,293)	(57,138,021)
Proceeds from sale of investment units	1,000,000,000	1,209,000,000	750,000,000	1,135,000,000
Acquisition of investment units	(1,010,000,000)	(1,192,000,000)	(750,000,000)	(1,130,000,000)
Dividends received	48,000	-	305,028,251	49,977,312
Interest received	541,212	417,142	518,539	401,255
Net cash from (used in) investing activities	(213,410,917)	(261,237,679)	84,596,391	(145,273,595)
<i>Cash flows from financing activities</i>				
Proceeds from change in ownership interest in subsidiary				
without a change in control	3,600	-	-	-
Proceeds from exercise of share options	19,742,525	-	19,742,525	-
Proceeds from short-term loans	2,265,000,000	1,280,000,000	2,265,000,000	1,280,000,000
Repayment of short-term loans	(2,355,000,000)	(1,080,000,000)	(2,355,000,000)	(1,080,000,000)
Proceeds from long-term loans	-	70,350,000	-	-
Repayment of long-term loans	(91,140,000)	(103,640,000)	(91,140,000)	(69,840,000)
Repayment of debenture	-	(150,000,000)	-	(150,000,000)
Payment by a lessee for reduction of				
the outstanding liability relating to a finance lease	(62,412,145)	(58,483,821)	(62,158,577)	(58,239,733)
Dividends paid to owners of the Company	(239,061,600)	(199,218,000)	(239,061,600)	(199,218,000)
Dividends paid to non-controlling interests	(19,749)	(2,688)	-	-
Interest paid	(24,169,432)	(31,557,718)	(22,051,537)	(29,827,243)
Net cash used in financing activities	(487,056,801)	(272,552,227)	(484,669,189)	(307,124,976)
Net increase in cash and cash equivalents	25,127,207	41,711,658	45,091,039	7,453,451
Cash and cash equivalents at 1 January	103,305,737	61,594,079	63,528,395	56,074,944
Cash and cash equivalents at 31 December	128,432,944	103,305,737	108,619,434	63,528,395

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



# Statement of cash flows

Haad Thip Public Company Limited and its subsidiary

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	(in Baht)			

## Supplemental disclosure of cash flows information

### Non-cash transactions :

Property, plant and equipment and intangible assets

purchased during the years are detailed as follows:

Property, plant and equipment purchased

during the years

231,866,040

337,514,172

223,008,923

246,294,411

Intangible assets purchased during the years

5,451,293

57,473,021

5,451,293

57,473,021

Less : assets acquired by way of finance lease

(36,960,969)

(89,026,388)

(36,960,969)

(89,026,388)

Interest capitalised

-

(824,728)

-

(21,550)

(Increase) decrease in payables on purchases of

property and equipment

6,868,125

(21,399,576)

(4,820,888)

(8,985,652)

(Increase) decrease in payables on purchases of

intangible assets

335,000

(335,000)

335,000

(335,000)

**Net purchase of property, plant and equipment**

**and intangible assets paid by cash**

**207,559,489**

**283,401,501**

**187,013,359**

**205,398,842**



# Notes to the financial statements

For the year ended 31 December 2019

Haad Thip Public Company Limited and its subsidiary

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Other investments
7	Trade accounts receivable
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 February 2020.

## 1 General information

Haad Thip Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in December 1988. The Company’s registered office at 87/1, Kanchanavanich Road, Thambol Banphru, Amphur Hadyai, Songkhla, Thailand.

The Company’s major shareholders during the financial year were Rattakul family (35.57% shareholding), and Gutsche Family Investments (Proprietary) Limited (24.16% shareholding) which was incorporated in South Africa.

The principal businesses of the Company are manufacturing and distribution of soft drinks. Detail of the Company’s subsidiary as at 31 December 2019 and 2018 is given in note 9.

## 2 Basis of preparation of the financial statements

### (a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(q).

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 27.

### (b) *Functional and presentation currency*

The financial statements are prepared in Thai Baht, which is the Company’s functional currency.

### (c) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- |              |   |
|--------------|---|
| 3 (q) and 17 | Revenue recognition: <ul style="list-style-type: none"> <li>• whether performance obligations in a bundled sale of products and services are capable of being distinct;</li> <li>• whether revenue from sales of products is recognised over time or at a point in time;</li> </ul> |
| 3 (u) and 12 | Leases: whether an arrangement containing a lease; and lease classification.  |

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- |          |   |
|----------|---|
| 7 and 17 | Measurement of allowance for doubtful debts of trade accounts receivable              |
| 11       | Measurement of land   |
| 13       | Recognition of accrued sales promotions and marketing expenses                        |
| 14       | Measurement of defined employee's benefit obligations: key actuarial assumptions: and |
| 23       | Measurement of financial instruments  |

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

*Subsidiary*

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Loss of control*

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.



*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

**(b) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statements of cash flows.

**(d) Trade and other accounts receivable**

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.



**(f) Investments**

*Investment in subsidiary*

Investment in a subsidiary in the separate financial statements of the Company is accounted for using the cost method.

*Investments in other equity securities*

Investment in investment units held for trading are classified as current assets and are stated at fair value which is reference to the value from Asset Management Company at the reporting date, with any resultant gain or loss recognised in profit or loss.

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

*Disposal of investments*

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

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(g) Investment properties**

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

Investment properties are measured at cost less impairment losses.

**(h) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.





Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Machinery, vehicle and computer system acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

#### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.



Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings, structures and leasehold improvements	20	years
Machinery and equipment	5, 10 and 20	years
Furniture and office equipment	5	years
Vehicles	5	years
Containers	5	years
Promotional equipment	5	years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(i) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

*Amortisation*

Amortisation is based on the cost of the asset.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative years are as follows:

Software licences	5	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.



### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(k) Interest-bearing liabilities**

Interest-bearing liabilities are recorded at cost.

#### **(l) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(m) Employee benefits**

##### *Contribution plan*

Obligations for contributions to contribution plan are expensed as the related service is provided.

##### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(n) *Share-based payments***

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### **(o) *Provision***

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **(p) *Measurement of fair values***

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.



If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(q) Revenue**

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

***Sale of goods and services rendered***

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. Revenue for rendering of services is recognised over time as the services are provided.

***Accounting policies for revenue recognition in 2018***

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

***Sale of goods and services rendered***

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

***Income on marketing support***

The Group recognises marketing support as income in profit or loss as marketing plan occurred by accrual basis.

***Other income***

Unclaimed customers' deposits on bottles and cases are recognised as income in profit or loss when the deposits are over 10 years.

Other income is recognised in profit or loss as it accrues.

**(r) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.



(s) ***Investment income***

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) ***Finance costs***

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(u) ***Lease payments***

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

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) ***Income tax***

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(w) *Earnings per share***

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

**(x) *Related parties***

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

**(y) *Segment reporting***

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.





#### 4 Related parties

Relationships with subsidiary are described in notes 9. Other related parties that the Group had significant transactions with during the year were as follows:

<b>Name of entities</b>	<b>Country of Incorporation</b>	<b>Nature of relationships</b>
Gutsche Family Investments (Proprietary) Limited	South Africa	Major shareholder, 24.16% shareholding

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

<b>Transactions</b>	<b>Pricing policies</b>
Purchases of containers	Cost plus margin
Blowing plastic bottles service	Contractually agreed price
Service fee for area utilisation	Contractually agreed price
Rental income from land	Contractually agreed price
Dividend income	Declared rate
Key management personnel compensation	As defined by the Group's policy

Significant transactions for the years ended 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>For the year ended 31 December</i>				
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Purchases of containers	-	-	704,672	467,991
Blowing plastic bottles service	-	-	9,649	12,081
Service fee for area utilisation	-	-	2,640	2,640
Rental income from land	-	-	210	210
Dividend income	-	-	304,980	49,997
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term benefits	101,821	74,167	101,821	74,167
Post-employment benefits	22,464	4,259	22,464	4,259
Share-based payments	8,224	-	8,224	-
<b>Total key management personnel compensation</b>	<b>132,509</b>	<b>78,426</b>	<b>132,509</b>	<b>78,426</b>



Balances as at 31 December with related parties were as follows:

<i>Other receivable - related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Southern Rocks Co., Ltd.	-	-	<b>2,679</b>	<b>2,935</b>
<i>Trade account payable - related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Southern Rocks Co., Ltd.	-	-	<b>126,028</b>	<b>98,890</b>

### **Significant agreements with related parties**

#### *Service agreements for area utilisation*

The Company has entered into service agreements for area utilisation with a subsidiary for Hadyai factory and Phoonpin factory of which the agreements have terms of 7 years expired in December 2019 and 8 years expired in February 2021, respectively. The subsidiary has agreed to pay service fees at the amounts as stipulated in the agreements.

#### *Lease agreement for land*

On 1 November 2014, the Company entered into a lease agreement for land with a subsidiary for the purpose of building construction. The lease term was for a period of 20 years commencing from 1 November 2014 to 31 October 2034. The subsidiary has the first priority to renew the lease agreement, which can be extendable for successive periods of 10 years each. The subsidiary can renew the lease by informing the Company at least 30 days before the expiry date. The subsidiary agreed to pay the rental fee in the amount as stipulated in the agreement and rental rates will be adjusted every 5 years. Under the term of the agreement, the building including other constructions thereon will be transferred to the Company when the agreement is terminated.

#### *Service agreement for blowing plastic bottles*

In February 2015, the Company has entered into service agreement for blowing plastic bottles with a subsidiary. The Company has agreed to pay service fee at the amount as stipulated in the agreement. The subsidiary is able to change the price as appropriate without prior notice to the Company. The Company may terminate the agreement at any time.



## 5 Cash and cash equivalents

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash and cheques received on hand	17,569	18,873	17,552	18,856
Cash at banks - current and savings accounts	110,864	84,433	91,067	44,672
<b>Total</b>	<b>128,433</b>	<b>103,306</b>	<b>108,619</b>	<b>63,528</b>

## 6 Other investments

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Current investments</b>					
Investment units	23	11,914	870	777	194
		<b>11,914</b>	<b>870</b>	<b>777</b>	<b>194</b>
<b>Other long-term investments</b>					
Equity securities available for sale	23	1,360	1,020	1,360	1,020
		<b>1,360</b>	<b>1,020</b>	<b>1,360</b>	<b>1,020</b>
<b>Total</b>		<b>13,274</b>	<b>1,890</b>	<b>2,137</b>	<b>1,214</b>

Dividend income for the year ended 31 December 2019 amounting to Baht 0.05 million (2018: Nil).

<b>Consolidated financial statements</b>						
<b>Marketable equity securities</b>	At 1 January	Purchase	Disposal	Gain on sales during the year	Fair value adjustment	At 31 December
	<i>(in thousand Baht)</i>					
<b>2019</b>						
<b>Current investments</b>						
Investment units	<b>870</b>	1,010,000	(1,000,000)	1,010	34	<b>11,914</b>
<b>Other long-term investments</b>						
Available-for-sale securities	<b>1,020</b>	-	-	-	340	<b>1,360</b>
<b>2018</b>						
<b>Current investments</b>						
Investment units	<b>16,996</b>	1,192,000	(1,209,000)	896	(22)	<b>870</b>
<b>Other long-term investments</b>						
Available-for-sale securities	-	1,020	-	-	-	<b>1,020</b>



<b>Separate financial statements</b>						
<i>Marketable equity securities</i>	At 1 January	Purchase	Disposal	Gain on sales during the year	Fair value adjustment	At 31 December
<i>(in thousand Baht)</i>						
<b>2019</b>						
<i>Current investments</i>						
Investment units	<u>194</u>	750,000	(750,000)	580	3	<u>777</u>
<i>Other long-term investments</i>						
Available-for-sale securities	<u>1,020</u>	-	-	-	340	<u>1,360</u>
<b>2018</b>						
<i>Current investments</i>						
Investment units	<u>4,461</u>	1,130,000	(1,135,000)	736	(3)	<u>194</u>
<i>Other long-term investments</i>						
Available-for-sale securities	<u>-</u>	1,020	-	-	-	<u>1,020</u>

## 7 Trade accounts receivable

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Within credit terms	644,077	534,249	644,077	534,249
Overdue:				
Less than 3 months	2,800	714	2,800	714
3 - 6 months	177	423	177	423
6 - 12 months	38	83	38	83
Over 12 months	618	8,395	618	8,395
	<u>647,710</u>	<u>543,864</u>	<u>647,710</u>	<u>543,864</u>
Less allowance for doubtful accounts	(618)	(8,449)	(618)	(8,449)
<b>Net</b>	<u>647,092</u>	<u>535,415</u>	<u>647,092</u>	<u>535,415</u>

The normal credit term granted by the Group ranges from 7 days to 90 days.



## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Finished goods	188,238	156,460	182,303	138,901
Less allowance for obsolescence	(8,203)	(6,002)	(8,203)	(6,002)
<b>Finished goods, net</b>	<b>180,035</b>	<b>150,458</b>	<b>174,100</b>	<b>132,899</b>
Raw materials and packing materials	78,923	97,136	76,923	81,832
Spare parts and factory supplies	38,349	31,789	34,420	28,131
Goods in transit	18,545	782	18,545	782
<b>Total</b>	<b>315,852</b>	<b>280,165</b>	<b>303,988</b>	<b>243,644</b>
Inventories recognised in cost of sales of goods				
- Cost	4,180,614	3,777,601	4,441,724	3,883,871
- Write-down to net realisable value	3,047	2,407	3,047	2,407
<b>Net</b>	<b>4,183,661</b>	<b>3,780,008</b>	<b>4,444,771</b>	<b>3,886,278</b>

## 9 Investment in subsidiary

In June 2013, Southern Rocks Co., Ltd., registered with the Ministry of Commerce, an increase in registered share capital of Baht 50 million from Baht 47 million to Baht 97 million by increasing the number of shares from 470,000 shares to 970,000 shares with par value of Baht 100 per share, shares subscription was fully paid up in July 2019.



### Separate financial statements

Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment (in thousand Baht)		At cost- net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Subsidiary</b>												
Southern Rocks Co., Ltd.												
Manufacture and distribute plastic bottles and semi-finished plastic bottles and blowing plastic bottles service	99.99	99.99	97,000	59,500	96,993	59,497	-	-	96,993	59,497	304,980	49,977
<b>Total</b>					<b>96,993</b>	<b>59,497</b>	<b>-</b>	<b>-</b>	<b>96,993</b>	<b>59,497</b>	<b>304,980</b>	<b>49,977</b>

The subsidiary was incorporated and operate in Thailand.



## 10 Investment properties

<i>Year ended 31 December</i>	<b>Separate financial statements</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b><i>Amounts recognised in profit or loss for investment properties</i></b>		
Rental income	2,850	2,850
<i>At 31 December</i>	<b>Separate financial statements</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b><i>Minimum lease payments under non-cancellable operating lease are receivable:</i></b>		
Within 1 year	444	2,834
After 1 year but within 5 years	848	1,085
After 5 years	2,184	2,390
<b>Total</b>	<b>3,476</b>	<b>6,309</b>

Investment properties comprise land held for future project and land that is leased to a subsidiary company.

The fair value of investment properties as at 31 December 2019 of Baht 607.3 million (2018: Baht 607.3 million) was determined by independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value.

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of investment properties was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

#### *Valuation technique and significant unobservable inputs*

The external independent valuer applied the Market Comparison Approach to measure fair value of investment properties.

The significant unobservable inputs used in measuring the fair value of investment properties are the quoted price and the purchasing and selling price of comparable investment properties adjusted with other different factors.





## 11 Property, plant and equipment

### Consolidated financial statements

	Land		Buildings,				Assets under					
	Cost	Revaluation Surplus	Total	Land improvements	structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	construction and installation	Total
<i>Cost / revaluation</i>												
At 1 January 2018	156,195	1,455,913	1,612,108	56,424	789,464	1,456,120	753,079	637,961	34,557	406,876	50,126	5,796,715
Additions	-	-	-	-	60	-	19,847	93,452	3,623	29,816	243,695	390,493
Transfers	-	-	-	10,710	89,098	90,902	13,208	7,505	-	-	(264,403)	(52,980)
Disposals	-	-	-	-	-	(379)	(24,656)	(24,494)	(14,301)	(121,777)	-	(185,607)
At 31 December 2018 and 1 January 2019	156,195	1,455,913	1,612,108	67,134	878,622	1,546,643	761,478	714,424	23,879	314,915	29,418	5,948,621
Additions	-	-	-	-	65	-	11,958	44,784	444	53,351	125,063	235,665
Transfers	-	-	-	2,035	31,745	31,557	11,282	4,134	-	-	(88,247)	(7,494)
Disposals	-	-	-	-	(191)	-	(9,188)	(15,863)	(6,350)	(4,210)	-	(35,802)
At 31 December 2019	156,195	1,455,913	1,612,108	69,169	910,241	1,578,200	775,530	747,479	17,973	364,056	66,234	6,140,990
<i>Accumulated depreciation</i>												
At 1 January 2018	-	-	-	(14,124)	(294,291)	(639,600)	(629,093)	(414,470)	-	(356,815)	-	(2,348,393)
Depreciation charge for the year	-	-	-	(5,698)	(36,093)	(69,391)	(50,154)	(75,639)	-	(22,588)	-	(259,563)
Disposals	-	-	-	-	-	379	24,572	24,408	-	121,751	-	171,110
At 31 December 2018 and 1 January 2019	-	-	-	(19,822)	(330,384)	(708,612)	(654,675)	(465,701)	-	(257,652)	-	(2,436,846)
Depreciation charge for the year	-	-	-	(5,873)	(36,326)	(82,321)	(40,865)	(80,028)	-	(26,690)	-	(272,103)
Disposals	-	-	-	-	71	-	8,972	15,382	-	4,154	-	28,579
At 31 December 2019	-	-	-	(25,695)	(366,639)	(790,933)	(686,568)	(530,347)	-	(280,188)	-	(2,680,370)



## Consolidated financial statements

## Net book value

## At 31 December 2018

Owned assets  
Assets under finance leases

	Land		Total	Land improvements	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
	Cost	Revaluation Surplus										
Owned assets	156,195	1,455,913	1,612,108	47,312	548,238	832,792	104,578	62,991	23,879	57,263	29,418	3,318,579
Assets under finance leases	-	-	-	-	-	5,239	2,225	185,732	-	-	-	193,196
	<b>156,195</b>	<b>1,455,913</b>	<b>1,612,108</b>	<b>47,312</b>	<b>548,238</b>	<b>838,031</b>	<b>106,803</b>	<b>248,723</b>	<b>23,879</b>	<b>57,263</b>	<b>29,418</b>	<b>3,511,775</b>

(in thousand Baht)

## At 31 December 2019

Owned assets  
Assets under finance leases

	Cost	Revaluation Surplus	Total	Land improvements	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
Owned assets	156,195	1,455,913	1,612,108	43,474	543,602	782,887	88,962	53,706	17,973	83,868	66,234	3,292,814
Assets under finance leases	-	-	-	-	-	4,380	-	163,426	-	-	-	167,806
	<b>156,195</b>	<b>1,455,913</b>	<b>1,612,108</b>	<b>43,474</b>	<b>543,602</b>	<b>787,267</b>	<b>88,962</b>	<b>217,132</b>	<b>17,973</b>	<b>83,868</b>	<b>66,234</b>	<b>3,460,620</b>

## Finance costs capitalised

Finance costs capitalised during 2019  
Rates of interest capitalised during 2019 (% per annum)

-

-

-

-

-

-

-

-

-

-

-

-

-

## Finance costs capitalised

Finance costs capitalised during 2018  
Rates of interest capitalised during 2018 (% per annum)

819

-

-

-

-

803

16

-

MLR-2.5

-

-

-

3.5

819



### Separate financial statements

	Land		Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
	Cost	Revaluation Surplus								
<b>Cost / revaluation</b>										
At 1 January 2018	155,539	1,455,503	728,047	1,200,352	723,443	634,247	34,557	406,876	49,816	5,441,722
Additions	-	-	-	-	18,428	93,452	3,623	29,816	153,954	299,273
Transfers	-	-	88,788	1,758	12,953	7,505	-	-	(174,694)	(52,980)
Disposals	-	-	-	(379)	(24,451)	(24,494)	(14,301)	(121,777)	-	(185,402)
<b>At 31 December 2018 and 1 January 2019</b>	<b>155,539</b>	<b>1,455,503</b>	<b>816,835</b>	<b>1,201,731</b>	<b>730,373</b>	<b>710,710</b>	<b>23,879</b>	<b>314,915</b>	<b>29,076</b>	<b>5,502,613</b>
Additions	-	-	-	-	11,896	44,784	444	53,351	116,333	226,808
Transfers	-	-	31,745	22,485	11,282	4,134	-	-	(79,175)	(7,494)
Disposals	-	-	-	-	(9,179)	(15,863)	(6,350)	(4,210)	-	(35,602)
<b>At 31 December 2019</b>	<b>155,539</b>	<b>1,455,503</b>	<b>848,580</b>	<b>1,224,216</b>	<b>744,372</b>	<b>743,765</b>	<b>17,973</b>	<b>364,056</b>	<b>66,234</b>	<b>5,686,325</b>
<b>Accumulated depreciation</b>										
At 1 January 2018	-	-	(287,997)	(562,509)	(606,483)	(412,261)	-	(356,815)	-	(2,239,872)
Depreciation charge for the year	-	-	(32,994)	(46,020)	(47,317)	(75,144)	-	(22,588)	-	(229,606)
Disposals	-	-	-	379	24,365	24,408	-	121,751	-	170,903
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>-</b>	<b>(320,991)</b>	<b>(608,150)</b>	<b>(629,435)</b>	<b>(462,997)</b>	<b>-</b>	<b>(257,652)</b>	<b>-</b>	<b>(2,298,575)</b>
Depreciation charge for the year	-	-	(33,228)	(51,136)	(38,486)	(79,537)	-	(26,690)	-	(234,797)
Disposals	-	-	-	-	8,963	15,382	-	4,154	-	28,499
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>(354,219)</b>	<b>(659,286)</b>	<b>(658,958)</b>	<b>(527,152)</b>	<b>-</b>	<b>(280,188)</b>	<b>-</b>	<b>(2,504,873)</b>

### Accumulated depreciation

	Cost	Revaluation Surplus	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
	Cost	Revaluation Surplus	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Promotional equipment	Assets under construction and installation	Total
At 1 January 2018	-	-	(287,997)	(562,509)	(606,483)	(412,261)	-	(356,815)	-	(2,239,872)
Depreciation charge for the year	-	-	(32,994)	(46,020)	(47,317)	(75,144)	-	(22,588)	-	(229,606)
Disposals	-	-	-	379	24,365	24,408	-	121,751	-	170,903
At 31 December 2018 and 1 January 2019	-	-	(320,991)	(608,150)	(629,435)	(462,997)	-	(257,652)	-	(2,298,575)
Depreciation charge for the year	-	-	(33,228)	(51,136)	(38,486)	(79,537)	-	(26,690)	-	(234,797)
Disposals	-	-	-	-	8,963	15,382	-	4,154	-	28,499
At 31 December 2019	-	-	(354,219)	(659,286)	(658,958)	(527,152)	-	(280,188)	-	(2,504,873)



	Separate financial statements						
	Land	Buildings, structures and leasehold improvements	Machinery and equipment	Furniture and office equipment	Vehicles	Containers, net	Assets under construction and installation
	Revaluation Surplus	Land improvements					
	Cost	Total					Total
<b>Net book value</b>							
<b>At 31 December 2018</b>							
Owned assets	155,539	1,611,042	44,702	98,713	63,945	23,879	3,012,806
Assets under finance leases	-	-	-	2,225	183,768	-	191,232
	<b>155,539</b>	<b>1,611,042</b>	<b>44,702</b>	<b>100,938</b>	<b>247,713</b>	<b>23,879</b>	<b>3,204,038</b>
<b>At 31 December 2019</b>							
Owned assets	155,539	1,611,042	41,017	85,414	53,476	17,973	3,013,935
Assets under finance leases	-	-	-	-	163,137	-	167,517
	<b>155,539</b>	<b>1,611,042</b>	<b>41,017</b>	<b>85,414</b>	<b>216,613</b>	<b>17,973</b>	<b>3,181,452</b>

#### Finance costs capitalised

Finance costs capitalised during 2019	-	-	-	-	-	-	-
Rates of interest capitalised during 2019 (% per annum)	-	-	-	-	-	-	-

#### Finance costs capitalised

Finance costs capitalised during 2018	-	-	-	16	-	-	16
Rates of interest capitalised during 2018 (% per annum)	-	-	-	MLR -2.5	-	-	-



As at 31 December 2019, the revaluation surplus net of income tax for the Group and the Company amounted to Baht 1,288.0 million and Baht 1,287.9 million, respectively (*31 December 2018: for the Group and the Company amounted to Baht 1,288.0 million and Baht 1,287.9 million, respectively*).

The gross amounts of the Group and the Company's fully depreciated buildings, machinery and equipment that were still in use as at 31 December 2019 amounted to Baht 1,477.1 million and Baht 1,458.3 million, respectively (*2018: Baht 1,381.4 million and Baht 1,365.1 million*).

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of land was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience of the property being valued.

The fair value measurement for land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

#### *Valuation technique and significant unobservable inputs*

The external independent valuer applied the Market Comparison Approach to measure fair value of land.

The significant unobservable inputs used in measuring the fair value of land are the quoted price and the purchasing and selling price of comparable land adjusted with other different factors.

## 12 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	<b>Total</b>	Secured	Unsecured	<b>Total</b>
	<i>(in thousand Baht)</i>					
Short-term loans from financial institutions	110,000	-	110,000	200,000	-	200,000
Long-term loans from financial institutions	355,360	-	355,360	446,500	-	446,500
Finance lease liabilities	-	165,798	165,798	-	191,249	191,249
<b>Total interest-bearing liabilities</b>	<b><u>465,360</u></b>	<b><u>165,798</u></b>	<b><u>631,158</u></b>	<b><u>646,500</u></b>	<b><u>191,249</u></b>	<b><u>837,749</u></b>

	Separate financial statements					
	2019			2018		
	Secured	Unsecured	<b>Total</b>	Secured	Unsecured	<b>Total</b>
	<i>(in thousand Baht)</i>					
Short-term loans from financial institutions	110,000	-	110,000	200,000	-	200,000
Long-term loans from financial institutions	288,360	-	288,360	379,500	-	379,500
Finance lease liabilities	-	165,490	165,490	-	190,687	190,687
<b>Total interest-bearing liabilities</b>	<b><u>398,360</u></b>	<b><u>165,490</u></b>	<b><u>563,850</u></b>	<b><u>579,500</u></b>	<b><u>190,687</u></b>	<b><u>770,187</u></b>



Short-term loans from financial institutions bear interest rates ranging from 1.42% p.a. to 1.99% p.a. in 2019 (2018: ranging from 1.82% p.a. to 1.98% p.a.).

#### ***Long-term loans from financial institution***

On 27 November 2014, the Company entered into a loan agreement with the financial institution for loan facility of Baht 80 million for construction of warehouse. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. Loan is repayable in monthly installments of Baht 1.12 million for each installment, which will be fully paid in 8 years commencing from the first drawdown date. As at 31 December 2019, the Company had no unutilised credit facility. (2018: Nil).

On 17 September 2015, the Company entered into a loan agreement with a financial institution for a loan facility of Baht 450 million for purchase of machinery, equipment and renovation of space for installing machinery. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years and at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third year onwards. The interest will be paid on monthly. The loan is repayable in monthly installments of Baht 4.7 million for each installment, which will be fully paid in 10 years commencing from the first drawdown date. As at 31 December 2019, the Company had unutilised credit facility totaling Baht 41.8 million. (2018: Baht 41.8 million).

On 23 February 2017, the Company entered into a loan agreement with a financial institution for a loan facility of Baht 158 million for improvement of accounting system, equipment, furniture and promotion equipment. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years and at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third year onwards. The interest will be paid on monthly. The loan is repayable in monthly installments of Baht 1.65 million for each installment, which will be fully paid in 10 years commencing from the first drawdown date. As at 31 December 2019, the Company had unutilised credit facility totaling Baht 132.1 million. (2018: Baht 132.1 million).

On 23 February 2017, the Company entered into a loan agreement with a financial institution for a loan facility of Baht 92 million for construction of building, land improvement and others. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years and at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third year onwards. The interest will be paid on monthly. The loan is repayable in monthly installments of Baht 0.96 million for each installment, which will be fully paid in 10 years commencing from the first drawdown date. As at 31 December 2019, the Company had unutilised credit facility totaling Baht 68.7 million. (2018: Baht 68.7 million)



### Subsidiary

On 27 November 2014, the subsidiary entered into a loan agreement with the financial institution for a loan facility of Baht 240 million for purchase of machinery, building construction and system. This loan bears interest at the Minimum Loan Rate (MLR) minus 2.50% per annum for the first two years, at the Minimum Loan Rate (MLR) minus 2.00% per annum for the third and fourth years and at the Minimum Loan Rate (MLR) minus 1.50% per annum for the fifth year onwards. The loan is repayable in monthly installments of Baht 3.35 million for each installment, commencing from December 2016 which will be fully paid in 8 years commencing from the first drawdown date. During the year 2018, the subsidiary had fully paid all remaining loans. As at 31 December 2019, the subsidiary had unutilised credit facility totaling Baht 62.7million. (2018: Baht 62.7 million).

On 23 February 2018, the subsidiary entered into loan agreements with a financial institution for loan facilities of Baht 110 million for purchase of machinery and equipment. The interest rate is 3.5% per annum. The loan is repayable in monthly installments of Baht 1.15 million for each installment which will be fully paid in 10 years commencing from the first drawdown date. As at 31 December 2019, the Company had unutilised credit facilities totaling Baht 43.0 million. (2018: Baht 43.0 million)

Under the terms of the long-term loan agreements, the Group has to comply with certain conditions, such as maintaining the debt to equity ratio, the debt covenant ratio, etc. The Group also assigned the benefits of an insurance policy covering the assets as collateral for secured interest-bearing liabilities.

<i>Assets pledged as security for liabilities as at 31 December</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Property, plant and equipment	11	883,317	1,492,540	753,964	1,341,905
<b>Total</b>		<b>883,317</b>	<b>1,492,540</b>	<b>753,964</b>	<b>1,341,905</b>

As at 31 December 2019, the Group and the Company had unutilised credit facilities totaling Baht 943.2 million and Baht 777.5 million, respectively (2018: Baht 851.8 million and Baht 686.1 million, respectively).

<b>Consolidated financial statements</b>						
2019			2018			
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Finance lease liabilities</i>			<i>(in thousand Baht)</i>			
<i>Maturity period</i>						
Within 1 year	61,868	3,971	57,897	63,515	4,754	58,761
After 1 year but within 5 years	112,991	5,090	107,901	138,519	6,031	132,488
<b>Total</b>	<b>174,859</b>	<b>9,061</b>	<b>165,798</b>	<b>202,034</b>	<b>10,785</b>	<b>191,249</b>





Separate financial statements						
	2019			2018		
<i>Finance lease liabilities</i>	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Maturity period</i>						
Within 1 year	61,598	3,964	57,634	63,244	4,736	58,508
After 1 year but within 5 years	112,946	5,090	107,856	138,204	6,024	132,180
<b>Total</b>	<b>174,544</b>	<b>9,054</b>	<b>165,490</b>	<b>201,448</b>	<b>10,760</b>	<b>190,688</b>

In 2017 the Company entered into finance lease agreements with local companies to purchase machinery and computer system with interest at the rates ranging from 3.07% per annum to 5.25% per annum and the lease agreements are repayable in monthly installments, expiring in June 2020.

In addition, the Company entered into finance lease agreements with local companies to purchase vehicles with interest at the rates ranging from 0.94% per annum to 5.01% per annum in 2019 (2018: at the rates ranging from 0.94% per annum to 1.74% per annum). The lease agreements are repayable in monthly installments, expiring in various periods up to November 2024. The ownership of the vehicles will be transferred to the Company when the Company exercises the purchase option and the payment for purchase option has been made.

In 2016, the subsidiary entered into finance lease agreement to purchase vehicle with interest at the rate of 3% per annum and the lease agreement is repayable in monthly installments, expiring in February 2021. The ownership of the vehicle will be transferred to the subsidiary when the subsidiary exercises the purchase option and the payment for purchase option has been made.

*Changes in liabilities arising from financing activities*

Consolidated financial statements				
	Short-term loans	Long-term loans	Finance lease liabilities	Total
	(in thousand Baht)			
<b>2019</b>				
At 1 January	200,000	446,500	191,249	837,749
Changes from financing cash flows	(90,000)	(91,140)	(62,412)	(243,552)
Other changes - finance leases	-	-	36,961	36,961
<b>At 31 December</b>	<b>110,000</b>	<b>355,360</b>	<b>165,798</b>	<b>631,158</b>
<b>2018</b>				
At 1 January	-	479,790	160,707	640,497
Changes from financing cash flows	200,000	(33,290)	(58,484)	108,226
Other changes - finance leases	-	-	89,026	89,026
<b>At 31 December</b>	<b>200,000</b>	<b>446,500</b>	<b>191,249</b>	<b>837,749</b>



	<b>Separate financial statements</b>			
	Short-term loans	Long-term loans	Finance lease liabilities	Total
	<i>(in thousand Baht)</i>			
<b>2019</b>				
At 1 January	200,000	379,500	190,687	770,187
Changes from financing cash flows	(90,000)	(91,140)	(62,158)	(243,298)
Other changes - finance leases	-	-	36,961	36,961
<b>At 31 December</b>	<b>110,000</b>	<b>288,360</b>	<b>165,490</b>	<b>563,850</b>
<b>2018</b>				
At 1 January	-	449,340	159,900	609,240
Changes from financing cash flows	200,000	(69,840)	(58,239)	71,921
Other changes - finance leases	-	-	89,026	89,026
<b>At 31 December</b>	<b>200,000</b>	<b>379,500</b>	<b>190,687</b>	<b>770,187</b>

### 13 Other payables

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Accrued sales promotion and marketing expenses	129,359	79,325	129,359	79,325
Accrued operating expenses	123,547	123,123	122,047	121,344
Accrued bonus expenses	137,704	44,058	136,866	43,756
Other payables	173,113	174,162	169,182	158,567
Accrued transportation expenses	10,613	10,633	10,613	10,633
Value added tax payable	22,574	18,231	22,574	18,231
Others	13,247	7,495	13,194	7,393
<b>Total</b>	<b>610,157</b>	<b>457,027</b>	<b>603,835</b>	<b>439,249</b>

Sales are realised through modern trades with different types of sales incentives such as discounts, rebates, marketing support and sales promotion. Discounts and rebates are deducted from revenue. Marketing support and other sales promotion expenditure are recognised as expenditure on an accrual basis.

### 14 Non-current provisions for employee benefits

The Group operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk and interest rate risk.

<i><b>Present value of the defined benefit obligations</b></i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 January	174,011	160,187	173,363	159,630
<b>Included in profit or loss:</b>				
Current service cost	11,972	10,076	11,757	10,030
Past service cost	66,767	-	66,509	-
Interest on obligation	4,350	4,165	4,272	4,146
Loss on settlement	9,679	-	9,505	-
	<b>92,768</b>	<b>14,241</b>	<b>92,043</b>	<b>14,176</b>
<b>Included in other comprehensive income</b>				
Actuarial loss				
- Demographic assumptions	-	613	-	609
- Financial assumptions	18,457	1,422	18,439	1,411
- Experience adjustment	31,676	1,500	31,647	1,489
	<b>50,133</b>	<b>3,535</b>	<b>50,086</b>	<b>3,509</b>
Benefit paid	(29,767)	(3,952)	(28,614)	(3,952)
<b>At 31 December</b>	<b>287,145</b>	<b>174,011</b>	<b>286,878</b>	<b>173,363</b>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

<i><b>Principal actuarial assumptions</b></i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	1.4	2.6	1.4	2.6
Future salary growth	5.0	5.0	5.0	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligations was 8 years (2018: 9 years).



### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<b>Consolidated financial statements</b>				
<b>Effect to the defined benefit obligation At 31 December</b>	0.5% increase in assumption		0.5% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(11,484)	(6,912)	12,371	7,422
Future salary growth	11,872	7,204	(11,155)	(6,784)

<b>Separate financial statements</b>				
<b>Effect to the defined benefit obligation At 31 December</b>	0.5% increase in assumption		0.5% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(11,484)	(6,912)	12,371	7,422
Future salary growth	11,872	7,204	(11,155)	(6,784)

## 15 Share capital

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
Authorised shares at 31 December		<b>201,210</b>	<b>201,210</b>	<b>199,218</b>	<b>199,218</b>
<b>Issued and paid-up shares</b>					
At 1 January					
- ordinary shares	1	199,218	199,218	199,218	199,218
- Increase of new shares	1	1,743	1,743	-	-
<b>At 31 December</b>					
- ordinary shares	1	<b>200,961</b>	<b>200,961</b>	<b>199,218</b>	<b>199,218</b>

### Issue of ordinary shares

At the extraordinary general meeting of the shareholders No.1/2019 held on 21 October 2019, the shareholders approved to increase the Company's authorised share capital by Baht 1,992,180 by issuing 1,992,180 new ordinary shares with par value of Baht 1 each. The issuance of these ordinary shares was to reserve for the potential exercise of share options granted to the management and employees at the exercise price of Baht 11.33 per share. These transactions are considered to be share-based payment transactions. Therefore, the Company is required to measure the fair value of those rights to acquire the shares at grant date based on the underlying fair value of the shares and the consideration payable and to recognise related expenses, with a corresponding increase in equity in accordance with TFRS 2.

On 26 November 2019, the management and employees exercised share options 1,742,500 shares at the exercise price of Baht 11.33 per share. The expense recognised from share-based payment transaction for the year ended 31 December 2019 was Baht 20.89 million for the consolidated financial statements and the separate financial statements.



### *Premium on ordinary shares*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## **16 Reserves**

Reserves comprise appropriations of profit and/or retained earnings.

### *Legal reserve*

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

### *General reserve*

The Company has a policy to appropriate a reserve for general purposes. The general reserve as at 31 December 2019 amounted to Baht 35 million (2018: Baht 35 million).

### *Other component of equity*

#### *Fair value changes in available-for-sale investments*

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

#### *Valuation surplus*

The valuation surplus account within equity comprises the cumulative net change in the valuation of land included in the financial statements at valuation until such land is sold or otherwise disposed of.

## **17 Segment information and disaggregation of revenue**

The Group operates in a single line of business as manufacturing and distribution of soft drinks, therefore, management considers that the Group has only one major business segment. In addition, the Group solely distributes in 14 provinces in Southern Thailand, therefore, management considers that the Group has only one major geographic segment.



	Consolidated financial statements		Separate financial statements	
<i>For the year ended 31 December</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Disaggregation of revenue</i>				
<b>Major products lines</b>				
Carbonated	6,382,818	5,400,703	6,375,163	5,400,703
Non-carbonated	392,683	303,306	392,683	303,306
<b>Total revenue</b>	<b><u>6,775,501</u></b>	<b><u>5,704,009</u></b>	<b><u>6,767,846</u></b>	<b><u>5,704,009</u></b>
<b>Timing of revenue recognition</b>				
At a point in time	6,775,501	5,704,009	6,767,846	5,704,009
Over time	-	-	-	-
<b>Total revenue</b>	<b><u>6,775,501</u></b>	<b><u>5,704,009</u></b>	<b><u>6,767,846</u></b>	<b><u>5,704,009</u></b>

#### *Promotional privileges*

The Group has been granted promotional certificates by the Office of the Board of Investment for semi-plastic bottle (Preform) and plastic bottles (PET) businesses. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

<b>Consolidated financial statements</b>						
<i>Year ended 31 December</i>	2019			2018		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local sales	721,976	6,767,846	7,489,822	480,072	5,704,009	6,184,081
Eliminations	(714,321)	-	(714,321)	(480,072)	-	(480,072)
<b>Total</b>	<b>7,655</b>	<b>6,767,846</b>	<b>6,775,501</b>	<b>-</b>	<b>5,704,009</b>	<b>5,704,009</b>
<b>Separate financial statements</b>						
<i>Year ended 31 December</i>	2019			2018		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local sales	-	6,767,846	6,767,846	-	5,704,009	5,704,009
<b>Total</b>	<b>-</b>	<b>6,767,846</b>	<b>6,767,846</b>	<b>-</b>	<b>5,704,009</b>	<b>5,704,009</b>



## 18 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Wages and salaries	855,964	650,600	848,653	644,725
Contribution to provident fund	15,313	14,250	15,206	14,146
Commission	51,307	37,139	51,307	37,139
Compulsory social security contribution	18,066	17,877	17,882	17,702
Equity-settled share-based payment transactions	20,893	-	20,893	-
Others	83,078	61,652	81,505	61,567
<b>Total</b>	<b><u>1,044,621</u></b>	<b><u>781,518</u></b>	<b><u>1,035,446</u></b>	<b><u>775,279</u></b>

### *Defined benefit plan*

Details of the defined benefit plan are given in note 14.

### *Contribution plan*

The contribution plan which comprise provident funds was established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Group at the rate of 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 19 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Raw materials and consumables used		2,135,918	1,875,465	2,503,304	2,053,276
Excise tax		1,307,934	1,071,491	1,307,934	1,071,491
Employee benefit expenses	18	1,044,621	781,518	1,035,446	775,279
Depreciation and amortisation		296,413	287,736	259,102	257,777
Sales promotion and marketing expenses		579,943	469,358	579,943	469,358
Transportation and fuel expenses		219,917	203,644	219,917	203,644
Administration expenses		71,789	62,450	70,653	60,646
Repair and maintenance expenses		173,900	160,887	166,692	155,471
Others		460,519	510,096	402,182	476,305
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>		<b><u>6,290,954</u></b>	<b><u>5,422,645</u></b>	<b><u>6,545,173</u></b>	<b><u>5,523,247</u></b>



## 20 Income tax

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Income tax recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current year	48,922	23,890	48,922	23,890
Under provided in prior year	-	417	-	417
	<u>48,922</u>	<u>24,307</u>	<u>48,922</u>	<u>24,307</u>
<b>Deferred tax expense</b>				
Movements in temporary differences	(12,578)	(3,741)	(12,664)	(3,728)
<b>Total income tax expense</b>	<u>36,344</u>	<u>20,566</u>	<u>36,258</u>	<u>20,579</u>

*Income tax recognised in other comprehensive income*

Consolidated financial statements						
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
<i>Income tax</i>						
			(in thousand Baht)			
<i>Recognised in other comprehensive income</i>						
Actuarial loss	(50,133)	10,027	(40,106)	(3,535)	707	(2,828)
Gain on remeasuring available-for-sale investments	340	(68)	272	-	-	-
<b>Total</b>	<b>(49,793)</b>	<b>9,959</b>	<b>(39,834)</b>	<b>(3,535)</b>	<b>707</b>	<b>(2,828)</b>

	<b>Separate financial statements</b>					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
<b><i>Income tax</i></b>						
<b><i>Recognised in other comprehensive income</i></b>						
Actuarial loss	(50,086)	10,017	(40,069)	(3,509)	702	(2,807)
Gain on remeasuring available-for-sale investments	340	(68)	272	-	-	-
<b>Total</b>	<b>(49,746)</b>	<b>9,949</b>	<b>(39,797)</b>	<b>(3,509)</b>	<b>702</b>	<b>(2,807)</b>

**Reconciliation of effective tax rate**

	<b>Consolidated financial statements</b>			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		477,063		269,638
Income tax using the Thai corporation tax rate	20.00	95,413	20.00	53,928
Income tax reduction - granted privileges of the exclusive development zone		(7,674)		(6,678)
Net profit from promotional privileges		(51,906)		(19,763)
Additional deducted expenses for tax purposes		(7,535)		(8,946)
Expenses not deductible for tax purposes		8,046		1,608
Under provided in prior year		-		417
<b>Total</b>	<b>7.62</b>	<b>36,344</b>	<b>7.63</b>	<b>20,566</b>

**Reconciliation of effective tax rate**

	<b>Separate financial statements</b>			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		522,087		220,867
Income tax using the Thai corporation tax rate	20.00	104,417	20.00	44,173
Income tax reduction - granted privileges of the exclusive development zone		(7,674)		(6,678)
Dividend income exempted from income tax		(60,996)		(9,995)
Additional deducted expenses for tax purposes		(7,535)		(8,946)
Expenses not deductible for tax purposes		8,046		1,608
Under provided in prior year		-		417
<b>Total</b>	<b>6.94</b>	<b>36,258</b>	<b>9.32</b>	<b>20,579</b>

**Income tax reduction**

According to the Royal Decree No. 492 B.E. 2553 dated 16 January 2010, No. 566 B.E. 2556 dated 10 July 2013, No. 584 B.E. 2558 dated 1 May 2015 and No. 624 B.E. 2560 dated 6 January 2017, the Group has been granted reduction in the corporate income tax rate to 3% of taxable profit, to juristic companies or partnerships whose place of business is located in the exclusive development zone and whose revenue derived from manufacturing, selling of goods or rendering services occur within the exclusive development zone, starting from the accounting period of 2010 which begins on or after 1 January 2010 until the accounting period of 2020 ending on or after 31 December 2020.

<b>Deferred tax</b>	<b>Consolidated financial statements</b>			
	Assets		Liabilities	
<b>At 31 December</b>	2019	2018	2019	2018
		(in thousand Baht)		
Total	65,564	42,959	(322,069)	(322,001)
Set off of tax	(65,286)	(42,605)	65,286	42,605
<b>Net deferred tax assets (liabilities)</b>	<b>278</b>	<b>354</b>	<b>(256,783)</b>	<b>(279,396)</b>



<b>Separate financial statements</b>					
<b>Deferred tax</b> <b>At 31 December</b>	Assets		Liabilities		
	2019	2018	2019	2018	
					(in thousand Baht)
Total	65,286	42,605	(322,047)	(321,979)	
Set off of tax	(65,286)	(42,605)	65,286	42,605	
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(256,761)</b>	<b>(279,374)</b>	

<b>Consolidated financial statements</b>					
<b>Deferred tax</b>	(Charged) / credited to				<b>At 31 December</b>
	<b>At 1 January</b>	Profit or loss	Other comprehensive income	Equity	
					(in thousand Baht)
<b>2019</b>					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,771	(2,550)	-	-	221
Inventories (allowance for decline in value)	1,200	440	-	-	1,640
Other current assets (allowance for decline in value)	12	(5)	-	-	7
Property, plant and equipment (depreciation gap)	3,955	2,088	-	-	6,043
Provisions for employee benefits	34,797	12,605	10,027	-	57,429
Tax loss carry forward	224	-	-	-	224
<b>Total</b>	<b>42,959</b>	<b>12,578</b>	<b>10,027</b>	<b>-</b>	<b>65,564</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(322,001)	-	-	-	(322,001)
Available-for-sale investments (gain on remeasuring available-for-sale investments)	-	-	(68)	-	(68)
<b>Total</b>	<b>(322,001)</b>	<b>-</b>	<b>(68)</b>	<b>-</b>	<b>(322,069)</b>
<b>Net</b>	<b>(279,042)</b>	<b>12,578</b>	<b>9,959</b>	<b>-</b>	<b>(256,505)</b>



	At 1 January	Consolidated financial statements (Charged) / credited to			At 31 December
		Profit or loss	Other comprehensive income	Equity	
<i>Deferred tax</i>			(in thousand Baht)		
<b>2018</b>					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,925	(154)	-	-	2,771
Inventories (allowance for decline in value)	988	212	-	-	1,200
Other current assets (allowance for decline in value)	11	1	-	-	12
Property, plant and equipment (depreciation gap)	2,325	1,630	-	-	3,955
Provisions for employee benefits	32,038	2,052	707	-	34,797
Tax loss carry forward	224	-	-	-	224
<b>Total</b>	<b>38,511</b>	<b>3,741</b>	<b>707</b>	<b>-</b>	<b>42,959</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(322,001)	-	-	-	(322,001)
<b>Total</b>	<b>(322,001)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(322,001)</b>
<b>Net</b>	<b>(283,490)</b>	<b>3,741</b>	<b>707</b>	<b>-</b>	<b>(279,042)</b>



		Separate financial statements (Charged) / credited to			
	At 1 January	Profit or loss	Other comprehensive income (in thousand Baht)	Equity	At 31 December
<b>2019</b>					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,771	(2,550)	-	-	221
Inventories (allowance for decline in value)	1,200	440	-	-	1,640
Other current assets (allowance for decline in value)	12	(5)	-	-	7
Property, plant and equipment (depreciation gap)	3,955	2,088	-	-	6,043
Provisions for employee benefits	34,667	12,691	10,017	-	57,375
<b>Total</b>	<b>42,605</b>	<b>12,664</b>	<b>10,017</b>	<b>-</b>	<b>65,286</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(321,979)	-	-	-	(321,979)
Available-for-sale investments (gain on remeasuring available- for-sale investments)	-	-	(68)	-	(68)
<b>Total</b>	<b>(321,979)</b>	<b>-</b>	<b>(68)</b>	<b>-</b>	<b>(322,047)</b>
<b>Net</b>	<b>(279,374)</b>	<b>12,664</b>	<b>9,949</b>	<b>-</b>	<b>(256,761)</b>
<b>2018</b>					
<b>Deferred tax assets</b>					
Trade and other receivables (doubtful accounts)	2,925	(154)	-	-	2,771
Inventories (allowance for decline in value)	988	212	-	-	1,200
Other current assets (allowance for decline in value)	11	1	-	-	12
Property, plant and equipment (depreciation gap)	2,325	1,630	-	-	3,955
Provisions for employee benefits	31,926	2,039	702	-	34,667
<b>Total</b>	<b>38,175</b>	<b>3,728</b>	<b>702</b>	<b>-</b>	<b>42,605</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment (revaluation)	(321,979)	-	-	-	(321,979)
<b>Total</b>	<b>(321,979)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(321,979)</b>
<b>Net</b>	<b>(283,804)</b>	<b>3,728</b>	<b>702</b>	<b>-</b>	<b>(279,374)</b>



## 21 Basic earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
<i>Profit (loss) attributable to ordinary shareholders for the year ended 31 December</i>				
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b><u>440,701</u></b>	<b><u>249,066</u></b>	<b><u>485,829</u></b>	<b><u>200,287</u></b>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	199,218	199,218	199,218	199,218
Effect of shares issued on 26 November	<u>167</u>	<u>-</u>	<u>167</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>199,385</u></b>	<b><u>199,218</u></b>	<b><u>199,385</u></b>	<b><u>199,218</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>2.21</u></b>	<b><u>1.25</u></b>	<b><u>2.44</u></b>	<b><u>1.01</u></b>

## 22 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Interim dividend	20 August 2019	September 2019	<u>0.78</u>	<u>155</u>
<i>2018</i>				
Annual dividend	24 April 2019	May 2019	0.80	159
Interim dividend	23 August 2018	September 2018	<u>(0.38)</u>	<u>(75)</u>
<b>Additional dividend</b>			<b><u>0.42</u></b>	<b><u>84</u></b>

## 23 Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.



### Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and the level of dividends to ordinary shareholders.

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of Group's operations and its cash flow because loan interest rates are mainly floating. The Group is primarily exposed to interest rate cash flow risk from its borrowings (see note 12).

Consolidated financial statements					
Maturity period					
At 31 December	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2019</b>					
<b>Financial Liabilities</b>					
Short-term loans					
from financial institutions	1.42	110	-	-	110
Long-term loans					
from financial institutions	3.50-4.60	98	225	32	355
Finance lease liabilities	0.94-5.25	58	108	-	166
<b>Total</b>		<b>266</b>	<b>333</b>	<b>32</b>	<b>631</b>
<b>2018</b>					
<b>Financial Liabilities</b>					
Short-term loans					
from financial institutions	1.98	200	-	-	200
Long-term loans					
from financial institutions	3.50-4.60	91	337	19	447
Finance lease liabilities	0.94-5.25	59	132	-	191
<b>Total</b>		<b>350</b>	<b>469</b>	<b>19</b>	<b>838</b>
Separate financial statements					
Maturity period					
At 31 December	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2019</b>					
<b>Financial Liabilities</b>					
Short-term loans					
from financial institutions	1.42	110	-	-	110
Long-term loans					
from financial institutions	4.10-4.60	91	197	-	288
Finance lease liabilities	0.94-5.25	58	108	-	166
<b>Total</b>		<b>259</b>	<b>305</b>	<b>-</b>	<b>564</b>





		Separate financial statements			
		Maturity period			
<i>At 31 December</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
<b>2019</b>					
<b>Financial Liabilities</b>					
Short-term loans					
from financial institutions	1.98	200	-	-	200
Long-term loans					
from financial institutions	4.10-4.60	91	288	-	379
Finance lease liabilities	0.94-5.25	59	132	-	191
<b>Total</b>		<b>350</b>	<b>420</b>	<b>-</b>	<b>770</b>

### *Foreign currency risk*

The Group is exposed to foreign currency risk relating to periodically imports certain raw materials and machineries which are denominated in foreign currencies. The Group primarily utilised forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchasing machinery, denominated in foreign currencies, for the subsequent period.



	Consolidated financial statement				
	2019	2018			
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>		United States Dollars	Euro	Chinese Yuan	Total
Trade accounts payable	13,109	20,705	-	-	20,705
Other payables	1,311	7,007	1,389	10	8,406
<b>Gross balance sheet exposure</b>	14,420	27,712	1,389	10	29,111
Currency forwards purchase	-	(11,942)	-	-	(11,942)
<b>Net exposure</b>	<b>14,420</b>	<b>15,770</b>	<b>1,389</b>	<b>10</b>	<b>17,169</b>
<b>Separate financial statement</b>					
	2019	2018			
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>		United States Dollars	Euro	Chinese Yuan	Total
Trade accounts payable	13,109	10,310	-	-	10,310
Other payables	1,311	7,007	1,389	10	8,406
<b>Gross balance sheet exposure</b>	14,420	17,317	1,389	10	18,716
Currency forwards purchase	-	-	-	-	-
<b>Net exposure</b>	<b>14,420</b>	<b>17,317</b>	<b>1,389</b>	<b>10</b>	<b>18,716</b>



### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

### ***Liquidity risk***

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

### ***Carrying amount and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
Financial assets and financial liabilities measured at fair value					
Investment units	11,914	-	11,914	-	11,914
Equity securities available for sale	1,360	1,360	-	-	1,360
Forward contracts	-	-	15,129	-	15,129
31 December 2018					
Financial assets and financial liabilities measured at fair value					
Investment units	870	-	870	-	870
Equity securities available for sale	1,020	1,020	-	-	1,020
Forward contracts	-	-	11,942	-	11,942



Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
(in thousand Baht)					
31 December 2019					
Financial assets and financial liabilities measured at fair value					
Investment units	777	-	777	-	777
Equity securities available for sale	1,360	1,360	-	-	1,360
Forward contracts	-	-	15,129	-	15,129
31 December 2018					
Financial assets and financial liabilities measured at fair value					
Investment units	194	-	194	-	194
Equity securities available for sale	1,020	1,020	-	-	1,020
		Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value		Carrying amount	Fair value
(in thousand Baht)					
31 December 2019					
Financial assets and financial liabilities not measured at fair value					
Long-term loans	355,360	357,983		288,360	288,360
31 December 2018					
Financial assets and financial liabilities not measured at fair value					
Long-term loans	446,500	447,620		379,500	379,500

The Group determines Level 2 fair value for investment units by reference to the value from Asset Management Company at the reporting date.

The Group determines Level 1 fair value for equity securities available for sale by reference to the closing price from Stock Exchange of Thailand at the reporting date.

The Group determines Level 2 fair value of forward contracts by reference to the quoted selling prices of forward contracts at the reporting date.

Fair values of current financial assets and liabilities are taken to approximate the carrying amounts because the relatively short-term maturity of these financial instruments.

Fair value of long-term loans which bear interest at floating market rate is taken to approximate the carrying amounts.

Fair values of long-term loans which bear interest at fixed rate is evaluated by discounted cash flows valuation.



## 24 Agreements

### *Exclusive distribution license agreement*

On 1 January 2014, the Company and two suppliers (altogether “Licensees”) and a customer (“Licensor”) entered into the memorandum of agreement, whereby the licensor permits the licensees to sell exclusively fountain products in the stores of the licensor. The memorandum of agreement affects all parties from 1 January 2014. In consideration thereof, the Company, as a licensee, has an obligation to pay the marketing support fee at rates based on the purchase quantity of the licensor, as stipulated in the memorandum of agreement.

### *Service agreement*

On 19 December 2013, the Company entered into an agreement with a local company, whereby such company will provide services and support as necessary to assist the Company’s production, distribution, marketing, promotion, and sales activities pertaining to the beverages, including maintaining the image of the Company's trademark. In consideration thereof, the Company agreed to pay the service fee in the amount as indicated in the agreement. The agreement period is five years commencing from 1 January 2014 and ending on 31 December 2018. Unless there is notification to terminate the agreement within three months before the expiry date, the agreement will be automatically renewed for successive periods of one year.

## 25 Commitments with non - related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within 1 year	15,007	16,003	15,007	16,003
After 1 year but within 5 years	5,862	7,854	5,862	7,854
<b>Total</b>	<b>20,869</b>	<b>23,857</b>	<b>20,869</b>	<b>23,857</b>
<b>Commitment for machinery purchased</b>	<b>30,950</b>	<b>12,937</b>	<b>30,076</b>	<b>-</b>
<b>Commitment under land improvement agreements</b>	<b>9,977</b>	<b>-</b>	<b>9,977</b>	<b>-</b>
<b>Commitment for building system installment</b>	<b>-</b>	<b>454</b>	<b>-</b>	<b>454</b>
<b>Commitment for installation of information system</b>	<b>-</b>	<b>2,556</b>	<b>-</b>	<b>2,556</b>
<b>Commitment for building improvement</b>	<b>24,324</b>	<b>621</b>	<b>24,324</b>	<b>-</b>
<b>Forward contracts</b>	<b>16,155</b>	<b>12,002</b>	<b>16,155</b>	<b>-</b>



### *Operating lease commitments*

- Lease agreement for land and office building for periods from one to three years expiring in October 2021.
- Lease agreement for service of internet for periods from one to three years expiring in various periods up to in June 2021.
- Lease agreements covering vehicles for periods from four to five years expiring in various periods up to December 2020.
- Lease agreement for office equipment for a period of three years expiring in August 2022.

### *Forward contracts*

As at 31 December 2019, the Group had outstanding balance of forward contracts for a period not exceeding one year as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Foreign amount	Equivalent to Baht (in thousand)	Foreign amount	Equivalent to Baht
Euro	447	16,155	447	16,155
<b>Total</b>		<b>16,155</b>		<b>16,155</b>

### *Other commitments*

#### *Syrup supply agreement*

On 22 December 2015, the Company entered into a syrup supply agreement with a company. Under the term of the agreement, the Company agrees to purchase for syrup supply during 2016 – 2020 at the quantities required by the Company and at the prices specified in the agreement. The agreement may be terminated by mutual agreement or by either party by giving to the other advance written notice not less than 30 days.

## **26 Events after the reporting period**

On 11 February 2020, the Company established Haad Thip Food and Beverages Co., Ltd. which is new subsidiary. The principal businesses are manufacturing and distribution of food. The subsidiary has registered capital amounted to Baht 10 million which 99.99% shareholding by Haad Thip Public Company Limited.

On 18 February 2020, the Company established Kin Dee Yu Dee 2020 Co., Ltd. which is new subsidiary. The principal businesses are manufacturing and distribution of food. The subsidiary has registered capital amounted to Baht 12 million which 65% shareholding by Haad Thip Food and Beverages Co., Ltd.



## 27 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation

\* *TFRS - Financial instruments standards*

### (a) *TFRS - Financial instruments standards*

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements and expects that there will be no material impact on the consolidated and separate financial statements in the period of initial application.

### (b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 25. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

#### *Transition*

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The preliminary impact assessment of initially applying TFRS 16 on the financial statements is as follows:

<i>Statement of financial position</i>	<b>Consolidated</b>	<b>Separate</b>
<i>At 1 January</i>	<b>financial statements</b>	<b>financial statements</b>
	2020	2020
	<i>(in thousand Baht)</i>	
Increase in right-of-use assets	15,848	15,848
Increase in lease liabilities	15,848	15,848





## Audit Fee of the Company and its subsidiary company

The appointed certified public accountant for HAAD THIP PUBLIC COMPANY LIMITED and its subsidiary of the year 2019 was Mr. Thanit Osathalert, certified public accountant register No. 5155 of KPMG Phoomchai Audit Ltd. The 2019 Auditor's Fee for the auditing services of the Company and its subsidiary are the amount of Baht 2,250,000, has increased by 5.63% compared to that of 2018, which can be summarized as follows:

(Unit: Baht)

Description	For the fiscal year ended 31 December		Increase (Decrease)	
	2019	2018	Amount	%
<b>Audit Fee of the Company:</b>				
Annual audit fee	1,200,000	1,150,000	50,000	
Interim financial statements review fee	300,000	270,000	30,000	
Non- audit fee	-none-	-none-	-	-
<b>Total</b>	<b>1,500,000</b>	<b>1,420,000</b>	<b>80,000</b>	<b>5.63</b>
<b>Audit Fee of the Subsidiary Company:</b>				
Annual audit fee	460,000	455,000	5,000	
Interim financial statements review fee	90,000	75,000	15,000	
<b>Total</b>	<b>550,000</b>	<b>530,000</b>	<b>20,000</b>	<b>3.77</b>
<b>Non- audit fee (Subsidiary Company)</b>				
Fee for BOI Promotion Certificates	200,000	180,000	20,000	
<b>Total</b>	<b>200,000</b>	<b>180,000</b>	<b>20,000</b>	<b>11.11</b>
<b>GRAND TOTAL</b>	<b>2,250,000</b>	<b>2,130,000</b>	<b>120,000</b>	<b>5.63</b>

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**HaadThip Public Company Limited**

Head Office/ Plant : 7/1 Karnchanavanich Road, Baan Pru, Haad Yai,  
Songkhla 90250

Tel : 074-210008-18,

Fax : 074-210006-7

Bangkok Office : 36/6 Soi Ramkhamhaeng 21 (Navasri), Yaek 5 Phlabphla,  
Wang Thonglang, Bangkok 10310 Thailand

Tel : 02-391-0169-70, 02-392-9984-5, 02-714-0452-3

Fax : 0-2381-2257

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