



Believe it, Achieve it



TIPCO FOODS PUBLIC COMPANY LIMITED
ANNUAL REPORT 2019



Believe it, Achieve it

Everyone has dreams. Some dream small and some dream big beyond others imagination but every dream can become true if you've got to believe in those dreams.

Tipco believes in bringing wellness to society. We need to see people with good health and we believe in the power of nature and human creations that bring out best values from the nature. We, as a part to achieve your dreams, are striving to understand our customers and continue to develop our products to serve better living with friendly environment sustainability.



HOM SUWAN
ชีสแซคส์ป๊าทอหอมสัรวรณ
Homsuwan Pineapple Cheese Shoko

กวนด้วยน้ำผึ้ง
ไม่ใส่วัตถุกันเสีย
ไม่เจือสี
ไม่แต่งกลิ่น

โปรดอ่านข้อมูลอาหาร : มีไขมันและพลังงานสูง
โปรดอ่านข้อมูลโภชนาการ : มีไขมันและพลังงานสูง
โปรดอ่านข้อมูลโภชนาการ : มีไขมันและพลังงานสูง
โปรดอ่านข้อมูลโภชนาการ : มีไขมันและพลังงานสูง

EXP



Contents

<i>Mission / Vision / Core Value</i>	6
<i>Organization Chart</i>	12
<i>Financial Highlight</i>	13
<i>Message from the Chairman</i>	14
<i>Board of Directors, Members' Short Profile</i>	16
<i>Management Team, Members' Short Profile</i>	23
<i>Company Information</i>	24
<i>Policy and Business Operation Overview</i>	27
<i>Nature of Business Operations</i>	33
<i>Explanation and Analysis of Financial Position and Operating Results</i>	44
<i>Risk Management</i>	50
<i>Dividend Payment Policy</i>	53
<i>Corporate Social Responsibility</i>	54
<i>Report of the Corporate Governance committee</i>	72
<i>Corporate Governance</i>	74
<i>Shareholding Structure</i>	109
<i>Management Structure</i>	113
<i>Internal Control and Risk Management</i>	123
<i>Connected Transactions</i>	127
<i>Report of the Board of Directors Responsibility to Financial Reporting</i>	131
<i>Report of the Audit Committee</i>	132
<i>Auditor's Report</i>	136
<i>Financial Statements</i>	140





Mission

Bring wellness to society

Wellness means the state of being in good health, physically and mentally. Wellness can be achieved through our overall way of living, not through any particular activity. Wellness requires self-discipline and time. There is no short-cut. Thus, TIPCO aims not only to sell products but also to learn and understand people's way of living in order to create and propose living patterns that lead to the well-being of people by using products and services to bring wellness to society.









Vision

A market driving company that enhances value to stakeholders

To realize our mission, TIPCO not only focuses on the needs of consumers but also leads and drives changes in consumers' behaviors and living patterns. Leading and driving the market will enhance value to all stakeholders from employees, customers, trading partners, business alliances, shareholders and lenders to communities and society as a whole. That is, we aim to improve the well-being of each and every party.

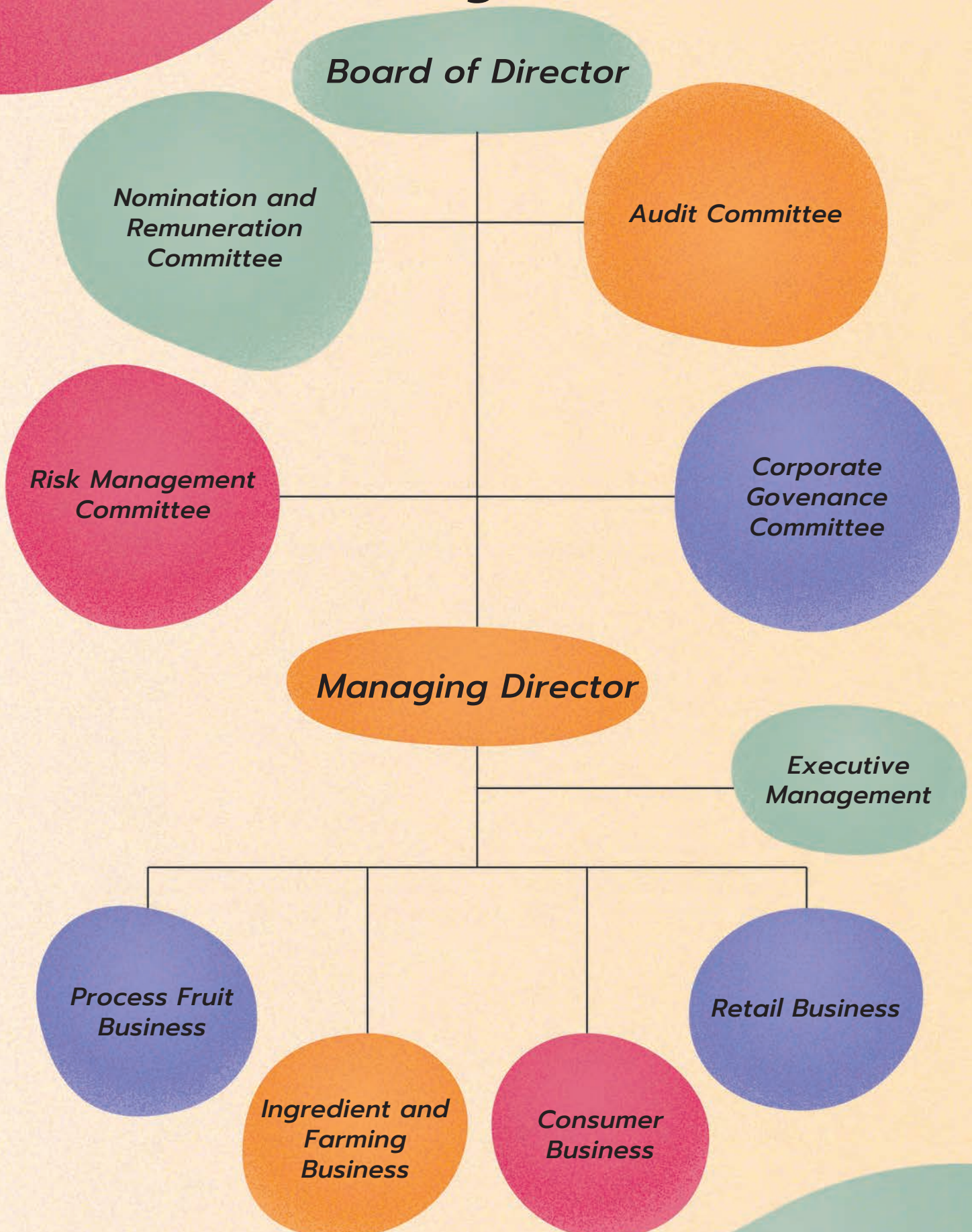
Core Value

<i>T</i>	<i>Teamwork</i>
<i>I</i>	<i>Innovation</i>
<i>P</i>	<i>Passion</i>
<i>C</i>	<i>Commitment</i>
<i>O</i>	<i>Openness</i>





Organization Chart



Ratio For Annual Report

As of / for the year ending 31 December	2019 (Consolidated)	2019 (Company)	2018 (Consolidated)	2018 (Company)	2017 (Consolidated)	2017 (Company)
Common Share (Per Share)						
Par value	1.00	1.00	1.00	1.00	1.00	1.00
Book value	8.10	4.23	8.65	4.47	9.06	4.24
Profit and Loss per share	0.43	0.25	(0.06)	0.72	1.46	0.98
Financial Performance (Baht)						
Revenues from sale	3,561,064,263	353,565,577	4,248,050,424	379,175,078	4,869,664,652	420,855,191
Total Revenues	3,687,087,231	717,796,971	4,356,026,410	862,850,858	4,951,610,702	798,808,785
Gross Profit	382,486,783	108,682,651	853,472,354	98,163,539	1,349,621,556	150,407,481
Earning before interest and tax	262,629,329	162,690,434	77,399,384	388,624,918	805,115,686	251,690,513
Net Profit(Loss)	207,667,159	122,481,331	(30,876,745)	349,185,574	703,777,987	472,086,371
Financial Position (Baht)						
Current Assets	1,256,513,591	372,339,023	1,747,914,423	236,282,983	1,781,226,896	203,390,991
Total Assets	6,669,002,920	3,406,202,762	7,076,574,427	3,432,902,009	6,938,429,246	2,889,507,388
Current Liabilities	1,844,007,417	769,706,782	1,962,326,700	521,232,526	1,771,259,006	333,104,982
Total Liabilities	2,762,208,235	1,363,120,709	2,903,169,782	1,275,839,738	2,567,813,036	843,723,825
Issued and paid-up share capital	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640	482,579,640
Shareholder's equity of the parent	3,906,794,685	2,043,082,053	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563
Shareholder's equity	3,906,794,685	2,043,082,053	4,173,404,645	2,157,062,271	4,370,616,210	2,045,783,563
Financial Ratio						
Gross Profit margin (%)	10.7%	30.7%	20.1%	25.9%	27.7%	35.7%
EBIT margin (%)	7.1%	22.7%	1.8%	45.0%	16.3%	31.5%**
Net Profit margin (%)	5.6%	17.1%	(0.7%)	40.5%	14.2%	18.6%*
Dividend Payout ratio (%)	79.0%***	134.0%***	(390.7%)	34.7%	51.5%	76.7%
Return on Equity (%)	5.3%	6.0%	(0.7%)	16.2%	16.1%	23.1%
Return on Fixed assets (%)	3.8%	4.0%	(0.6%)	10.9%	13.6%	6.5%**
Return on Total assets (%)	3.1%	3.6%	(0.4%)	10.2%	10.1%	6.1%**
Time interest earned (Times)	3.8	3.8	1.4	12.9	15.0	7.1
Current ratio (Times)	0.7	0.5	0.9	0.5	1.0	0.6
Quick ratio (Times)	0.3	0.4	0.4	0.3	0.5	0.5
Debt - equity ratio (Times)	0.7	0.7	0.7	0.6	0.6	0.4

*Included profit and total income from discontinued operation (transfer segment to a subsidiary)

** Based on profit from continued operation

***Dividend payout ratio calculated from the dividend that paid from the operation in that year. Dividend payment in Year 2019

included the dividend from second half operation of year 2019 amount 0.10 Baht/share which subject to the 2020 Annual General Meeting.



To All Shareholders

2019 was a very challenging year for the Company with the presence of several factors. For example, the domestic consumption that had yet to fully recover had impacted the overall beverage market and the fruit juice market serving as one of the Company's main businesses. Moreover, the drought situation suffered by the agricultural sector and the trend of the continued appreciation of the Thai baht had affected the processed fruit business. The overall operations of each business segment can be summarized as follows:

Processed Fruit Business: In 2019, pineapples, our main materials, saw decreases in domestic supplies and increases in prices as compared to the previous year while the selling prices of our main products such as canned pineapples remained at low levels. This led to the decrease in the Company's sales revenue from last year. To mitigate the impact from the factors of material prices and product selling prices, the Company would ensure appropriate production plans and cost controls, and develop a wide variety of processed fruit products through new forms of technologies and creation of value added to its products in the future.

Beverage Business: In 2019, the growth rate of the fruit juice market slowed down from the prior year, mainly due to the domestic consumption not achieving full recovery as mentioned earlier. The competitive pricing environment continued to be a key factor affecting the Company's profitability. However, the Company was still able to maintain its leader position in the fruit juice market, including both the total fruit juice segment and the premium fruit juice segment. The domestic mineral water market saw ongoing growth. The Company's "Aura" mineral water product saw its sales maintained at a satisfactory level. The Company's plan was to focus on communication of its product benefits and expansion of distribution channels to be more wide-ranging to ensure access to all groups of consumers.

Extract and Agricultural Businesses: In the past year, the extract business saw its sales revenue growth as a result of the rise in the supplementary food and medical supply industry with natural-extract ingredients. Regarding the agricultural business, the distribution channels of the Homsuwan pineapples became more diversified to support the Company's plan to increase production output and plantation areas.

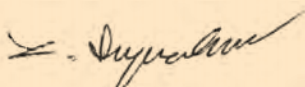
Retail Business: In 2019, the Company developed a new business model to respond to the consumers' trend of choosing healthy products. In so doing, the Company expanded its retail business through the new brand "SQ Squeeze", a new-style store selling quality cold-pressed vegetable and fruit juice.

In the past year, the Company won a number of prestigious awards reflecting its quality products and the trust of its consumers in the "Tipco" brand as follows:

- Tipco F&B Co., Ltd. was granted the National Occupational Safety, Health and Environment Award 2019 ("Gold" level) for the 3rd consecutive year from the Ministry of Labour.
- "Aura" mineral water received the 3-Star Superior Taste Award 2019 by International Taste Institute (iTQi) from Belgium. The taste scores were decided by more than 200 famous chefs from Europe and Michelin-starred restaurants.
- "Aura" mineral water won the Gold Quality Award 2019 by Monde Selection in the category of drinking water and non-alcoholic drinks. The award was decided based on taste and product design by more than 80 beverage experts.
- "Aura" mineral water achieved the Superbrands Thailand Award 2019 from Superbrands Thailand for its brand quality, brand relations with consumers, and brand uniqueness.

The Company became a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and was certified by the CAC Council. The Company has conducted business with a commitment to sustainable growth based on the principles of good corporate governance, integrity, morality, honesty, transparency, social and environmental responsibility, and equitable treatment of all stakeholders. Doing business and performing duties with a focus on environmental and social responsibility is the core concept adopted by the Tipco Foods Group as per its policy "Tipco develops its business along with the environment and society."

On behalf of the Board of Directors, I would like to thank the shareholders, trading partners, and business alliances in all sectors for the support and the trust in the Company throughout all these years. Also, I would like to extend my appreciation to all executives and employees for their dedication and hard work in 2019. We will continue to abide by the principles of good corporate governance and achieve sustainable success as a company that drives the market forward and adds value to every shareholder's investment.



Laksana Supsakorn
Chairman of the Board of Directors

BOARD OF DIRECTORS



Miss Laksana Supsakorn

*Chairman of the Board
Authorized director*

Age : 67 years

Starting date of Directorship : 2 April 2012

Education :

M.B.A. Wharton Business School, University of Pennsylvania, USA
Bachelor Degree, Accounting (Honor), Chulalongkorn University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

- 2014 Role of the Chairman Program (RCP)
- 2014 Director Certification Program (DCP)
- 2012 Director Accreditation Program (DAP)

Shareholding in Company : 41,461,267 shares 8.59%

Family Relationship with Management :

Younger sister of Mrs. Anurat Tiamtan and Mr. Sitilarb Supsakorn and aunt of Mr. Kris Sertthin.

Holding a Position of Director in Listed Companies at present:

Tipco Asphalt Public Company Limited

Holding a Position of Director in Other Companies at present:

Tipco Pineapple Company Limited
Tipco F&B Company Limited
Tipco Retail Co., Ltd
Siam Container Terminal Company Limited
Vanichapark Company Limited
Thanomwongse Service Company Limited
Ruamsapsin Company Limited
Tipco Tower Company Limited
Thai Slurry Seal Company Limited
Raycol Asphalt Company Limited

Related Experience :

2018 – Present	Chairman of the Board, Tipco Asphalt Public Company Limited
2017 – Present	Director, Tipco Retail Company Limited
2017 – Present	Director, Tipco Pineapple Company Limited
2014 – Present	Director, Tipco Tower Company Limited



Mrs. Anurat Tiamtan

Director

Authorized director

Age : 71 Years

Starting date of Directorship : 22 March 1976

Education :

M.Sc. (Biochemistry), The American University, Washington D.C., USA
B.Sc. (Chemistry), Kasetsart University

Courses on Directors Roles & Responsibilities /

Thai Institute of Directors :

- 2004 Director Certification Program (DCP)
- 2001 Chairman Program 2000

Shareholding in Company : 34,566,765 shares 7.16%

Family Relationship with Management :

Elder sister of Mr. Sitilarb Supsakorn, Ms. Laksana Supsakorn and aunt of Mr. Kris Sertthin.

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Companies at present :

Tipco F&B Company Limited
Tipco Pineapple Company Limited
Tipco Biotech Company Limited
Tipco Retail Company Limited
Siam Container Terminal Company Limited
Ruamsapsin Company Limited
Tipco Tower Company Limited

Related Experience :

2003 – 2013	Chairman of the Board, Tipco Foods Public Company Limited
2003 – 2013	Chairman of the Board, Tipco Asphalt Public Company Limited

BOARD OF DIRECTORS



Mr. Sitilarb Supsakorn

Director

Authorized director

Age : 68 years

Starting date of Directorship : 2 April 2012

Education :

Bachelor's Degree of Business Administration, Babson College, MA, USA

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2012 Director Accreditation Program (DAP)

Shareholding in Company : 55,000,000 shares 11.40%

Family Relationship with Management :

Younger brother of Mrs. Anurat Tiamtan, elder brother of Ms. Laksana Supsakorn and uncle of Mr. Kris Sertthin

Holding a Position of Director in Listed Companies at present :

Tipco Asphalt Public Company Limited

Holding a Position of Director in Other Companies at present :

Tipco F&B Company Limited
Tipco Biotech Company Limited
Tipco Retail Company Limited
TFB Distribution Company Limited
Tipco Pineapple Company Limited
Siam Container Terminal Company Limited
Thanomwongse Service Company Limited
Ruamsapsin Company Limited
Tipco Tower Company Limited
Thai Slurry Seal Company Limited
Thai Bitumen Company Limited
Raycol Asphalt Company Limited
Tipco Maritime Company Limited
Delta Shipping Company Limited
Alpha Maritime Company Limited
Bitumen Marine Company Limited

Related Experience :

2018 – Present	Director, Tipco F&B Company Limited
2018 – Present	Director, Tipco Biotech Company Limited
2018 – Present	Director, Tipco Retail Company Limited
2018 – Present	Director, TFB Distribution Company Limited
2017 – Present	Director, Tipco Pineapple Company Limited
2014 – Present	Director, Tipco Tower Company Limited



Mr. Surachet Supsakorn

Director and Member of the Nomination and Remuneration Committee

Authorized director

Age : 58 years

Starting date of Directorship : 18 August 2003

Education :

Master's Degree of Business Administration in Finance, Kasetsart University

Bachelor's Degree of Business Administration in Accounting, Rajamangala University of Technology

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2004 - Director Certification Program (DCP), Diploma, IOD

2003 - Director Certification Program (DCP), Certificate of Completion, IOD

Shareholding in Company : None

Family Relationship with Management :

Cousin of Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Ms. Laksana Supsakorn and aunt of Mr. Kris Sertthin.

Holding a Position of Director in Listed Companies at present :

United Paper Public Company Limited

Holding a Position of Director in Other Companies at present :

Thanomwongse Service Company Limited
Ruamsapsin Company Limited
Tipco Tower Company Limited

Related Experience :

2014 – Present	Managing Director, Tipco Tower Company Limited
2012 – Present	Director, Ruamsapsin Company Limited
2011 – Present	Managing Director, Thanomwongse Service Company Limited
2004 – Present	Independent Director and Chairman of the Audit Committee, United Paper Public Company Limited
2001 – 2010	Deputy Managing Director, Thanomwongse Service Company Limited
2000	Senior Manager – Administration, Thanomwongse Service Company Limited

BOARD OF DIRECTORS



Mr. Kris Sertthin

Director

Authorized director

Age : 36 years

Starting date of Directorship : 11 November 2019

Education :

Bachelor of Science in Business Administration with concentration in Finance and Economics, Babson College, Wellesley, MA, USA

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

None

Shareholding in Company : 2,000,000 shares 0.41%

Family Relationship with Management :

Grandson of Mrs. Anurat Tiamtan, Ms. Laksana Supsakorn, Mr. Sitilarb Supsakorn and Mr. Surachet Supsakorn

Holding a Position of Director in Listed Companies at present :

None

Holding a Position of Director in Other Companies at present :

Jitzda Company Limited

United Technology Services Company Limited

Rattanaajit Company Limited

Related Experience :

2015 – Present Senior Manager Business Development, Tipco Asphalt Public Company Limited

2011 – 2015 Business Development, Tipco Group of Companies

2008 – 2011 Advisory Staff to the Finance Minister, Office of the Minister of Finance of Thailand

2007 – 2005 Investment Banking Department, Phatra Securities Public Company Limited (Formerly Merrill Lynch Thailand)



BOARD OF INDEPENDENT DIRECTORS



Mr. Virat Phairatphiboon

Independent Director and Chairman of the Audit Committee

Age : 71 years

Starting date of Directorship : 7 September 2007

Education :

Bachelor's Degree in Economics and Business Administration, Adams State College, Colorado, U.S.A.

Executive Development Program, Princeton University, USA

Certificate of Managing Multinational Finance, Graduate Institute of Business Administration of Chulalongkorn University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2018 Tough Boardroom Situations – Independent Directors Share Lessons Learned

2014 Director Certification Program Update (DCPU)

2013 Anti-Corruption for Executive Program (ACEP)

2008 Role of the Compensation Committee Program (RCC)

2004 Audit Committee Program (ACP)

2002 Director Certification Program (DCP)

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Companies at present :

Bank of Ayudhya Public Company Limited

Holding a Position of Director in Other Company : None

Related Experience:

2018 – Present	Chairman of the Risk and Compliance Committee Bank of Ayudhya Public Company Limited
2007 – 2018	Nomination and Remuneration Committee Member Bank of Ayudhya Public Company Limited
2000	President – CIMIC Finance and Securities Public Company Limited
1999 – Present	Audit Committee Member Bank of Ayudhya Public Company Limited
1998 – Present	Independent Director Bank of Ayudhya Public Company Limited



Mr. Paisal Pongprayoon

Independent Director / Audit Committee / Chairman of the Nomination & Remuneration Committee

Age : 69 years

Starting date of Directorship: 2 April 2012

Education :

Master's Degree in Engineering concentrated in Industrial Engineering from Fairleigh Dickinson, USA

Bachelor's Degree in Engineering concentrated in Civil Engineering from Villanova University, USA

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2014 Role of the Chairman Program (RCP)

2014 Director Certification Program (DCP)

2012 Directors Accreditation Program (DAP)

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Company : None

Related Experience :

2000 – 2010	Head of Business Partner: True Corporation Public Company Limited
1997 – 1999	Managing Director, Samart Cable System Public Company Limited
1993 – 1997	Director in Commercial Section, Telecom Asia Corporation Public Company Limited
1992 – 1993	Real Estate Development Projects Manager, Thai Wah Engineering Company Limited
1991 – 1992	Assistant Managing Director, Hi-Tech Industry Estate Public Company Limited

BOARD OF INDEPENDENT DIRECTORS



Mrs. Achara Pricha

*Independent Director/ Audit Committee /
Member of the Nomination and
Remuneration committee*

Age : 63 years

Starting date of Directorship : 25 April 2014

Education :

Master in Business Management, Asian Institute of Management,
The Philippines

Bachelor degree of Mass Communications Arts. Major in Journalism,
Chulalongkorn University

Diploma in French Language Division, Borpit Pimuk College

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2018 Tough Boardroom Situations–Independent Directors
Share Lessons Learned

2018 Board Matters & Trends BMT 6/2018

2014 Director Certificate Program

2015 Advanced Audit Committee Program (AACP)

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Companies at present :
Sarnti Green Pack Co., Ltd.

Related Experience :

1995 – Present Director, Sarnti Green Pack Co., Ltd.

2008 – 2012 Director, SSJ Pte., Ltd., Singapore.

2008 – 2011 Director, Shaldan (Thailand) Co., Ltd.

2010 – 2012 Assistant Vice President, Reno (Thailand) Co., Ltd.

2005 – 2010 Second Vice President, International Business
Division, ICC International PCL.



Mr. Chalit Limpanavech

Independent Director

Age : 67 years

Starting date of Directorship : 24 April 2008

Education :

Master's Degree in Public Administration from Chulalongkorn University

Attained the Senior Marketing Management Course in London 1987

Bachelor's Degree of Business Administration in Marketing
from Assumption University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

Board Matters & Trends BMT 6/2018

Director Certificate Program (DCP)

Financial Statements for Directors

Audit Committee Program

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Companies at present :
None

Related Experience :

2018 – Present Advisor to Marketing Association of Thailand

2011 – 2018 Vice President for Academic Affairs,
Marketing Association of Thailand.

2011 – 2015 Chairman of marketing Management Group of
the Thai Management Association (TMA)

2003 – 2011 Audit Director of Chuo Senko Advertising
(Thailand) Public Company Limited

2003 – 2010 Dean of Communication Arts, Assumption University
(ABAC)

BOARD OF INDEPENDENT DIRECTORS



ACM Pongsatorn Buasup *Independent Director*

Age : 67 years

Starting date of Directorship: 11 November 2019

Education :

2005-2006 National Defense College

1995-1996 Air War College

1989 Air Command and Staff College

1975-1976 Avionics Officer School USAF, Colorado, USA.

1969-1974 Royal Thai Air Force Academy (Aeronautical Engineering)

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

2012 Director Accreditation Program (DAP)

2008 Director Certificate Program (DCP)

2008 Financial Statements for Directors

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Companies at present :
None

Related Experience :

2004 – Present Adviser of National Metal and
Materials Technology Center

2012 – 2018 Chairman of the Board of Directors,
Defense Technology Institute, Ministry of Defense

2011 – 2014 Director and Audit Committee, The Transport Co., Ltd

2009 – 2013 Consultant of Grupo Arger, a trading company in Brazil

2008 – 2009 Director of Aeronautical Radio of Thailand Ltd.

2007 – 2009 Chief of Staff to Ministry of Defense

2004 – 2006 Director of Directorate of Armament, RTAF.



MANAGING DIRECTOR AND COMPANY SECRETARY



Mr. Ekaphol Pongstabhon

*Managing Director
Authorized director*

Age : 55 years

Starting date of Directorship: 1 May 2012

Education :

Master's Degree in Finance and Marketing, Northwestern University, USA

Bachelor's Degree in Science Chemical Engineering,
Chulalongkorn University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

Role of the Chairman Program (RCP)40/2017

Director Certificate Program 141/2011, IOD

Anti-Corruption for Executive Program (ACEP)

First 100 Companies: Collective Power in Anti-corruption

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Companies at present :

Chairman, Wice Logistics Public Company Limited

Holding a Position of Director in Other Companies at present :

Tipco Retail Company Limited

Tipco Pineapple Company Limited

Tipco F&B Company Limited

Tipco Biotech Company Limited

Tipco TFB Distribution Company Limited

Wice Logistics (Singapore) Pte, Ltd.

Related Experience :

2012 – Present Managing Director,

Tipco Foods Public Company Limited

2009 – 2012 Managing Director,

Thai Film Industries Public Company Limited

2006 – 2012 Acting Managing Director,

Thai Copper Industries Public Company Limited

2000 – 2006 Managing Director, DHL Express Vietnam

Regional Sales Manager, DHL Express Singapore

National Sales Manager, DHL Express Thailand



Ms. Kullakarn Cheenpun

Company Secretary

Age : 53 years

Starting date of Company Secretary : 1 April 2017

Education :

Bachelor's Degree in Accounting from Ramkhamhaeng University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

Company Secretary Program (CSP) 68/2016

Board Reporting Program (BRP) 19/2016

Effective Minute Taking (EMT) 35/2016

Seminars / Thai Listed Companies Association :

Fundamentals of Law for Corporate Secretaries 12/2014

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Company : None

Related Experience :

2017 – Present Company Secretary and Secretary of the
Audit Committee, Tipco Foods Public Company Limited

2014 – 2017 Assistant Company Secretary and Secretary of
the Audit Committee, Tipco Foods Public
Company Limited

2009 – 2013 Unit Head of Corporate Public Relations,
Tipco Foods Public Company Limited

2000 – 2008 Budget Analyst and Secretary of the Audit Committee,
Tipco Foods Public Company Limited

1992 – 1997 Accountant, Tipco Foods Public Company Limited

EXECUTIVE MANAGEMENT OF TIPCO FOOD GROUP

Mr. Chokchai Tocharoentanaphol

Managing Director, Tipco Pineapple Co., Ltd.

Age : 56 years

Education :

Bachelor, Department of chemistry, Faculty of science,
Chulalongkorn University

Master of science in marketing, Thammasat University

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

None

Seminars / Thai Listed Companies Association : None

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Company :

Tipco Biotech Company Limited

Tipco F&B Company Limited

Tipco Retail Co., Ltd.

Related Experience :

2017 – 2019	Managing Director, Tipco Pineapple Company Limited
2015 - 2017	Chief Operating Officer Tipco Foods Public Company Limited General Electric, Product Manager (Asia Pacific) Guardian industry, Sales and Marketing Director Ocean glass, Sales and Marketing Director Kuiburi fruit cannery, Managing Director

Mr. Pol Sridaeng

Managing Director, Tipco Retail Co., Ltd.

Age : 48 years

Education :

Master of Business in Marketing : Victoria University of Technology
Graduate Diploma in Business Systems: RMIT University

Bachelor in Business Administration Major Marketing: UTCC

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

None

Seminars / Thai Listed Companies Association : None

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Companies at present :

None

Holding a Position of Director in Other Companies at present :

None

Related Experience :

2018 – 2019	Managing Director, Tipco Retail Company Limited
2011 – 2018	Assistant Vice President -Brand Yoshinoya / Brand Chabuton Ramen
2010 – 2011	Deputy director – True Coffee and True Lifestyle Retail
2000 – 2010	Operation director – The Pizza Company

Mr. Leuchar Pisitthakarn

Chief Financial Officer

Age : 54 Years

Education :

Master of Business Administration, Rangsit University, Thailand

Bachelor of Science in Economics, University of Utan, USA

Seminars on Director Roles Responsibilities /

Thai Institute of Directors :

None

Special Training :

- 1) American Management Association, California, USA
(Sr. Project Management)
- 2) Dale Carnegie - Management Team Building
- 3) Management Development Program - Module I & II
- 4) Business for Finance, Switzerland - Module I & II
- 5) Great Manager Program
- 6) Talent Management Program
- 7) Multi-Functional Team Building
- 8) People Product Management
- 9) Safety Office at Management Level
- 10) Strategic Financial Leadership Program
- 11) CFO Focus on Financial Reporting 7/2561
- 12) TLCA CFO CPD 2/2019 – Automation & RPA for accounting

Shareholding in Company : None

Family Relationship with Management : None

Holding a Position of Director in Listed Company : None

Holding a Position of Director in Other Company :

Tipco Pineapple Company Limited

Tipco Tipco F&B Company Limited

Tipco Biotech Company Limited

Tipco Retail Company Limited

Tipco TFB Distribution Company Limited

Related Experience :

2017	Director - The Premier Group of Companies
2016	Group Chief Financial Officer - Pacific-AA Group (Singapore, Myanmar, and USA)
2014 – 2016	VP Finance International - The Minor Food Group - Under the "Minor International"
2013 – 2014	Group Chief Operating Officer/ Group Chief Financial Officer Winvestment Holding Ltd.
2006 – 2013	Standard Chartered Bank - Head of Performance Management, Consumer Banking SEA & SG (Singapore) - CFO for Mekong Region (Vietnam, Laos, and Cambodia) - Head of Business Finance, Consumer Banking Thailand

Company Information

1. General Information

1.1 Company Information

Tipco Foods Public Company Limited (former name “Tipco Foods (Thailand) Public Company Limited”) operates the main business in producing and exporting of canned pineapple, pineapple juice concentrate, canned mixed fruits (Subsequently transferred to a subsidiary as discussed) and beverage. Current paid-up capital is Bath 482.58 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok. 10400		
Public Company	No. 0107535000052	Home Page	www.tipco.net
Tel.	0-2273-6200	Fax.	0-2271-4304, 0-2271-1600
Factory	205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180.		
Factory	999 Moo 7, Tambon Phukham, Wichianburi District, Phetchabun Province 67180.		

1.2 Subsidiary and Associated Companies

Tipco Asphalt Public Company Limited

operates the business in manufacturing asphalt emulsion and distribution of petroleum products. Currently the Company holds 23.46 percent shares. Total paid-up capital is Baht 1,576.76 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400
-------------	----------------------------------------------------------------------------------------------

Tipco Pineapple Company Limited

operates the main business in producing and exporting of canned pineapple, pineapple juice concentrate and canned mixed fruits. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 700 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400.
Factory	212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province 77210.

Tipco F&B Company Limited

operates the business in producing and distribution of ready - to-drink beverage products. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 600 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400.
Factory	90/1 Moo 7, Tambon Sanubtueb, Wang Noi District, Ayutthaya Province 13170.
Factory	212 Moo 16, Tambon Aou Noi, Muang District, Prachuab Kirikan Province 77210.

Tipco Biotech Company Limited

operates the business of herbal extraction substance and agriculture business. Currently the Company holds 100 percent shares. Total paid-up capital is Baht 36.8 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400.
Factory	504 Tambon Prachuab Kirikan, Muang District, Prachuab Kirikan Province 77210

Tipco Retail Company Limited

operates the retail business. Currently the Company holds 87.75 percent shares and 12.25 percent shares by Tipco F&B Co., Ltd. Total paid-up capital is Baht 200 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok. 10400
-------------	-----------------------------------------------------------------------------------------------

TFB Distribution Company Limited

operates wholesale and retail business. Currently the Company holds 100 percent shares by Tipco F&B Co., Ltd. Total paid-up capital is Baht 0.25 million.

Head Office	118/1 TIPCO Tower, Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok. 10400
-------------	-----------------------------------------------------------------------------------------------

1.3 References:

Company Registrar :	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, 14 Fl., Rajadapisek Road, Dindaeng, Dindaeng, Bangkok 10110 Telephone: 0-2009-9000
Auditor :	Mr. Supachai Phanyawattano, CPA No. 3930, and/or Mr. Natthawut Santipet, CPA No. 5730, and/or Ms. Krongkaew Limkittikul, CPA No. 5874 EY Office Limited : 193/136-137 33rd Floor, Lake Rajada Office Complex Klongtoey, Bangkok 10110, Thailand Telephone: 0-2264-9090
Legal Advisors :	Mr. Tawadchai Jaranakranya Ch. Chana Songkram Law Firm 52/3 Su-main Road, Bangkok Telephone: 0-2282-2955

2. Other Information

- Nil -

" Investors can study more information from the Company Annual Report (Form 56-1) posted on www.sec.or.th , or the Company's website www.tipco.net "

Policy and Business Operation Overview

Established on 22 March 1976 with an initial registered capital of Baht 10 million, **Tipco Foods Public Company Limited** currently has a registered capital of Baht 500 million with Baht 482.6 million being paid-up. The Company and its subsidiaries are principally engaged in the businesses of production and distribution of processed fruits, fresh fruits, fruit juice, vegetable juice, natural mineral water, ready-to-drink beverages, food and drink shops, herbal extracts, and agricultural products for domestic and overseas markets.

Business operation goals: The Company set common goals within its organization in the following aspects:

- **Product research and development**

This goal is to create and maintain expertise in research and development of high quality healthcare products with focus on innovative and unique ideas and registration of patents under the corporate brand.

- **Selection of raw materials, packages, and business alliances**

This goal is to pursue excellence in terms of selecting raw materials, packages, and business alliances with technologies and innovations that are in alignment with business strategies of the organization.

- **Marketing**

This goal is to seek real and hidden needs of customers and gain a profound understanding of the processes of decision making and product and service consumption so that the organization can communicate outstanding features of different products to consumers with creative and cost-effective means in order to maintain the existing customer base and gain a new customer base on a continuous basis.

Significant changes and developments

1989: The Company was listed on the Stock Exchange of Thailand.

1993: The Company expanded its business to the ready-to-drink fruit juice market through Tipco F&B Company Limited.

2004: The Company entered the retail business segment with the launching of Tipco's Squeeze Juice Bar shops offering smoothies.

2007: The Company invested in Tipco Biotech Company Limited whose main assets included plantation

areas, the Tissue Culture Lab for selecting and propagating plants, and a plant extract factory.

2009: Tipco Biotech Company Limited started selling the Tipco Homsuwan pineapples developed by the Tissue Culture Lab.

2013: Tipco Biotech Company Limited received the Good Manufacturing Practice (GMP) certificate from the National Food Institute (NFI).

2014: The Company doubled its Aura mineral water production capacity to the rate of approximately 120 million bottles per year.

2016: The Company opened two new businesses:

- August Organic Eatery. Its first branch is located at the Mercury Ville Tower.
- Homsuwan Pina Pina. The shop is located at the Siam Paragon shopping mall.
- Tipco Pineapple Company Limited was established to receive the transfer of the processed fruit production and distribution business from the Company through the partial business transfer approach. The Company holds 100% shares in Tipco Pineapple Company Limited.
- The Company launched new products and expanded businesses as follows: TIPCO WAVE,

2018: TIPCO BEAT, The 2nd branch of August Organic Eatery

- The Company expanded new natural mineral water source called Phu Nam Yod at Phu Kham Subdistrict, Wichian Buri District, Phetchaboon. The natural mineral water has a production capacity of approximately 140 million bottles per year.
- The Company launched new products and expanded businesses as follows:
 - o Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 750-ml cartons
 - o Tipco Fruity Mix – 40% mixed vegetable and fruit juice in 300-ml bottles
- The company has expanded its retail business into a new brand “SQ Squeeze” with 6 branches that sell 100% Cold Pressed Juice.

International quality assurance standard certification

1994: The world’s first pineapple factory to be ISO 9002 certified by Germany’s RW TUV.

1995: HACCP standard by SGS (Thailand) Limited.

2000: ISO 9002 certified for its pineapple juice and pineapple concentrate products by SGF International E.V./IRMA of Germany.

2002: HALAL standard by the Central Islam Committee of Thailand. Tipco was certified to meet KOSHER standard by Thai Kashurt Service Company Limited.

- 2002/2003:** BRC standards developed by UK retailers to assess food products exported to the UK, by SGS (Thailand) and EFAIA (SAI GLOBAL).
- 2003:** ISO 9001: 2000 by SGS (Thailand) Limited.
- 2004:** International Food Standard (IFS) developed by German and French retailers to assess food products exported to Europe.
- 2006:** ISO 22000 for its food safety management, making it Thailand's first food producer to be certified for meeting this standard.
- 2007:** Thailand's first company to undergo an integrated audit of 5 quality assurance systems, namely ISO 22000, ISO 9001, GMP, HACCP, and IFS (Single Food Audit Pack) and was certified by SGS (Thailand) Limited. Subsequently, SGS (Thailand) used Tipco as a model for integrated audits of other companies worldwide. In the same year, the Company was certified to comply with the GMA-SAFE AUDIT (USA) system for its food safety by Food Audit International (FAI).
- 2007/2008:** Certified for its organic aseptic aloe vera products (from plant cultivation to factory production) by the Department of Agriculture.
- 2008/2009:** IFOAM Organic Standards for its organic aseptic aloe vera products covering the processes from plant cultivation to factory production by the Office of Thai Organic Agriculture.
- 2009:** Food Safety and Food Security Audit Program of the United States of America by FAI (Thailand) with an "Excellent" rating.
- 2010:** ISO 9001: 2008 by SGS (Thailand) Limited.
- 2011:** Good Governance Award in the category of Environment; was certified to comply with the Thai Labour Standard (TLS8001-2010) (Initial Final Stage); and the Outstanding Enterprise Award in the category of Labor Relations and Welfare.
- 2012:** Expanded its scope of products to be certified. For example, its coconut water product passed the GMP/HACCP/BRC/IFS standards; its fruit in plastic cup products passed the GMP/HACCP/IFS standards; and its pineapple products passed the factory standards set by TESCO and YUM. Also, Tipco's fruit cocktail, pineapple concentrate and aloe vera products obtained permits to display Kosher's STARK logo with the whole production process being certified.
- 2013:** Food safety standards set by the British Retail Consortium (BRC). Also, Tipco's plant

extract factory was certified to meet the Good Manufacturing Practice (GMP) standards by the National Food Institute.

- 2014:** IFS standards for its canned coconut milk as well as aseptic and frozen pineapple single strength juice products. Additionally, the Company received Kosher's certificate for its coconut water with pomegranate juice and coconut water with mango flavor products and certified as an authorized economic operator (AEO).
- 2015:** Tipco F&B Company Limited passed the standards on workplace drug abuse prevention and solution in 2015 and the Best Workplace Award in the category of Safety, Occupational Health, and Workplace Environment at the outstanding level in Phra Nakhon Sri Ayutthaya Province. Furthermore, Tipco F&B Company Limited received a prestigious certificate for its workplace safety under the Safe Workplace Project in Honor of Her Royal Highness Princess Maha Chakri Sirindhorn.
- 2016:** Aura mineral water factory at Chaing Mai was certified to meet the HALAL, FSSC22000, GMP Codex, and HACCP Codex standards.
- Tipco F&B Company Limited was certified to comply with the FSSC22000 standard by UKAS Management System.
- 2017:** Tipco F&B Company Limited was certified to obtain the Halal Assurance System status by Indonesia with the "A" grade.
- 2018:** Aura mineral water factory at Chiangmai was certified Food Safety System Certification (FSSC) 22000 Version 4.1 developed by the Foundation for Food Safety Certification Representing a new approach to managing food safety risks in the food supply chain.
- Tipco Pineapple Co., Ltd. was certified for safety and quality of food such as BRC (Unannounced audit) level A + by TUV SUD, IFS (Unannounced audit) Higher level by TUV SUD, Organic coconut product including Canned coconut water, Canned coconut milk and Organic pineapple juice concentrate.
- 2019:**
- Tipco F&B Company Limited was certified Status "A" Grade Halal Assurance System Status from Indonesia for second consecutive times. The additional certified products are Kiwi. and Grape Juice, Mixed Veggie and Mixed Fruit Juice, Tangerine Orange Juice, Coconut Juice, Mango and Mixed Fruit juice.
 - Tipco F&B Company Limited was certified as Thai Labor Standard (TLS 8001-2010) by the Ministry of Labor.

- Natural mineral water production plant, Mae Rim District, Chiangmai Province was certified by the Asia and Middle East Bottled Water Association (ABWA) to become a member of the Asia and Middle East International Bottled Water Association which is one of the International Council of Bottled Water Association (ICBWA) to certify the quality and safety standards of water sources and factories.
- Natural mineral water production plant Phetchabun was certified Food Safety System Certification (FSSC) 22000 Version 4.1. The FSSC 22000 certification program is fully recognized by the Global Food Safety Initiative (GFSI) committee, an international group of retailers and has encouraged the GFSI standard to be accepted by retailers worldwide in order to increase the effectiveness of inspection costs and food safety assessments for food sellers / suppliers.

2019 Awards

In 2019, the Company achieved several awards as a testimony to its success as follows:

- Tipco Foods Public Company Limited received “The HR Asia Best Companies to Work for in Asia 2019 – Thailand Chapter” organized by HR Asia Magazine, being 1 in 30 companies in Thailand received this award. The committee has considered the results of the Total Engagement Assessment Model survey and inspection Interviews with the number of management and employees of the company 129 companies nationwide participating in this event.
- Tipco F&B Company Limited received the Outstanding Safety Model Award Occupational health and working environment for the year 2019 at the national level (gold level) for 3 consecutive years from the Ministry of Labor.
- Aura natural mineral water received the award for taste in drinking water with the highest award of the **3-Star Superior Taste Award 2019 by iTQi** (International Taste Institute from Belgium), which is a taste rating by European chefs and more than 200 Michelin-starred restaurants participating.
- Aura natural mineral water received the **Gold Quality Award 2019 by Monde Selection** in the category of drinking water and non-alcoholic beverages is an evaluation of both the flavor and the appearance of the product from more than 80 beverage experts.
- Aura natural mineral water received the **Super Brand Award 2019** for brand quality

the relationship between the brand and the consumer and brand identity.

2019 Environmental Award

- Tipco Foods Public Company Limited, Mae Rim District, Chiangmai Province received the honorable award on the World Environment Day of the 2019 from the Ministry of Natural Resources and Environment to show that “ An environmental performance and is visible to the public “ as the initiator of the Aura PES (Payment for Ecosystem Service) and Reforestation 5 regions project.
- Tipco F&B Company Limited received an honor award from the Environmental Conservation Industry network member group and the establishment that meets the criteria Environmental Governance Project 2019 from the Ministry of Industry.

Nature of Business Operations

Structure of income generated by the sale of products to external parties in the past 3 years

(Unit: Million Baht)

Products	Operated by	% shareholding of the Company	2017		2018		2019	
			Income	%	Income	%	Income	%
Products of vegetable & fruit	Tipco Biotech Co., Ltd.	100						
	Tipco Pineapple Co., Ltd.	100	2,092	43%	1,697	40%	1,418	40%
Beverage	Tipco Foods Pcl.							
	Tipco Retail Co., Ltd	100						
	Tipco F&B Co., Ltd.	100	2,674	55%	2,429	57%	2,107	59%
Other			104	2%	122	3%	36	1%
Total			4,870	100%	4,248	100%	3,561	100%

Consumer Business

Nature of Products (Consumer Business)

The core products are as follows:

■ Ready-to-drink fruit juice and vegetable juice products

Tipco 100% fruit juice

In 200-ml and 1-liter cartons

Tipco Squeeze – 100% pasteurized fruit juice and mixed vegetable and fruit juice

In 300-ml and 1-liter cartons

Tipco Veggie - 100% mixed vegetable and fruit juice

In 200-ml and 1-liter cartons

Tipco Superkid - 100% fruit juice/mixed vegetable for kids

In 110-ml cartons

Tipco Super Fruit Essence – 100% Pomegranate juice concentrate

In 110-ml cartons

Tipco Cool Fit - 40% mixed vegetable and fruit juice

In 200-ml and 1-liter cartons

Tipco Cool Fit - 40% mixed vegetable and fruit juice

In 225-ml and 750-ml

Tipco Cool Fit - 40% mixed vegetable and fruit juice

In 1-liter cartons

Tipco Me - Berry mix and mixed apple juice and grape juice

In 1-liter cartons



■ Natural mineral water

Aura 100% natural mineral water containing 330 ml bottles, 500 ml and 1.5 liters. There are 2 sources of natural mineral water production as follows.

1. Natural mineral water source at Pong Yaeng Subdistrict, Mae Rim District, Chiang Mai Province which is a large cold spring source that occurs naturally with a production capacity of approximately 120 million bottles per year
2. Natural mineral water source at Phu Kham Subdistrict, Wichian Buri District, Phetchaboon Province which originated the natural mineral water called Phu Nam Yod, with a production capacity of approximately 140 million bottles per year.

Marketing and Business Competition

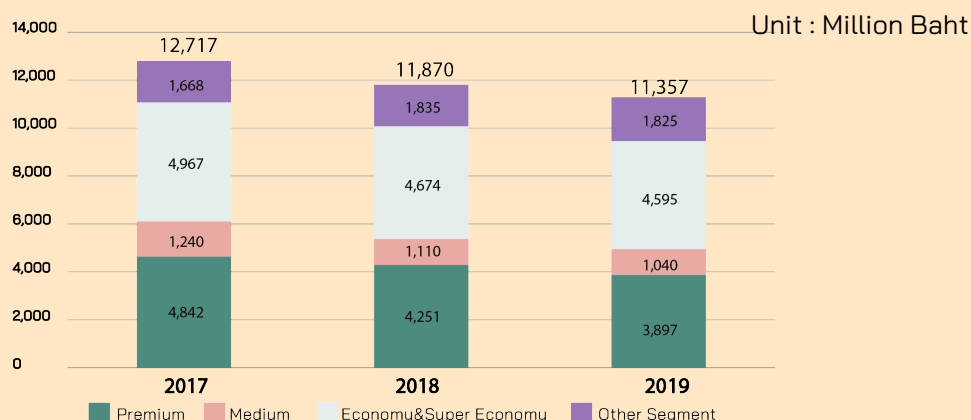
Industry outlook and competition environment

- The domestic ready-to-drink fruit juice and vegetable juice

In 2020, the consumption of ready-to-drink fruit juices and vegetable juices should be stable. compared to previous year due to domestic consumption has not yet recovered resulting in consumers being cautious in spending. Competition tend to focus on pricing in order to attract consumers.

Currently, consumers pay more attention to the benefits of selected beverages with variety of distribution channels.

The overview of the domestic ready-to-drink fruit juice and vegetable juice market value in 2017-2019*



Reference: The Nielsen Company (Thailand) Limited

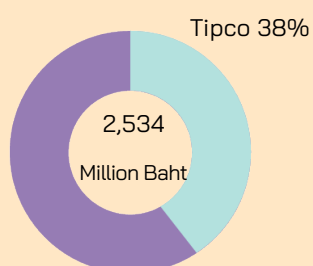
- * Premium: 100% fruit and vegetable juices, both UHT and pasteurized.
- Medium: 40% fruit and vegetable juices but not more than 90% UHT.
- Economy: 20% fruit and vegetable juices but not more than 30% UHT.
- Super Economy: Fruit and vegetable juices below 10% UHT.

The company's market share in 2017-2019

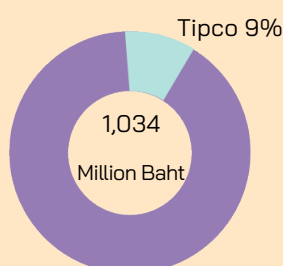
The Company's market share	2017	2018	2019
Premium fruit and vegetable juices market	30%	31%	31%
Medium fruit and vegetable juices market	11%	11%	11%

In 2019, Market Share of premium fruit and vegetable juices market are as follows:

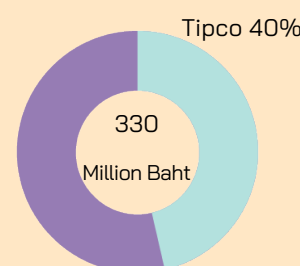
100% FRUIT JUICES UHT



100% VEGETABLE JUICES UHT



100% FRUIT JUICES PASTEURIZED



Reference: The Nielsen Company (Thailand) Limited

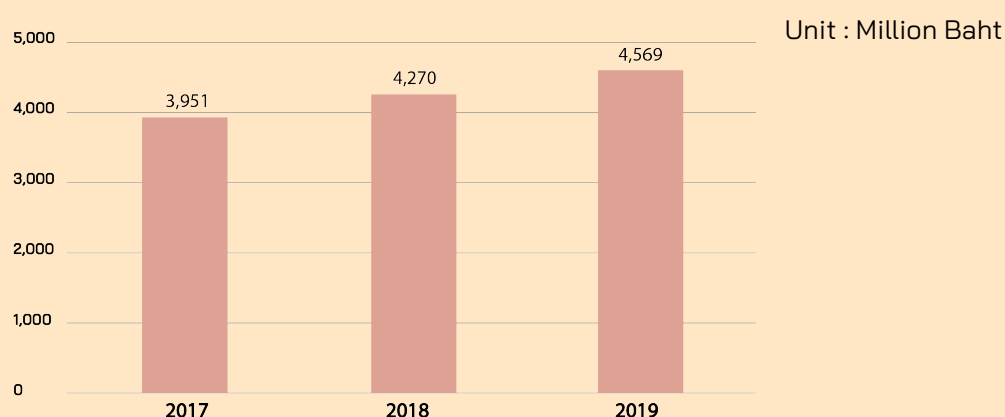
In 2019, the fruit and vegetable juice market in Thailand was Baht 11,357 million, decreased by 4% due to a domestic consumption has not fully recovered as expected. In addition, the beverage market is affected by the new rate of sugar tax on beverages introduced on October 1, 2019, resulting in higher costs for the producer. The beverage market is highly competitive to seize market share. However, the company still acquire the number 1 in the market of 100% ready-to-drink fruit and vegetable juices from maintaining quality and consumers' trust continuously. The Company expect that the fruit and vegetable juice market in 2020 should be stable. The company continues to focus on research and development to introduce new quality products for consumers.

■ Natural mineral water

In 2019, the mineral water market was Baht 4,569 million, increased by 7%. Aura natural mineral water had the market share No. 3 at 18%. The mineral water market is likely to continue growing from the behavior of choosing drinks that are beneficial and good for health which make mineral water a preferred alternative to drinking water. Due to a close selling price causing the mineral water market to be highly competitive in price compared to last year. Currently, the company has 2 sources of natural mineral water.

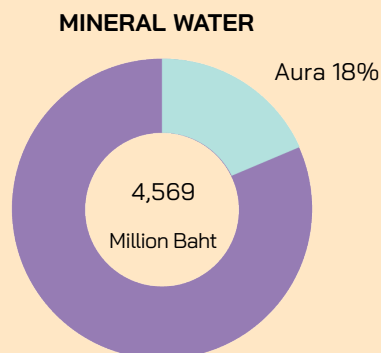
1. Natural mineral water sources Aura at Phu Nam Yod at Phukham sub-district, Wichian Buri district Phetchaboon province with a production capacity of approximately 140 million bottles per year.
2. Natural mineral water sources Aura at Pong Yaeng sub-district, Mae Rim district, Chiang Mai province with a production capacity of approximately 120 million bottles per year.

The Overview of Thailand's mineral water market value in 2017-2019



Reference: The Nielsen Company (Thailand) Limited

The company's market share in 2019



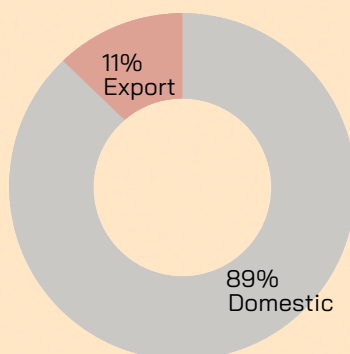
Reference: The Nielsen Company (Thailand) Limited

Competition strategies

1. Maintain product standards in terms of quality and production
2. Research, study, and develop new products that offer high benefits with innovative ideas to respond to the needs of consumers
3. Develop plans on raw material procurement for production through selection of high-quality raw materials and adopt a stock management system to ensure maximum nutritional benefits.
4. Distribute products through the expansion of distribution channels to be more wide-ranging to cater to consumers' behaviors

Main markets for product distribution

DISTRIBUTION CHANNELS



Reference: The Nielsen Company (Thailand) Limited

There are 2 main domestic distribution channels as follows:

1. Distributors which are the main channel of the Company and
2. The Company's sales booths and other special distribution channels.

The domestic sales channels accounted for 89% of total while export channels represented 11% of total sales.

Processed Fruit Business:

Nature of Products (Processed Fruit Business)

The core products are as follows:

1. Canned pineapple
2. Pineapple juice concentrate
3. Aseptic crushed pineapple
4. Pineapple in plastic cup
5. Pineapple in retort pouch
6. Canned tropical fruit salad
7. Tropical fruit salad in plastic cup
8. Canned aloe vera
9. Aseptic crushed aloe vera
10. Aloe vera in retort pouch
11. Coconut milk products and coconut water

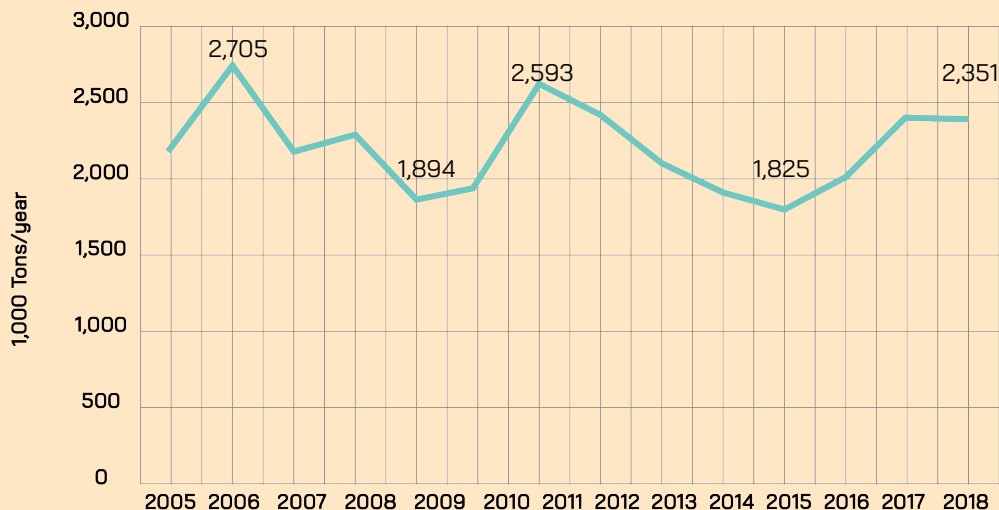
Marketing and Business Competition (Processed Fruit Business)

Industry outlook and competition environment

Production and raw material outlooks

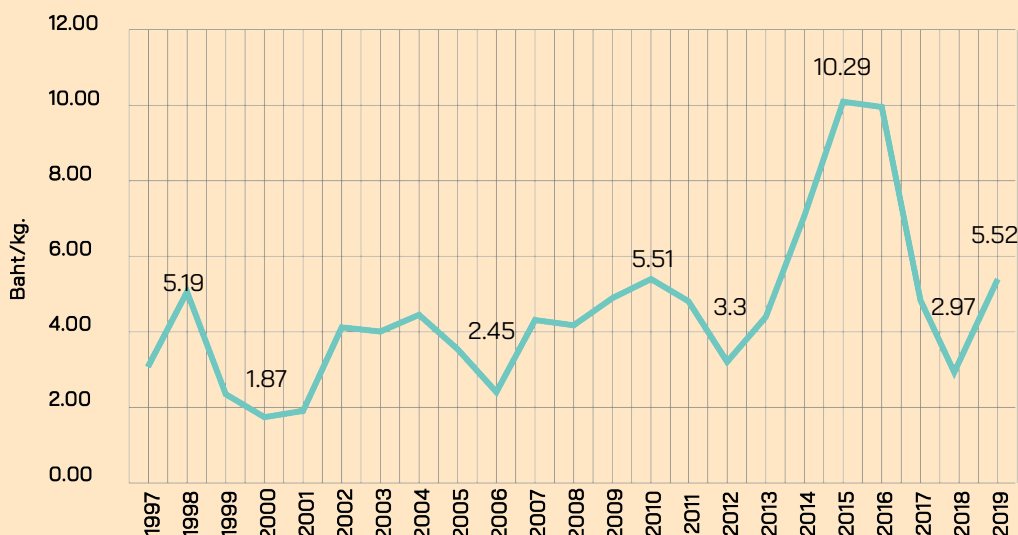
Since the last 2 years, the amount of pineapples in the country has decreased dramatically, resulting in the lack of pineapples. In the year 2020, the company expects the total pineapple production to decline compared to last year and price to increase which resulting in higher production costs. Such situation will affect Thailand pineapple industry and the competitiveness of manufacturers in Thailand compare to other countries like Indonesia and the Philippines which is a challenge in controlling production costs of the company to be more efficient and increase the ability to compete with competitors in the future.

Pineapple production in the factory in the year 2005-2018.



Source: Office of Agricultural Economics

Pineapple price to factory in 1997-2019



Source: Office of Agricultural Economics

Outlook in demand export market product

As mentioned above in the year 2020, it is expected that the price of raw materials will increase including Thai baht appreciation compared to the previous year, the company has to adjust the price of the product to be higher than last year to keep up with the raw material price level and the Thai baht appreciation. Increased selling price may affect the competitiveness compared with manufacturers from other countries. However, the demand for processed fruit in the world market remains stable. And expected to move higher in the 4th quarter of 2020 onwards

Competition strategies

1. The raw material management under the “Contract Farming, Big Grower, Quality Grower” system. The system is to ensure specific volumes and continued flows of raw materials, lower transportation costs, and quality control.
2. The wide-ranging products that cater to customers’ needs. The Company is capable of producing canned pineapple products in different sizes of cans and different styles of cuttings and liquid contents. This helps serve the different needs of various markets in all regions.
3. The maintenance of product quality and standards. The Company has been certified to pass several standards by internationally acclaimed organizations. Its longstanding reputation is a guarantee of its product and service quality.

Main markets for products distribution

Geographically, the Company’s main markets can be divided into the following 4 main regions:

1. America: This includes Canada, the United States of America, and Latin American countries. The United States is No.1 trading partner with the Company in terms of transaction value. Each year, the Company’s export value to this country accounts for around 30% of the total export value. In the past, the Company used to have a competitive advantage in the US because of the implementation of the anti-dumping duty system of the United States Department of Commerce. However, after the cancellation of the said system in 2004, market competition has intensified.
2. Europe: This includes European and Eastern European countries as well as the Russian Federation. The export value to these countries is second to the United States, or about 30% each year. Europe is the main market for pineapple juice concentrate products. Most of the customers are Blending houses in various European countries. The canned pineapple market is highly sensitive to prices partly because customers welcome products of different levels of quality.

3. Asia: This includes Australia and New Zealand. The customers in this group, particularly Japanese customers, require products of high quality and have mutual trust in conducting business. In 2019, Chinese customers have increased demand for canned pineapple products compared to the previous year. The trade value is about 19% of the export volume of the processed fruit business.
4. Middle East: The Middle Eastern market accounts for approximately 12%. This market has high potential due to high income per capita and consumer demand for canned pineapples. Due to the economic slowdown in European and Eastern European countries following the cross-region problems and conflicts, their purchasing power and consumer demand were affected. Middle Eastern countries have emerged as new target markets for many business operators in replacement of the European and Eastern European markets that are slowing down.

Retail Business

Nature of Products (Retail Business)

The Company's retail business can be divided into 3 different business categories:

1. "Squeeze Juice Bar by Tipco"

Brand	Squeeze Juice Bar by Tipco
Type of products	Smoothies and healthy drinks and foods. The Squeeze Juice Bar by Tipco shop is also the hub of distributing the products of the companies in the Tipco Foods Group, including Tipco fruit juice, Homsuwan pineapples, Aura mineral water, etc. In addition, the shop provides snack box catering services for events.
Number of branches	There are total of 34 Squeeze Juice Bar by Tipco shops. 11 Company's branches 23 franchise branches
Type of services	1. Dine In 2. Take Away 3. Delivery 4. Catering

2. “SQ Squeeze”

Brand	SQ Squeeze
Type of products	100% Cold Pressed Juice, Smoothies and healthy drinks and foods. The Squeeze Juice Bar by Tipco shop is also the hub of distributing the products of the companies in the Tipco Foods Group, including Tipco fruit juice, Homsuwan pineapples, Aura mineral water, etc. In addition, the shop provides snack box catering services for events.
Number of branches	6 Company’s branches
Type of services	1. Dine In 2. Take Away 3. Delivery 4. Catering

Marketing and Business Competition (Retail Business)

Industry outlook and competition

In 2020, the trend of healthy beverage sector tend to rapidly expanding especially in the Bangkok and major cities since consumers prefer least processed beverage and use the most of natural ingredients. Despite the high growth rate of this segment, the business competition remains high as new players, both domestic and overseas, can easily enter the market. In 2019, the market value of cafés, bars and full-service restaurants accounted for approximately Baht 520,000 million (Source: Euro Monitor).

Competition strategies

1. Squeeze Juice Bar by Tipco mainly focus on developing new products throughout the year Including seasonal beverages. All of which will focus on healthy products from well selected natural ingredients including distribution channels expansion such as online delivery channels.
2. SQ Squeeze mainly focus on benefits of cold pressed methods and naturalness. In addition, new beverages will be developed throughout the year. The company have plans to select potential areas to continually expand branches

Extract and Agricultural Business

Nature of Products (Extract and Agricultural Business)

Tipco Biotech Company Limited is a subsidiary company which is engaged in the extract and agricultural business as follows:

■ **Extract Business:** The Company is the producer of extracts from natural substances that are used as ingredients for producing foods, beverages, cosmetics, dietary supplements, and medicines. The company's plant extract factory is equipped with the largest solvent in Thailand operating at the high level of efficiency and safety. The company provides a full range of services covering raw material procurement, de-hydration, grinding, and extract substance production. The Company also works with customers in developing extracting processes from laboratory experiments to industrial production. Currently, the products and services of Tipco Biotech Company Limited can be divided into the following 2 main categories:

- Services according to customers' orders related to production of plant and herb extracts used as ingredients for foods, dietary supplements, cosmetics, and medicines (OEM)
- Production and sales of plant and herbal extract substances used as ingredients for foods, dietary supplements, cosmetics, and medicines (Ingredients)

■ **Agricultural Business:** The Company also conducts research and development of new plant varieties and cultivation. Thanks to its consistent research and development efforts, the company successfully developed the Tipco Homsuwan pineapples, its key products, with a unique taste and nutritional value. These pineapples are available at leading supermarkets, the Squeeze Juice Bar by Tipco branches.

Marketing and Business Competition (Extract and Agricultural Business)

Industry outlook and competition environment

■ **Extract Business:** During the past several years, the growth rate of the healthcare and beauty products within the country was steadily high. This situation has yielded opportunities for Tipco Biotech Company Limited to expand its customer base and achieve sales growth from its products being main ingredients for domestic foods, beverages, dietary supplements, cosmetics, and medicines. In the meantime, the company strives to establish collaboration with foreign business alliances and trading partners who seek quality plant and herbal ingredients with lower costs.

■ **Agricultural Business:** Currently, Thai people consume fresh pineapples of about 450,000 tons per year, most of which are the Battavia (Sriracha pineapples) variety. As for the Tipco Homsuwan pineapples, their characteristics are different from those of others in terms of aroma, sweetness, tight and tender meat, smooth taste, and high vitamins. These unique and non-GMO features make the Tipco Homsuwan pineapples a popular choice among consumers. The prices of Tipco Homsuwan pineapples are relatively high as compared to those of others due to the need for high maintenance to ensure high quality. Because of the thin skins, extra caution is needed when harvesting and packaging these pineapples to avoid damage and a large number

of workers are required. Nevertheless, Consumers find these pineapples easy to peel as they do not have to remove pineapple eyes. Thus, consumers can buy the whole fresh fruits back home and peel their skins by themselves.

Competition strategies

1. The extract business shall place importance on efficient production to satisfy customers' needs. Focus shall also be placed on development of high value ingredients used in the production of the products of the Tipco Foods Group.
2. The agricultural business shall develop, maintain, and control the quality of the Homsuwan pineapples. The business shall also look for opportunities to expand domestic and international distribution channels to support the plan to continuously increase cultivation areas.



Explanation and Analysis of Financial Position and Operating Results

Operating Results for 2019

1. Consolidated statement of comprehensive income ended December 31, 2019

Unit: Baht

Statements of comprehensive income	Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%
Sales	3,561,064,263	4,248,050,424	(686,986,161)	(16%)
Other income	126,022,968	107,975,986	18,046,982	17%
Total revenues	3,687,087,231	4,356,026,410	(668,939,179)	(15%)
Total expenses	4,157,126,348	4,411,288,385	(254,162,037)	(6%)
Loss before share of profit from investment in associate, finance cost and income tax expenses	(470,039,117)	(55,261,975)	(414,777,142)	(751%)
Share of profit from investment in associate	732,668,446	132,661,359	600,007,087	452%
Profit (loss) before finance cost and income tax expenses	262,629,329	77,399,384	185,229,945	239%
Finance cost	(69,945,288)	(55,992,863)	13,952,425	25%
Profit before income tax expenses	192,684,041	21,406,521	171,277,520	800%
Income tax benefit (expenses)	14,983,118	(52,283,266)	(67,266,384)	(129%)
Profit (loss) for the year	207,667,159	(30,876,745)	238,543,904	773%
Profit (loss) for the year Equity holders of the Company	207,667,159	(30,876,745)	238,543,904	773%

1.1 Sales

Unit: Million Baht

For one-year period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Sales	1,418	1,697	(279)	(16%)	2,107	2,429	(322)	(13%)	36	122	(86)	(70%)	3,561	4,248	(687)	(16%)

In 2019, the Company and its subsidiaries reported Sales of Baht 3,561 million, decreased by 16% compared to the same period of last year, mainly from the external factors which have been impacting directly to our business in overall, especially Product of vegetable and fruit. Also, partly due to a change in the preparation of financial statement in accordance with the new Thai accounting standard ("TFRS 15") by reclassifying from selling expenses to both sales deduction and cost of goods sold. Therefore, if compare to the same period of last year, product of vegetable and fruit decreased by 16%, mainly impacted from lower in selling price, sales volume, and also foreign exchange. Beverage business decreased by 13%, due to the decline of overall fruit juice market; however, our beverage business still occupied No.1 market share in a total fruit juice market and premium fruit juice market.

1.2 Operating Expenses

Unit: Baht

Expenses	Consolidated financial statements		Change	
	2019	2018	Increase (Decrease)	%
Cost of sales	3,178,577,480	3,394,578,070	(216,000,590)	(6%)
Selling and distribution expenses	436,828,614	604,276,166	(167,447,552)	(28%)
Administrative expenses	541,720,254	439,140,641	102,579,613	23%
Other expenses	-	(26,706,492)	26,706,492	(100%)
Total expenses	4,157,126,348	4,411,288,385	(254,162,037)	(6%)

In 2019, the Company and its subsidiaries reported total operating expense of Baht 4,157 million decreased by 6% compared to the same period of last year, which can be explained as follows

- Cost of sales decreased by 6%, in line with decreasing in revenue from sales and decreasing in raw material price of product of vegetable and fruit.
- Selling and distribution expenses decreased by 28% from changes in the preparation of financial statements in accordance with the new Thai accounting standards ("TFRS 15") reclassifying from selling expenses to both sales deduction and cost of goods sold.
- An increasing in administrative expenses by 23% mainly impacted from adjusting the calculation of depreciation for assets and additional expenses on production in the product of vegetable and fruit due to the shortage of raw materials. Excluding the above non-recurring items, administrative expenses slight lower than previous year.

1.3 Share of profit from investment in associate

In 2019, the Company reported Share of profit from investment in associate of Baht 733 million increased by 452% compare to the same period of last year.

1.4 Finance cost

In 2019, the Company and its subsidiaries reported Finance cost of Baht 70 million increased from the previous year by 25% mainly due to an increase in long-term loan.

2. Consolidated statement of financial position as at 31 December 2019

Unit : Baht

Statement of financial position	Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%
Assets				
Current assets	1,256,513,591	1,747,914,423	(491,400,832)	(28%)
Non-current assets	5,412,489,329	5,328,660,004	83,829,325	2%
Total assets	6,669,002,920	7,076,574,427	(407,571,507)	(6%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,844,007,417	1,962,326,700	(118,319,283)	(6%)
Non-current liabilities	918,200,818	940,843,082	(22,642,264)	(2%)
Total liabilities	2,762,208,235	2,903,169,782	(140,961,547)	(5%)

Unit : Baht

Statement of financial position	Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%
Shareholders' equity				
Total shareholders' equity	3,906,794,685	4,173,404,645	(266,609,960)	(6%)
Total liabilities and shareholders' equity	6,669,002,920	7,076,574,427	(407,571,507)	(6%)

2.1 Asset

As of December 31, 2019, the Company and its subsidiaries had total assets of Baht 6,669 million, a decrease of 6% from the end of 2018. Current assets decreased by Baht 491 million or 28% mainly due to the decrease in cash, Inventories and accounts receivable. While non-current assets increased by Baht 84 million or 2% due to the increase in Investment in associate.

2.2 Liabilities

As of December 31, 2019, the Company and its subsidiaries had total liabilities of Baht 2,762 million, a decrease of 5% from the end of 2018, with the main changes from current liabilities decreased by Baht 118 million or 6% due to the decrease in short-term loans and trade and other payables. Non-current liabilities decreased by Baht 23 million or 2% due to a decrease in net long-term loan.

2.3 Shareholders' equity

As of December 31, 2019, Total Shareholders' Equity of the Company and its subsidiaries was Baht 3,907 million decreased by 6% from the end of 2018, mainly due to a decrease in other components of shareholders' equity.

3. Consolidated cash flow statement for the 12-month period ended December 31, 2019

Unit : Baht

Cash flow statement	Consolidated financial statements 2019
Cash flows from operating activities	
Net cash flows from operating activities	53,833,016
Cash flows from investing activities	
Net cash flows from investing activities	85,277,490
Cash flows from financing activities	
Net cash flows used in financing activities	(203,610,174)
Net decrease in cash and cash equivalents	(64,499,668)
Cash and cash equivalents at beginning of year	105,836,016
Cash and cash equivalents at end of year	41,336,348

of December 31, 2019, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 64 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 54 million. Net cash flow from investing activities was Baht 85 million, mainly from dividend received from associate and net cash flow used in financing activities of Baht 204 million from re-payment of long-term loans and dividend paid.

4. Financial Ratio from consolidated financial statement for the ended December 31, 2019**Analysis of the Capacity to pay and liquidity**

The Capacity to pay and liquidity ratios	2019	2018	Changes
Debt to equity ratio (Times)	0.71	0.70	1%
Liquidity ratio (Times)	0.68	0.89	(21%)

In 2019, the Company's Debt to equity ratio increased from 0.70 times to 0.71 times due to a decrease in other components of shareholders' equity.

The Liquidity ratio decreased from 0.89 times to 0.68 times mainly due to the decrease in cash, Inventories and accounts receivable.

Analysis of the Profitability

Profitability ratios	Consolidated financial statements		Changes
	2019	2018	
Gross Profit Margin	10.7%	20.1%	(9%)
EBITDA Margin	15.9%	8.1%	8%
Net Profit Margin	5.6%	(0.7%)	6%
Return on shareholders' equity	5.3%	(0.7%)	6%

In 2019, the Company's Gross profit margin decreased from 20.1% to 10.7% from changes in the preparation of financial statements in accordance with the new Thai accounting standards ("TFRS 15") reclassifying from selling expenses to both sales deductions.

Consequence, EBITDA Margin increased from 8.1% to 15.9% has impacted accordingly. Also profit from investment in associate has increased by 452% compare to the same period of last year.

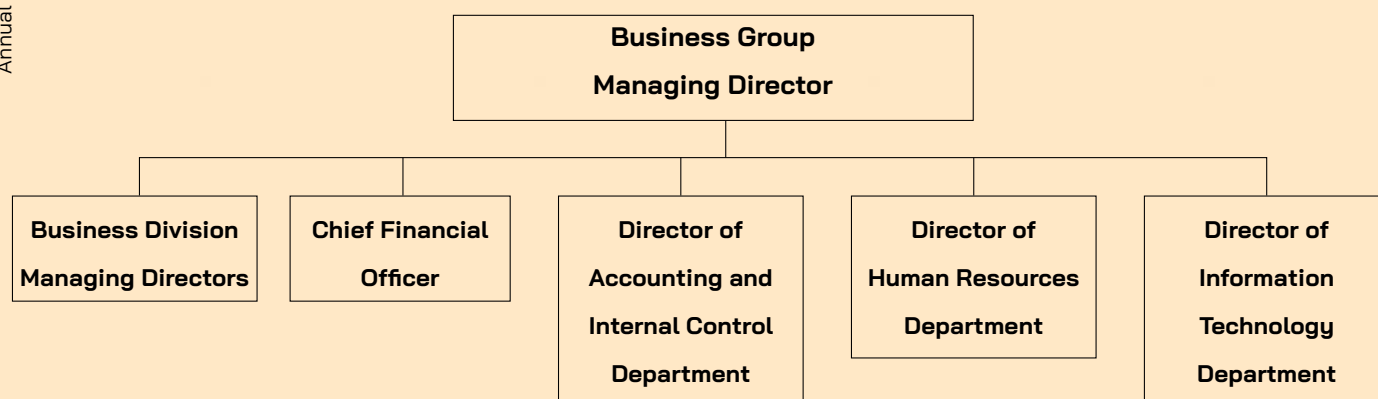
Share of profits from investments in associates increased resulting in the increase in return on equity in 2019 compare to the same period of last year.



Risk Management

The Corporate Risk Management Committee (RMC) was appointed by the Board of Directors. The RMC consists of the Managing Director of the Tipco Foods Group, senior executives of each business segment, the Chief Financial Officer, the Director of the Accounting and Internal Control Department, the Director of the Human Resources Department, and the Director of the Information Technology Department. The RMC's duties include assessing risks that may affect business operations short-term and long-term; identifying measures to manage and mitigate such risks; reviewing risks every 3 months; and reporting operating results to the Audit Committee and the Board of Directors for acknowledgement.

Corporate Risk Management Committee



Business Structure

1. Processed Fruit Business Division
2. Consumer Business Division
3. Retail Business Division
4. Extract and Agricultural Business Division
5. Support and Investment Business Division

The risk assessment process was conducted through analysis of the following 5 types of risk:
1) Strategic Risk, 2) Operation Risk, 3) Financial Risk, 4) Compliance Risk, and 5) Information System Risk.

1. Current Business Growth Risk

Under the highly competitive environment, rivals developed quality products and new competitors entered the market with new business models, new products, and new sales patterns with new technologies that better served consumer needs. As such, the Company had to expeditiously develop new products to meet customer needs and consistently communicate its product outstanding features. A project to foster an innovative culture within the organization “Entrepreneurial Growth Culture” was established with a view to developing middle-level executives to partake in identifying new S-Curve segments that can support future businesses.

2. Risk of Fruit Juice Market Decline over Consumers’ Concern about Sugar and Sweetness

With the declining market condition, competition, economy and purchasing power over the past 2-3 years plus the health consciousness trend of consumers, the fruit juice market started to face a slowdown in growth. The Company therefore had to speed up the development of low sugar product formulas and focus on communication of the strong benefits of the fruit juice such as its healthy nutrients to satisfy the new-generation consumers.

3. Risk of Business Impact from Rumors on Social Media without Fact Analysis

With the growing influence of today’s world of news and information, online technology and social media, we were faced with fake news, misinformation, rumors, etc. Some news contained much more violent and distorting content than those in the past. News and information were spread quickly at a wider scale through different forms. Businesses were affected by numerous news that were absent of fact analysis. With difficulties in controlling and managing information to ensure correctness, the Company had to set up a crisis management function in order to closely monitor news and information and stipulate procedures for handling crisis or threats that might harm the brand.

4. Processed Fruit Business Profitability Risk

“Pineapples” was the main material for the processed fruit business of the Company. In 2019, the Company saw the decline in the pineapple supply and the processing plants were competing in terms of pricing in order to obtain limited material resources. The product selling prices continued to decrease. As the demand for canned fruit and concentrated fruit juice products declined, the ability to adjust selling prices was limited. The selling prices were therefore not reflecting the increasing material costs. Thus, the Company closely monitored the situation of the materials, prepared short- and long-term plans to solve the issue, and urgently developed other product substitutes.

5. Enterprise Resource Planning (ERP) System Risk

The Company had to establish an appropriate plan to support future businesses as some parts of the ERP system were becoming outdated, personnel with knowledge and expertise in the system were limited, the new ERP system replacement costs were high, and the operation was time-consuming.

6. Risk from Cyber Threats on the Company's Technological System

Cybercrimes saw high growth and increased in number significantly. This made it harder to prevent such incidents from happening. Hackers gained insight into the system and were able to access and compromise the system to hack information easily. Also, cybercrimes were conducted in a wider variety of forms; so preparation for or prevention against the incidents was not an easy task. Hence, the Company had to develop a working team with a plan to combat, rectify and prevent cyberattacks and ensure safety, or at least to minimize damage to the digital assets.



Dividend Payment Policy

The Company and its subsidiaries pay dividends they have positive retained earnings. The dividend payout ratio depends on the Company's operating results and investment projects planned but shall not be less than one third of net profits recorded in the separate financial statements.

Year	2019	2018	2017	2016	2015
Net profit/share	0.25	0.72	0.98	0.79	0.38
Dividend/share	0.34	0.25	0.75	0.39	0.25
Dividend/profit (%)	134%	35%	77%	49%	66%



Corporate Social Responsibility

The Company conducts its business by taking responsibility for all groups of its stakeholders. As a part of the community, the Company is committed to ensuring environmental and social responsibility by acting as a good citizen and living with others in society with pride and dignity. The Company instills such concept into its employees at all levels, comprising directors, high-level executives, managers, supervisors, employees, and other stakeholders. In addition, the Company developed the Corporate Social Responsibility (CSR) policy and principles for use as guidelines by its stakeholders to ensure their consistent and strict compliance therewith under all circumstances. It can be said that conducting business and performing duties with a focus on environmental and social responsibility has become the core concept of all stakeholders of the Tipco Foods Group as per its policy: “Tipco develops its business along with the environment and society.”

To ensure effective management and operations with respect to environmental and social responsibility and compliance with the CSR policy, the Company appointed CSR working groups attached to its respective factories and headquarters. Each working group’s representatives consist of a CSR executive, a group head, members, and a secretary. Roles and responsibilities of each working group are as follows:

1. Present environmental and social contribution activities to seek support for government agencies and communities in areas of responsibility
2. Coordinate and undertake environmental and social contribution activities according to approved budgets
3. Supervise, monitor, and present activities to ensure that each factory’s environmental management meets applicable regulations, laws, and standards
4. Act as a center for communicating news and information regarding environmental and social contribution activities through local media
5. Prepare an annual activity plan and propose a budget for implementing environmental and social contribution projects
6. Conduct other activities related to the promotion of environmental and social image of Tipco as assigned

Each CSR working group shall conduct meetings to develop environmental and social contribution activity plans; follow up on the progress; and report the results of the activities to the management team for acknowledgement on a regular basis.

Environmental and social contribution activities can be divided into the following 3 categories:

1. Social

- Provide scholarships for community schools
- Provide scholarships for the children of farmers supplying raw materials
- Conduct community relations visits along with nearby communities and government agencies
- Provide funds according to Tipco's fiscal year budgets to support communities and society

2. Environmental

- Support domestic forestry ecosystem conservation and creation activities

3. Religious

- Promote morals, ethics and social contribution by raising employees' awareness of volunteerism, merit making, moral and ethical conduct, and integrity

According to the Company's policy, the employees must perform duties based on the principles of integrity, transparency, and fairness, with no conflicts of interest against the Company and its stakeholders; and maintain confidentiality of business transactions with the stakeholders. As such, the Company has stipulated channels for filing complaints or reporting fraud cases as follows:

- Allow the public to provide leads or complaints of illegal or unethical acts as per the address and telephone number posted in the Company's website
- Visit the community to seek opinions
- Hold forums with local administrative organizations, community leaders, and the community
- Adopt a complaint handling system by verifying information and reporting results to the Board of Directors

According to the results of the "Community Satisfaction Level (CSL)" survey continuously conducted by the Company, in 2019 the Company obtained an average score of 4.39 (out of the total score of 5) which was higher than 4.35 in the previous year. The Prachuap Khiri Khan factory obtained a score of 4.63 which was lower than 4.67 in the previous year. The Chiang Mai factory obtained a score of 4.30 which was higher than 4.24 in the previous year. The Wang Noi factory obtained a score of 4.46 which was higher than 4.45 in the prior year. The Phetchaboon factory obtained a score of 4.17 which was higher than 4.05 in the previous year. The Company assigned relevant functional units to implement recommendations made by the communities for improvement and correction. To promote awareness of the stakeholders' rights and ensure relevant implementation actions, the Company has defined its business framework, vision and core values as follows:

Mission: “To bring wellness to society”

Vision: “A company that drives and leads the market, and adds value to its stakeholders” (Its stakeholders consist of employees, consumers, trading partners, business alliances, and members of society.)

The Company’s 5 core values were determined according to the acronym of “TIPCO” as follows:

T: Teamwork

I: Innovation

P: Passion

C: Commitment

O: Openness

The Company continues to focus on the alignment between its corporate vision and core values to drive sustainable growth. The corporate core values reflect the Company’s strong commitment towards its internal and external customers across all functional units. All of the Company’s functional units shall have a service mind and offer quality products that meet consumer needs and service users. Such strong commitment helps foster a culture of good corporate governance. In 2019, the Company obtained the average score of 99.2% according to the Customer Satisfaction Index survey or a very good rating.

The Company also conducted the Supplier Satisfaction Survey and obtained an average score of 4.89 (out of 5.00) which was lower than 4.92 in the previous year. The Company made improvements based on the received feedback through assigning action owners and target completion dates as well as conducting evaluation on a regular basis. This was to ensure that the Company complied with the principles of good corporate governance principles and equitable treatment of its stakeholders. (Remark: Ratings of 1-5 are defined as follows: 5 – Very Good, 4 – Good, 3 – Fair, 1 and 2 – Need Improvement.)

In 2019, the Company conducted a number of social and environmental contribution activities in various aspects as follows:

Social

- Donated funds to create career opportunities for the disabled through Section 35 for the FRIENDs Community and the veterans of the Royal Thai Army.

- Donated funds to buy spare parts for wheelchairs for the Thai with Disability Foundation, Nonthaburi Province.
- Donated proceeds after minus expenses from the marathon event “Prachuap Khiri Run Season 3” for the procurement of medical equipment and tools for Prachuap Khiri Khan Hospital.
- Donated Aura mineral water and funds from employees to Miss Anyanee Meeyindee and her family. She was a student of Ban Bueng School, Prachuap Khiri Khan Province, and her house suffered a fire accident.
- Donated Aura mineral water to Phu Kham Subdistrict Administrative Organization, Phetchaboon Province to support the Songkran tradition preservation and the Older Persons Day event.
- Donated fruit juice on the World Blood Donor Day 2019 to the Thai Red Cross Society
- Donated Aura mineral water to Pong Yang Subdistrict Administrative Organization, Mae Rim District, Chiang Mai Province to support the temple cleaning activity under the project to improve temple facilities through the 5S guidelines through the collaboration between the temple, private and public sectors.
- Donated Aura mineral water to the Provincial Office for Local Administration, Phetchaboon City Hall, Mueang District, Phetchaboon Province at the event “Culture, Religion, and Science Create Opportunities for Youth in Phetchaboon Province” in honor of Her Majesty Queen Sirikit the Queen Mother.

Environmental

- Donated Aura mineral water 10 village communities in Pong Yang Subdistrict, Mae Rim District, Chiang Mai Province as part of the project to build a wildfire control line.
- Donated Aura mineral water to the Pong Yang Subdistrict Administrative Organization, Pong Yang Subdistrict, Mae Rim District, Chiang Mai Province as part of the mission to prevent and solve the wildfire and smoke situation.
- Donated Aura mineral water to the Ban Buak Toey Community, Moo 8, Pong Yang Subdistrict, Mae Rim District, Chiang Mai Province as part of the forestation activity in honor of Her Majesty Queen Sirikit the Queen Mother.
- Donated Aura mineral water to the Prachuap Khiri Khan Provincial Volunteering Operations Center and the Office of Mueang District, Prachuap Khiri Khan Province to support the activity under the Volunteers for Water Sources Development project in celebration of the birthday anniversary of Her Majesty Queen Suthida Bajrasudhabimalalakshana in 2019.

- Donated Aura mineral water to the Office of the Mueang District, Prachuap Khiri Khan Province in the activity “Volunteers for River and Canal Development” in celebration of the birthday anniversary of His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua in 2019.
- Launched the “Plastic Bottle Upcycling” project to exchange plastic bottles with Aura mineral water or with T-shirts produced from plastic bottles. Also, donated blankets made from plastic bottles to the communities in need.

Educational

- Donated Aura mineral water to Ban Mueang Choom School, Sra Kruat Subdistrict, Sri Thep District, Phetchaboon Province as part of the local sport competitions, games and quizzes for prizes and shows by students.
- Donated 5 sacks of rice to Ban Bueng School for use as part of the school-lunch project for students.
- Donated funds to support education opportunities of the Ruamchit Normklao Foundation (for Children and Youth) under Her Majesty’s Royal Patronage.
- Granted scholarships to children of the employees of the Tipco Foods Group
- Provided drinking water products to Kor Tan Khlong 27 School, Sanab Tueb Subdistrict, Wang Noi District, Ayutthaya Province in the project for the “Youth Love Environment” project.
- Provided scholarships to children of the farmers of Tipco Pineapple Co., Ltd. for 2019.
- Provided gifts and products of the Company to Ban Bueng School as part of the Children’s Day activity.

Arts, Cultural, and Religious

- Donated mineral water and Buddhist Lent candles to Wat Phrathat Chum Mueang Temple, Mae Ram Subdistrict, Mae Rim District, Chiang Mai Province as part of the Buddhist Lent Candle Offering activity 2019.
- Donated funds as a host of the Forest Robe Giving ceremony to the provincial executive monks, Sadieng Subdistrict, Mueang District, Phetchaboon Province.

Also, the Tipco Foods Group provided support and assistance through other activities of the public and private sectors such as community visits; volunteering employees to join in various activities with organizations, government agencies, schools, and temples; etc.

Environmental Management

The Company takes it seriously when it comes to social and environmental duties and responsibilities by acting as a good citizen and living with others in society without causing any harm to the overall benefit of society and the nation. The Company has been revising its production standards and work processes to prevent the creation of pollution and ensure sustainable uses of natural resources. The Company does not support its stakeholders in destroying natural resources and the environment.

Recognizing the importance of environmental conservation and natural resource management, the Company has established the environmental policy as a guideline for its operations and communication as follows:

1. The Company is committed to undertaking operations in compliance with environmental laws and other requirements relating to environmental management.
2. The Company is committed to the mitigation of key environmental impacts and the conservation of natural resources.
3. The Company is committed to following up and evaluating environmental performance to ensure that established management plans are met. The Company is also committed to improving such environmental performance on a continuous basis.
4. The Company is committed to raising environmental awareness among its employees, service providers and contractors, and ensuring communication to the general public.

Environmental Guidelines

1. Control, supervise, and prevent against any pollution caused by any activities, products, or services. Identify sources of pollution and measure, record, and report results of pollution. Stipulate measures to prevent against pollution and waste. Disclose information relating to pollution to the public and undertake any activities to prepare for and prevent against any accidents from chemical substances or any pollution from operations.
2. Supervise and control sustainable uses of resources; identify sources of uses of energies, water and other resources; and take measures for efficient uses of resources.
3. Undertake direct and indirect measures on an ongoing basis to mitigate any impact from climate change in relation to the Company's operations.

4. Protect and restore natural habitats in respect of all activities, products or services by indicating impacts and providing appropriate measures to mitigate or eliminate such impacts. Take actions to restore and maintain the ecosystem to promote the conservation and sustainable uses of natural resources.

The Chiang Mai Factory

1. Undertook a sustainable environmental conservation activity through implementing the AURA PES Forest Restoration Project No. 3 in the area between the Ban Pong Krai Community and the factory. Under such project, plants were grown in a 10-rai plot of land. The community would then take care of the grown plants and maintain them for 2 years (March 2018 – March 2020). The community was responsible for preparing soil for plantation, growing the plants, and removing weeds as well as ensuring that the grown plants have a high chance of survival and grow into a healthy forest. The factory was responsible for paying relevant expenses. With the forestation under care of the community, the newly grown plants had survival rates of more than 90%; while through other ways of forestation, the newly grown plants saw low survival rates.
2. Developed the machines used for producing mineral water to allow the bottles to be cleaned without the use of water. Thus, there was no loss of water from the bottle cleaning process. This resulted in a considerable reduction in the water used and a reduction in the amount of wastewater to be treated.
3. Donated used straws to the Chiang Mai Municipality Office, Environmental Service Department, Office of Public Health for further production of pillows for bed-ridden patients.
4. Donated aluminum residues from, for example, drink can ring openers, soda drink cans, bottle caps, and staples to the Association of Persons with Physical Disability International (APDI) for sale and use of proceeds for the procurement of orthotic and prosthetic devices for the disabled.
5. Encouraged reuse of plastic bags for other purposes by persuading the employees to donate the used food bags (after being cleaned and dried out) for making recycled road block tiles under the Green Road project of Asst. Prof. Dr. Wechsawan Lakas.
6. Won a prestigious award on the World Environmental Day 2019 from the Ministry of Natural Resources and Environment.

The Phetchaboon Factory

1. Used the mineral water production machines which were under the same system as that of the Chiang Mai factory. Thus, there was no loss of water from the bottle cleaning process. This resulted in a reduction in the water used and a reduction in the amount of wastewater to be treated.
2. Used LED light bulbs as part of its lighting system, saving more energy than general light bulbs.
3. Implemented the “No Wet Waste” project. All residues of food, vegetables and fruits from meals were buried in the prepared dug soil holes with lid covers to prevent any flies from laying eggs. Once the food residues almost filled up the holes, the holes were covered up with soils. Worms and micro-organisms would decompose those food residues to enrich the soils.

The Prachuap Khiri Khan Factory

1. Set out electricity and heat reduction measures and provided maintenance services for key energy saving devices every year (a continued measure).
2. Reduced the amount of air leak from the compressed air system by 20% and the energy charges by 586,172 Kwh/annum (with a reduction in the carbon dioxide release amount by 328,843 KgCO₂/annum) (a continued measure).
3. Replaced the ammonia-based chiller with the R-404a chiller which was eco-friendly and not damaging the ozone layer (a continued measure).
4. Reduced the use of charcoal by 16% by using high quality charcoal materials that gave high heat energy. The amount of carbon dioxide release was reduced by 7,741,250 kg-CO₂/annum or 1% compared to 2018.
5. Reused the wastewater from the RO system through the installation of the Reuse RO system to reduce the use of water in the pineapple cleaning process. This resulted in a reduction in the use of water of 30,000 Q/annum (a continued measure).
6. Conducted air quality checks twice per year. In 2019, the factory checked air quality in the general atmosphere, in the charcoal fired steam boiler, and in the furnace oil fired steam boiler. The results were as follows:

The first air quality check was done from 27-30 May 2019 and the result was “Meeting Standard Criteria.”

The second air quality check was done from 11-14 December 2019 and the result was “Meeting Standard Criteria.”

7. Replaced the old A/C unit with poor performance, with the new A/C unit with high performance. The factory was able to achieve electricity savings of Baht 61,946 for the whole year.
8. Conducted the “Condensate Recovery” at the boiler for refilling purposes. This helped the factory achieve heat energy savings of Baht 209,960 for the entire year.
9. Reused water from cooling towers for refilling purpose. Under the new practice, the factory no longer had to use only new water for refilling purposes while under the traditional practice, the factory had to dispose of the old water.

The Phranakhon Si Ayutthaya Factory

1. Installed the automated combustion control system by installing the oxygen controlling system at the exhaust chamber to control complete combustion and maximize energy savings. Hence, the factory was able to achieve fuel savings of 26,468.53 kg/annum and electricity savings of 18,740.91 kwh/annum. The Company also achieved a decrease in the carbon dioxide release amount of 14,039.22 kgCO₂/annum.
2. Upgraded the wastewater and water drainage system by installing “HDPE” sheets to prevent the release of wastewater from the wastewater system. Repaired and cleared the rain gutters inside and outside of the factory to allow rainwater to flow more easily.
3. Reduced the use of energy in the lighting systems in the offices and along the walkways by changing the light bulbs from “T5” to “LED”. This helped achieve energy savings of 35,640 KW.h/annum and a reduction in the carbon dioxide release amount of 21,715.452 kgCO₂/annum.
4. Reduced the use of energy from the compressed air system through installing a new high-performance air compressor. This helped achieve electricity savings of 64,443.59 KW.h/annum and a reduction in the carbon dioxide release amount of 39,265 kgCO₂/annum. The factory used the central-control air compressor and the VSD air compressor to help modify air pressure values to control the air flow to be consistent and achieve maximum energy savings.

5. On 25 February 2019, the factory participated in the project “Collectively Do Good Deeds with UHT Recycle” in collaboration with the Prachuap Khiri Khan Provincial Administrative Organization to raise awareness about the value of the reuse of UHT boxes for social and environmental benefits, for example, for the production of different products. The factory gave a total of 500 kg. of UHT boxes.
6. On 11 July 2019, the factory participated in the activity to volunteer to do good deeds for the public under the project “We do good deeds with our hearts” in collaboration with the Khao Ngam Subdistrict Administrative Organization, Ayutthaya Province. The factory also helped remove java weeds and cleaned religious facilities to promote the community’s pleasant, clean and safe living.
7. Joined in the Environmental Governance project with the Provincial Industry Office, Ayutthaya Province to express its intent and commitment as a business establishment to conducting business while ensuring that environmental and pollution management practices were in accordance with applicable laws. In this regard, the 7 principles of corporate governance were used: 1. “Public Access to News and Information”, 2. “Public Participation in Problem Solving”, 3. “Channels for Receiving Complaints, Opinions and Recommendations from Communities”, 4. “Transparency”, 5. “Social Responsibility”, 6. Rule of Law and Compliance with Environmental, Safety, Labour, Energy and Other Laws”, and 7. “Justice, Energy Conservation, and Giving Back to Society as well as Sustainability in Adherence to the Principles of Corporate Governance.”

On 12 July 2019, the factory co-hosted the exhibition “Industries and Environmental Governance” 2019 at The Po Village, Sam Ruen Subdistrict, Bang Pa-In District, Ayutthaya Province, to enable students and the general public to gain knowledge about environmental works of the factory as part of its business operations which were safe for the environment and enabled the living in harmony with the community.

8. On 7 December 2019, the factory attended the presentation ceremony of the prestigious award from an eco-friendly industry network and the environmental governance award 2019.
9. On 19 July 2019, the factory joined hands with the members of the Sanab Tueb Subdistrict Administrative Organization in donating 20 containers of raw materials and production leftovers for use as waste incinerators and devices to the village chief and the community

leader of Ban Khlong Sib, Moo 2, which was a pilot village. The factory also taught how to sort garbage at original sources.

Environment Training and Education

1. On 27 September 2019, the training to enhance knowledge about the UASB and SBR wastewater treatment systems was facilitated by Pro-Envir Co., Ltd. A total of 14 employees attended the training at Tipco F&B Co., Ltd.
2. On 2 October 2019, the training to raise awareness about energy conservation for 2019 was facilitated by the energy management working group. A total of 132 employees participated in the training at Tipco F&B Co., Ltd.
3. The “Water Treatment & Water Management for Industry” training was conducted by Mr. Weerasak Suthapong of Technology Promotion Association (Thailand-Japan) (TPA) on Wednesday, 6 November 2019 at Chompoo Panthip Room, Prachuap Khiri Khan Factory. The training was about how to efficiently maintain and manage the wastewater treatment system.

Disclosure of Prevention against Corruption

The Board of Directors supported the Company to participate in the declaration of its intent to comply with the principles of the Anti-Corruption Collective Action in Thailand in 2010 together with the Thai Institute of Directors Association (IOD), the Board of Trade of Thailand, the Thai Listed Companies Association (Thai LCA), the Thai Bankers’ Association (TBA), and the Office of the National Anti-Corruption Commission (ONACC). The Company was certified as a member of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) in October 2016 and renewed its status on 5 August 2019. The period of each status renewal is 3 years from the date of the certification resolution.

The details are as follows:

1. It is the Company’s policy to combat all forms of corruption by developing a written guidance and posting it in the Company’s website. Such guidance was approved by the Board of Directors.
2. The Board of Directors stipulated the anti-corruption policy by declaring its intent to join the CAC. The Company subsequently ratified and acknowledged the agreements as per its intent to join the CAC in order to counter all forms of corruption.

3. The Board of Directors approved the anti-corruption measures in writing as shown in the Company's website, which shall be strictly adhered to by all employees to promote transparency and fairness in doing business according to the good corporate governance and anti-corruption policies.
4. In 2015, the Company established a working group comprising representatives from all relevant departments in order to request certification as a member of the CAC. The Company was certified to be a member of the CAC.

In 2019, the Company joined in the Anti-Corruption Day 2019 under the concept of "Collective Action to Fight against Corruption" on 6 September 2019 at the Bangkok International Trade & Exhibition Centre (BITEC).

Anti-Corruption Policy

Directors, executives, and employees at all levels of the Tipco Foods Group and its related parties shall strictly refrain from committing all forms of corruption in all cases either directly or indirectly. The Tipco Foods Group shall have in place measures to audit and review the compliance with the anti-corruption policy on a regular basis to keep up with changing business environments, regulations, rules, and laws. Any violations or actions to support corruption shall be subject to disciplinary actions according to the Company's regulations.

Furthermore, the Company took the following actions to prevent any involvement in fraud and corruption:

1. The Company communicated to the directors, executives and employees that all work processes must be conducted strictly within the scope of laws. Any mistakes in the work processes due to negligence or complacency shall be subject to punishment by authorities without any exception.
2. The Company put in place a channel for people to file leads or tips in the event of witnessing any violation or fraud or corruption. The Company also had protection measures for those who reported the incidents. Details of the policies and actions relating to the prevention against any involvement in the corruption were disclosed in the Company's website under the section of Corporate Governance.
3. The Company established the anti-corruption working group responsible for stipulating anti-corruption policies and measures to ensure alignment and compliance with the requirements of anti-corruption measures of the CAC; preparing guidelines and action plans

to promote collaboration in preventing and combating internal corruption; reviewing anti-corruption policies and measures; monitoring and evaluating the performance as compared to the policies; and independently performing audits as per the anti-corruption measures on a consistent basis as well as in the cases of complaints regarding any inconsistencies with the anti-corruption policies and measures.

4. The Company shall not allow its management team and employees at all levels to commit any form of corruption or bribery. Also, it is prohibited to further assign others to give or receive money or other incentives on one's behalf in order to exchange for business advantages, privileges or other kinds of monetary benefits. It is prohibited to give bribes either directly or indirectly to government officials or politicians in order to persuade such persons to make decisions that benefit the Company or are considered a violation of ethics and laws.
5. The Company shall not allow its management team and employees at all levels to receive any money, objects, entertainment or other benefits from the customers, sellers of products or services, or contractors; or to receive any gifts on festive occasions with the values exceeding customary limits of the Company's stakeholders such as sellers of products and services and customers; if such receiving may cause others to understand that the receiver favors or has a special business relationship with the giver and this could lead to unfair treatment towards other sellers of products or services or customers. However, such receiving or giving may be allowed if the receiving or giving is conducted in a transparent manner or in a public place or can be disclosed. In this case, such transaction shall be reported to the relevant supervisor. In the case of receiving any gift or award with the excessive value, it shall be submitted to the Human Resource Department to be included as part of a central pool of assets.
6. The Company facilitated trainings to raise awareness among its executives, employees and representatives about corruption and combating corruption while educating them about social responsibility.
7. The Company provided channels for submitting complaints, leads, reports of violations or breaches of the Company's anti-corruption policy through the website: www.tipco.net ("Filing of Anti-Corruption Leads"); an email: anti-corruption@tipco.net; a mail to: Managing Director or Corporate Secretary or Supervisor; or an opinion box directly to the Managing Director, for further fact checks with disclosure or non-disclosure of the filing person.

8. The management team and employees at all levels including other stakeholders must strictly comply with the Company's anti-corruption policy. An emphasis shall be placed on the respect for property rights and the promotion of relevant parties' respect for properties and local wisdom and non-purchases of products or services from or non-partnership with organizations that violate human rights.

Disclosure of the Anti-Corruption Policy

To ensure that all people within the organization are aware of the anti-corruption policy, the Company has taken the following actions:

1. Posting the anti-corruption policy at the public relations boards at the premises of all companies in the Tipco Foods Group
2. Disseminating the anti-corruption policy via the Company's communication channels, including its emails, website, annual registration statement (56-1 form), annual report (56-2 form), and leaflets
3. Facilitating trainings in its anti-corruption policy to new employees and incorporating the matter in the employees' manual
4. Reviewing the anti-corruption policy on an annual basis

Whistleblowing or Complaint-Filing Channels

Persons who witnessed any fraudulent or corrupt practices or who were affected by their refusal to conduct corrupt practices may report leads or file complaints with or without their names disclosed. In this regard, they shall identify facts or evidences which clearly indicate that there is a reasonable ground to believe that corrupt practices were conducted or they were affected by their refusal to conduct corrupt practices. Reporting leads or filing complaints shall be made via one of the following channels:

1. Email: anti-corruption@tipco.net
2. Website: www.tipco.net (Topic: Reporting fraudulent or corrupt practices)
3. Telephone numbers: Managing Director 02-273-6888, Chairman of the Board of Directors 02-273-6400, or Call Center 095-205-1864
4. Mailing to: Chairman of the Board of Directors/Managing Director
Mailing Address: Tipco Foods Public Company Limited
118/1 Rama 6 Road, Phayathai Subdistrict,
Phayathai District, Bangkok 10400

1. For important or emergency cases that may affect corporate image or are related to high-level executives or directors; reports shall be directly submitted to the Chairman of the Audit Committee at E-mail: viratpt@hotmail.com.
2. The Company shall examine the complaints based on reliable facts. However, the whistleblowers or complainants shall be aware that the complaints without their names disclosed could affect the efficiency of Company's fact-finding operations.

Protection of Whistleblowers and Those Refusing to Conduct Corrupt Practices

The Company set a mechanism to provide protection for persons who cooperate with the Company in fighting against corruption, including whistleblowers, those providing information, and those refusing to conduct corrupt practices. This is to ensure that such persons will not face any trouble or suffer any damage from such actions.

1. The unit receiving the complaint shall consider preliminary information or find supporting information. If it is deemed appropriate to conduct a fact-finding, the top executive of the unit receiving the case shall grant endorsement before submitting the case to the relevant unit for further actions according to the procedures.
2. The Company shall provide protection for those cooperating with the Company in providing leads or refusing to conduct corrupt practices so that they are free from trouble, threats, or unfair practices as a result of such cooperation.
3. The Company shall not demote, punish or incur a negative impact on the employees or executives who refused to conduct corrupt practices although such action might cause losses of business opportunities to the Company.
4. In the case where the whistleblowers/complainants find that they may not be safe or may suffer from any damage, they can request the Company's protection as appropriate.
5. To protect the rights of the persons filing complaints or giving information in good faith, the Company shall keep information of such persons as confidential. Only those responsible for conducting a fact-finding are allowed to access such information. Disclosure of such information to irrelevant persons shall be considered as a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures.

6. If it is found that an employee or executive unfairly treats or causes damage to another person because such person provides leads/files a complaint or refuses to conduct a corrupt practice; that employee or executive shall be regarded as committing a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures.

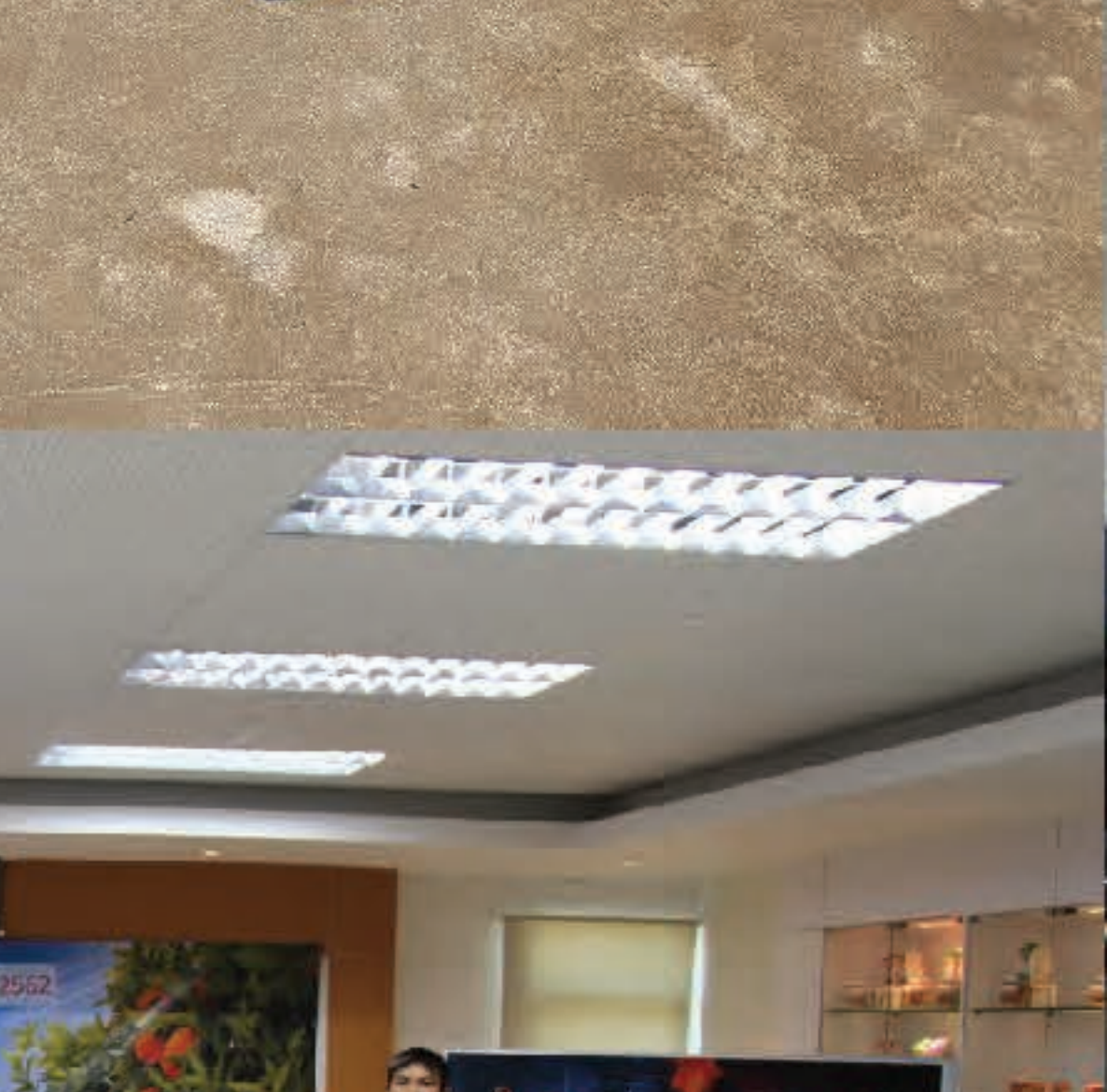
Punishment

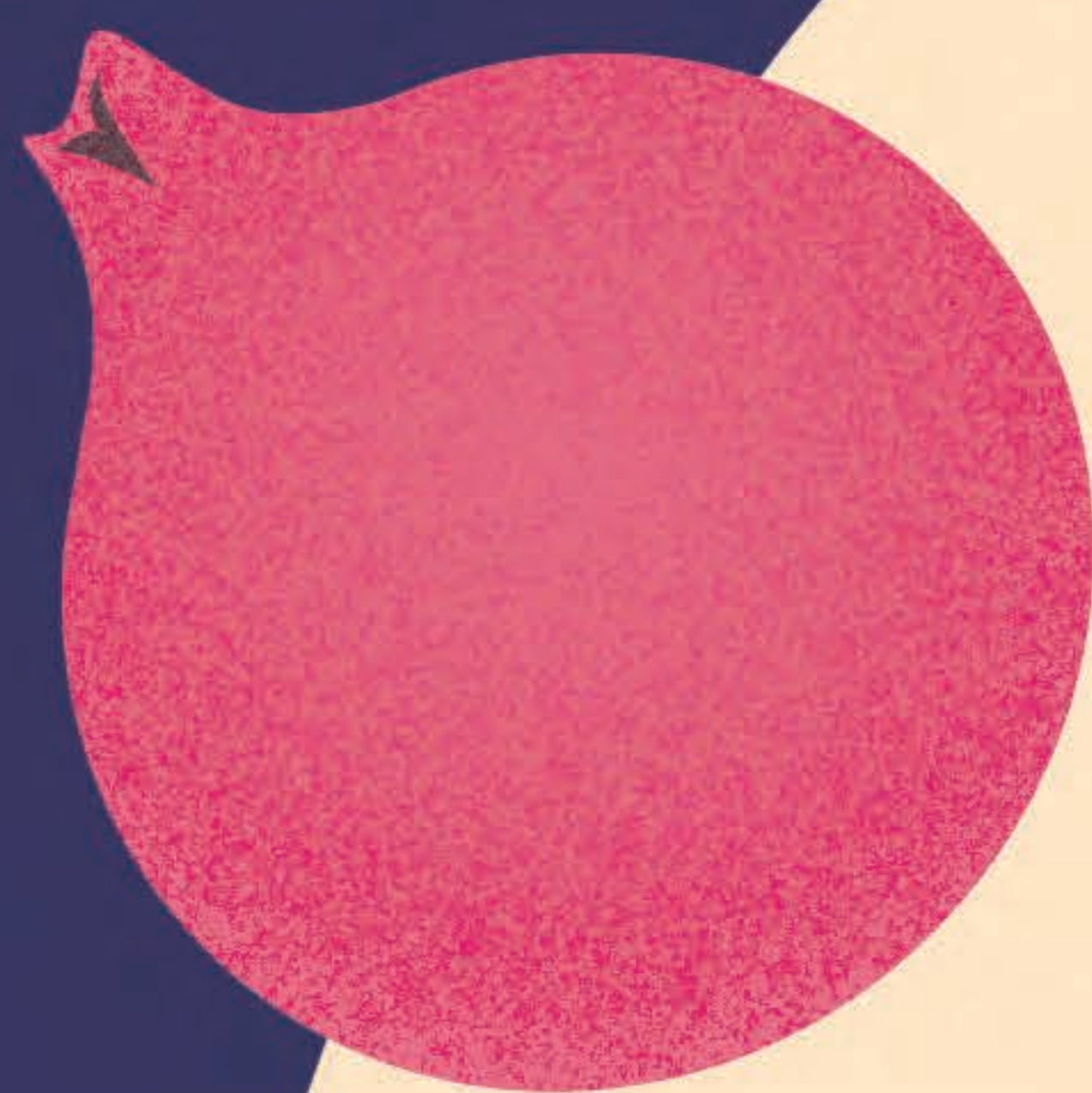
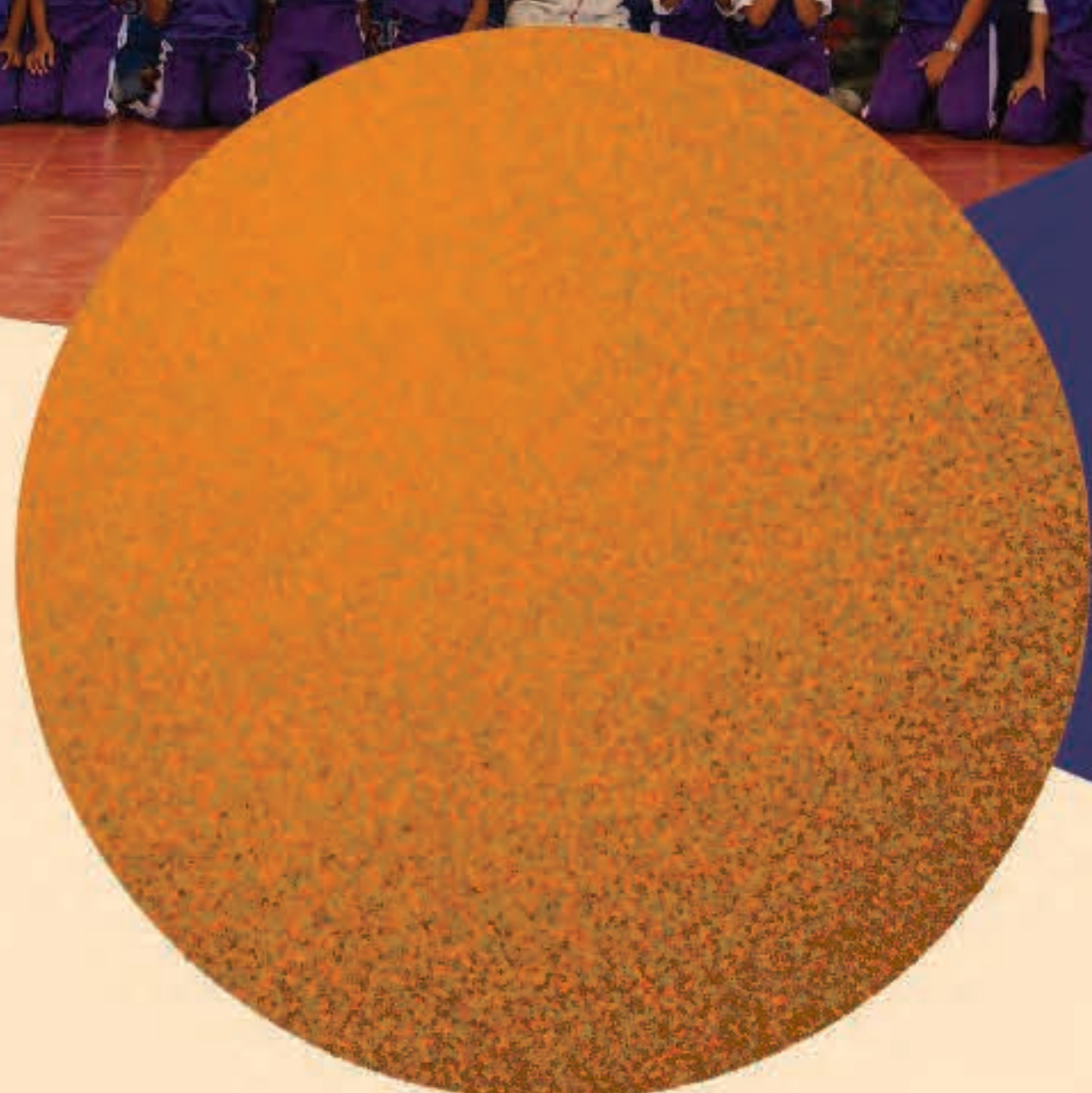
Any person intentionally or negligently violating this regulation or exhibiting a misconduct through any form of persecution, threatening, disciplinary action, or discrimination against those providing leads/filing complaints or those involved in the implementation of this regulation shall be deemed as committing a disciplinary offence and shall be subject to disciplinary actions according to the Company's procedures. Such person shall also be liable for any damage incurred to the Company and those affected by said action.

Details of the anti-corruption policy and relevant activities are disclosed in the Company's website under the topic of "Good Corporate Governance".

Responsibility for Stakeholders

The Tipco Foods Group has developed a set of desirable behaviors for its management team and included such information in the Company's Code of Conduct (as shown in the Company's website). All stakeholders, including shareholders, employees, customers or consumers, trading partners and/or creditors, competitors, environment, and communities, shall be treated with the highest standard of morals and integrity.





Report of the Corporate Governance Committee

The Board of Directors, in its capacity as the Corporate Governance Committee, is committed to ensuring that the Company's operations comply with the good corporate governance guidelines stipulated by the Stock Exchange of Thailand as well as the international standards and the Securities and Exchange Commission's 2017 Corporate Governance Code for Listed Companies.

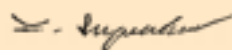
The Company encourages its employees at all levels to perform duties according to the good corporate governance principles with the aim of assuring its shareholders, investors, customers, and other stakeholders that it has adopted the efficient, transparent, auditable and fair management mechanism for increased value and corporate sustainable growth. This is in accordance with its vision of "To achieve ongoing growth and competitiveness and to gain trust from the customers in both the domestic and global markets".

The Company has provided trainings on the manual on good corporate governance and business ethics as a concrete way to communicate its relevant policies to its management and employees at all levels. The Company has also encouraged its employees to realize the importance of good corporate governance and their responsibilities and to comply with the organization's code of conduct so as to consistently cultivate the good corporate governance culture within the workplace. Every year, the employees are required to complete the "Actions Leading to Conflicts or Overlapping of Interest" survey form.

With its strong commitment to complying with the principles of good corporate governance, the Company won the Top Corporate Governance Report Award from the Stock Exchange of Thailand for five years (2003-2006 and 2010). In 2019, the Company was officially certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) and the National Corporate Governance Committee assigned the Company the good corporate governance score of 89%, or a "Very Good" rating, which was above the average score of 82% assigned to its peer SET-listed companies. In addition, the Company's 2019 shareholders' meeting received the score of 100 points, or an "Excellent" rating, by the Thai Investors Association.

From 2010-2015, the Company won the CSR-DIW Continuous Award from the Department of Industrial Works, Ministry of Industry, for sixth consecutive years, as an entrepreneur who implemented corporate social responsibility activities in a continuous and sustainable manner and was ready for the adoption of the ISO 26000 international standard towards sustainable development. The Company also prepared the corporate social responsibility report according to the standards of the Management System Certification Institute (Thailand). This reflects the Company's continuous commitment to implementing its corporate social responsibility initiatives. As for human resources management, the Company focused on developing its employees' capabilities as well as creating and promoting a positive work environment. Thanks to its ongoing systematic human resources development efforts, Tipco Foods Public Company Limited (the Company) has been granted the Outstanding Enterprise Award for Labour Relations and Welfare by the Department of Labour Protection and Welfare for 9 consecutive years. Also, the Company won the National Outstanding Enterprise Award for Workplace Safety, Health, and Environment from the Department of Labour Protection and Welfare.

The aim of the abovementioned activities is for the Company to achieve sustainable growth and to live happily in society and environment in accordance with our ultimate goal of upholding the good corporate governance philosophy in our operations.



Miss Laksana Supsakorn
Chairman of the Corporate Governance Committee

Good Corporate Governance

The Company adopted the Stock Exchange of Thailand's 2012 Principles of Good Corporate Governance for Listed Companies and the Securities and Exchange Commission's 2017 Corporate Governance Code for Listed Companies as guidelines for developing the Good Corporate Governance and Business Ethics Policy for the Tipco Foods Group subject to an annual review. The Company set out the good corporate governance guidelines to promote a culture of good governance among employees at all levels. This was to assure its shareholders, investors, customers, and other stakeholders that it has adopted the efficient, transparent, auditable, and fair management system for increased value and corporate sustainable growth. This was in accordance with its vision of "To achieve ongoing growth and competitiveness and to gain trust from customers in both domestic and global markets".

The Company provided trainings in the manual on good corporate governance and business ethics at all business premises of the Tipco Foods Group so as to ensure that the employees clearly understand and strictly comply with the good corporate governance principles and business ethics as aforesaid. This was to consistently cultivate the good corporate governance culture within the organization as a foundation for sustainable growth and increased value for all stakeholders.

According to the 2019 annual corporate governance assessment conducted by the National Corporate Governance Committee, the Company received a total score of 89%, or a 'Very Good' rating. Details of Tipco's scores are as follows:

	<u>2019</u>	<u>2018</u>
Rights of Shareholders	99%	95%
Equitable Treatment of Shareholders	96%	96%
Rights of Stakeholders	88%	88%
Information Disclosure and Transparency	90%	88%
Board of Directors' Responsibility	84%	81%

1. Corporate Governance Policy

To achieve the Company's objectives, develop a sense of responsibility for work results, build a culture of transparency and integrity, sustain long-term business competitiveness, and increase the stakeholders' confidence; the Board of Directors implemented the policy on compliance with the principles of good corporate governance as follows:

1. It shall be ensured that the Board of Directors perform duties according to their stipulated role and responsibilities in an efficient manner.
2. There shall be efficient risk management and internal control systems.
3. Policies shall be provided for and strategies/business plans shall be reviewed with the management team.
4. There shall be supervision to ensure no conflicts of interest.
5. Shareholders and stakeholders shall be treated equally and fairly.
6. Operations shall be undertaken with transparency, integrity, and auditability.
7. Adequate information shall be disclosed to the stakeholders, especially in terms of operating results and financial statements.
8. The Company's code of conduct shall be provided and complied with by all directors, executives, and employees.
9. Environmental and social activities shall be conducted in a concrete manner and the management team shall implement and communicate the policy on the said matters to the employees for their understanding and compliance.

The Company reviewed its corporate vision, targets, strategies, and immediate or urgent action plans to ensure alignment with the current and future business environments. The new vision statement focuses on creating value added for all groups of stakeholders including employees, consumers, trading partners, business alliances, and society. To ensure that targets are achieved according to this vision, the Company focuses on managing 4 areas, namely finance, customer, internal process, and learning and growth. The goals of all internal entities including those of individual employees, departments, divisions, and business groups, were linked together to help drive achievement of the overall goal and vision of the organization. Furthermore, the Company defined a number of policies including the policy on quality assurance to ensure customer satisfaction through a number of factors such as personnel, work processes, safety, environment, and society. This is aimed to create and foster exemplary work practices for society and the nation. The Board of Directors also established the Corporate Governance Committee consisting of all directors. The said committee developed the Good Corporate Governance and Business Ethics Policy as disclosed in the Company's annual report and website. To drive development of concrete and clear good corporate governance practices, the Company raised awareness about the good corporate governance principles among its employees to ensure their understanding and compliance therewith.

In 2019, the Corporate Governance Committee approved the adoption of the SET's 2012 Principles of Good Corporate Governance for Listed Companies and the SEC's 2017 Corporate Governance Code for Listed Companies. The corporate governance practices are described as follows:

Rights of Shareholders

At the 2019 Annual General Meeting of Shareholders, there were 10 directors present, including the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee. Ms. Sittilarp Supsakorn was engaged in a business and could not attend the meeting. The Company set out the meeting procedures according to relevant laws, including meeting invitation, document submission, and meeting agenda notification. Also, adequate information was provided to the shareholders for their consideration in a timely manner prior to the meeting. Absentee shareholders were allowed to assign independent directors to act as proxies to attend and exercise their votes at the meeting (Please refer to 'Equitable Treatment of Shareholders' for more information). In 2019, the Company adopted the barcode registration system at the Annual General Meeting of Shareholders to identify the number of participating shareholders and voting results on each agenda item faster. Regarding voting, the Chairman informed the shareholders of the voting procedure by using paper ballots provided prior to the meeting. The vote counting process was witnessed by representatives being independent directors, external auditors, and employees. The meeting was videotaped to ensure transparency and auditability. Furthermore, all shareholders were given an equal opportunity to examine the Company's operating results and to raise questions and opinions. The minutes of the shareholders' meeting were disclosed in the Company's website. As for the rights of minority shareholders, the Company allowed time for its minor shareholders to propose agenda items and nominate candidates for directors in advance through the Company's website prior to the shareholders' meeting. The Company's 2019 Annual General Meeting of Shareholders obtained a total score of 100 out of a 100-point scale, or an 'Excellent' rating, compared to an average score of 93.70 of all listed companies.

Equitable Treatment of Shareholders

Recognizing its shareholders' equal rights to receiving accurate and adequate information in a timely manner, the Company submitted a meeting invitation letter, supporting documents for all meeting agenda items, a list of identity documents required for attending the meeting, proxy forms, and details of proxy assignment procedures, to its shareholders 14 days prior to the meeting date.

Since the Annual General Meeting of Shareholders No. 1/2006, the Company allowed its shareholders to access information at the earliest opportunity by sharing meeting agenda supporting documents in advance in its website before submitting such documents. In 2009, the Company started the practice of sharing meeting information in its website 30 days prior to the meeting date. Moreover, the Company determined meeting time and venue to facilitate convenience for its shareholders. On the meeting date, the registration service started 2 hours before the meeting and the shareholders were allowed to independently raise their opinions and questions. Voting on each agenda item was undertaken according to chronological order. No new agenda item was added without a prior notice being given to the shareholders. The shareholders were informed of the voting procedure before voting. Each agenda item was open for clarification and discussion before voting. All shareholders were allowed to vote equally, except for those with conflicts of interest. Since 2008, the Company has shared its objectives and criteria that its minor shareholders are allowed to propose agenda items and names of candidates for directors via the Company's website. In 2019, the Company held one annual general meeting of shareholders. For each meeting agenda item, relevant details, rationale, potential impacts, and opinions of the Board of Directors were provided to shareholders for their better understanding, analysis and decision making, and examination. The Company also allowed its shareholders not only to assign others as their proxies to attend the meeting and vote, but also to assign independent directors as their proxies to vote on their behalf. The Board of Directors realized the importance of shareholders' meetings and all directors intended to attend all meetings unless in necessary cases. The Company's high-level executives attended shareholders' meetings on a regular and consistent basis.

The meeting minutes represented all significant details, including participating directors, clarifications provided by the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Managing Director, and other relevant directors. The meeting minutes also contained questions and opinions raised by shareholders; voting and counting processes; numbers of approval votes, disapproval votes, and abstention votes; and other relevant information. The meeting minutes were submitted to the Stock Exchange of Thailand within 14 days from the meeting date. The Company posted the meeting minutes via its website to allow its shareholders to check the accuracy of all resolutions and matters discussed or clarified at the meeting as well as to provide additional suggestions regarding matters to be added or corrected before submitting them to the next shareholders' meeting for adoption.

Voting ballots, documents, and other evidence were systematically stored and could be examined and referred to. The Company shared the shareholders' meeting resolutions through the Stock Exchange of Thailand's news channel within the next day after the meeting. The said resolutions contained voting results in terms of approval votes, disapproval votes, abstention votes, and voided ballots, so that the absentee shareholders could learn of the meeting results soonest.

With respect to profit allocation, the Company adopted a mechanism to ensure that its shareholders would receive their returns in a comprehensive manner. Such mechanism included a clear shareholding structure without cross-shareholding. The Company and its related company, Tipco Asphalt Public Company Limited, shared the same shareholders through investments in ordinary shares at the rate of 23.46 percent. Related party transactions were approved by the Audit Committee before submission to the Board of Directors for approval. Any directors with conflicts of interest would refrain from voting for such transactions. The Audit Committee had authority to oversee and prevent conflicts of interest and implemented the measure on prevention against misuse of insider information for personal gains. Since 2004, the Company's directors and executives, instead of individual reporting, have been required to disclose their shareholding in the Company at every Board of Directors' meeting.

Roles of Stakeholders

By recognizing the importance of the rights of both internal and external stakeholders, the Company established the "Code of Conduct" covering anti-corruption measures, responsible political involvement, equal and fair treatment of stakeholders, social and environmental responsibility, compliance with labor laws, and respect for employees' rights. Also, the Company stipulated desirable practices for the main 3 groups of people involved in the Company's operations and beneficial interest, including directors, executives and employees, and major shareholders. In particular, the desirable practices of the management team included the details of how the management team should treat 7 groups of stakeholders, namely shareholders, employees, customers/consumers, trading partners and/or creditors, competitors, and environment, as well as their roles in community engagement and development. The aforesaid code of conduct and desirable practices were based on the philosophy of quality and integrity. In addition, the Company focused on the process of good corporate governance to prevent its major shareholders from influencing decisions made by its management team based on the principles of integrity and professionalism.

Realizing its role as a member of the community, Tipco stipulated the policy on doing business with social and environmental responsibility. To promote such policy, responsible employees and relevant activities were determined. Examples of environmental and community support activities included the provision of assistance to schools nearby the factories or other appropriate schools through granting scholarships, providing educational equipment, or conducting other forms of development for schools via other means. The Company donated funds or products to support various activities held by government agencies, schools, temples, other organizations, and nearby communities. The Company also made efforts to prevent any possible impacts of its factories' environments on surrounding communities.

The Company stipulated its environmental policy as a guideline for its operations and communications, details as follows:

1. The Company is strongly determined to undertaking operations according to environmental laws and other requirements concerning environmental management.
2. The Company is strongly committed to reducing major environmental impacts and preserving natural resource sites.
3. The Company strives to follow up and assess its environmental performance to ensure compliance with stipulated plans and will continue to improve such performance on an ongoing basis.
4. The Company is dedicated to raising awareness about environment among employees, service providers, contractors, and the general public.

Conflicts of Interest

To prevent conflicts of interest, the Company implemented the code of conduct and defined desirable practices for various stakeholders groups, especially its major shareholders, with a focus on preventing any adverse impacts of its major shareholders on other stakeholder groups. The Board of Directors is always informed of any transaction that might cause conflicts of interest and any related party transaction; and carefully reviews the suitability of such transaction (Please refer to the "Elimination of Conflicts of Interest" under the "Equitable Treatment of Shareholders"). The Company complied with the regulations of the Stock Exchange of Thailand and amended its articles of association to protect the interests of its minority shareholders. The amendments were duly approved by the 2003 Annual General Meeting of Shareholders, details as follows:

“Item 48, Section 8, the Company’s Articles of Association: In the case where the Company or its subsidiaries agree to enter into a related party transaction, or a transaction related to acquisition or disposal of the Company’s or its subsidiaries’ assets according to the definition stated in the Stock Exchange of Thailand’s Notification Re: Undertaking of Related Party Transactions of Listed Companies; or acquisition or disposal of listed companies’ assets as the case may be; the Company shall comply with relevant regulations and methods stated in the said notification.”

To prevent any potential conflicts of interest, the Company’s employees are required to sign the agreement regarding actions leading to conflicts of interest. The agreement specifies disciplinary procedures and punishments, including employment termination in the event of an intentional violation or breach of the agreement. Also, to prevent any misuse of internal information for personal gains, the Company’s directors and executives are required to disclose their shareholding in the Company at every quarterly Board of Directors’ meeting and report any changes in their shareholding to the Secretary to the Board of Directors upon learning of such changes.

Related party transactions, according to the criteria of the Stock Exchange of Thailand, must be reviewed by the Audit Committee before submission to the Board of Directors for approval. Directors having conflicts of interest shall abstain from voting. A related party transaction of high value must be approved by the shareholders’ meeting and posted in a newspaper. The value of a related party transaction shall be marked to market and compared with the market prices determined by at least another 3 companies.

Business Ethics

Business ethics are set out in the form of Tipco Foods Group’s Code of Conduct for use as guidelines and desirable practices. Business ethics are based on good corporate governance, commitment to excellence, and corporate social responsibility. Examples of business ethics include fighting against corruption, responsible political involvement, equal and fair treatment of stakeholders, social and environmental responsibility, and compliance with labor laws and respect for employees’ rights. The business ethics also include desirable practices for stakeholders being directors, executives, employees, and major shareholders; as well as recommendations on problem solutions. These business ethics have been communicated to all directors and employees on an ongoing basis. Relevant parties are required to sign a form of acknowledgement of and comply with such business ethics every year. Also, the management team shall be responsible for ensuring that all

employees strictly comply with relevant requirements. Any employee violating the Company's code of conduct will be subject to disciplinary actions according to the Company's procedures.

Information Disclosure and Transparency

The Company pays attention to disclosure of information as it could affect decisions made by investors and other stakeholders. It is necessary to control and specify measures on disclosure of financial and non-financial information to comply with laws. The disclosed information shall be comprehensive, adequate, reliable, transparent, and in a timely manner; and shall be available in both English and Thai versions. The information shall be disclosed via www.setlink.set.or.th of the Stock Exchange of Thailand and the Company's website.

The Company shall strictly adhere to laws, rules, and regulations stipulated by the Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and government agencies. The Company shall also follow up on any regulatory updates on a regular basis to ensure that the laws, rules and regulations being implemented are correct and to assure the shareholders that the business is undertaken with transparency, accuracy, and integrity.

The Board of Directors adheres to the guideline on disclosure of relevant information of the Company to ensure systematic information disclosure and to prevent any potential damage from presenting incorrect information as well as to assure shareholders, investors, the public or other stakeholders that the Company's information disclosure is correct, clear, compliant with laws, fair according to the information disclosure policy.

The Company stipulated a policy regarding the reporting of beneficial interests of the Company's directors and executives. The policy requires that the directors and executives report the beneficial interests of themselves and related persons within the specified time frame. The corporate secretary shall sign and submit the reports to the Chairman of the Board of Directors and the Audit Committee within 7 days from the date of receiving such reports. This is in accordance with the Company's Notification Re: Criteria for the reporting of beneficial interests of directors and executives No. 001/2552 dated 29 June 2009.

Non-Infringement of Intellectual Property Rights

The Company set out a policy and a guideline regarding non-infringement of intellectual property rights and copyrights as part of the Company's Code of Conduct as follows: Respect for property rights shall be ensured through supporting concerned parties to respect property rights and local wisdom and not to buy products or services from or partner with organizations violating human rights.

Board of Directors' Responsibilities

The Board of Directors shall annually review its good corporate governance policy in order to achieve the Company's objectives, develop a sense of responsibility for work results, build a culture of transparency and integrity, sustain long-term business competitiveness, increase stakeholders' confidence, and stay current with the current business environment. The Company stipulated its Board of Directors' desirable practices according to the good corporate governance principles as follows:

- Oversee the Company's committees and subcommittees to ensure that they efficiently perform duties according to assigned roles and responsibilities
- Provide systematic and efficient control and risk management systems
- Set policies and review strategies/business plans with the management team
- Ensure no conflicts of interest
- Treat shareholders and stakeholders equally and fairly
- Conduct work with transparency, integrity, and auditability
- Disclose adequate information to stakeholders, especially operating results and financial statements
- Provide a manual on good corporate governance and a code of conduct of the Company to be complied with by directors, management team members, and employees.
- Conduct environmental and social activities in a concrete manner

To ensure that employees at all levels correctly understand and comply with the good corporate governance policy and the code of conduct, such topics are included in the orientation program for new employees and refresher courses to be conducted at least once per year. Such good corporate governance system enables the Company to drive a sense of good corporate governance and consistent practices among its employees at all levels.

2. Board of Directors and Committees

Structure and Scope of Authority and Duties of the Board of Directors and the Committees

The number of directors shall be determined by the shareholders' meeting but shall not be less than 5 persons. The Board of Directors shall also include at least 3 independent directors who are non-executives, not relevant to regular managerial functions, and not major shareholders of the Company. At least one half of the directors shall have residence in the Kingdom of Thailand. The directors shall elect one of them as the Chairman of the Board of Directors. The directors shall be entitled to compensation payments for their performance of duties, including salaries, meeting attendance fees, and bonuses.

The authorized signatory directors of the Company are Miss Laksana Supsakorn, Mrs. Anurat Tiamtan, Mr. Sitilarb Supsakorn, Mr. Surachet Supsakorn, Mr. Kris Sertthin, and Mr. Ekaphol Pongstabhon. Any two of these six persons can co-sign and affix the Company's seal.

The Board of Directors consists of highly qualified and capable individuals. The directors have consistently participated in self-development programs organized by the Thai Institute of Directors Association (IOD). The Board of Directors participates in the formulation of the corporate visions and missions to ensure alignment of operational goals among executives and employees. In 2019, the Board of Directors considered, revised, and approved the visions, strategies, goals, business plans, and budgets; and reviewed the key policies to ensure appropriateness and alignment with the business operations under the principles of good corporate governance, such as the Corporate Governance Policy. At every quarter meeting of the Board of Directors, the implementation of the corporate strategies was monitored and the management's performance was followed up. It is required that the management's performance and the operating results of the Company be reported according to the business plans and budgets specified in an efficient and effective manner. The Board of Directors and the management shall take responsibility, according to their duties, for the shareholders. There is segregation of duties between the Board of Directors and the management. Internal control and risk management were reviewed and evaluated to mitigate risks to be at acceptable levels and to meet legal frameworks, corporate objectives, the Articles of Association, and the resolutions of the shareholders' meetings. Business interests are protected based on the principles of good corporate governance. Four committees were established, namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee. Members of the said committees have qualifications and duties and responsibilities

according to the requirements of the Stock Exchange of Thailand. Roles, duties and responsibilities between the committees and the management and between the committees and the major shareholders were clearly defined in writing.

Authority and Duties of the Board of Directors

1. Oversee and manage the Company's business activities to ensure compliance with relevant laws, business objectives, the articles of association, and resolutions of shareholders' meetings, and protect the Company's interests in accordance with the principles of good corporate governance.
2. Determine the Company's policies and business directions as well as monitor and supervise management performance to ensure effectiveness, efficiency and compliance with such policies with a view to maximizing the Company's economic value and shareholders' wealth.
3. Arrange for the organization of an annual general meeting of shareholders within 4 months from the end of the Company's accounting period, and convene an extraordinary general meeting of shareholders as necessary.
4. Hold a Board of Directors meeting on a quarterly basis, wherein at least one-half of the total number of directors shall be present. Decisions at the meetings shall be resolved by a majority vote. If votes result in a tie, the Chairman of the meeting shall have the casting vote.
5. Provide recommendations, discuss problems in a collaborative and comprehensive manner, and make decisions with discretion and prudence concerning agenda items proposed at Board of Directors meetings.
6. Arrange for the preparation of the balance sheets and the profit and loss statement at the end of the Company's accounting period, and have them audited before submission thereof to the Annual General Meeting of Shareholders for consideration and approval.
7. Appoint the Managing Director and determine his/her remuneration.
8. Empower the Managing Director to direct the Company's business activities, appoint and terminate employment of employees, determine remuneration in accordance with policies set by the Board of Directors, and authorize employees to take actions in accordance with business situations.
9. Consider and approve capital expenditures and the annual operating budget, and supervise usage of the Company's resources.

10. Determine guidelines and policies for remuneration of high-level executives.
11. Arrange to have internal controls and audits, financial control systems, compliance supervision, and risk control and management.
12. Ensure preparation of financial reports and general information important to shareholders in a complete, correct and adequate manner. Also, confirm verification and certification of such reports.
13. Establish policies relating to anti-corruption and supervise and ensure that the system to support the anti-corruption measures is efficient in order for the management to be aware of and place importance on fighting against corruption and forming a culture of anti-corruption within the organization.

Approval Authority of the Board of Directors

The Board of Directors has authority to approve various corporate matters according to the scope of duties specified by laws, the Company's Articles of Association, the Board of Directors' duties, and the shareholders' meetings' resolutions. Its approval authority also covers determination and review of visions, missions, operational strategies, annual business plans, risk management policies and annual budgets; setting of performance targets and follow-up and evaluation of actual performance as compared to specified plans; oversight of capital expenditures and related-party transactions; mergers and acquisitions; business split-up; and joint investments.

Authority and Duties of the Managing Director

1. Manage and direct the Company's operations according to the policies and authority determined by the Board of Directors.
2. Establish short-term and long-term business goals, annual business plans, expenditure budgets, and long-term strategic plans for submission to the Board of Directors for approval.
3. Manage operations through the management team in order to achieve goals stipulated in business plans; and ensure sustainable competitiveness and appropriate returns for shareholders.
4. Allocate resources and recruit high potential personnel for maximum benefits to the Company.
5. Promote and develop a strong organizational culture to support the Company's vision and business growth.
6. Closely monitor the Company's operations, evaluate performance, and report activities undertaken by the management to the Board of Directors on a regular basis and in a timely manner.

7. Consider, screen and present to the Board of Directors for approval the following matters: policies and business directions of the Company, affairs which may have significant impact on the Company's business after their implementation, and issues related to compliance with laws and regulations of the Stock Exchange of Thailand.
8. Prepare details of the scope of authority for submission to the Board of Directors for approval. The determined scope of authority is aimed at delegating authority to employees to perform duties and make decisions efficiently while ensuring flexibility and control management.
9. Prepare reports on the Company's financial positions and financial statements for submission to the Board of Directors for consideration and approval on a quarterly basis.

Authority and Duties of the Audit Committee

1. Review the Company's financial reports to ensure that the reports are correct according to accounting standards and relevant laws and that the disclosed information is adequate, complete, and reliable.
2. Conduct reviews to ensure that the Company complies with securities and exchange laws, requirements of the Stock Exchange of Thailand, or laws relating to the Company's business.
3. Perform reviews and provide advice to ensure that the Company's internal control, risk management, and internal audit systems are appropriate and effective according to international standards. The reviews shall be jointly conducted with external and internal auditors. The operations shall also be audited and reviewed to ensure correctness and compliance with the operating regulations and laws. This is to ensure that there is an appropriate and adequate control over potential corruption risks.
4. Consider the independent status of the internal audit function. Also, endorse appointments, transfers, and terminations of internal audit heads or heads of other functions relating to internal audits; or endorse hiring of internal auditors from outsourced agencies. Additionally, endorse annual audit plans and audit fees.
5. Work with the management in considering, selecting, proposing an appointment or cancelling the hiring of the Company's external auditor as well as considering appropriateness of audit fees before proposing the matters to the Board of Directors for endorsement and to the Annual General Meeting of Shareholders for approval. The selection criteria shall include the auditor's independence, past performance, and experience.

6. Consider and ensure that related party transactions are in compliance with laws and requirements of the Stock Exchange of Thailand, reasonable, and beneficial to the Company.
7. Prepare the Audit Committee's report which shall be disclosed in the Company's annual report. The Audit Committee's report shall be signed by the Chairman of the Audit Committee and contain opinions on matters as required by the Stock Exchange of Thailand.
8. Seek consultation or opinions or suggestions from outside consultants or experts as deemed appropriate by the Audit Committee
9. Review the Charter of the Board of Directors as necessary and appropriate once per year
10. Supervise the Company to ensure that there is a process for handling complaints from employees and outsiders
11. Perform other tasks as assigned by the Board of Directors

Authority and Duties of the Nomination and Remuneration Committee

1. Select and nominate persons qualified for being directors according to the Company's operating procedures on selection and nomination of directors. The committee shall also consider the performance, qualifications and appropriateness of the directors leaving office and qualified for re-election. The committee shall then propose a list of candidates to the Board of Directors for consideration and endorsement before submission thereof to the shareholders' meeting for election as directors.
2. Propose remuneration rates and employment conditions, including remuneration rates of Chairman of the Executive Committee, the Managing Director, and high-level executives of the Company, as assigned by the Board of Directors.
3. Provide opinions regarding remuneration rates of the Chairman of the Board of Directors and directors according to the regulation on consideration of remuneration to the Board of Directors for approval and to the shareholders' meeting for endorsement.
4. Provide recommendations regarding successors of the Chairman of the Executive Committee and the Managing Director to the Board of Directors. Review succession plans for high-level executives, executives and key positions as prepared by the Chairman of the Executive Committee or the Managing Director.
5. Determine duties and responsibilities related to the following strategies:
 - 5.1 Human resources strategies for high-level executives

- 5.1.1 Consider and provide opinions on human resources policies for high-level executives as proposed by the Chairman of the Executive Committee and/or the Managing Director to ensure alignment with the Company's business strategies before submission to the Board of Directors.
- 5.1.2 Ensure that qualified candidates are included in succession plans for high-level executives, executives, and key positions. Ensure that these plans are regularly reviewed by the Chairman of the Executive Committee and the Managing Director.
- 5.2 Strategies on performance evaluation and remuneration of high-level executives
 - 5.2.1 Review remuneration strategies and propose them to the Board of Directors for endorsement.
 - 5.2.2 Review and propose remuneration, including allocation of the Company's shares, to the Board of Directors to motivate high-level executives to develop and promote their capabilities and subordinates' performance as well as to dedicate their efforts to business development and duty performance in the long and short terms.
 - 5.2.3 Provide recommendations to the Chairman of the Executive Committee and the Managing Director regarding guidelines for considering salary, welfare and benefits for high-level executives of the Company.
 - 5.2.4 Consider and provide opinions to the Board of Directors regarding policies and incentive programs aimed at retaining personnel with capabilities, quality, and capacity.

Authority and Duties of the Corporate Governance Committee

1. Determine the good corporate governance policy according to requirements of the Stock Exchange of Thailand.
2. Review the good corporate governance policy and assess the compliance therewith on a regular basis.
3. Consider and approve the Company's code of conduct.

Authority and Duties of the Risk Management Committee

1. Convene meetings to assess risks that may have short-term and long-term impacts on business operations; and review such risks at least once per quarter.
2. Determine action plans to mitigate risks towards business operations.
3. Monitor and report risk management results to the Audit Committee and the Board of Directors for acknowledgement.

List of Audit Committee members with knowledge and experience in financial statement review

Mr. Virat Phairatphiboon, Chairman of the Audit Committee, possesses knowledge, expertise, and experience sufficient for him to perform the duty of reviewing creditability of the financial statements (Please see his profile on Page 19).

List of directors with financial knowledge

Miss Laksana Supsakorn, Mr. Kris Sertthin, Mr. Ekaphol Pongstabhon, and Mr. Virat Phairatphiboon (Please see their profiles on Pages 16-22)

3. Nomination and Appointment of Directors and Top Executive

The procedures for consideration, nomination, and appointment of directors, independent directors, and the managing director:

1. The Board of Directors determines qualifications of directors, independent directors, and the managing director.
2. The Nomination and Remuneration Committee screens and selects persons with qualifications as specified by the Board of Directors and propose them to the Board of Directors for consideration.
3. The Board of Directors considers and selects candidates for directors and proposes them to the shareholders' meeting for consideration and appointment.
4. The Board of Directors considers and appoints a person appropriate to be the managing director.

Qualifications of independent directors

1. Meet required qualifications of directors.
2. Perform duties and express opinions independently using their own discretion. Uphold integrity and placing corporate benefits as priority rather than only interests of major or retail shareholders or oneself.
3. Possess qualifications as required by the Stock Exchange of Thailand and meet best practices as follows:
 - 3.1 Hold no more than 0.75% of the total shares with voting rights in the Company or its parent company, subsidiary companies, associated companies, major shareholders or persons with controlling authority. The shares held by related parties of the independent directors

shall also be counted.

- 3.2 Never be or used to be a director involved in the management, a worker, an employee, an advisor with regular salaries, or a person with controlling authority of the Company or its parent company, subsidiary companies, associated companies, subsidiary companies at similar successive levels, major shareholders or persons with controlling authority. An exception applies to the case where the person has been in absence of such nature for at least 2 years before the date of appointment as an independent director. Such prohibited characteristics exclude the case of an independent director used to be a government official or an advisor to a government agency being a major shareholder or a person with controlling authority of the Company.
- 3.3 Have no relationships through bloods or legal registration as a father, mother, spouse, brother or sister, and a child of another director, an executive, a major shareholder, a person with controlling authority, or a person nominated to be a director, an executive or a person with a controlling authority of the Company or its subsidiaries.
- 3.4 Never have or used to have a business relationship with the Company or its parent company, subsidiary companies, associated companies, major shareholders, or a person with controlling authority of the Company in a manner which may hinder an ability to make an independent decision. Also, hold no position of a significant shareholder or a shareholder with controlling authority of a person having a business relationship with the Company or its parent company, subsidiary companies, associated companies, major shareholders, or a person with controlling authority of the Company. An exception applies to the case where the person has been in absence of such nature for at least 2 years before the date of appointment as an independent director.

The above business relationship shall refer to a trading transaction undertaken on an arm's length basis for the purpose of doing business, renting or letting immovable properties; a transaction relating to an asset or a service; or the provision or receipt of financial assistance through borrowing or lending, guaranteeing or using assets as collateral for liabilities; or other transaction of similar nature, resulting in the Company or its counterparty having liabilities to be paid to another party. Such transaction shall be worth of at least 3% of the net tangible assets of the Company or at least Baht 20 million, whichever is lower. Such liabilities shall be calculated using the method for calculating related-party transactions as per the Notification of the Capital Market Supervisory Board Re: Criteria for Undertaking Related-Party Transactions mutatis mutandis. Also, the liabilities that occurred within 1 year before the date of entering into the business relationship with the same person shall

be included in the calculation.

- 3.5 Never be or used to be an auditor of the Company or its parent company, subsidiary companies, associated companies, major shareholders or a person with controlling authority of the Company; and hold no position of a significant shareholder, a person with controlling authority, or a partner of the audit firm being the auditor of the Company or its parent company, subsidiary companies, associated companies, major shareholders or a person with controlling authority of the Company. An exception applies to the case where the person has been in absence of such nature for at least 2 years.
- 3.6 Never be or used to be a provider of any professional services including legal or financial consultation services with a service income of more than Baht 2 million per annum from the Company or its parent company, subsidiary companies, associated companies, major shareholders or a person with controlling authority of the Company; and hold or have been holding no position of a significant shareholder, a person with controlling authority or a partner of that professional service provider, now or for at least 2 years before the date of appointment as an independent director.
- 3.7 Hold no position of a director appointed to represent a director of the Company or its major shareholders or shareholders being related parties of the major shareholders.
- 3.8 Have no business operations of the same nature and in significant competition with the business of the Company or its subsidiary companies; or have no position of a significant partner in a partnership; or have no position of a director involved in the management or a worker or an employee providing consultation with regular salaries or a person holding more than 1% of the total shares with voting rights in another company operating business of the same nature and in significant competition with the business of the Company or its subsidiary companies.
- 3.9 Have no other characteristics that lead to an inability to independently provide opinions relating to the Company's operations.

Qualifications of directors

1. Have a clean record.
2. Have a vision and demonstrate a broad business perspective.
3. Exhibit good interpersonal skills, morals, and appropriate personalities.

4. Possess effective communications skills.
5. Demonstrate business acumen and systematic decision making.
6. Possess good knowledge and understanding of finance, commerce or industry with experience in business management.
7. Have experience as director of a company or state enterprise.

Qualifications of the managing director

1. Uphold integrity and have a clean record.
2. Hold no position as a major shareholder. Be a professional and modern manager.
3. Possess skills and experience in various areas, including international business.
4. Exhibit strong leadership skills with broad visions, good interpersonal skills, effective communication skills, and appropriate personalities.
5. Be able to leverage differences and capabilities of employees to achieve business goals and conform to the corporate culture.
6. Demonstrate skills in marketing, finance, and personnel management.
7. Be able to lead, supervise and manage operations of the entire organization
8. Effectively identify business opportunities and solve problems.

Criteria for consideration and selection of directors

1. Candidates must meet required qualification criteria of directors.
2. The Board of Directors shall consist of experts in different fields that are beneficial to the determination of directions and controls of the Company's operations.

Procedures and criteria for election of directors at shareholders' meetings

1. At the shareholders' meeting, the election of each director shall be voted separately.
2. To vote for each director, each shareholder shall have the number of votes equal to the number of shares held whereas one share shall have one vote.
3. The election of each director requires approval by a majority of the votes cast by the shareholders present at the meeting and entitled to vote.

Company's Articles of Association regarding the Board of Directors

16. At every annual general meeting of shareholders, one-third of the number of the directors shall vacate the office. If the number is not a multiple of three, then the number nearest to one-third shall retire from the office. Directors to retire during the first and second years following the registration of the Company shall be determined by drawing lots. In subsequent years, directors who have served in office the longest will be required to leave their post.
A retiring director may be eligible for re-election.
17. Apart from vacancy upon the expiry of his/her term of office, a director shall vacate the office upon:
 - (1) Death;
 - (2) Resignation;
 - (3) Disqualification or possession of prohibited characteristics under Section 68 of the Public Company Limited Act B.E. 2535;
 - (4) Removal by the resolution of the shareholders meeting as per 20; or
 - (5) Removal by court order.
18. Any director desiring to resign from office shall submit a resignation letter to the Company. The resignation shall be effective from the date on which the resignation letter reaches the Company. The director who has resigned under the first paragraph may also notify the registrar of his/her resignation.
19. In case of a vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the Board of Directors shall elect a person with suitable qualifications and having no prohibited characteristics under Section 68 of the Public Company Limited Act B.E. 2535 to fill the vacancy at the next meeting of the Board of Directors, except in the case where the remaining term of office of such director is less than 2 months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. The resolution of the Board of Directors under the first paragraph shall be passed by votes of no less than three-fourths of the number of the remaining directors.
20. The shareholders meeting may pass a resolution to remove a particular director prior to the expiry of his/her term of office. Such resolution shall comprise no less than three-fourths of the total votes of the shareholders who attend the meeting and are entitled to vote, subject to the condition that the combined number of shares shall not be less than one-half of the total number of shares held by the shareholders who attend the meeting and are entitled to vote.
21. Directors may or may not be the Company's shareholders.

Checks and balances through non-executive directors

The Board of Directors consists of 11 directors with different fields of knowledge and experiences beneficial to the Company as follows:

1 executive director, representing 9%

10 non-executive directors, representing 91%

5 independent directors, representing 46%

More than one-third of the directors are independent directors and more than half of the directors are non-executive directors.

The number of directors representing shareholders with control authority (significant shareholders) is fair, compared to that representing other shareholders.

The Board of Directors shall be responsible for complying with laws, the Company's objectives and articles of association, and shareholders' meeting resolutions with integrity and good corporate governance. The term of office of directors is specified in the Company's articles of association, according to which one-third of the directors shall retire by rotation at every annual general meeting of shareholders (Please refer to the Company's Articles of Association regarding the Board of Directors). Since 2003, individual directors have conducted self-assessments along with the performance assessment of the entire Board of Directors. Each director has shown interests in self-development to enhance knowledge, skills, and standards of practice to ensure effective management and supervision. (Please refer to the "Board of Directors/Committees Evaluation" section.)

Aggregation or Segregation of Duties

The Chairman of the Board of Directors and 4 directors, totaling 5 persons, shall represent the major shareholders.

The managing director is a professional executive and has no connection or relation with the major shareholders. More than one-third of the directors are independent directors and more than half of the directors are non-executive directors. This leads to proper checks and balances on management. In addition, there is clear segregation of duties between formulating the good corporate governance policy and managing routine operations. The Board of Directors appointed the Nomination and Remuneration Committee to consider, select, and nominate candidates for the managing director or directors based on requirements of the Board of Directors as well as consider remunerations of directors and management team members.

To ensure that the mechanism of following up, auditing, and ensuring checks and balances on management is correct and transparent, the internal audit function shall independently determine the scope of audit and directly present audit reports to the Audit Committee consisting of 3 independent directors. (Please refer to the "Scope of Authority and Duties of the Audit Committee.")

Remuneration Determination Process and Suitability

The Company established the policy on directors' remunerations in a clear and transparent manner. Directors' remunerations were commensurate with industry standards and approved by the shareholders' meeting. Directors serving as members of the Audit Committee received additional remuneration according to a wider scope of responsibility. The remunerations of the managing director and employees were based on individual performance and considered by the Nomination and Remuneration Committee. To ensure transparency and clarity in determination of remunerations of the managing director and high-level executives, the shareholders considered the policy and principles on remunerations of the managing director and high-level executives at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006.

Each year, the Nomination and Remuneration Committee shall review appropriateness the remuneration of the directors/committee members by comparison with industry peers of the same size. The remuneration shall be proposed to the Board of Directors for approval according to the following requirements:

1. Directors' remuneration shall be consistent with or related to the corporate performance.
2. Directors' remuneration for their monthly performance shall be commensurate with their full-time duties. The remuneration shall not be based on the duties performed at meetings.
3. Directors' remuneration based on the operating results. If the Company posts a net profit; the entire Board of Directors shall receive an additional payment of up to 1 time of the total remuneration paid to the Board of Directors for the entire year.

Non-executive directors shall receive remuneration for their monthly performance and remuneration based on the operating results. If the Company posts a net profit, an additional remuneration of up to 1 time of the total remuneration paid for the whole year shall be paid. They shall receive no other benefits.

Succession Plans

The Nomination and Remuneration Committee shall be responsible for providing opinions on successors of high-level executives, executives and other key positions to the Board of Directors. The succession plans for high-level executives, executives and other key positions were prepared with the list of the persons meeting the criteria for consideration. The list was regularly reviewed by the managing director. The steps of selecting successors in the organization are as follows:

1. Identify successors of key positions according to the organization chart.
2. Prepare and use the “360 Degree Feedback” tool for evaluating the competency of talents in the talent pool as a supporting means of screening.
3. Report the “360 Degree Feedback” results and develop criteria for grouping talents for employees.

Board of Directors’ Meetings

The Company requires that a Board of Directors’ meeting shall be held at least once per every 3 months to consider financial statements, policy establishment, and monitoring of operating results. The directors must always attend the meetings. For a special Board of Director’s meeting, there must be at least one half of the total number of directors present to form a meeting quorum.

If the Chairman of the Board of Directors is absent or cannot perform respective duties, the Vice-Chairman of the Board of Directors shall act as the chairman of the meeting. If there is no Vice-Chairman of the Board of Directors or he/she cannot perform respective duties, the directors present at the meeting shall select one of them as the chairman of the meeting. The final decision at the meeting shall be based on a majority vote.

One director shall have one vote. A director with beneficial interests on any specific matter shall have no right to vote on such matter. If the votes are tied, the chairman of the meeting shall cast a final vote.

A meeting invitation letter together with the meeting agenda and supporting documents shall be submitted to the Board of Directors for their information at least 7 days before the meeting.

The Company prepares meeting schedules for the Board of Directors and all other committees in advance on an annual basis before the start of the meetings in the following year. Schedules for special meetings are not prepared.

In 2019, there were a total of 6 Board of Directors’ meetings and one non-executive directors’ meeting to allow the attendees to give opinions or discuss issues of their interest.

4. Supervision of subsidiary and associated companies

Supervision of operations of the Company and its subsidiaries is based on the same written operating guidelines of the Tipco Foods Group. Management of business operations of the subsidiary and associated companies is as follows:

1. The Board of Directors considers and appoints the Company's representatives to be directors of the subsidiary and associated companies according to investment proportions.
2. The subsidiary companies shall report, on a quarterly basis, the operating results and internal controls to the Audit Committee for further submission to the Board of Directors.
3. Activities shall be jointly held by the subsidiary and associated companies to ensure that they are aware of aligned action plans.
4. The budgets for the entire Tipco Foods Group shall be combined before submission to the Board of Directors for consideration.
5. Related party transactions must be proposed to the Board of Directors on a quarterly basis through the consideration of the Audit Committee.
6. Job transfers or promotions within the Tipco Foods Group are allowed whereas the work duration shall be counted on a continuous basis.

5. Supervision of internal information use

The Company developed the policy on prevention against internal information use as part of its Code of Conduct as per Item 3.1 Management's Treatment of Shareholders. According to the policy, the management and employees are not allowed to use internal information for personal gain or for trading of securities. Emails about to raise policy awareness have been sent to employees, executives, and directors on a quarterly basis, especially during the one-month period prior to the disclosure of the financial statements to the general public. Details of the said policy are as follows:

3.1.8 It is prohibited to seek benefit for oneself or related persons by directly or indirectly using non-public information of the organization.

3.1.9 It is prohibited to use financial information of the Company for person gains during the one-period before the disclosure thereof to the public.

3.1.10 Purchases or sales of the Company's securities during the one-month period before the disclosure of the financial statements to the public shall be avoided.

3.1.11 It is required to report any shareholding in the Company as well as any changes thereto to the Company's Secretary according to Section 59 and punishment clauses according to Section 275 of the Securities and Exchange Act B.E. 2535.

- It is prohibited to disclose confidential information to external parties, especially competitors.
- It is prohibited to take any actions in a manner which may cause conflicts of interest with the Company.

It is required that the first top 4 executives, the Board of Directors, and the Executive Committee report their trading of the Company's securities to the SEC Office in strict compliance with the specified regulations. Also, the Board of Directors is asked to refrain from trading securities after the end of each Board of Directors' meeting and prior to the submission of information to the SET or the SEC Office. Nonetheless, from 2004 onwards, it is required that all purchases and sales of the Company's securities be reported through the Company's Secretary, not through individuals' own reports. Moreover, directors and high-level executives are required to report their shareholding in the Company on a quarterly basis to reflect the shareholding movements.

Punishment

Disciplinary warnings or punishments shall be as per the human resources management guidelines of the Company and its subsidiaries.

6. Audit Fee

The Audit Committee considers auditors' qualifications and performance as well as audit fees before presenting the information to the Board of Directors for consideration of appointment of the Company's auditor on an annual basis. Then, the Board of Directors shall propose the aforesaid matters to the shareholders' meeting for approval. The proposed list of auditors for consideration and appointment of the Company's auditor shall be based on the approved list of auditors of the Office of the Securities and Exchange Commission.

In 2019, the auditor's remuneration consisted of:

1. Audit fee

The Company and its subsidiaries paid a total audit fee of Baht 3,920,000, details as follows:

The Company's separate and consolidated financial statements: Baht 1,150,000.

The financial statements of the 5 subsidiaries: Baht 2,770,000.

2. Non-audit fee

Other service fees paid by the Company and its subsidiaries: Baht 280,184.

7. Compliance with the good corporate governance principles – other matters

Risk Management: Risk management has been reviewed every 3 months. In addition, the Company has adopted an early warning system and conducted regular reviews to identify the severity of risks and if they are increasing or decreasing as well as the effectiveness of the mitigation/preventive measures. The time frame or frequency of the reviews depends on the nature of transactions. Such practice has been implemented since 2014. Clearer warning signs have been defined. Color codes have been used to indicate the severity levels. For example, red color means a high severity level. Besides identifying severity levels, the Company evaluates risk possibilities and impacts. To foster awareness of employees at all levels about risk management; functional meetings are held on a daily basis; department meetings and management meetings are held on a monthly basis; and the Risk Management Committee's meetings are held on a 3-month basis. Furthermore, the Audit Committee assigns the Internal Control Audit Department to examine the practicality of risk management and track the progress of rectification of each issue on a quarterly basis. The Audit Committee then reports the issues to be improved to the Board of Directors.

Corporate Secretary: The Board of Directors requires that a corporate secretary shall be a person who has relevant skills, knowledge and capabilities as well as truly understands laws, rules, regulations, and practices of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission. The current corporate secretary already attended the training in corporate secretarial practices in 2016. Her duties and responsibilities in the capacity of corporate secretary are prescribed by laws. She shall directly report to the Chairman of the Board of Directors and the managing director. Her profile is as shown in the section of profiles of directors and executives.

Disclosure of shareholders' meeting agenda information: Disclosure of shareholders' meeting agenda information shall be made in advance via the Company's website before submission of relevant documents to the shareholders and at least 30 days prior to the shareholders' meeting. This practice was first adopted at the Annual General Meeting of Shareholders No. 1/2008 held on 24 April 2008.

Nomination of candidates for independent directors by minority shareholders: Since 2006, the Company has provided minority shareholders with the opportunity to nominate candidates for independent directors. The Company submitted a letter to the Stock Exchange of Thailand (SET), requesting the announcement via the SET's website that minority shareholders of the Company may nominate qualified candidates for independent directors to replace those retiring by rotation according to the Company's selection process and in a timely manner. From 2008 onwards, nomination has been directly made through the Company's website.

Channels of communication between stakeholders and the Board of Directors: Stakeholders having concerns regarding accuracy of financial reports, internal control weaknesses, or violations of laws or business ethics may reach out to the Board of Directors by contacting the Executive Committee through the following channels:

- Website: www.tipco.net (Topic: Reporting leads and corrupt practices)
- Email: anti-corruption@tipco.net
- Telephone numbers: 02-273-6888 (Managing Director), 02-273-6400 (Chairman of the Board of Directors), or Call Center at 095-205-1864
- Mailing to: Chairman of the Board of Directors/Managing Director
Mailing Address: Tipco Foods Public Company Limited
118/1 Rama 6 Road, Phayathai Sub-district, Phayathai District, Bangkok 10400
- For issues relating to high-level executives or directors, please directly reach out to the Chairman of the Audit Committee at email address: viratpt@hotmail.com.

Formulation of a clear environmental and social responsibility policy: The policy was established in 2006.

Inclusion of reports on the opinions of respective committees in the Company's annual reports: From 2005 onwards, such practice has been adopted.

Chairman of the Board of Directors: The Chairman of the Board of Directors shall not be a chairman or a member of a respective committee, starting from 2003. The Chairman of the Board of Directors shall not be the Chairman of the Executive Committee, starting from 2007.

Reporting of operating results to the Board of Directors: In the case where the Board of Directors meetings are not held every month, the Company shall ensure that the operating results are reported to the Board of Directors on a monthly basis. Such reporting practice was adopted in 2007 and adjusted in 2009.

The principles and the policy regarding remuneration of the managing director and high-level executives: The Nomination and Remuneration Committee prepared and submitted the principles and the policy regarding remunerations to the Board of Directors for consideration before further submission to the Annual General Meetings of Shareholders No. 1/2006 for approval. The Nomination and Remuneration Committee considered and adjusted remunerations of employees at all levels in line with the Company's business operations and industry peers of similar size.

Managing Director Succession Plan: The managing director is required to regularly report the succession plans for the managing director and high-level executive positions as well as to implement and report executive development activities on an annual basis, starting from 2005 onwards.

Board of Directors' Meetings

In 2019, there was self-assessment of compliance with the good corporate governance principles based on the 99-topic questionnaire developed by the Corporate Governance Center, the Stock Exchange of Thailand in May 2013. This questionnaire was filled out by the Board of Directors before its meeting. The directors exchanged views and opinions regarding the performance and the meeting concluded that the following items were not yet implemented or fully implemented:

The Chairman of the Board of Directors being an independent director: This practice has not yet been implemented since the major shareholders are not ready and no independent director has expressed their interest to assume the position.

Clear determination of director's office term: The maximum office term of each director has not yet been determined due to concerns about lack of qualified candidates. Although currently the IOD has a list of chartered directors; only a handful of people met the criteria. The retirement age is however determined at 75 years.

Clear determination of committee member's office term: The maximum office term has not yet been determined due to the same reason as the director's office term.

The Board of Directors' stipulation of the policy on Tipco's directors serving as directors in other companies based appropriately on the business nature or circumstance: According to the policy, each director of Tipco may serve as a director for up to 3 listed companies. However, there is no requirement regarding serving as a director for a non-listed company.

The application of the CG Code according to the Company's business context: The Board of Directors understands the role, duties, benefits and practices relating to the CG Code and its contribution to the business sustainability. The Board of Directors' Meeting No. 6/2019 considered and reviewed the implementation of the CG Code according to the business environment. The review of the code shall be conducted once a year. For the practices that could not be or have not yet been implemented, the reasons were already recorded as part of the Board of Directors' resolution. In 2019, there was 1 director attending the "Board of the Future" course. The course provided guidelines enabling directors to develop their skills, knowledge, and capabilities that are suited to their companies under today's changing circumstances to gain the utmost benefit.

Directors' Participation in Board of Directors' and Committees' Meetings

List of Directors (No. of Attended Meetings/No. of Meetings)	Audit Committee's Meetings	Nomination and Remuneration Committee's Meetings	Board of Directors' Meetings	Shareholders' Meetings
Miss Laksana Supsakorn			6/6	1/1
Mrs. Anurat Tiamtan			6/6	1/1
Mr. Virat Phairatphiboon	4/4		6/6	1/1
Mr. Surachet Supsakorn		2/2	6/6	1/1
Mr. Somchit Sertthin			4/4	1/1
Mr. Kris Sertthin***			1/1	
Mr. Chalit Limpanavech			5/6	1/1
Miss Roumsin Supsakorn			3/4	1/1
Mr. Sitilarb Supsakorn			4/6	1/1
Mr. Paisal Pongprayoon	4/4	2/2	6/6	1/1
Mrs. Achara Pricha	4/4	2/2	6/6	1/1
Air Chief Marshal Pongsatorn Buasup***			1/1	
Mr. Ekaphol Pongstabhon			6/6	1/1

*** 1. Air Chief Marshal Pongsatorn Buasup assumed the position of an independent director on 11 November 2019 to replace Mrs. Roumsin Supsakorn who resigned on 7 August 2019.

2. Mr. Kris Sertthin assumed the position of a director on 11 November 2019 to replace Mr. Somchit Sertthin who resigned on 8 November 2019.

Board of Directors/Committees Evaluation

According to the good corporate governance principles for listed companies, self-assessment of boards of directors and committees shall be conducted at least once per year to highlight achievements and issues for improvement. Self-assessment shall be conducted for boards of directors and individual directors.

Self-assessment of boards of directors and individual directors:

Self-assessment forms for boards of directors have been developed and distributed by the Stock Exchange of Thailand (SET) and can be divided as follows:

1. Self-assessment form for the board of directors
2. Self-assessment form for an individual director

Self-assessment process:

1. A company's board of directors conducts self-assessment through a form developed by the SET.
2. The corporate secretary reports self-assessment results of all directors.
3. The corporate secretary reports self-assessment results to the board of directors for enhanced operational efficiency.

The self-assessment forms for the board of directors and an individual director contain 6 topics:

1. Structure and qualifications of the board of directors and an individual director
2. Role, duties, and responsibilities of the board of directors and an individual director
3. Meetings of the board of directors and an individual director
4. Performance of duties in the capacity of the board of directors
5. Relationships with the management team
6. Self-development of the directors and executives as a team

Board of Directors Evaluation

The Board of Directors assesses its role and efficiency of duty performance by discussing and reviewing past meeting agenda items and key achievements in various aspects such as past year's operating results as compared to business plans, risk management efficiency, strategy determination, business plan approval, major investment considerations, etc. The unimplemented areas include

the Chairman of the Board of Directors being an independent director; independent directors representing more than half of the Board of Directors.

The evaluation of the Chairman of the Board of Directors was conducted through the directors' discussion. The directors commended that the Chairman of the Board of Directors appropriately performed duties, created a positive meeting environment, remained impartial, and allowed all directors to freely express opinions without time limits. The directors felt that they were valued as they were able to fully perform their duties.

No significant issues for improvement were found from the evaluation of the Board of Directors.

The Board of Directors viewed that they efficiently performed duties and clearly understood their role and duties as well as Tipco's nature of business and situation. Each director devoted one's time and efforts for the success of the Board of Directors.

Self-assessment of respective committees: Self-assessment shall be conducted for respective committees including the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee once per year. Self-assessment forms for respective committees can be divided as follows:

1. Self-assessment forms for committees
2. Self-assessment forms for individual committee members

Self-assessment process:

1. The respective committee conducts self-assessment.
2. The corporate secretary reports self-assessment results of the respective committee for enhanced operational efficiency.
3. The corporate secretary reports self-assessment results of the respective committee to the board of directors.

Self-assessment forms for committees and individual committee members contain 6 topics:

1. Structure and qualifications of the respective committee
2. Role, duties, and responsibilities of the respective committee
3. Meetings of the respective committee
4. Performance of duties as a committee member
5. Relationships with the management team
6. Self-development of a committee member and a management team member

Audit Committee Evaluation

Based on the self-assessment of the Audit Committee, it was found that the committee performed duties as assigned and conducted meetings every quarter together with the external and internal auditors to consider whether adequate controls were in place. The Audit Committee also held special meetings with the external auditor, apart from regular meetings, and reported the results to the Board of Directors for acknowledgement and further rectification actions.

The Board of Directors viewed that the Audit Committee performed duties in a comprehensive and efficient manner and provided comments and recommendations that were beneficial to the Company's management. The Audit Committee also advised the management team to exercise caution in various matters and to revise action plans to avoid any potential damage. The Audit Committee achieved a very satisfactory performance.

Nomination and Remuneration Committee Evaluation

The Nomination and Remuneration Committee conducted self-assessment by considering and comparing the objectives, authority, duties and responsibilities and deemed that the Committee fully performed their duties.

The managing director conducted self-assessment and was assessed by the Nomination and Remuneration Committee and the Chairman of the Board of Directors. The assessment was based on consideration of corporate performance, business performance scorecard, SMART goals, target achievements, budgets, action plans, etc.

The Board of Directors deemed that the Nomination and Remuneration Committee fully performed its duties and provided useful recommendations for the Company, for example, human resources management and salary structure.

Chairman of the Board of Directors Evaluation

The independent directors viewed that the Chairman of the Board of Directors performed duties in a comprehensive and effective manner and allowed all directors to freely express their opinions through a positive environment without any interference. Thus, the directors were able to honestly express opinions without discomfort or hesitation. They felt that they were valued because of their performance of duties as directors.

Orientation for new directors

Tipco requires that all new directors shall attend an orientation session so as to learn about business policies, shareholding structure, capital structure, information system, and regulations

and laws concerned. In addition, each new director will receive a manual for directors and other information. The managing director will give a summary of the Company's policies and relevant information as well as the latest operating results.

Development and trainings for the directors, executives, and corporate secretary

Participant	Position	Course	Date
Mr. Ekaphol Pongstabhon	- Managing Director	• Food Proteins Asia 2019	22-23/1/2019
		• How to Transform Your Business to Become an Exponential Company in a Digital Era	11/3/2019
		• Year of the Pig: 5 Trends Board Should Know	27/2/2019
		• Business Agility and Intrapreneurship	27/3/2019
		• Corporate Innovation Summit 2019	28-29/3/2019
		• Mergers & Acquisitions	19-20/3/2019
		• Equip Food Business with a Weapon of Innovation	7-10/3/2562
		• Annual General Meeting 2019: Digital Builds People; Innovation Builds Nation	28/5/2019
		• Tips and Tricks for Dealing with Questions in AGM	24/6/2019
		• Leaders Forum with Professor Klaus Schwab	12/7/2019
		• Board of The Future	24/7/2019
		• Towards the Sustainable Finance & Investment in Thailand	5/8/2019

Participant	Position	Course	Date
		<ul style="list-style-type: none"> • Leaders Forum • TLCA CFO CPD 2/2019 - Automation & RPA for Accounting • Digital on Life: Seamless Experience 	7/8/2019 12/9/2019 2/10/2019
Mrs. Achara Pricha	- Independent Director - Audit Committee Member - Nomination and Remuneration Committee Member	<ul style="list-style-type: none"> • Tips and Tricks for Dealing with Questions in AGM • Strategic Audit Committee: Beyond Figure and Compliance 	5/8/2019 9/10/2019
Mr. Leuchar Pisitthakarn	- Chief Financial Officer	<ul style="list-style-type: none"> • TLCA CFO CPD 2/2019 - Automation & RPA for Accounting • Financial Reporting Framework (Revised 2018) and TFRSs 2019 with significant changes thereto (8 issues) 	12/9/2019 24/9/2019
Miss Kullakarn Cheenpun	- Corporate Secretary	• Role of the Company Secretary in Shaping Corporate Culture	31/10/2019

Investor Relations

The Board of Directors attaches importance to accurate, transparent, and timely disclosure of financial reports and generation information. The Company appointed Mr. Pongtorn Kanchana-akradet as Corporate Planning Manager responsible for investor relations and coordination. For corporate information, investors may call 02-273-6807 (ext.7860) or visit the Company's website: www.tipco.net or contact the email address: Pongtorn@tipco.net. Investors can also access the corporate information published in the "Investor Relations" section in the Company's website.

Investor Relations Activities

In 2019, the Company welcomed the analysts, fund managers, investors, and related parties at meetings to discuss key corporate information. The Corporate Planning and the Investor Relations functions were tasked with communication and distribution of the Company's information including financial and general information to interested persons for their research and exchange of information via the following communication channels:

- Meetings and sharing of information with the investors, analysts and fund managers at national and international levels through 6 company visits, such as analysts from Capital Nomura Securities Pcl., Yuanta Securities (Thailand) Co., Ltd., Asia Plus Securities Co., Ltd., CGS-CIMB Securities (Thailand) Co., Ltd.
- Three conference calls.
- Inquiries about corporate information via telephone from general investors (9 times) and from analysts (4 times).
- Presentation of financial and general information on a quarterly basis under the "Investor Relations" section in the Company's website (4 times).



Shareholding Structure

List of major shareholders listed in the share register of shareholders as of 31 December 2019 are summarized below:

No.	Name	No. of Shares	%
1	Supsakorn Group	185,049,894	38.35
2	Tiamtan Group	36,566,865	7.58
3	Sertthin Group	22,299,846	4.62
4	THAI NVDR Co., LTD	16,607,952	3.44
5	Dhupchinda Group	14,943,074	3.10
6	Mr. Apirum Panyapol	10,313,800	2.14
7	Mr. Udom Jirasirikul	7,755,900	1.61
8	Mr. Niti Vanitjirattikan	7,738,500	1.60
9	Mr. Anurat Mathanasanvut	4,409,900	0.91
10	UBS AG LONDON BRANCH	4,240,800	0.88
	Top Ten Shareholders	309,926,531	64.23
11	Other Shareholders	172,653,109	35.77
	Total	482,579,640	100.00

Report on the Shareholding of Directors

No.	Name	Position	As of December 31, 2018		As of December 31, 2019	
			% of Shareholding	% of indirect Shareholding	% of Shareholding	% of indirect Shareholding
1	Ms. Laksana Supsakorn	Chairman	8.09	8.09	8.59	8.59
2	Mrs. Anurat Tiamtan	Director	6.67	6.67	7.16	7.16
3	Mr. Sitilarb Supsakorn	Director	11.40	11.40	11.40	11.40
4	Mr. Kris Sertthin	Director	0.41	0.41	0.41	0.41
5	Mr. Surachet Supsakorn	Director	-	-	-	-
6	Mr. Virat Phairatphiboon	Director	-	-	-	-

No.	Name	Position	As of December 31, 2018		As of December 31, 2019	
			% of Shareholding	% of indirect Shareholding	% of Shareholding	% of indirect Shareholding
7	Mr. Chalit Limpanavech	Independent Director	-	-	-	-
8	Mr. Paisal Pongprayoon	Independent Director	-	-	-	-
9	Mrs. Achara Pricha	Independent Director	-	-	-	-
10	ACM Pongsatorn Buasup	Independent Director	-	-	-	-
11	Mr. Ekaphol Pongstabhon	Managing Director	-	-	-	-

Report on the Shareholding of Executives

No.	Name	Position	As of December 31, 2018		As of December 31, 2019	
			% of Shareholding	% of indirect Shareholding	% of Shareholding	% of indirect Shareholding
1	Mr. Leuchar Pisitthakarn	Chief Financial Officer	-	-	-	-
2	Mr. Pol Sridaeng	Managing Director – Tipco Retail Co., Ltd.	-	-	-	-
3	Mr. Chokchai Tocharoentanaphol	Managing Director – Tipco Pineapple Co., Ltd.	-	-	-	-
4	Mrs. Pornanong Yoocha	Director - Corporate Accounting & Internal Control	-	-	-	-
5	Mrs. Saranya Borisuitsawat	Director – Financial Management	-	-	-	-
6	Mr. Pongtorn Kanchana-akradet	Department Manager - Corporate Planning	-	-	-	-

Persons with Mutual Interest and Related Transactions

Stake holding interest of management is considered in relation to connected companies, subsidiaries and associated companies. Certain business are suppliers providing product or materials transport services in which the cost of such products or services provided to the company is calculated at market rates stated in mutual price policies referring to the Notes to Financial Statements No.6, and with no contractual obligations between the Board of Directors with stake-holding interest owning to their status as Directors or shareholders are:

1. Ms. Laksana Supsakorn
2. Mrs. Anurat Tiamtan
3. Mr. Surachet Supsakorn
4. Mr. Sitilarb Supsakorn

Details of connected relations among the Company's Directors with related companies are summarized mainly as the table below:

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/ shareholder name and equity stake of the related company's total share
Thanomwongse Service Co., Ltd.	Distributor of petroleum products, constructor of buildings, roads and surface maintenance	Ms. Laksana Supsakorn Director Mr. Sitilarb Supsakorn Director Mr. Surachet Supsakorn Director	1 share held by Ms. Laksana Supsakorn 1 share held by Mr. Sitilarb Supsakorn -None-
Tipco Asphalt PCL.	Producer and distributor of asphalt and distributor of fuel products	Ms. Laksana Supsakorn Director Mr. Sitilarb Supsakorn Director	23.46% held by Tipco Foods PCL.

Related company	Type and Nature of Business	Relationship with the related companies	Relationship with the company/ shareholder name and equity stake of the related company's total share
Siamcontainer Terminal Co., Ltd.	Provides to Full Functional Services and Main Services are : Container Terminal Service, Warehouse management System, Transportation Service	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Mr. Sitilarb Supsakorn Director	16.67% held by Ms. Laksana Supsakorn 16.67% held by Mrs. Anurat Tiamtan 16.67% held by Mr. Sitilarb Supsakorn
Ruamsapsin Co., Ltd.	To purchase, provide, acquire , rent , lease, possess improve, use, manage and others any assets including benefit of such assets	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Mr. Sitilarb Supsakorn Director Mr. Surachet Supsakorn Director	20.00% held by Miss Laksana Supsakorn 20.00% held by Mrs. Anurat Tiamtan 20.00% held by Mr. Sitilarb Supsakorn -None-
Tipco Tower Co., Ltd.	Rental office, Contractor and civil works of all types.	Ms. Laksana Supsakorn Director Mrs. Anurat Tiamtan Director Mr. Sitilarb Supsakorn Director Mr. Surachet Supsakorn Director	20.00% held by Miss Laksana Supsakorn 15.00% held by Mrs. Anurat Tiamtan 20.00% held by Mr. Sitilarb Supsakorn -None-
Thai Slurry Seal Co., Ltd.	Asphalt road and construction services	Ms. Laksana Supsakorn Director Mr. Sitilarb Supsakorn Director -	7.50% held by Miss Laksana Supsakorn 7.50% held by Mr. Sitilarb Supsakorn 0.84% held by Mrs. Anurat Tiamtan

Management Structure

Board of Directors

1. Ms. Laksana Supsakorn	Chairman
2. Mrs. Anurat Tiamtan	Director
3. Mr. Kris Sertthin	Director
4. Mr. Sitilarb Supsakorn	Director
5. Mr. Surachet Supsakorn	Director
6. Mr. Virat Phairatphiboon	Independent Director
7. Mr. Chalit Limpanavech	Independent Director
8. Mrs. Achara Pricha	Independent Director
9. Mr. Paisal Pongprayoon	Independent Director
10. Air Chief Marshal Pongsatorn Buasup	Independent Director
11. Mr. Ekaphol Pongstabhon	Managing Director
12. Ms. Kullakarn Cheenpun	Secretary

Audit Committee

1. Mr. Virat Phairatphiboon	Chairman
2. Mr. Paisal Pongprayoon	Member
3. Mrs. Achara Pricha	Member
4. Ms. Kullakarn Cheenpun	Secretary

Nomination and Remuneration Committee

1. Mr. Paisal Pongprayoon	Chairman
2. Mr. Surachet Supsakorn	Member
3. Mrs. Achara Pricha	Member

Corporate Governance Committee

All members of the Board of Directors serve as members of the Corporate Governance Committee.

Risk Management Committee

1. Mr. Ekaphol Pongstabhon	Chairman
2. Mr. Leuchar Pisitthakarn	Member
3. Mrs. Tatiya Embut	Member
4. Mrs. Kanjana Warotamaporn	Member
5. Mrs. Pornanong Yoocha	Member and Secretary

Member's Name	Position	Committees' Meetings	
		Number of meetings	Number of attended meetings
Ms. Laksana Supsakorn	Chairman of the Board of Directors	6	6
Mrs. Anurat Tiamtan	Director	6	6
Mr. Surachet Supsakorn	Director	6	6
	Member of the Nomination and Remuneration Committee	2	2
Mr. Somchit Sertthin	Director	4	4
Ms. Roumsin Supsakorn	Director	3	2
Mr. Kris Sertthin ***	Director	1	1
Mr. Sitilarb Supsakorn	Director	6	4
Mr. Virat Phairatphiboon	Independent Director	6	6
	Chairman of the Audit Committee	4	4
Mr. Paisal Pongprayoon	Independent Director	6	6
	Member of the Audit Committee	4	4
	Chairman of the Nomination and Remuneration Committee	2	2
Mrs. Achara Pricha	Independent Director	6	6
	Member of the Audit Committee	4	4
	Member of the Nomination and Remuneration Committee	2	2
Mr. Chalit Limpanavech	Independent Director	6	5
Air Chief Marshal Pongsatorn Buasup ***	Independent Director	1	1
Mr. Ekaphol Pongstabhon	Managing Director	6	6

- *** 1. Air Chief Marshal Pongsatorn Buasup assumed the position of an independent director on 11 November 2019 to replace Mrs. Roumsin Supsakorn who resigned on 7 August 2019.
2. Mr. Kris Sertthin assumed the position of a director on 11 November 2019 to replace Mr. Somchit Sertthin who resigned on 8 November 2019.

Executives of the Tipco Foods Group

- | | |
|-----------------------------------|---------------------------------------------------|
| 1. Mr. Ekaphol Pongstabhon | Managing Director |
| 2. Mr. Pol Sridaeng | Managing Director – Tipco Retail Co., Ltd. *** |
| 3. Mr. Chokchai Tocharoentanaphol | Managing Director – Tipco Pineapple Co., Ltd. *** |
| 4. Mr. Leuchar Pisitthakarn | Chief Financial Officer |

***Mr. Ekaphol Pongstabhon has served as Acting Managing Director since 1 January 2020.

Corporate Secretary

The Board of Directors resolved to appoint Ms. Kullakarn Cheenpun as the Company's Corporate Secretary starting from 1 April 2017. The Company has appointed the person with appropriate qualifications and experience for the position. The requisite qualifications and capabilities as well as duties and responsibilities of the position are as follows:

Qualifications

- Bachelor's degree (in accounting or law)
- Knowledge about laws and requirements related to the Company and the SEC
- Good interpersonal and communication skills
- Previous experience related to this position
- Knowledge of good corporate governance

Duties and responsibilities

- Oversee operations related to meetings of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the shareholders
- Prepare and retain minutes of the Board of Directors' meetings
- Oversee the disclosure of information and reporting in accordance with relevant laws and regulations and the principle of good corporate governance
- Provide preliminary recommendations and advice on legal issues, operating procedures, and good corporate governance practices for the Board of Directors
- Circulate resolutions and policies of the Board of Directors to relevant parties, follow up on results, and submit reports to the Board of Directors
- Communicate and provide information concerning the Company's businesses to the directors
- Arrange orientation sessions for new directors and support continuous development of directors
- Coordinate matters with external consultants such as legal consultants

Remuneration of Directors and Executives

The Company defined a clear and transparent policy on directors' remuneration. Its remuneration rates were comparable to those of other companies in the same industry and average market rates; and were approved by the shareholders. Directors also working as the Audit Committee's members received additional remuneration according to their enhanced scope of responsibilities. The Company's Managing Director and employees were paid based on individual performance. The remuneration rates were reviewed by the Nomination and Remuneration Committee. To ensure transparency and clarity in the determination of remuneration rates of the Company's Managing Director and high-level executives, the shareholders considered the policy and the principles on the remuneration of the Company's Managing Director and high-level executives at the Annual General Meeting of Shareholders No. 1/2006 held on 28 April 2006 as follows:

1. The remuneration of the Managing Director and high-level executives including salary, welfare and benefits shall be based on the job value of each position.
2. The remuneration shall be based on consideration of:
 - 2.1 The Company's ability to pay
 - 2.2 Competitiveness in the labour market, and
 - 2.3 Pay for performance
3. The Board of Directors shall approve remuneration-related budgets each year based on consideration of the Company's financial position, operating results and business projection.

Principles

1. The Board of Directors shall consider the remuneration rates of the Managing Directors and high-level executives which have been considered by the Nomination and Remuneration Committee according to the criteria stipulated in the policy.
2. The Managing Director shall consider the remuneration rates of subordinates based on their performance according to the line of command within the budget limit approved by the Board of Directors.
3. The performance appraisal process shall be based on clear and concrete targets to ensure fair consideration of compensation and adjustments of wages, salaries, welfare schemes, and other benefits for all employees.

Board of Directors' Remuneration

The Board of Directors' remuneration is divided into monthly payments to the directors and payments based on operating results. If the Company posts a net profit, an additional remuneration of up to 1 time of the total remuneration for the Board of Directors for the entire year shall be made. This remuneration shall be at the discretion of the Board of Directors. The Company shall pay no other benefits to the directors. The remuneration for the Board of Directors and other committees shall be proposed to a shareholders' meeting for approval each year. The shareholders' meeting for 2019 held on 4 April 2019 resolved to approve the remuneration at the same rate as that of 2018. The Board of Directors considered paying an additional remuneration of up to 1 time of the total remuneration for the Board of Directors for the entire year.

Position	Monthly Remuneration	Remuneration from Operating Results	Other Benefits
Chairman of the Board of Directors	Baht 50,000/month	Baht 600,000/annum	-
Member of the Board of Directors	Baht 40,000/month	Baht 480,000/annum	-
Chairman of the Audit Committee	Baht 70,000, four times per annum	-	-
Member of the Audit Committee	Baht 50,000, four times per annum	-	-
Chairman of the Nomination and Remuneration Committee	Baht 60,000/annum	-	-
Member of the Nomination and Remuneration Committee	Baht 40,000/annum	-	-

In 2019, the Company paid the directors' and executive remuneration as follows: (Note: Directors did not receive any remuneration from Tipco's subsidiary companies.)

1. Monetary Remuneration (per annum)

Monetary remuneration consisted of meeting allowance which was paid according to the number of attended meetings as follows:

Name	Position	Remuneration(Baht)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Ms. Laksana Supsakorn	Chairman	1,200,000			1,200,000
Mrs. Anurat Tiamtan	Director	960,000			960,000
Ms. Roumsin Supsakorn	Director	768,000			768,000
Mr. Somchit Sertthin	Director	893,330			893,330
Mr. Sitilarb Supsakorn	Director	960,000			960,000
Mr. Kris Sertthin	Director	66,667			66,667
Mr. Surachet Supsakorn	- Director - Member of the Nomination and Remuneration Committee	960,000		40,000	1,000,000
Mr. Virat Phairatphiboon	- Independent Director - Chairman of the Audit Committee	960,000	280,000		1,240,000
Mr. Chalit Limpanavech	Independent Director	960,000			960,000
Mr. Paisal Pongpragoon	- Independent Director - Chairman of the Nomination and Remuneration Committee - Member of the Audit Committee	960,000	200,000	60,000	1,220,000
Mrs. Achara Pricha	- Independent Director - Member of the Nomination and Remuneration Committee - Member of the Audit Committee	960,000	200,000	40,000	1,200,000
Air Chief Marshal Pongsatorn Buasup	Independent Director	66,667			66,667
Mr. Ekaphol Pongstabhon	Managing Director	960,000			960,000

Executive Remuneration

In 2019, 4 executives received remuneration in the forms of salaries and bonuses totaling Baht 28,453,422.50.

2. Other Remuneration

Other remuneration of directors and committee members

- None -

Other remuneration of executives

The Company established the provident fund for executives by paying contributions to the fund at the rate of 5% of the salary. In 2019, the employer's contributions to the provident fund for 4 executives totaled Baht 1,110,480.50. In addition, 1 executive director/executive was provided with a company car and 3 executives were provided with car and transport allowances totaling Baht 2,071,834.25.

Personnel

Employees' Remuneration Policy

The Company has the policy of paying wages or salaries that are commensurate with the duties and responsibilities of the employees, taking into consideration the Company's ability to pay and the labour market conditions.

Payments of employees' remuneration are commensurate with the Company's operating results (short-term and long-term). Regarding short-term remuneration, the Company's profitability of a particular year shall be taken into consideration and key performance indicators (KPIs) shall be used to assign performance ratings based on job values. As regards long-term remuneration, it is the Company's policy to take care of its employees continuously on a long-term basis. In this regard, the provident fund was set up and the member employees shall pay monthly contributions to the fund at the rates of 5-15% of the wages. The Company shall also pay monthly contributions to the fund at the rate of 5% of the wages according to the length of service of each employee.

About welfare management, the Company stipulated the clear policy and procedures on managing employees' welfare, which were disclosed in the human resources management regulations and the disciplines and guidelines on human resources management of the Company. Welfare schemes were created with a focus on all groups of employees appropriately and fairly. Various welfare schemes were subjected to regular reviews to ensure alignment with changing circumstances and to cover

all aspects including operational benefits such as per diem, travel expense, accommodation expense, uniform, etc. The Company placed its employees' health as one of its priorities. The annual budget for the physical check-up program was Baht 1,807,960. In 2019, the Company paid medical treatment expenses (through health insurance) and influenza vaccination expenses totaling Baht 3,151,512.78; and other welfare schemes to support the well-being or other matters of the employees such as provident fund contributions, accident insurance policies, loans, compensation payments, etc.

In a longer term, the Company takes care of its employees by establishing a provident fund where the member employees are required to make monthly contributions to the fund at their preferred rate of 5%, 7%, 10%, 12%, or 15%. They can also choose one of the 4 investment plans. The Company shall pay make contributions to the fund at the rate of 5%.

As at 31 December 2019, the Company had a total of 190 employees. In 2019, the Company paid the total remuneration of Baht 104 million to the employees. The remuneration included salaries, overtime payments, cost of living allowances, special allowances, social security funds, provident fund contributions, etc. Moreover, the subsidiaries paid the total remuneration of Baht 493 million to the employees in the same manner as the Company.

2019 (Information as at 31 December 2019)	Tipco Foods Pcl.	Tipco F&B Co., Ltd.	Tipco Retail Co., Ltd.	Tipco Biotech Co., Ltd.	Tipco Pineapple Co., Ltd.
Operating employees	170	478	74	310	1,200
Executive employees	20	38	3	7	18
Total (person)	190	516	77	317	1,218
Employees at the headquarters	71	109	15	11	40
Employees outside the headquarters	119	407	62	306	1,178
Total (person)	190	516	77	317	1,218
Employees' remuneration (Baht Million)	104	196	29	50	218

Changes in the Numbers of Employees in the Past 3 Years

Tipco Foods Public Company Limited had the total number of employees as follows:

- As at 31 December 2017, the total number of employees was 200.
- As at 31 December 2018, the total number of employees was 199.
- As at 31 December 2019, the total number of employees was 190.

Major Labour Disputes in the Past 3 Years

The Company never had any major labour dispute, protest, or strike during the past 3 years.

Accident Statistics in 2019

The number of employees taking leave as a result of accidents-None

Human Resources Development Policy

The Company places importance on adequate and consistent personnel development to ensure that its employees are capable of fulfilling duties and ready advance in their career path to support additional assignments in an efficient and effective manner.

Rules and Regulations

1. Every position must have job description, qualification, and competency, for example, academic degree, experience, and expertise required for the performance of duties in such position.
2. Employees at the level of OM5/O5 and above must be subject to core competency analysis which covers knowledge, skills, and expertise in various aspects. The analysis results shall be used as a guideline for preparing individual development plans (IDP). The positions to be chosen for this assessment shall be in line with the Company's annual personnel development plan.
3. For other employees that are not subject to core competency analysis, knowledge and competency development needs shall be considered by supervisors based on their annual performance evaluation results. Then, individual development plans will be determined and proposed to supervisors for approval before submission to the Human Resources Department for compiling and preparing training and development plans.
4. Employees shall improve their knowledge, skills, and competency in various areas, including management, supervision, technical and professional fields, specialized assignments, business acumen, basics of quality management system, and awareness of quality assurance through one or more of the following methods:
 - 4.1 On-the-job training
 - 4.2 Training, seminar, case study, or site visit on- and off-premises
 - 4.3 Job rotation
 - 4.4 Appointment of successors
 - 4.5 Assignment of tasks or special projects
 - 4.6 Other methods as appropriate
5. The Human Resources Department is responsible for coordinating with other department heads and taking relevant actions in developing employees, following up on development progress, and keeping employee development records.

Practices

1. For the employees at the department manager level up, competency analysis and individual development plan must be jointly considered and endorsed between the supervisors, the employees, the Human Resources Department, and the Human Resources Committee. This is for the utmost benefit of the Company and its employees.
2. The supervisors and the employees shall be mainly responsible for developing individual development plans for career advancement and development.
3. The Human Resources Department, the supervisors, and the management team shall undertake supervision and allocate budget resources to ensure that the employees' development needs are fulfilled in a broad-based, equal, and non-discriminatory manner.
4. The employees shall be allowed to check their individual development plan and/or development progress with their supervisors or the Human Resources Management at any time. They shall also be able to file complaints with the management team if they experience any neglect, lack of support, or unfair treatment with regard to self-development issues.

Personnel Development

The Company places importance on developing its personnel to improve their knowledge, skills, capabilities, and competencies to be in line with business strategies and goals and be ready for further growth of the Company moving forward.

In the past year, the Company facilitated a number of training courses to support personnel development as follows:

- Self-Development
- Creative Feedback for Executive and Manager
- Leading and Managing Change
- Effective Change Management
- Entrepreneur Growth Culture
- Competency-Based Interview
- OKRs for Manager
- Tipco's Living Value

Apart from the training courses to support the employees' performance of duties, the Company offered a number of specialized training courses such as marketing, sales, customer services, accounting, finance, human resources management, repairs and maintenance, and production management with the total budget of approximately Baht 4 million.

Internal Control and Risk Management

1. Internal control and internal audit

The Board of Directors established internal control system to cover all aspects including financial management, operations, compliance with relevant laws, rules and regulations, and risk management. In addition, proper checks and balances system and an effective internal audit system were adopted in order to enhance the efficiency of administration and asset management as well as to ensure fair compensation and returns for all stakeholders. The Company defined the scope of authority and responsibilities of executives and employees according to the hierarchical order, established written operating procedures, developed employees at managerial level and talents through the Internal Quality Audit ISO 9001: 2000 program in support of cross-functional audit, and established an independent internal audit function. From 2004 onwards, the Company has engaged an external firm to conduct internal audits for the Company. The internal auditor jointly considered internal audit plans with the Audit Committee and directly reports to the Audit Committee.

The Board of Directors delegated authority, duties and independence to the Nomination and Remuneration committee so as to promote fairness of the selection of competent and qualified candidates for the position of director and managing director as well as to ensure that the remuneration for directors and employees is fair and based on performance. In addition, the Corporate Governance committee has been established to be responsible for the formulation of the corporate governance policy and code of business ethics. The policy and the result of its implementation have been periodically reviewed. The Company has fostered the culture of good corporate governance as it strongly believes that management with quality, integrity, transparency and fairness to all parties will lead to the achievement of sustainable business growth.

2. Internal Control System

At the Board of Directors Meeting No. 1/2019 held on 13 February 2019 where 3 independent directors were also present, the Board of Directors evaluated the Company's internal control system and approved the evaluation form prepared by the management as well as the Audit Committee's report. Details can be summarized as follows:

Operational control The Company has clearly defined the authority and operating procedures applicable to operating officers and executives in writing to facilitate audits. Utilization of the Company's resources and assets was controlled and monitored to ensure benefits. Also, the budget management system is implemented and feasibility study is conducted for investment projects before asset investments are made. To ensure effectiveness, the Company adopts the monitoring

and tracking system to analyze gaps between the planned budget and the actual results. Furthermore, there is a clear segregation of duties between operating officers, controllers and assessors to promote proper checks and balances. Internal controls are enforced for financial management and financial reports are presented to division heads concerned.

Internal audit The Company has contracted an external firm to conduct internal audits for the Company with the aim of ensuring that its key operations and financial activities are undertaken in accordance with predetermined guidelines. Compliance with the laws and relevant requirements has been audited. To promote the internal auditor's independence and abilities to conduct audit activities in accordance with the checks and balances principle, the Board of Directors instructed the internal auditor to report directly to the Audit Committee and to determine the scope of audit in collaboration with the Audit Committee.

Risk management The Board of Directors established the Business Risk Assessment committee which is responsible for determining the risk management scope and policy. The committee holds a meeting with managers of relevant departments to identify and assess business risks every three months. Also, team meetings are held daily while department meetings, management meetings and senior executive meetings are held monthly. Compliance with the laws and relevant requirements has been audited. To promote the internal auditor's independence and abilities to conduct audit activities in accordance with the checks and balances principle, the Board of Directors instructed the internal auditor to report directly to the Audit Committee and to determine the scope of audit in collaboration with the Audit Committee. Compliance with relevant laws and requirements has been monitored. Compliance with relevant laws and requirements has been monitored. From 2004 onwards, the Audit Committee has required the internal auditor to monitor risk management and to identify if the management has adopted approaches as planned and if such approaches effectively contribute to risk mitigation. The results shall be presented to the Audit Committee on a quarterly basis

The opinion of the Board of Directors regarding adequacy of internal control system

The Board of Directors opined that the internal control system, business risk management and corporate governance of the Company were at the satisfactory level and could provide reasonable assurance with regard to transparency. The financial statements of the Company and its subsidiaries for the year 2019 which were jointly reviewed by the Audit Committee, the management team and

the auditor of the Company presented the financial position and the operating results correctly, completely, reasonably, fairly and in accordance with the generally accepted accounting principles. The Company adopted appropriate accounting policies and consistently applied such policies. The disclosure of information was adequate according to the auditor's opinion on the Company's financial statements specified in the auditor's report.

3. Internal Audit

The Audit Committee at its Meeting No. 3/2004 held on 9 August 2004 appointed Audit and Management Consultant Co., Ltd. to perform duties as the internal auditor of the Company from 9 August 2004 onwards. Audit and Management Consultant Co., Ltd. has appointed Mrs. Pilai Piamongsarn as internal auditor mainly responsible for internal audit works for the Company. After due consideration of qualifications of Audit and Management Consultant Co., Ltd. and Mrs. Pilai Piamongsarn, the Audit Committee deemed that they possess appropriate qualifications to perform such duties as they have independence and received trainings and licenses relevant to internal audit operations such as Certified Public Accountant (Thailand) – (CPA No.2336) and Honorary Certified Internal Auditor, Institute of Internal Auditors – (CIA No.30861). Also, Mrs. Pornanong Yoocha has been assigned to coordinate with the said outsource internal auditor.

Consideration and approval, appointment, removal or transfer of the head of the internal audit function of the Company must be subject to approval or endorsement from the Audit Committee.

Details regarding head of internal audit function and head of compliance function

1. Details regarding head of compliance function

The Board of Directors has appointed Ms. Kullakarn Cheenpun as head of compliance function. She shall be responsible for acting as a center for supervision of business operations of companies in the group to ensure compliance with laws, rules, regulations and requirements of concerned supervisory bodies such as the Bank of Thailand (BOT), the Office of the Securities and Exchange Commission (SEC), the Office of Insurance Commission, the Office of Energy Regulatory Commission (OERC) or other relevant agencies governing the Company's business operations, and for reporting the results to the Audit Committee and the Board of Directors on a quarterly basis. The Board of Directors approved the compliance policy, requiring that the Board of Directors, the Audit Committee, high-level executives, departments or functional units and employees comply with laws. Communication to employees has been made so that they are aware that they have the duty and responsibility to

study and understand laws, rules and regulations applicable to their work and to comply with the said rules and regulations strictly, correctly and completely. (The profile of the executive is as per page 22)

2. Details regarding head of internal audit function

The Audit Committee appointed Audit and Management Consultant Co., Ltd. as the Company's internal auditor. Audit and Management Consultant Co., Ltd. has assigned Mrs. Pilai Piampongsarn to be the internal auditor who shall be mainly responsible for internal audit works for the Company. (The profile is as per Attachment 3 in 56-1 form.)



Connected Transactions

Details of related transaction accounts between Tipco Foods PCL. and its subsidiaries with related companies in 2019 include these followings:

Type of transaction	Company/relationship	Related transaction value (Million Baht)	Pricing policy
1. Acquiring services and others	Tipco Tower Co., Ltd.	15.01	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.24	
	Ruamsapsin Co., Ltd.	1.47	
	Marketting Consultants Co., Ltd.	0.67	
	Total	17.39	

Details of related transactions between Tipco F&B Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (Million Baht)	Pricing policy
1. Acquiring services and others	Tipco Asphalt PCL.	0.45	Market prices, equivalent to that quoted for outsiders
	Tipco Tower Co., Ltd.	2.95	
	Marketting Consultants Co., Ltd.	0.48	
	Ruamsapsin Co., Ltd.	10.83	
	Siamcontainer Terminal Co., Ltd.	0.23	
	Total	14.94	

Type of transaction	Company/relationship	Related transaction value (Million Baht)	Pricing policy
2. Selling products	Tipco Asphalt PCL.	1.99	Market prices, equivalent to that quoted for outsiders
	Tipco Tower Co., Ltd.	0.51	
	Marketting Consultants Co., Ltd.	0.11	
	Ruamsapsin Co., Ltd.	0.31	
	Siamcontainer Terminal Co., Ltd.	0.22	
	Tipco Maritime Co., Ltd.	0.02	
	Raycol Asphalt Co., Ltd.	0.03	
	Rattanajit Co., Ltd.	0.44	
	Thanomwongse Service Co., Ltd.	0.10	
	Thai Slurry Seal Co., Ltd.	0.08	
	Thai Bitumen Co., Ltd.	0.02	
	Boondee Co., Ltd.	0.02	
	Total	3.85	

Details of related transactions between Tipco Retail Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (Million Baht)	Pricing policy
1. Acquiring services and others	Tipco Asphalt PCL.	0.07	Market prices, equivalent to that quoted for outsiders
	Tipco Tower Co., Ltd.	1.50	
	Marketting Consultants Co., Ltd.	0.03	
	Ruamsapsin Co., Ltd.	5.90	
	Total	7.50	

Details of related transactions between Tipco Pineapple Co., Ltd. and related companies include these followings:

Type of transaction	Company/relationship	Related transaction value (Million Baht)	Pricing policy
1. Others incomes	Raycol Asphalt Co., Ltd.	0.01	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.15	
	Thai Bitumen Co., Ltd.	0.01	
	Total	0.17	
2. Acquiring services and others	Tipco Tower Co., Ltd.	0.25	Market prices, equivalent to that quoted for outsiders
	Tipco Asphalt PCL.	0.10	
	Siamcontainer Terminal Co., Ltd.	0.44	
	Marketting Consultants Co., Ltd.	0.37	
	Ruamsapsin Co., Ltd.	1.64	
	Total	2.80	

Shareholders and / investors can catch up on the related transactions for the past 3 years comparison from the previous year annual report on the company's website www.tipco.net

The Necessity and Rationality of the Transactions

The related transactions between the Company, subsidiaries and related persons who might conflict of interest are treated as normal business activities and needed to be approved by Audit Committee first and then the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and market price quotation policy.

The Measure and Process of Related Party Transactions

The related party transactions at the present continuing to the future, must be approved by both the Audit Committee and the Board of Directors. This is in line with all endorsement procedures of the Company involving in price comparison and supplier selection process, in which the Directors who have the conflict of interests must obtain from voting.

Policies and Tendencies of Related Party Transactions in the Future

The related party transactions, which occur at present and may continue to the future, are treated as normal business activities. There will be neither unusual transactions nor the transfers of interest between the Company, subsidiaries and related persons with possible conflicts of interest. The Company will have the Audit Committee or the Company's auditor or independent expert to examine the suitability of prices and rationality of transactions and to make relevant remarks. Details, values and reasons on these transactions are required to publicly disclose and report to Shareholders' Meeting and in the annual report. The Board of Directors has to comply with securities and exchange laws and regulations, announcement of the Stock Exchange of Thailand. Moreover, the Company has to strict with the disclosure of relevant transactions and acquisitions or sales of significant assets of the Company or subsidiaries in accordance with the accounting standard of the Institute of Certified Accounts and Auditors of Thailand. In case of any related party transactions between the Company, subsidiaries and related persons with possible conflict of interests, the Company must have the Audit Committee to examine the justification of these transactions. In case of any transactions that may be beyond the Audit Committee's capability, the Company will establish independent expert or auditor team to do that before having any conclusions to propose to the Company's Board of Directors or shareholders.



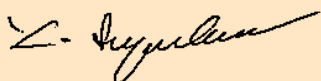
Report of the Board of Directors Responsibility to Financial Reporting

The Board of Directors of the Company is responsible for the consolidated and separate financial statements of the Tipco foods public company limited, including the financial information presented in the Annual Report. The financial statements are prepared in accordance with the generally accepted accounting principles, while the suitable and consistent accounting policies are duly adopted. Cautious judgment and the best possible estimates are exercised in the preparation of the Statements. In addition, significant information is sufficiently shown in the Notes to the Financial Statements. The Statements have been conducted by independent professional auditors in accordance with Thai standard on auditing, issued unqualified opinion. The Statements therefore accurately and reasonably reflect the financial position and operating performance results of the business, for the benefit of shareholders, general investors and parties with interests in the Company, in a transparent manner.

The Board of Directors has initiated, and continues to maintain, a system of risk management, as well as suitable and efficient internal controls, in order to reasonably ensure that the recording of accounting data is conducted accurately, comprehensively and adequately. This is with the aim of protecting the assets of the business, and to identify weaknesses, to prevent risk from acts and corruption or transactions of a significantly abnormal nature.

The Board of Directors has appointed the Audit Committee, comprising of 3 Independent Directors, to oversee and be responsible for ensuring the quality of financial reporting, as well as internal controls. The Audit Committee's opinions on this matter are shown in the Audit Committee's Report as appearing in the Annual Report.

The Board of Directors of the Company is of the opinion that the business' internal control systems are of a satisfactory level to engender a reasonable degree of confidence in the consolidated and separate financial statements of 31 December 2019.



(Ms.Laksana Supsakorn)
Chairman of the Board



(Mr.Ekaphol Pongstabhon)
Managing Director

Report of the Audit Committee

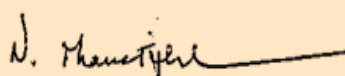
The Audit Committee of Tipco Foods Public Company Limited comprises 3 independent directors. Mr. Virat Phairatphiboon serves as Chairman of the Audit Committee, while Mr. Paisal Pongprayoon and Mrs. Achara Pricha serve as members of the Audit Committee. The Audit Committee performs its duties as assigned by the Board of Directors under the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Audit Committee supervises the review of the anti-corruption practices of the Company performed by the Internal Audit Department to ensure appropriate and adequate control systems to mitigate risks from possible corruption.

In 2019, the Audit Committee held 4 formal meetings with the external auditor and the internal auditor. The Committee also discussed with the internal auditor, the external auditor, and the management the action plans to ensure consistency and comprehensiveness. The Audit Committee's main operations can be summarized as follows:

1. Jointly determined the annual internal audit plan with Audit and Management Consultant Co., Ltd., the internal auditor, to review sufficiency of internal control systems; and monitored actual performance compared to the internal audit plan every quarter. Focus was placed on managing business risks and the internal auditor was assigned to review such risks on a quarterly basis.
2. Jointly reviewed the quarterly and annual financial statements and related financial reports together with the external auditor prior to submission thereof to the Board of Directors for consideration and approval. It was found that the financial statements were prepared in accordance with the financial reporting standards and disclosed sufficient, complete, and reliable information. Also, impacts from additional changes to the financial reporting standards were followed up.
3. Reviewed connected transactions between the Company and related individuals and juristic persons and opined that such transactions were undertaken in the ordinary course of business and market price comparison was made to ensure reasonableness.
4. Conducted reviews to ensure that effective internal control systems were in place and no significant weaknesses that could cause significant impacts were found. It was reiterated that the management must consistently enhance the internal control and risk management systems to be efficient and aligned with the business environment. The Audit Committee also promoted and supported internal audit activities to meet international standards and provided suggestions for areas of improvement.

5. Monitored the Company's investment projects by regularly following up on their progress and management reports.
6. Reviewing the Company's compliance with relevant regulations and laws to ensure integrity, transparency, and fairness towards the shareholders and other stakeholders. Based on the review, it was found that the Company was in full compliance with said regulations and laws.
7. Jointly considered, proposed, and appointed a new external auditor according to an appropriate timeframe as well as an audit fee to the Board of Directors to seek approval from the shareholders' meeting. In this regard, EY Office Limited was appointed as the Company's auditor for 2019.
8. Followed up on information regarding business changes in response to global changes in digital economies. The management was assigned to oversee relevant functions to ensure that key risks were supervised appropriately.
9. Reviewed the Charter of the Audit Committee and conducted self-assessment on the performance of the Audit Committee as well as reported the performance rating to the Board of Directors for acknowledgement.

In summary, the Audit Committee performed its duties comprehensively and in compliance with its Charter. Together with the management, the internal auditor, and the external auditor, after due consideration, the Audit Committee was satisfied that the Company's current internal control systems were sufficient and subjected to ongoing improvements. The Company had good corporate governance and risk management systems. The Company's financial statement preparation process was conducted with appropriate and adequate controls. The Company's financial statements were prepared in accordance with the reliable financial reporting standards. The Audit Committee also regularly reviewed relevant laws, regulations, and rules; and conducted assessments to ensure the Company's compliance therewith.



(Mr. Virat Phairatphiboon)
Chairman of the Audit Committee

13 February 2020



Tipco

Pineapple
Slices

Tipco

Pineapple
Pieces

Tipco

Crushed
Pineapple

Tipco

Pineapple
Chunks

A stylized illustration featuring a pineapple with a dark green leafy top and a textured orange body with white speckles, positioned in the bottom left. Two orange donuts with white sprinkles are floating in the upper right and middle right areas, each casting a soft grey shadow. The background consists of large, flowing organic shapes in shades of orange and a solid dark teal shape at the bottom left.

Financial Statements

Independent Auditor's Report

To the Shareholders of Tipco Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Tipco Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Foods Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Foods Public Company Limited and its subsidiaries and of Tipco Foods Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Investment in associate

The Company has investment in an associate based on the equity method and has share of profit from investment in associate presented in the consolidated financial statements (based on the cost method and has dividend income from associate presented in the separate financial statements). These amounts are significant to the financial statements and have direct effect on profit or loss.

I have inquired the management relating to significant influence on the associate to determine the appropriateness of recording transactions for investment in the associate. I have evaluated the accounting policy and related transactions of such associate. I have also checked the existence of the investment to the share certificates and supporting documents received from the securities company, tested the calculation of fair value of the investment, including its impairment as at the period-end date, and examined the supporting documents for dividend receipts. Furthermore, I obtained the financial statements which have been audited by the Certified Public Accountant of such associate to test the calculation of share of profit from investment in the associate and tested proportionate interest in value of investment in the associated company. In addition, I determined whether there was adequate disclosure of information of such investment in the associate in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Natthawut Santipet

Certified Public Accountant (Thailand) No. 5730

EY Office Limited

Bangkok: 17 February 2020

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents		41,336,348	105,836,016	15,127,386	21,594,772
Current investment		4,995,108	4,950,897	-	-
Trade and other receivables	6, 7	467,172,764	562,332,118	24,968,756	45,473,934
Short-term loans to related parties	6	-	-	269,000,000	90,000,000
Inventories	8	679,465,248	986,474,903	50,918,443	61,973,123
Biological assets		2,800,000	659,471	-	-
Advanced payments	6	12,851,450	12,267,768	3,568,544	4,205,527
Other current assets		47,892,673	75,393,250	8,755,894	13,035,627
Total current assets		1,256,513,591	1,747,914,423	372,339,023	236,282,983
Non-current assets					
Investments in subsidiaries	9	-	-	1,642,486,907	1,765,336,907
Investment in associate	10	3,145,107,518	2,910,063,089	644,929,739	644,929,739
Investment property - Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	11	2,136,459,223	2,287,283,380	701,706,302	742,167,527
Intangible assets	12	35,575,530	56,193,420	27,175,598	30,236,774
Deferred tax assets	19	72,902,030	47,379,204	6,755,661	3,588,672
Other non-current assets	6	15,175,467	20,471,350	3,539,971	3,089,846
Total non-current assets		5,412,489,329	5,328,660,004	3,033,863,739	3,196,619,026
Total assets		6,669,002,920	7,076,574,427	3,406,202,762	3,432,902,009

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

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		761,473,861	770,000,000	490,318,437	240,000,000
Trade and other payables	6, 13	605,257,788	790,128,580	43,551,602	76,869,312
Current portion of liabilities under finance lease agreements		859,098	-	859,098	-
Current portion of long-term loans from financial institutions	14, 15	411,950,000	312,500,000	231,245,000	201,200,000
Income tax payable		4,470,342	10,693,056	-	-
Other current liabilities		59,996,328	79,005,064	3,732,645	3,163,214
Total current liabilities		1,844,007,417	1,962,326,700	769,706,782	521,232,526
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		5,386,014	-	5,386,014	-
Long-term loans from financial institutions - net of current portion	14, 15	782,500,000	840,203,341	555,000,000	729,498,341
Provision for dismantling cost		1,070,480	2,279,600	-	-
Provision for long-term employee benefits	16	129,244,324	98,360,141	33,027,913	25,108,871
Total non-current liabilities		918,200,818	940,843,082	593,413,927	754,607,212
Total liabilities		2,762,208,235	2,903,169,782	1,363,120,709	1,275,839,738

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interests of subsidiary acquired by the Company at price higher than book value		(80,767,243)	(80,767,243)	-	-
Non-controlling interest in subsidiary of the associated company acquired at price lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate		(135,832,635)	(135,832,635)	-	-
Capital reserve for share-based payment transactions of the associate		40,994,182	41,070,724	-	-
Retained earnings					
Appropriated - statutory reserve	17	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,848,177,059	3,876,971,449	1,510,502,413	1,624,482,631
Other components of shareholders' equity		(299,850,784)	(62,111,756)	-	-
Total shareholders' equity		3,906,794,685	4,173,404,645	2,043,082,053	2,157,062,271
Total liabilities and shareholders' equity		6,669,002,920	7,076,574,427	3,406,202,762	3,432,902,009

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of comprehensive income

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		3,561,064,263	4,248,050,424	353,565,577	379,175,078
Other income					
Dividend income from subsidiaries	9	-	-	19,799,998	64,287,750
Dividend income from associate	10	-	-	258,917,162	332,893,494
Management income		-	-	70,902,000	76,128,000
Gain on changes in fair value of biological assets		2,140,529	-	-	-
Others		123,882,439	107,975,986	14,612,234	10,366,536
Total revenues		3,687,087,231	4,356,026,410	717,796,971	862,850,858
Expenses					
Cost of sales		3,178,577,480	3,394,578,070	244,882,926	281,011,539
Selling and distribution expenses		436,828,614	604,276,166	7,549	15,135,323
Administrative expenses		541,720,254	439,140,641	187,366,062	178,079,078
Other expenses					
Impairment loss on investment in subsidiary	9	-	-	122,850,000	-
Loss on changes in fair value of biological assets		-	2,293,508	-	-
Reversal of impairment loss on machinery	11	-	(29,000,000)	-	-
Total expenses		4,157,126,348	4,411,288,385	555,106,537	474,225,940
Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses		(470,039,117)	(55,261,975)	162,690,434	388,624,918
Share of profit from investment in associate	10	732,668,446	132,661,359	-	-
Profit before finance cost and income tax expenses		262,629,329	77,399,384	162,690,434	388,624,918

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Finance cost		(69,945,288)	(55,992,863)	(43,376,092)	(30,196,006)
Profit before income tax expenses		192,684,041	21,406,521	119,314,342	358,428,912
Income tax benefit (expenses)	19	14,983,118	(52,283,266)	3,166,989	(9,243,338)
Profit (loss) for the year		207,667,159	(30,876,745)	122,481,331	349,185,574
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Share of comprehensive income in associate	10	(237,739,028)	77,499,825	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(237,739,028)	77,499,825	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		-	(6,746,065)	-	3,380,304
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(6,746,065)	-	3,380,304
Other comprehensive income for the year		(237,739,028)	70,753,760	-	3,380,304
Total comprehensive income for the year		(30,071,869)	39,877,015	122,481,331	352,565,878

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit (loss) attributable to:					
Equity holders of the Company		207,667,159	(30,876,745)	122,481,331	349,185,574
Total comprehensive income attributable to:					
Equity holders of the Company		(30,071,869)	39,877,015	122,481,331	352,565,878
Earnings per share	20				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		0.43	(0.06)	0.25	0.72

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

Annual Report 2019 | Tipco Foods Public Company Limited

	Issued and paid-up share capital	Non-controlling interests of subsidiary acquired by the Company at price higher than book value	Non-controlling interests of subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	Capital reserve for share-based payment transactions of the associate
Balance as at 1 January 2018	482,579,640	(80,767,243)	1,494,466	(135,832,635)	36,872,134
Loss for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Share-based payment transactions of the associate	-	-	-	-	4,198,590
Dividend paid (Note 22)	-	-	-	-	-
Balance as at 31 December 2018	482,579,640	(80,767,243)	1,494,466	(135,832,635)	41,070,724
Balance as at 1 January 2019	482,579,640	(80,767,243)	1,494,466	(135,832,635)	41,070,724
Profit for the year	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Share-based payment transactions of the associate	-	-	-	-	(76,542)
Dividend paid (Note 22)	-	-	-	-	-
Balance as at 31 December 2019	482,579,640	(80,767,243)	1,494,466	(135,832,635)	40,994,182

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

(Unit: Baht)

Consolidated financial statements

	Retained earnings		Other component of shareholder's equity		
	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
			Share of comprehensive income in associate		
	50,000,000	4,155,881,429	(139,611,581)	(139,611,581)	4,370,616,210
	-	(30,876,745)	-	-	(30,876,745)
	-	(6,746,065)	77,499,825	77,499,825	70,753,760
	-	(37,622,810)	77,499,825	77,499,825	39,877,015
	-	-	-	-	4,198,590
	-	(241,287,170)	-	-	(241,287,170)
	50,000,000	3,876,971,449	(62,111,756)	(62,111,756)	4,173,404,645
	50,000,000	3,876,971,449	(62,111,756)	(62,111,756)	4,173,404,645
	-	207,667,159	-	-	207,667,159
	-	-	(237,739,028)	(237,739,028)	(237,739,028)
	-	207,667,159	(237,739,028)	(237,739,028)	(30,071,869)
	-	-	-	-	(76,542)
	-	(236,461,549)	-	-	(236,461,549)
	50,000,000	3,848,177,059	(299,850,784)	(299,850,784)	3,906,794,685

Tipco Foods Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements			
	Retained earnings			
	Issued and paid-up share capital	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 1 January 2018	482,579,640	50,000,000	1,513,203,923	2,045,783,563
Profit for the year	-	-	349,185,574	349,185,574
Other comprehensive income for the year	-	-	3,380,304	3,380,304
Total comprehensive income for the year	-	-	352,565,878	352,565,878
Dividend paid (Note 22)	-	-	(241,287,170)	(241,287,170)
Balance as at 31 December 2018	482,579,640	50,000,000	1,624,482,631	2,157,062,271
Balance as at 1 January 2019	482,579,640	50,000,000	1,624,482,631	2,157,062,271
Profit for the year	-	-	122,481,331	122,481,331
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	122,481,331	122,481,331
Dividend paid (Note 22)	-	-	(236,461,549)	(236,461,549)
Balance as at 31 December 2019	482,579,640	50,000,000	1,510,502,413	2,043,082,053

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	192,684,041	21,406,521	119,314,342	358,428,912
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	325,435,021	275,374,665	64,287,387	47,709,968
Allowance for doubtful accounts (reversal)	(587,874)	136,199	-	-
Reduction of cost of inventories to net realisable value (reversal)	20,229,888	(39,111,383)	(2,420,391)	2,173,935
Loss from inventory destruction	23,195,067	11,985,892	6,409,923	-
Impairment loss on investment in subsidiary	-	-	122,850,000	-
(Gain) loss on changes in fair value of biological assets	(2,140,529)	2,293,507	-	-
Unrealised (gain) loss on exchange	(1,064,321)	579,810	7,762	1,822
(Gain) loss on changes in fair value of forward exchange contracts	290,034	(840,431)	-	(896)
(Gain) loss on changes in fair value of interest rate swap contract	281,265	(697,421)	281,265	(697,421)
(Gain) loss on sales and write-off of property, plant and equipment	18,580,110	879,087	(195,236)	104,869
(Gain) loss on sales and write-off of intangible assets	325,178	(28,409)	-	(28,436)
Reversal of impairment loss on machinery	-	(29,000,000)	-	-
Provision for long-term employee benefits	38,447,724	19,975,943	9,996,923	10,929,647
Provision for dismantling cost	250,229	213,087	-	-
Dividend income from subsidiaries	-	-	(19,799,998)	(64,287,750)
Dividend income from associate	-	-	(258,917,162)	(332,893,494)
Share of profit from investment in associate	(732,668,446)	(132,661,359)	-	-

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

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interest income	(69,825)	(79,621)	(3,798,438)	(1,967,309)
Interest expenses	68,457,771	55,674,858	42,071,071	29,911,337
Profit (loss) from operating activities before changes in operating assets and liabilities	(48,354,667)	186,100,945	80,087,448	49,385,184
(Increase) decrease in operating assets				
Trade and other receivables	95,626,653	10,088,309	20,497,416	(5,895,448)
Inventories	263,584,701	(43,472,335)	7,065,148	(13,945,069)
Other current assets	37,363,289	9,149,966	(1,190,309)	25,899,464
Other non-current assets	(5,243,825)	(13,688,481)	(450,125)	1,193,624
Increase (decrease) in operating liabilities				
Trade and other payables	(177,188,119)	(25,210,953)	(23,231,494)	(33,657,245)
Other current liabilities	(24,327,822)	43,463,985	288,167	(393,082)
Other non-current liabilities	(1,459,349)	811,913	-	-
Cash paid for long-term employee benefits	(7,563,541)	(14,190,277)	(2,077,881)	(4,769,239)
Cash flows from operating activities	132,437,320	153,053,072	80,988,370	17,818,189
Cash paid for interest expenses	(68,759,162)	(55,484,336)	(42,168,434)	(29,721,263)
Cash paid for corporate income tax	(15,952,167)	(39,903,111)	-	(2,192,577)
Cash received for withholding tax	6,107,025	-	6,107,025	-
Net cash flows from (used in) operating activities	53,833,016	57,665,625	44,926,961	(14,095,651)

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

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash paid for investment in subsidiary	-	-	-	(150,000,000)
Increase in current investment	(44,211)	(43,819)	-	-
Increase in short-term loans to related parties	-	-	(179,000,000)	(82,000,000)
Cash received from sales of property, plant and equipment	3,610,886	3,407,759	216,446	1,078,148
Cash paid for acquisition of property, plant and equipment	(175,857,540)	(535,344,017)	(24,142,393)	(412,877,868)
Cash received from sales of intangible assets	-	131,552	-	131,552
Cash paid for acquisition of intangible assets	(1,418,632)	(6,039,365)	(18,400)	(216,786)
Dividend received from subsidiaries	-	-	19,799,998	64,287,750
Dividend received from associate	258,917,162	332,893,494	258,917,162	332,893,494
Interest received	69,825	79,621	3,798,438	1,967,309
Net cash flows from (used in) investing activities	85,277,490	(204,914,775)	79,571,251	(244,736,401)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(8,526,139)	49,154,533	250,318,437	100,000,000
Cash paid under finance lease agreements	(369,145)	-	(369,145)	-
Cash receipts from long-term loans from financial institutions	406,746,659	443,253,341	56,746,659	443,253,341
Repayment of long-term loans from financial institutions	(365,000,000)	(197,500,000)	(201,200,000)	(86,200,000)
Dividend paid	(236,461,549)	(241,287,170)	(236,461,549)	(241,287,170)

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net cash flows from (used in) financing activities	(203,610,174)	53,620,704	(130,965,598)	215,766,171
Net decrease in cash and cash equivalents	(64,499,668)	(93,628,446)	(6,467,386)	(43,065,881)
Cash and cash equivalents at beginning of year	105,836,016	199,464,462	21,594,772	64,660,653
Cash and cash equivalents at end of year	41,336,348	105,836,016	15,127,386	21,594,772
Supplemental cash flows information				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	12,007,725	20,034,200	13,000	9,983,453
Acquisition of intangible assets for which cash has not been paid	1,115,417	470,224	-	18,400
Acquisition of asset under finance lease agreements	6,614,257	-	6,614,257	-

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

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash paid for investment in subsidiary	-	-	-	(150,000,000)
Increase in current investment	(44,211)	(43,819)	-	-
Increase in short-term loans to related parties	-	-	(179,000,000)	(82,000,000)
Cash received from sales of property, plant and equipment	3,610,886	3,407,759	216,446	1,078,148
Cash paid for acquisition of property, plant and equipment	(175,857,540)	(535,344,017)	(24,142,393)	(412,877,868)
Cash received from sales of intangible assets	-	131,552	-	131,552
Cash paid for acquisition of intangible assets	(1,418,632)	(6,039,365)	(18,400)	(216,786)
Dividend received from subsidiaries	-	-	19,799,998	64,287,750
Dividend received from associate	258,917,162	332,893,494	258,917,162	332,893,494
Interest received	69,825	79,621	3,798,438	1,967,309
Net cash flows from (used in) investing activities	85,277,490	(204,914,775)	79,571,251	(244,736,401)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(8,526,139)	49,154,533	250,318,437	100,000,000
Cash paid under finance lease agreements	(369,145)	-	(369,145)	-
Cash receipts from long-term loans from financial institutions	406,746,659	443,253,341	56,746,659	443,253,341
Repayment of long-term loans from financial institutions	(365,000,000)	(197,500,000)	(201,200,000)	(86,200,000)
Dividend paid	(236,461,549)	(241,287,170)	(236,461,549)	(241,287,170)

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net cash flows from (used in) financing activities	(203,610,174)	53,620,704	(130,965,598)	215,766,171
Net decrease in cash and cash equivalents	(64,499,668)	(93,628,446)	(6,467,386)	(43,065,881)
Cash and cash equivalents at beginning of year	105,836,016	199,464,462	21,594,772	64,660,653
Cash and cash equivalents at end of year	41,336,348	105,836,016	15,127,386	21,594,772
Supplemental cash flows information				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	12,007,725	20,034,200	13,000	9,983,453
Acquisition of intangible assets for which cash has not been paid	1,115,417	470,224	-	18,400
Acquisition of asset under finance lease agreements	6,614,257	-	6,614,257	-

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



Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

Tipco Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholders of the Company is Supsakorn family. The Company is principally engaged in the manufacture and distribution of mineral water. The registered office of the Company is at 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and its subsidiaries (“the Group”). The details of subsidiary companies are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			2019 (Million Baht)	2018 (Million Baht)	2019 (Percent)	2018 (Percent)
Tipco F&B Company Limited (“TFB”)	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	100.00	100.00
Tipco Retail Company Limited (87.75% owned by the Company and 12.25% owned by TFB)	Retail business	Thailand	200.00	200.00	100.00	100.00
Tipco Biotech Company Limited	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	100.00	100.00
Tipco Pineapple Company Limited	Manufacturing and distribution of canned fruit and fruit juice	Thailand	700.00	700.00	100.00	100.00
TFB Distribution Company Limited (100% owned by TFB)	Dormant	Thailand	0.25	0.25	100.00	100.00

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3. New financial reporting standards

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard did not have any effect on profit or loss of the Group and resulted only in the reclassifications of the statement of comprehensive income for the year ended 31 December 2019 as described below.

(Unit: Million Baht)

	Consolidated financial statements		
	Previous financial reporting standard	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Sales	3,663	(102)	3,561
Cost of sales	3,169	10	3,179
Selling and distribution expenses	549	(112)	437

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

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

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

The management of the Group believes that the adoption of these standards will not have any significant impact on the financial statements.

TFRS 16 Leases

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

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

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

4. Significant accounting policies**4.1 Revenue recognition**

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is

transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Agriculture

The biological asset of a subsidiary is unharvested pineapple fruit and agricultural produce is harvested pineapple fruit which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of pineapple fruit is determined reference to fair value less estimated point-of-harvest costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

4.6 Investments

a) Investment in associate is accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.7 Investment property - Land awaiting sale

Investment property - Land awaiting sale are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property are stated at cost less allowance for loss on impairment (if any).

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment and the pineapple plants, which are bearer plants, are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment, and bearer plant are calculated by reference to their costs, on the straight-line basis over the following estimated useful lives and accordance with the estimated production capacity of machinery and estimated harvest capacity as follows:

Land development	10 years
Buildings and complement	10 to 25 years
Machinery and equipment	10 to 20 years and estimated production capacity
Tools and equipment	5 to 20 years
Furniture and office equipment	3 to 10 years
Motor vehicles	5 to 10 years
Bearer plant	Estimated harvest capacity

An initial estimate of the costs of dismantling and removing of the item and restoring the site, when the Group has obligation to do, have been included in cost of property, plant and equipment.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of

an asset is included in profit or loss when the asset is derecognised.

4.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 to 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

4.11 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of plant and equipment which do not transfer substantially all the risks and rewards of

ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, investment property and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.17 Derivatives

Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrecognised gains and losses from the translation are included in determining income.

Interest rate swap contracts

Interest rate swap contracts are presented in the financial statements at fair value. Unrecognised gains and losses from the interest rate swap contracts are included in determining income.

4.18 Fair value measurement

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting

period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance of diminution in value of inventory

In determining allowance for diminution in the value of inventory, the management exercises judgment in estimating the net realisable value of inventory based on the amount the inventories are expected to realise. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

Allowance for impairment loss of investments

The Company treats investment as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property plant and equipment/Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses

to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2019	2018	2019	2018	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Sales of goods	-	-	352	374	Cost plus certain margin
Management income	-	-	71	76	As agreed
Interest income	-	-	4	2	2.3 - 3.7 percent per annum
Dividend income	-	-	20	64	Announced rate
Transactions with associated company					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	1	1	-	-	Market price
Dividend income	-	-	259	333	Announced rate
Transactions with related companies					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	42	45	17	15	Market price

As at 31 December 2019 and 2018, the balances of the accounts between the Company, subsidiaries and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade and other receivables - related parties</u> (Note 7)				
Subsidiaries	-	-	23,110	45,364
Associate	1,191	1,450	61	83
Related companies (common shareholders and directors)	774	1,089	-	-
Total trade and other receivables - related parties	<u>1,965</u>	<u>2,539</u>	<u>23,171</u>	<u>45,447</u>
<u>Prepaid expenses - related parties</u>				
Associate	-	224	-	224
Related companies (common shareholders and directors)	272	390	121	156
Total prepaid expenses - related parties	<u>272</u>	<u>614</u>	<u>121</u>	<u>380</u>
<u>Retentions - related parties</u>				
Related companies (common shareholders and directors)	9,703	8,460	3,409	2,828
Total retentions - related parties	<u>9,703</u>	<u>8,460</u>	<u>3,409</u>	<u>2,828</u>
<u>Trade and other payables - related parties</u> (Note 13)				
Subsidiaries	-	-	109	125
Associate	633	596	144	128
Related companies (common shareholders and directors)	1,554	1,763	171	432
Total trade and other payables - related parties	<u>2,187</u>	<u>2,359</u>	<u>424</u>	<u>685</u>

Short-term loans to related parties

As at 31 December 2019 and 2018, the balances of short-term loans to related parties and the movements were as follows:

(Unit: Thousand Baht)

Short-term loans	Related by	Separate financial statements			
		Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Tipco Pineapple Co., Ltd.	Subsidiary	90,000	441,000	(314,000)	217,000
Tipco Biotech Co., Ltd.	Subsidiary	-	46,000	(9,000)	37,000
Tipco Retail Co., Ltd.	Subsidiary	-	15,000	-	15,000
Total		90,000	502,000	(323,000)	269,000

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	40	35	28	23
Post-employment benefits	2	3	2	2
Total	42	38	30	25

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 15 to the financial statements.

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	1,686	2,290	16,250	37,826
Past due				
Up to 3 months	218	166	-	-
Total trade receivables - related parties	1,904	2,456	16,250	37,826
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	285,497	390,157	-	3
Past due				
Up to 3 months	91,786	80,094	-	-
3 - 6 months	5	817	-	-
6 - 12 months	-	501	-	-
Over 12 months	503	779	-	-
Total	377,791	472,348	-	3
Less: Allowance for doubtful accounts	(299)	(887)	-	-
Total trade receivables - unrelated parties, net	377,492	471,461	-	3
Total trade receivables - net	379,396	473,917	16,250	37,829
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	61	83	6,921	7,621
Amounts due from unrelated parties	86,846	87,194	1,691	4
Advance to employees	300	674	79	19
Accrued income	570	464	28	1
Total other receivables	87,777	88,415	8,719	7,645
Trade and other receivables - net	467,173	562,332	24,969	45,474

8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	437,295	688,166	(49,757)	(28,301)	387,538	659,865
Work in process	5,603	9,157	(360)	(769)	5,243	8,388
Raw materials	210,555	249,353	(8,168)	(9,283)	202,387	240,070
Spare parts and factory supplies	57,973	58,537	(1,270)	(973)	56,703	57,564
Goods in transit	27,594	20,588	-	-	27,594	20,588
Total	739,020	1,025,801	(59,555)	(39,326)	679,465	986,475

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	5,733	7,517	(153)	(910)	5,580	6,607
Work in process	3,181	4,790	-	-	3,181	4,790
Raw materials	10,965	20,534	(455)	(1,925)	10,510	18,609
Spare parts and factory supplies	31,685	32,180	(38)	(231)	31,647	31,949
Goods in transit	-	18	-	-	-	18
Total	51,564	65,039	(646)	(3,066)	50,918	61,973

During the current year, the Group reduced cost of inventories by Baht 20.2 million, to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 2.4 million, and reduced the amount of inventories recognised as expenses during the year.

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Cost	
	2019	2018
Tipco F&B Company Limited	729,050	729,050
Tipco Retail Company Limited	175,500	175,500
Tipco Biotech Company Limited	160,787	160,787
Tipco Pineapple Company Limited	700,000	700,000
Total	1,765,337	1,765,337
Less: Allowance for impairment loss on investment in subsidiary	(122,850)	-
Investments in subsidiaries - net	1,642,487	1,765,337

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

During the years, the Company received the following dividends from its subsidiaries:

(Unit: Thousand Baht)

Company's name	For the year ended 31 December	
	2019	2018
Tipco F&B Company Limited	19,800	49,200
Tipco Biotech Company Limited	-	15,088
Total dividend received	19,800	64,288

Investment in Tipco Retail Company Limited (“Tipco Retail”)

On 19 December 2018, the extraordinary shareholders’ meeting No. 2/2018 of Tipco Retail passed a resolution to approve the increase in its registered and paid up capital of Baht 150 million, through the issue of 15 million ordinary shares of Baht 10 each. The Company has invested in such increased shares capital in full and as a result its shareholding in this company rose from 51 percent to 87.75 percent. However, the proportionate shareholding of the group is not affected. As a result of the capital increase, Tipco Retail’s registered and paid-up capital consists of 20 million shares of Baht 10 each, totaling Baht 200 million. Tipco Retail completed its share increase process and registered the new share capital with the Ministry of Commerce on 22 December 2018.

During the current year, the Company recorded allowance for impairment loss on investment in Tipco Retail of Baht 122.85 million.

10. Investment in associate

The Company has investment in an associate, Tipco Asphalt Public Company Limited, which incorporate in Thailand and engaged in the manufacture and distribution of asphalt and petroleum products. The shareholding percentage of the Company as at 31 December 2019 and 2018 are 23.4583 and 23.5021 percent, respectively.

10.1 Details of associate:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	3,145,108	2,910,063	-	-

10.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Share of profit from investment in associate during the year	732,668	132,661	-	-
Share of other comprehensive income from investment in associate during the year	(237,739)	77,500	-	-
Dividend received during the year	-	-	258,917	332,893

10.3 Fair value investment in listed associate

The fair value of investment in Tipco Asphalt Public Company Limited which is a listed company on the Stock Exchange of Thailand as at 31 December 2019 and 2018 are Baht 7,841 million and Baht 5,363 million, respectively.

10.4 Summarised financial information about associate

Summarised information about financial position as at 31 December 2019 and 2018:

(Unit: Million Baht)

	2019	2018
Current assets	15,162	14,390
Non-current assets	10,100	9,863
Current liabilities	11,473	11,480
Non-current liabilities	211	236

Summarised information about comprehensive income for the years ended 31 December 2019 and 2018:

(Unit: Million Baht)

	2019	2018
Revenue	37,494	27,865
Profit for the year	3,146	580
Other comprehensive income	(1,029)	316
Total comprehensive income	2,117	896

11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Cost							
1 January 2018	331,859	1,196,087	2,432,428	279,538	225,730	86,065	4,551,707
Additions	-	-	2,691	19,612	37,358	484,981	544,642
Disposals/write-off	-	(90)	(56,545)	(26,874)	(6,602)	-	(90,111)
Transfer in (transfer out)	308	312,813	189,271	31,749	2,815	(536,956)	-
31 December 2018	332,167	1,508,810	2,567,845	304,025	259,301	34,090	5,006,238
Additions	-	-	310	8,140	58,847	107,149	174,446
Disposals/write-off	-	(1,795)	(7,312)	(45,520)	(11,793)	-	(66,420)
Transfer in (transfer out)	-	23,908	54,875	50,062	692	(129,537)	-
31 December 2019	332,167	1,530,923	2,615,718	316,707	307,047	11,702	5,114,264
Accumulated depreciation							
1 January 2018	28,200	670,432	1,268,497	206,473	178,282	-	2,351,884
Depreciation for the year	3,948	61,629	120,178	28,742	38,206	-	252,703
Depreciation on disposals/write-off	-	(87)	(56,530)	(17,490)	(6,193)	-	(80,300)
31 December 2018	32,148	731,974	1,332,145	217,725	210,295	-	2,524,287
Depreciation for the year	3,940	67,609	196,183	28,522	6,825	-	303,079
Depreciation on disposals/write-off	-	(865)	(7,104)	(25,023)	(11,069)	-	(44,061)
31 December 2019	36,088	798,718	1,521,224	221,224	206,051	-	2,783,305

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss							
1 January 2018	-	-	223,668	5,524	-	-	229,192
Decrease from disposals	-	-	-	(5,524)	-	-	(5,524)
Reversal of allowance for impairment loss	-	-	(29,000)	-	-	-	(29,000)
31 December 2018	-	-	194,668	-	-	-	194,668
Decrease from disposals	-	-	(168)	-	-	-	(168)
31 December 2019	-	-	194,500	-	-	-	194,500
Net book value							
31 December 2018	300,019	776,836	1,041,032	86,300	49,006	34,090	2,287,283
31 December 2019	296,079	732,205	899,994	95,483	100,996	11,702	2,136,459

Depreciation for the year

2018 (Baht 208 million included in manufacturing cost, and the balance in selling
and administrative expenses)

252,703

2019 (Baht 173 million included in manufacturing cost, and the balance in selling
and administrative expenses)

303,079

(Unit: Thousand Baht)

Annual Report 2019 | Tipco Foods Public Company Limited

	Separate financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Cost							
1 January 2018	123,319	93,108	199,029	37,692	31,957	59,323	544,428
Additions	-	-	-	666	267	419,613	420,546
Disposals	-	-	-	(8,675)	(455)	-	(9,130)
Transfer in (transfer out)	308	296,929	158,488	4,216	1,070	(461,011)	-
31 December 2018	123,627	390,037	357,517	33,899	32,839	17,925	955,844
Additions	-	-	-	1,309	8,009	11,468	20,786
Disposals	-	-	(231)	(59)	(2,085)	-	(2,375)
Transfer in (transfer out)	-	800	15,400	12,203	327	(28,730)	-
31 December 2019	123,627	390,837	372,686	47,352	39,090	663	974,255
Accumulated depreciation							
1 January 2018	-	41,142	79,049	22,178	29,238	-	171,607
Depreciation for the year	3	12,905	26,067	3,961	1,331	-	44,267
Depreciation on disposals	-	-	-	(2,254)	(169)	-	(2,423)
31 December 2018	3	54,047	105,116	23,885	30,400	-	213,451
Depreciation for the year	6	20,048	34,583	5,073	1,516	-	61,226
Depreciation on disposals	-	-	(63)	(59)	(2,063)	-	(2,185)
31 December 2019	9	74,095	139,636	28,899	29,853	-	272,492

(Unit: Thousand Baht)

	Separate financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss							
1 January 2018	-	-	225	5,524	-	-	5,749
Decrease from disposals	-	-	-	(5,524)	-	-	(5,524)
31 December 2018	-	-	225	-	-	-	225
Decrease from disposals	-	-	(168)	-	-	-	(168)
31 December 2019	-	-	57	-	-	-	57
Net book value							
31 December 2018	123,624	335,990	252,176	10,014	2,439	17,925	742,168
31 December 2019	123,618	316,742	232,993	18,453	9,237	663	701,706

Depreciation for the year

2018 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)	44,267
2019 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)	61,226

As at 31 December 2019, certain items of plant, machinery and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,763 million (2018: Baht 1,695 million) (The Company only: Baht 77 million, 2018: Baht 70 million).

12. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2018	26,051	82,236	3,224	111,511
Additions	-	4,340	2,170	6,510
Disposals/write-off	-	(550)	-	(550)
Transfer in (transfer out)	-	2,147	(2,147)	-
31 December 2018	26,051	88,173	3,247	117,471
Additions	-	-	2,064	2,064
Disposals/write-off	-	(561)	-	(561)
Transfer in (transfer out)	-	1,994	(1,994)	-
31 December 2019	26,051	89,606	3,317	118,974
Accumulated amortisation				
1 January 2018	-	39,053	-	39,053
Amortisation for the year	-	22,672	-	22,672
Amortisation on disposals/write-off	-	(447)	-	(447)
31 December 2018	-	61,278	-	61,278
Amortisation for the year	-	22,356	-	22,356
Amortisation on disposals/write-off	-	(236)	-	(236)
31 December 2019	-	83,398	-	83,398
Net book value				
31 December 2018	26,051	26,895	3,247	56,193
31 December 2019	26,051	6,208	3,317	35,576

(Unit: Thousand Baht)

	Separate financial statements			
	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2018	26,463	24,674	-	51,137
Additions	-	213	23	236
Disposals	-	(186)	-	(186)
Transfer in (transfer out)	-	5	(5)	-
31 December 2018	26,463	24,706	18	51,187
Transfer in (transfer out)	-	18	(18)	-
31 December 2019	26,463	24,724	-	51,187
Accumulated amortisation				
1 January 2018	-	17,590	-	17,590
Amortisation for the year	-	3,443	-	3,443
Amortisation on disposals	-	(83)	-	(83)
31 December 2018	-	20,950	-	20,950
Amortisation for the year	-	3,061	-	3,061
31 December 2019	-	24,011	-	24,011
Net book value				
31 December 2018	26,463	3,756	18	30,237
31 December 2019	26,463	713	-	27,176

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - related parties (Note 6)	-	-	104	85
Trade payables - unrelated parties	200,251	274,251	9,418	29,755
Amounts due to related parties (Note 6)	2,187	2,359	320	600
Other payables - unrelated parties	102,479	141,270	5,353	13,386
Accrued expenses	300,341	372,249	28,357	33,043
Total trade and other payables	605,258	790,129	43,552	76,869

14. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2019	2018	2019	2018
1	Rate referenced to THBFIX + 1.95%	Quarterly installments, as stipulated in the agreement, commencing from March 2018	400,000	443,253	400,000	443,253
2	Rate referenced to THBFIX + 2.40%	Quarterly installments, as stipulated in the agreement, commencing from October 2017	151,950	304,450	41,245	82,445
3	Rate referenced to THBFIX + 2.50%	Quarterly installments, as stipulated in the agreement, commencing from November 2017	345,000	405,000	345,000	405,000
4	Rate referenced to THBFIX + 2.35%	Quarterly installments, as stipulated in the agreement, commencing from March 2019	297,500	-	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Total	1,194,450	1,152,703	786,245	930,698
Less: Current portion	(411,950)	(312,500)	(231,245)	(201,200)
Long-term loans from financial institutions - net of current portion	782,500	840,203	555,000	729,498

In February 2019, a subsidiary entered into a credit facility agreement for a long-term loan no. (4) with a bank amounting to Baht 350 million to repay its short-term loans from banks, with a term of 5 years.

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	1,152,703	930,698
Add: Additional borrowings during the year	406,747	56,747
Less: Repayment during the year	(365,000)	(201,200)
Balance as at 31 December 2019	1,194,450	786,245

Loan covenants

The loans are secured by the mortgage of land, building and certain machines thereon.

The loan agreements of the Group contain certain restrictive covenants pertaining to, among others things, the maintenance of debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements and the prohibition from creating lien over related assets.

As at 31 December 2019, there were no long-term credit facilities of the Company which has

not yet been drawn down (2018: the long-term credit facilities of the Company which has not yet been drawn down amounted to Baht 57 million).

Interest rate swap agreement

In September 2017, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 3.95 percent per annum. As at 31 December 2019, the notional amount of Baht 41 million (2018: Baht 82 million) was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in (2), starting from October 2017 and matures in December 2020.

15. Credit facilities

The credit facilities of the Group granted by financial institutions are secured by the following collaterals:

- a) The guarantees by the Group.
- b) The mortgages of the assets of the Group of which the net book value as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land	104	63	17	17
Buildings and complement	369	402	274	289
Machinery and equipment	71	93	-	-

16. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	98,360	85,849	25,109	23,174
Included in profit or loss:				
Current service cost	11,559	11,246	3,958	6,078
Interest cost	3,020	3,054	739	1,580
Past service costs and gains or losses on settlement	23,869	5,676	5,300	3,272
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,708	-	470
Financial assumptions changes	-	5,451	-	1,420
Experience adjustments	-	(434)	-	(6,116)
Benefits paid during the year	(7,564)	(14,190)	(2,078)	(4,769)
Provision for long-term employee benefits at end of year	129,244	98,360	33,028	25,109

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 24 million (The Company only: Baht 5 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in profit or loss of the current year.

The Group expects to pay Baht 8 million of long-term employee benefits during the next year (The Company only: Baht 2 million) (2018: Baht 2 million, The Company only: Baht 1 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (The Company only: 9 years) (2018: 9 years, The Company only: 9 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated/Separate financial statements	
	2019	2018
Discount rate	2.5	2.5
Salary increase rate	3.0 - 5.0	3.0 - 5.0
Turnover rate	0.0 - 50.0	0.0 - 50.0

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

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(5)	6	(1)	1
Salary increase rate	7	(6)	2	(2)

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(4)	5	(1)	1
Salary increase rate	4	(4)	1	(1)

17. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	745,162	792,359	150,736	151,954
Depreciation	303,079	252,703	61,226	44,267
Amortisation expenses	22,356	22,672	3,061	3,443
Finance cost	69,945	55,993	43,376	30,196
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,130,094	2,214,484	204,045	203,814

19. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	10,540	12,884	-	-
Adjustment in respect of income tax of previous year	-	30,001	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(25,523)	9,398	(3,167)	9,243
Income tax expenses (benefit) reported in profit or loss	(14,983)	52,283	(3,167)	9,243

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial gain	-	21	-	845

The reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	192,684	21,407	119,314	358,429
Income tax at Thai corporate income tax rate of 20%	38,537	4,281	23,863	71,686
Adjustment in respect of income tax of previous year	-	30,001	-	-
Effects of:				
Non-deductible expenses	13,498	17,525	25,029	1,933
Additional expenses deductions allowed	(1,944)	(1,468)	(211)	(232)
Exemption of income	(443)	(11,026)	(55,743)	(79,436)
Share of profit from investment in associate	(146,534)	(26,532)	-	-
Unused tax loss	83,788	44,738	5,957	14,985
Others	(1,885)	(5,236)	(2,062)	307
Total	(53,520)	18,001	(27,030)	(62,443)
Income tax expenses (benefit) reported in profit or loss	(14,983)	52,283	(3,167)	9,243

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories	1,214	1,477	129	613
Values of property, plant and equipment	49,328	34,751	-	20
Provision for long-term employee benefits	13,143	9,686	6,606	5,022
Others	26,161	20,383	21	-
Total	89,846	66,297	6,756	5,655
Deferred tax liabilities				
Amortisation of trademark	-	(2,030)	-	(2,030)
Others	(16,944)	(16,888)	-	(36)
Total	(16,944)	(18,918)	-	(2,066)
Deferred tax assets - net	72,902	47,379	6,756	3,589

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 821 million (2018: Baht 362 million) (The Company only: Baht 120 million, 2018: Baht 136 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by 2024.

20. Earning per share

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

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors of the Group.

(Unit: Million Baht)

[illegible]

Geographic segment information for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	Domestic sales		Export sales		Consolidation	
	2019	2018	2019	2018	2019	2018
Revenues from the sales of goods	1,930	2,342	1,631	1,906	3,561	4,248
Gross profit	483	625	(100)	227	383	852

Major customers

For the year 2019, the Group has revenues from two major customers in amount of Baht 1,663 million and Baht 579 million, arising from sales by the beverage segment (2018: Baht 2,363 million derived from one major customer, arising from the same segment).

22. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht per share)
Final dividends for 2017	Annual General Meeting of the shareholders on 10 April 2018		
Total dividends for the year 2018		241.3	0.50
		241.3	0.50
Final dividends for 2018	Annual General Meeting of the shareholders on 4 April 2019		
Interim dividends for 2019		120.7	0.25
Total dividends for the year 2019	Board of Directors' meeting on 14 August 2019	115.8	0.24
		236.5	0.49

23. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at

the rate of 5 percent of basic salary. The fund, which is managed by K-Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The Group's contributions for the year 2019 amounting to approximately Baht 17 million (2018: Baht 16 million) were recognised as expenses (The Company only: Baht 4 million, 2018: Baht 4 million).

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2019 and 2018, the Group had outstanding capital commitments relating to the construct of buildings and complement, the purchases of machinery and equipment and computer software as follows:

(Unit: Million Baht)

Foreign currency	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Baht	9	14	-	12

24.2 Operating lease commitments

The Group has entered into several agreements in respect of the lease of buildings, warehouses, motor vehicles, office equipment and other service agreements.

As at 31 December 2019 and 2018, future minimum rental and service fees payable under these agreements are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable within:				
1 year	61	76	28	26
2 to 5 years	32	103	20	36

24.3 Guarantees

As at 31 December 2019 and 2018, the outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Bank guarantees	17	54	7	11

25. Fair value of financial instruments

The assets and liabilities of the Group that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2. As at 31 December 2019 and 2018, the fair value of such assets and liabilities are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Financial assets measured at fair value				
Forward exchange contracts	386	527	-	-
Interest rate swap contract	-	177	-	177
Financial liabilities measured at fair value				
Forward exchange contracts	332	182	-	-
Interest rate swap contract	104	-	104	-

26. Financial instruments

26.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107

“Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Group’s exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans and long-term loans from financial institutions and liabilities under finance lease agreements. Most of the Group’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2019					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
<u>Financial assets</u>						(% per annum)
Cash and cash equivalents	-	-	3	38	41	0.10 - 1.00
Current investment	5	-	-	-	5	0.90

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
Trade and other receivables	-	-	-	467	467	(% per annum) -
	5	-	3	505	513	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	761	-	-	-	761	2.00 - 6.95
Trade and other payables	-	-	-	605	605	-
Liabilities under finance lease agreements	1	5	-	-	6	7.30 - 8.76
Long-term loans from financial institutions	-	-	1,194	-	1,194	Note 14
	762	5	1,194	605	2,566	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
Financial assets						(% per annum)
Cash and cash equivalents	-	-	2	104	106	0.25 - 1.00
Current investment	5	-	-	-	5	0.90 - 1.00
Trade and other receivables	-	-	-	562	562	-
	5	-	2	666	673	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	770	-	-	-	770	2.05 - 2.80
Trade and other payables	-	-	-	790	790	-
Long-term loans from financial institutions	-	-	1,153	-	1,153	Note 14
	770	-	1,153	790	2,713	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
Financial assets						(% per annum)
Cash and cash equivalents	-	-	2	13	15	0.01 - 1.00
Trade and other receivable	-	-	-	25	25	-
Short-term loan to related parties	269	-	-	-	269	2.65
	269	-	2	38	309	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	490	-	-	-	490	2.10 - 6.95
Trade and other payables	-	-	-	44	44	-
Liabilities under finance lease agreements	1	5	-	-	6	7.30 - 8.76
Long-term loans from financial institutions	-	-	786	-	786	Note 14
	491	5	786	44	1,326	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
Financial assets						(% per annum)
Cash and cash equivalents	-	-	2	20	22	0.25 - 1.00
Trade and other receivables	-	-	-	45	45	-
Short-term loan to related party	90	-	-	-	90	2.30
	90	-	2	65	157	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	240	-	-	-	240	2.50 - 2.76
Trade and other payables	-	-	-	77	77	-
Long-term loans from financial institutions	-	-	931	-	931	Note 14
	240	-	931	77	1,248	

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2.3	5.1	1.1	1.1	30.15	32.45
Euro	0.7	-	0.2	0.2	33.73	37.13

The Group had outstanding forward exchange contracts which maturity date within one year were summarised below.

	As at 31 December 2019					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
Foreign currency	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	9.0	-	-	-	29.96 - 33.50	-
Euro	0.3	-	-	-	33.50	-

	As at 31 December 2018					
	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
Foreign currency	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	1.7	0.4	-	-	32.27 - 33.01	32.31 - 32.98
Euro	-	0.1	-	-	-	37.60

26.2 Fair values of financial instruments

Since the majority of the Group's financial assets and liabilities are short-term in nature, loans to and loans from are carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, their fair value is generally derived from quoted market prices.

27. Capital management

The primary objective of the capital management of the Group is to ensure that it has

appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.71:1 (2018: 0.70:1) and the Company's was 0.67:1 (2018: 0.59:1).

28. Events after the reporting period

On 17 February 2020, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 0.34 per share, a total of Baht 164 million. Since an interim dividend of Baht 0.24 per share, or a total of Baht 116 million, was already distributed to the shareholders in September 2019, the remaining final dividend is Baht 48 million (Baht 0.10 per share).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2020.



Tipco Foods Public Company Limited

*118/1 Tipco Tower, Rama 6 Road, Phayathai Sub-district,
Phayathai District, Bangkok 10400 Thailand*

Tel: (662)273-6200

Fax: (662)271-4304, 271-1600

www.tipco.net