



ANNUAL REPORT 2019 MALEE GROUP PLC

รายงานประจำปี 2562 บริษัท มาลีกรุป จำกัด (มหาชน)

Malee



เปิดรับ ความหลากหลาย ทางรสชาติ



#COCOPRIDE



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Growing well together

Malee's focus is on the health and well-being of everyone and everything around us because we believe that being healthy means that you can be at your best.

And when you're at your best, you can live life to its fullest.

Malee grows together with our consumers, so they stay healthy and happy.

We grow together with our employees, so we can achieve success in our careers and lives.

We grow together with the farmers that grow our food, so they are proud of their work and maintain a great quality of life.

And we grow together with the environment, which needs to flourish and remain with us for generations to come.

As a company, Malee Group must continue to grow and become stronger so that we can in turn take care of more.

Because by "Growing Well Together," we will all prosper together.



MESSAGE FROM CHAIRMAN

THE DOMESTIC AND FOREIGN ECONOMIC CONDITIONS FLUCTUATED TREMENDOUSLY IN THE YEAR 2019. THE INTERNATIONAL TRADE WAR INTENSIFIED OVER THE PAST FEW YEARS, ESPECIALLY BETWEEN THE UNITED STATES AND CHINA AFFECTING THE GLOBAL ECONOMY. IN ADDITION, THAI BAHT GREATLY APPRECIATED FROM THE PAST. THIS WAS ANOTHER YEAR THAT MALEE GROUP PUBLIC COMPANY LIMITED FACED BUSINESS CHALLENGES FROM EXTERNAL RISK FACTORS THAT WERE UNAVOIDABLE. THE COMPANY FORECASTED THAT THESE CIRCUMSTANCES WOULD AFFECT SALES AND WILL NOT RECOVER IN THE NEAR FUTURE, THUS WE MUST ADAPT OUR STRATEGIES TO RESPOND TO THESE SITUATIONS EFFECTIVELY AND IN A TIMELY MANNER.

In 2019, the Board of Directors and executive management set a goal to accelerate plans that focus on drastic improvements to the internal operating procedures so that they are more efficient in order to create stability and sustainability in the long-term. Even though our revenues decreased, the Company was able to take control and immensely reduced costs and expenses in all areas. We were able to put these plans into actions which enabled this year's operations to be more efficient. Even though the operating performance for the year 2019 was still negative, it was much less negative than the previous year and started to show signs of positive recovery.

Good governance is the core to our Company's principles. The Board of Directors and executive management are aware of the responsibility of good corporate governance for the benefit of shareholders, stakeholders and society. In the previous year, the Company achieved a 5 Star CG Scoring of the Corporate Governance at an excellent level. This is the highest level award from the National Corporate Governance Committee and the Thai Institute of Directors Association (IOD). This is considered to be an important award that reflects the management system, corporate governance, and the ability of executive management and employees.

In the coming years, the Board of Directors and executive management will continue to focus on monitoring situations closely and adapt to change. The Company continuously reviews the goals and strategic plans to make them suitable with the environment and changing trends so that the Company can recover quickly. When the Company is more efficient and the sales begins to increase again, the Company is confident that the business will grow to become even stronger than before. In addition, this implemented plan is consistent with the long-term goals which will enable the Company to grow steadily and sustainably in the future.

Finally, on behalf of the Board of Directors, executives and employees, I would like to express my gratitude to the shareholders, business alliances, trade partners, consumers, as well as the relevant parties and everyone who continually contributes to the operations of the Company. Please be assured that the Company is committed to operate and push the

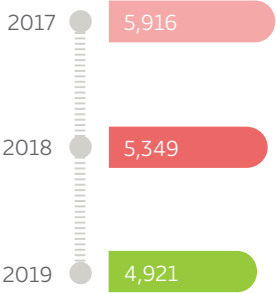


business toward continuous progress with prudence under the good corporate governance principles, transparency and anti-corruption in all forms as well as corporate social and environmental responsibility in order to continually grow well together with all of the Company's stakeholders.

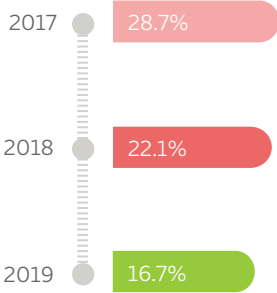
Mrs. Chintana Boonyarat
Chairman
Malee Group Public Company Limited

FINANCIAL HIGHLIGHTS

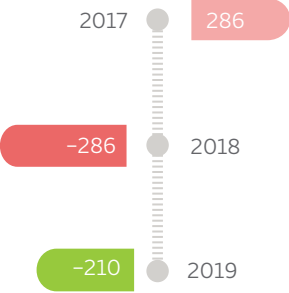
SALES REVENUE (THB MILLION)



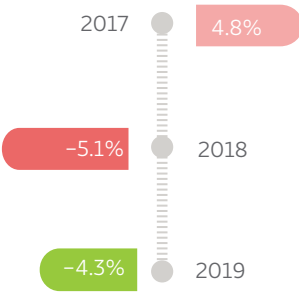
GROSS PROFIT MARGIN (%)



NET PROFIT (THB MILLION)



NET PROFIT MARGIN (%)



SALES BY GEOGRAPHY (unit : THB Million)

| | 2017 | % | 2018 | % | 2019 | % |
|----------------|-------|------|-------|------|-------|------|
| Domestic Sales | 3,781 | 64% | 3,781 | 64% | 3,038 | 62% |
| Export Sales | 2,135 | 36% | 2,135 | 36% | 1,883 | 38% |
| Total Sales | 5,916 | 100% | 5,916 | 100% | 4,921 | 100% |

| FINANCIAL HIGHLIGHTS (MILLION BAHT) | 2017 | 2018 | 2019 |
|---|-------|-------|-------|
| Net Sales | 5,916 | 5,339 | 4,921 |
| Cost of Sales | 4,216 | 4,185 | 4,101 |
| Gross Profit | 1,700 | 1,154 | 820 |
| SG&A | 1,396 | 1,521 | 1,084 |
| EBITDA | 535 | 87 | 36 |
| Depreciation&Amortization | 181 | 216 | 245 |
| EBIT | 347 | -317 | -209 |
| Net Profit (Loss) | 286 | -286 | -210 |
| EPS (Baht) | 1.02 | -1.04 | -0.76 |
| Total Assets | 4,390 | 4,668 | 4,187 |
| Total Liabilities | 2,778 | 3,508 | 3,203 |
| Issued and Fully paid-up Capital | 140 | 140 | 140 |
| Equity Attributable to Owners of the Parent | 1,612 | 1,160 | 885 |
| Dividend per Share (Baht) | 0.55 | 0.00 | 0.00 |

| LIQUIDITY RATIOS | 2017 | 2018 | 2019 |
|-------------------|------|------|------|
| Current Ratio (x) | 0.91 | 0.72 | 0.64 |
| Quick Ratio (x) | 0.46 | 0.38 | 0.42 |

| PROFITABILITY RATIOS | 2017 | 2018 | 2019 |
|-------------------------|------|-------|-------|
| Gross Profit Margin (%) | 28.7 | 21.6 | 16.7 |
| EBIT Margin (%) | 5.9 | -5.9 | -4.2 |
| Net Profit Margin (%) | 4.8 | -5.3 | -4.2 |
| ROA(%) | 8.8 | -7.0 | -4.7 |
| ROE (%) | 17.9 | -20.5 | -21.7 |

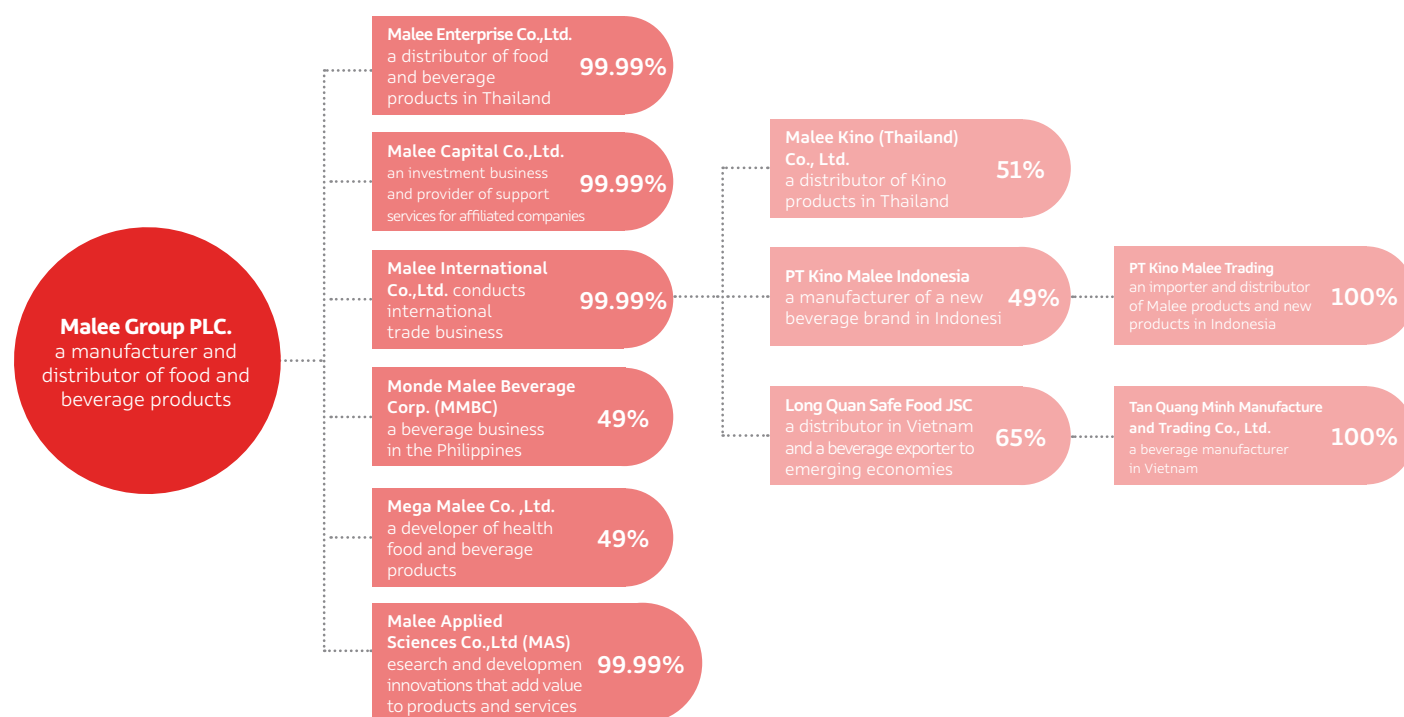
| LEVERAGE RATIOS | 2017 | 2018 | 2019 |
|-----------------|------|------|------|
| D/E (x) | 1.72 | 3.03 | 3.62 |
| IBD/E (x) | 1.13 | 2.08 | 2.24 |

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GENERAL INFORMATION AND OTHER KEY INFORMATION AS OF DECEMBER 31, 2018
STRUCTURE OF MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



Malee Group Public Company Limited

| | |
|--------------------------------|--|
| Registration Number | 0107535000079 |
| Address | No. 401/1 Moo 8 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130 |
| Telephone | +66(2) 080 7899 |
| Fax | +66(2) 080 7800 |
| Website | http://www.malee.co.th |
| Factory Address | 26/1 Moo 5, Sampran Road, Yaicha, Sampran, Nakornphathom 73110 |
| Business | Manufacturer and Distributor of Food and Beverage Products |
| Number of Shares and Par Value | 280,000,000 ordinary shares,, Par Value of 0.50 Baht per share |
| Contact Person | Ms. Naharuthai Chuachalad Tel. +66(2) 080 7899 ext 1136 E-mail: naharuthai_chu@malee.co.th |

SUBSIDIARIES AND ASSOCIATED COMPANIES

Malee Enterprise Company Limited

| | |
|--------------------------------------|---|
| Registration Number | 1105535109621 |
| Address | 401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand |
| Telephone | +66(2) 080 7899 |
| Fax | +66(2) 080 7800 |
| Website | http://www.malee.co.th |
| Business | Food and Beverage Distributor in Thailand |
| Number and Type of Shares Issued | 10,000,000 ordinary shares,, Par Value of 10 Baht per share |
| Number of shares held by the Company | 9,998,800 (99.99%) |

Malee International Company Limited

| | |
|-----------------------------------|---|
| Registration Number | 0135556014948 |
| Address | 401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand |
| Telephone | +66(2) 080 7899 |
| Fax | +66(2) 080 7800 |
| Business | Conducts an International Trade Business |
| Number and Type of Shares Issued | 400,000 ordinary shares with a par value of 100 Baht per share |
| No. of shares held by the Company | 399,998 shares (99.99%) |

Monde Malee Beverage Corporation

| | |
|-----------------------------------|--|
| Registration Number | 0520960154 |
| Address | NO.9 Sheriden St., Mandaluyong City 550, Metro Manila, Philippines |
| Telephone | +66(3) 754 2100 +66(3) 810 9207 |
| Business | Beverages business in Philippines |
| Number and Type of Shares Issued | 1,500,000 ordinary shares with a par value of 200 Pesos per share |
| No. of shares held by the Company | 734,998 shares (49%) |

Mega Malee Company Limited

| | |
|-----------------------------------|--|
| Registration Number | 0115559023832 |
| Address | No 384 Moo 4 Soi 6 Phatthana 3 Rd., Bangpoo Industrial Estate, Sub-district Phreaksa, District Muang, Samut Prakan 10280 |
| Telephone | +66(2) 709 3600-6 |
| Business | Developer of New Businesses for Health Food and Beverage Products |
| Number and Type of Shares Issued | 300,000 ordinary shares with a par value of 100 Baht per share |
| No. of shares held by the Company | Holds 146,999 shares (49%) |

Malee Capital Company Limited

| | |
|-----------------------------------|---|
| Registration Number | 0135551007374 |
| Address | 401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand |
| Telephone | +66(2) 080 7899 |
| Fax | +66(2) 080 7800 |
| Website | http://www.malee.co.th |
| Business | Investment Business and Provider of Support Services for Affiliated Companies |
| Number and Type of Shares Issued | 400,000 ordinary shares with a par value of 100 Baht per share |
| No. of shares held by the Company | 49,999,994 shares (99.99%) |

Malee Applied Sciences Company Limited**Registration Number** 0135560000948**Address** INC2 No 142 Thailand Science Park 8th floor, No. INC2C 801-807 Room Moo 9, Phaholyothin Road, Sub-district Klong 1, District Klong Luang, Pathumtani 12120 Thailand**Telephone** +66(2)1178381-4
Fax**Business** Research and Development Services for Innovations to Add Value to Products and Services**Number and Type of Shares Issued** 100,000 ordinary shares with a par value of 100 Baht per share**Number of Shares Held by the Company** 99,997 shares (99.99%)**Malee Kino (Thailand) Company Limited****Registration Number** 0135561001310**Address** 401/1 Phaholyothin Road, Lam Luk Ka, Pathumthani, 12130, Thailand**Telephone** +66(2) 080 7899
Fax +66(2) 080 7800**Business** Distributor of Kino products in Thailand**Number and Type of Shares Issued** 1,000,000 ordinary shares with a par value of 100 Baht per share**Number of Shares Held by the Company** 509,997 shares (51%)**PT Kino Malee Indonesia Company Limited****Registration Number** 4017120536100522**Address** Kino Office Tower 22nd Floor, Jl. Sutera Boulevard No. 01 Alam Sutera, Kel. Panunggangan Timur, Kec. Pinang, Tangerang City, Banten Province, Indonesia**Telephone** +621-654-5422
Fax +621-654-2526**Business** a manufacturer of a new beverage brand in Indonesia**Number and Type of Shares Issued** 40,000 ordinary shares with a par value of 1,000,000 IDR per share**Number of Shares Held by the Company** 19,600 shares (49%)**PT Kino Malee Trading Company Limited****Registration Number** 812009742565**Address** Kino Office Tower 22nd Floor Jalan Sutera Boulevard No.1, Alam Sutera, Panunggangan Timur, Pinang, Kota Tangerang, Banten**Telephone** +62-21-808 21100
Fax +62 21 80821123**Business** Importer and Distributor of Malee Products and New Products in Indonesia**Number and Type of Shares Issued** 1,500 ordinary shares with a par value of 10,000,000 IDR per share**Number of Shares Held by the Company** a subsidiary of PT Kino Malee Indonesia Company Limited**Long Quan Safe Food JSC****Registration Number** 0314776308**Address** A100 Le Thi Rieng, Thoi An Ward, Distric 12, Ho Chi Minh City, Viet Nam**Telephone** 083 7652979**Business** Distributor in Vietnam and Exporter of beverages in emerging economies**Number and Type of Shares Issued** 2,818,000 ordinary shares with a par value of 10,000 VND per share**Number of Shares Held by the Company** 1,831,700 shares (65%)**Tan Quang Minh Manufacture and Trading Co., Ltd.****Registration Number** 0302395763**Address** Lot C21/I, Street 2F, Vinh Loc Industrial Park, Vinh Loc A Commune, Binh Chanh Dist., Ho Chi Minh City, Viet Nam**Telephone** (84) (28) 3765 2567
Fax (848) 765-2979**Website** www.bidrico.com.vn**Business** Beverage Manufacturer in Vietnam**Number and Type of Shares Issued** 2,818,000 ordinary shares with a par value of 10,000 VND per share**Number of Shares Held by the Company** A subsidiary of A subsidiary of Long Quan Safe Food JSC**OTHER REFERENCES****Registrar of Securities****Thailand Securities Depository Company Limited****Address:** The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindeang, Bangkok 10400**Telephone:** +66(2) 009 9000**Fax:** +66(2) 009 9991**Auditor**Mr. Chaiguth Angsuwithaya
Certified Public Accountant No.3885**A.M.T. & Associates**

Has been auditing the company for 8 years from 2011 to 2018

Address: 491/27 Silom Plaza, Silom Road, Bangrak, Bangkok, 10500.**Telephone:** +66(2) 2234 1676**Legal Counsel****Bunchong and Vidhya Law Office Limited****Address:** 33/35, 33/39-40 Wall Street Tower Building, 9 Floor, Surawong Road, Kweang Suriyawong, Khet Bangrak, Bangkok 10500**Telephone:** +66(2) 236 2334
+66(2) 233 1666 ext. 3910-1**Fax:** +66(2) 236 3916**Email:** bcvidhya@bcvidhya.com**Investor Relations Department****Telephone:** +66(2) 080 7899**E-mail:** ir@malee.co.th

SHAREHOLDING STRUCTURE

TOP 10 MAJOR SHAREHOLDERS AS OF MARCH 13, 2019

| List of Shareholders | Number of Share | % |
|---------------------------------------|-----------------|-------|
| Abico Holdings Public Company Limited | 75,100,000 | 26.82 |
| Mrs. Kamolchat Juangroongruangkit | 48,500,000 | 17.32 |
| Mr. Thaveei Churangkul | 9,788,400 | 3.49 |
| Mrs. Chintana Boonyarat | 8,777,200 | 3.14 |
| Thai NVDR Co., Ltd. | 8,655,505 | 3.09 |
| Mr. Wat Chirathivat | 7,397,900 | 2.64 |
| Mr. Pichai Chirathivat | 6,597,900 | 2.36 |
| Mr. Kobchai Chirathivat | 6,471,900 | 2.31 |
| Mr. Songpol Tachakarin | 4,292,800 | 1.53 |
| Malee Group Public Company Limited | 4,000,000 | 1.43 |

BOARD OF DIRECTORS' SHAREHOLDING AS OF DECEMBER 31, 2019

| Name | As of JAN 1, 2019 | Change during the Year | As of DEC 31, 2019 |
|--------------------------|-------------------|------------------------|--------------------|
| Mrs. Chintana Boonyarat | 3.04% | 0.02% | 3.06% |
| Mr. Pichai Chirathivat | 2.36% | - | 2.36% |
| Ms. Roongchat Boonyarat | 0.40% | - | 0.40% |
| Mr. Opas Lopansri | - | - | - |
| Mr. Kitti Vilaivarangkul | - | - | - |
| Ms. Nattharin Talhthong | - | - | - |
| Ms. Nart Fongsmut | 0.04% | - | 0.04% |
| Mr. Arin Jira | - | - | - |

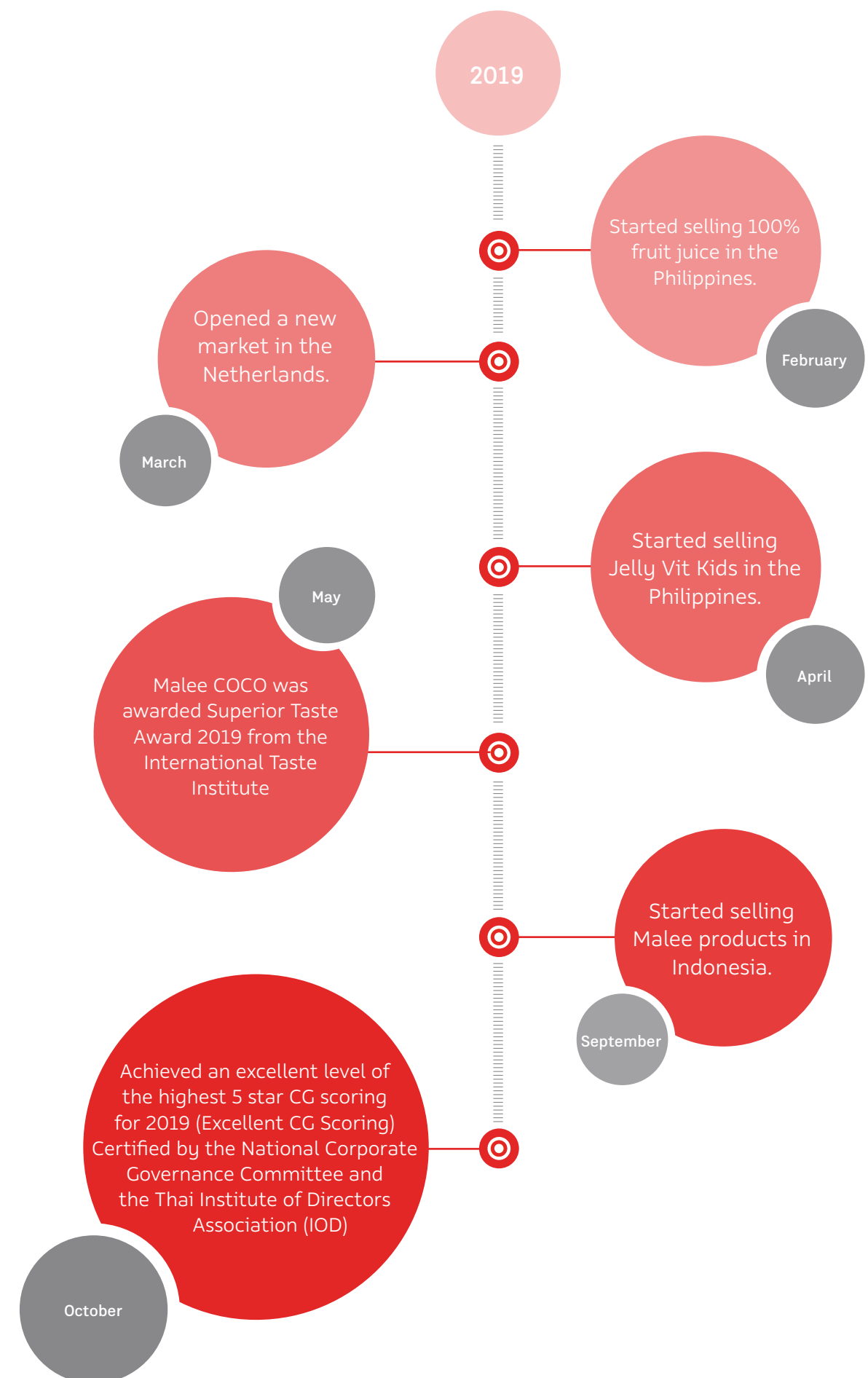
DIVIDEND POLICY

"The Company has the policy to pay dividend at the rate of not less than 50% of the net profit after tax and any reserve as specified by law and the Company from normal operations according to the consolidated financial statement. However, the actual dividend payment will depend on cash flows and investment plans of the Company and its Affiliates, as well as other necessities and appropriateness in the future."

DIVIDEND PAYOUT DURING THE PAST THREE YEARS

| Year | Earnings per share (Bath/share) | Dividend payout ratio (Bath/share) | Dividend payout ratio on earnings(%) |
|------|---------------------------------|------------------------------------|--------------------------------------|
| 2017 | 1.02 | 0.55 | 53.9% |
| 2018 | (1.03) | - | 0% |
| 2019 | (0.76) | - | - |

MAJOR DEVELOPMENTS IN 2019



COMPANY POLICY AND BUSINESS OVERVIEW

BUSINESS OVERVIEW AND DEVELOPMENT

Malee Group Public Company Limited was originally established as Malee Sampran Factory Company Limited on February 2, 1978, with registered capital of Baht 10 million, as a manufacturer and distributor of canned food and canned fruits. After growing over time, the Company expanded its production capacity by building a factory on the area of 30 rais in Sam Phran District, Nakhon Pathom Province in 1981. Later, the Company was listed on the Stock Exchange of Thailand on March 13, 1992. In April 1995, the Company went through a change in its shareholding structure when Abico Holding Public Company Limited acquired 10,000,000 shares, accounted for 40% of the registered capital of Baht 250 million, from the existing shareholders. On May 15, 1998, the Company changed its name to Malee Sampran Public Company Limited. On December 9, 1998, the Company increased its capital from Baht 500 million to Baht 999.99 million, with total paid-up capital of Baht 700 million, in order to support its continually growing business.

Later, on April 9, 2013, the Company decreased its registered capital to Baht 182,000,000 million, with paid-up capital of Baht 140,000,000 million. In 2014, the Company again decreased its registered capital to Baht 140,000,000 million, the amount that was fully paid up. On April 28, 2016, the Company changed its name to Malee Group Public Company Limited, and its seal was also changed accordingly.

As for the factory area, the Company has purchased additional lands around the current factory to support business expansions, with about 3 rais purchased in late 2011 and about 4 rais purchased in late 2014.

Over the past 40 years, the Company has been continually conducting the business based on canned fruits and UHT and pasteurized fruit juices. The Company is currently manufacturing and distributing canned fruits and UHT and pasteurized fruit juices under "Malee" brand; while also distributing and marketing UHT and pasteurized milk, and milk tablets under "Farm Chokchai" brand, as well as other beverages. In addition, the Company also engages in Contract Manufacturing Business (CMG) in which the Company produces beverage products under contracts for domestic and international customers. The main businesses of the Company can be divided into 2 categories as follows:

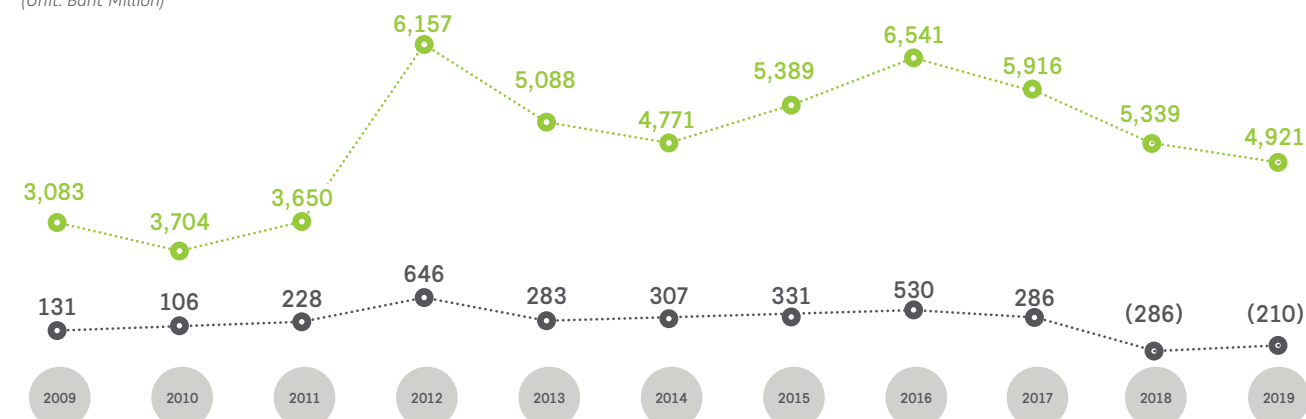
- 1 Branded Business (Brand):** manufactures and distributes beverage products under "Malee" Brand and other brands owned by the Company for domestic and international markets.
- 2 Contract Manufacturing Business (CMG):** A business in which the Company manufactures beverage products for other brand owners, both domestically and internationally.

Total Sales and Net Profit

○ Total sales

● Net Profit

(Unit: Baht Million)



The Company is determined to implement the business plan in order to become the Top Beverage Brand of Choice for consumers, while considering the production standards, quality and safety, as well as consumers' hygiene. Our production process is widely accepted and recognized by both domestic and international institutes, such as BRC (Global Standard for Food Safety), IFS: International Food Standard, HACCP Codex Alimentarius Commission, Halal Certificate, Khosher Certificate, GMP Codex Alimentariou Commision Recommended International Code of Practice General Principles of Food Hygiene, ISO22000, Food Safety System Certification 22000.

Vision And Objectives In Operating Business

Malee is ready and determined to perform its duty in talking care of health and well-being of everyone in the world, because we believe that being healthy is a foundation in living the best and happiest lives. Malee grows along with our consumers, so that they stay healthy and happy. We grow along with our employees, so that we can succeed both in our careers and our lives. We grow along with farmers who produce our food, so that they are proud of their works and maintain great quality of lives. And we grow along with the environment, so that it can endlessly flourish and nourish us for generations to come.

As a company, "Malee Group" will be moving forward so that we can be better at performing our duty in taking care of these people. Because the more we are growing each day, the more we will all prosper together.

Policy and Overview

The Company's Operating Strategy

The Company has a long-term goal to become a "Top Beverage Brand of Choice" in Thailand and also aims to be a "World-Class Health Food and Beverage Manufacturer ". Presently, the domestic and foreign economic conditions are highly volatile, businesses face many uncertainties whether they are intensified trade competition, rapid changes in consumer behavior, trade wars, or even pandemic diseases. However, in order to achieve the set goals, the Company adjusted its operating strategies to deal with the various uncertainties as follows:

- Adjust work processes to be flexible and be ready to adapt to changing situations in a timely manner.
- Diversify risk in regards to products, the management of sales channels, target customers, and expanding international markets.
- Manage the organization so that it is more efficient in order to create stability and sustainability in long-term operations.

The Company's Business Objectives

The Company set common goals within the organization in the following areas:

1 Goals to increase net profits and sales, and develop new products for customers.

The Company reviewed plans and placed more emphasis on net profit rather than increasing sales. The Company understood each distribution channel more and offered products that meet the needs of customers in each channel. The Company did not only focus on short-term sales but offered products that meet customer needs that generate short-term and long-term profits in order to build sustainable business growth in the future. In regards to products, the Company focused on increasing product variety apart from the original 100% fruit juice group of the Company to more premium products and products with a greater mass. This included new products from the implementation of new production technology which helped the Company to be able to expand the customer base and reach new customers groups. In regards to customers, the Company focused on increasing a variety of product groups and customers in Contract Manufacturing (CMG) for new products and new customers. In regards to domestic distribution channels, the Company does not want to rely solely on the distribution channels from modern trade but desires to expand products for mass market or the traditional trade channels more. In regards to the international market, the Company laid a foundation to expand the international market in ASEAN countries that have a population over 630 million people over the past 3 years through collaboration with overseas trade partners by establishing joint venture businesses in the Philippines and Indonesia. This included the acquisition of beverage manufacturers and distributors in Vietnam. The Company wants to bring the strengths of the alliances in each country to strengthen one another in accordance with the Company's regional networking strategy. This will help strengthen the competitiveness in order to create sustainable regional growth in the future. It can be considered that the Company implemented and invested in various projects which were necessary to complete business growth. There will be no additional investments in the upcoming term but the Company will focus on utilizing and creating from various resources which the Company has invested and convert it into profits as soon as possible.

2 To manufacture, research and development, and focus on production process to build knowledge within the Company

The Company is well-aware that its products are consumer products. Therefore, the Company has emphasized on the quality of the products that goes through its production process to ensure that all products are manufacture in accordance with food safety standards. The Company also aims to maintain the existing food safety standards and develop the production process to match with the changes in food safety standards going forward .

In addition, the Company aims to improve production efficiency to reduce production costs and maintain its competitiveness against other domestic and international manufacturers. This will drive the Company to achieve its operating performance as targeted.

3 To improve efficiency and operating performance within the organization

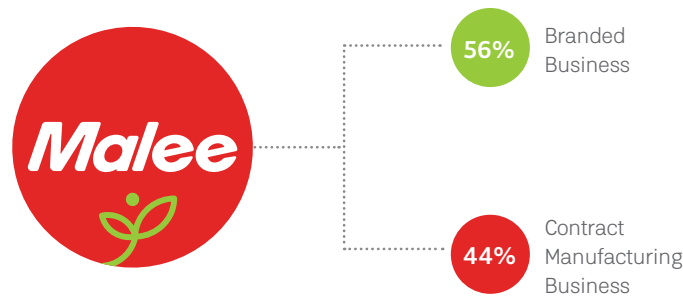
The Company has set the goal to improve and standardize its operating procedures by implementing the SAP system to all departments throughout the Company. A cautious financial plan is also in place to support the Company's business plan. In addition, the Company also focuses on developing capability and mindset of employees, as well as on building corporate culture, in order to bring in sustainable happiness and success at work, since employees are considered as crucial resources for the Company's operations.

4 Corporate Sustainability Goals

The Company is committed to developing products that meet the needs of the economy, society and environment which includes stakeholders. The Company is responsible for products and the process, which is not only limited to regulatory compliance but focuses on reducing the impact that may occur in communities, society and the environment, create a coexistence between the Company and the community. This includes respecting the rights of stakeholders and a commitment to sustainable development of surrounding communities as well as providing continuous training for employees regarding the environment.

SALES STRUCTURE CLASSIFIED BY GEOGRAPHIC SEGMENTATION IS AS FOLLOWS.

| | 2017 | | 2018 | | 2019 | |
|---------------------------|--------------|-----|--------------|-----|--------------|-----|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Total from domestic sales | 3,781 | 64% | 3,616 | 68% | 3,038 | 62% |
| Total from export sales | 2,135 | 36% | 1,723 | 32% | 1,883 | 38% |



PRODUCT CHARACTERISTICS AND BUSINESS OPERATIONS

Malee Group Public Company Limited is a manufacturer and distributor of both domestic and international products which are divided into 2 main business groups.

Branded Business of Malee Group Public Company Limited can be categorized into two groups as follows

Food and Beverage Businesses

The main product groups are UHT and pasteurized vegetable and fruit juices under the brands "Malee", "Malee Food Service", "Malee Tropical", "Malee Coco", and fruit juices that are preserved using pressure instead of high heat (cold pressure processing). This is the latest technology in which the Company has invested in modern machinery under the brand Malee Fruit Fresh. Other beverages brand include "good water", UHT box drinking water, and PET plastic bottles under the brand "Malee", as well as UHT milk and pasteurized milk under the brand "Chockhai Farm" and corn milk "Malee I-Corn".

Canned seasonal fruits (rambutan, rambutan stuffed with pineapple, lychees, longans, water chestnuts, sugar palm, mangoes, etc.), canned sweet corn, canned

pineapple, and canned mixed fruits under the brands "Malee", "First Choice", "Farmer" and "Malee Foods Service".

The Company's products are distributed both domestically and internationally through the Company's distribution channels.

1 Contract Manufacturing Business

The Company develops products based on customers' needs and manufactures products under the customers' brands so that customers can manage the marketing and distribution of products both domestically and internationally.

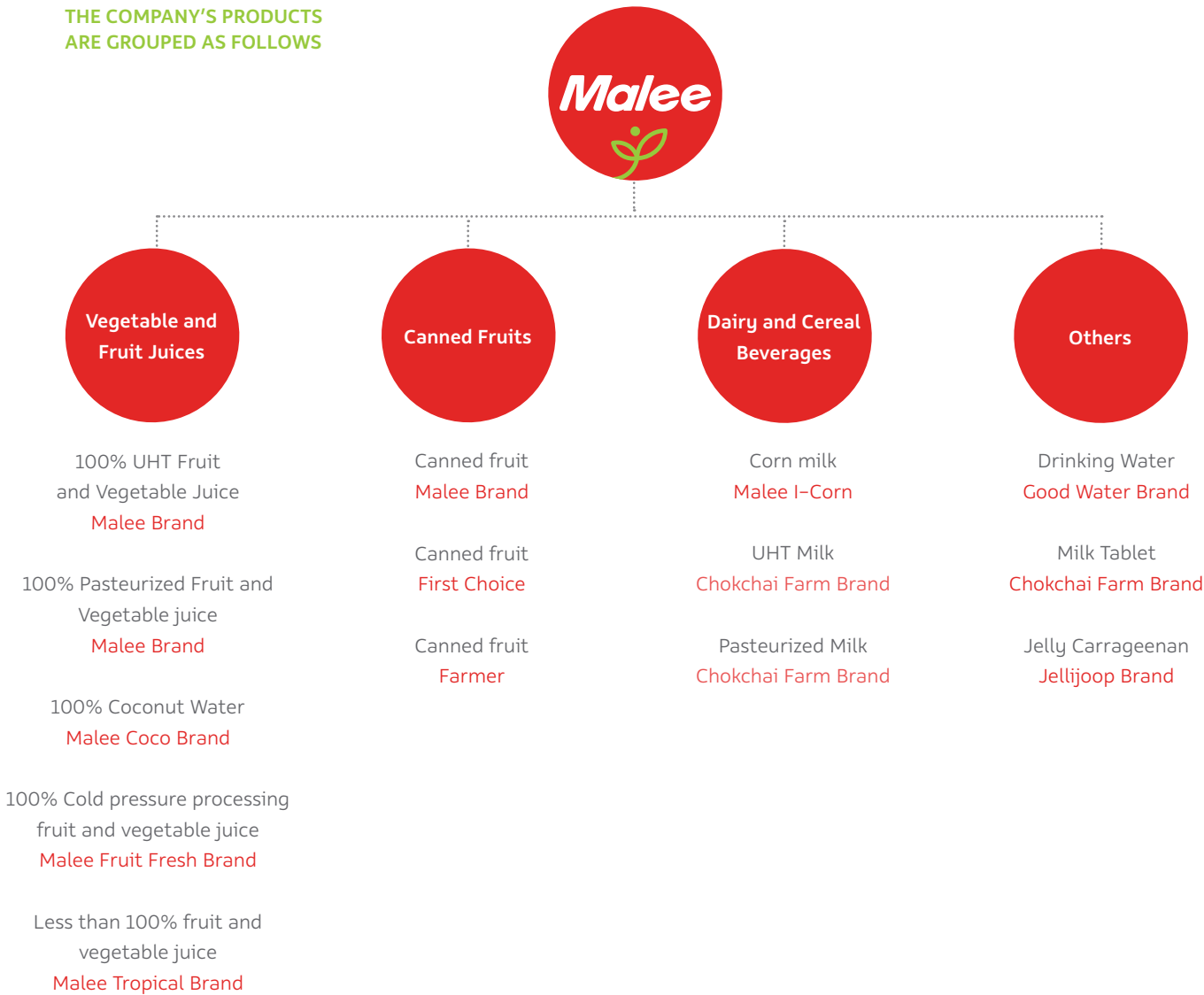
The Company is able to produce products that meet the needs of customers and is also able to control the production quality that meet the standards and criteria of the GMP, HACCP, BRC, IFS, HALAL, US FDA, Q-MARK from the Federation of Thai Industries and SR-MARK from the Ministry of Commerce as well as meeting the operating system standards under the food safety system ISO22000 and FSSC22000. The Company is able to sell products both domestically and internationally because the Company has been certified to the international standards.

Malee Enterprise Company Limited is a subsidiary under Malee Group Public Company Limited which is assigned to oversee the marketing and domestic distribution of all products under the "Malee" brand and other brands that the Company owns. These are distributed by the sales staff of the Company and agents nationwide.

In 2019, the Company adjusted the strategy to be consistent with the economic contraction in order to achieve profitability by focusing on new product development under the main product groups of the Company which were:

- 1) 100% vegetable and fruit juices, which is the Company's main product group. This can be divided into 3 subgroups, which are:
 - 100% Malee UHT vegetable and fruit juice
 - 100% Malee pasteurized vegetable and fruit juice
 - 100% Malee Fruit Fresh (manufactured under the cold pressure processing process)
- 2) 100% coconut water, Malee Coco Brand
- 3) Malee Canned Fruit

THE COMPANY'S PRODUCTS ARE GROUPED AS FOLLOWS



MARKET CONDITIONS AND COMPETITION

Industry Overview and Outlook for 2020

Branded Business

Domestic Business Sales and Marketing

Fruit Juice Business

Due to the ongoing slowdown of the domestic fruit juice market, 2019 was considered a year of change for the Company in which the Company adjusted strategy and the organizational structure to be aligned with market conditions in order to increase the efficiency of management systems and competitiveness with other competitors. The Company chose marketing channel and sales channels that were more suitable for the target consumer groups in each product.

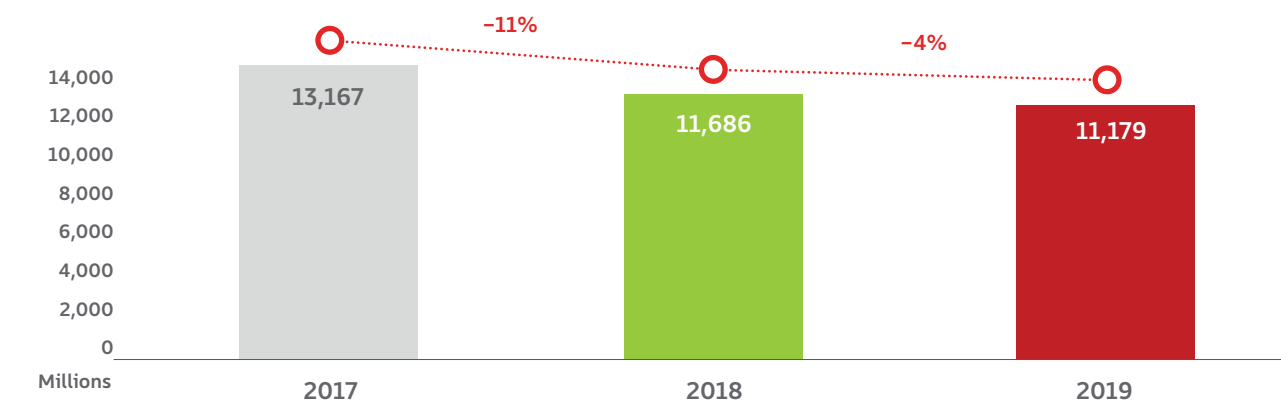
In 2018, the ready to drink fruit juice market was worth over 11 billion Baht or about 277 million liters. This represented a declined growth rate at 11.3% (value) and 11.4% (volume).

The 100% fruit juice market (premium) was worth 3.89 billion Baht or about 56 million liters and had a growth rate of -8.4% (value) and -9.1% (volume), which constituted 35% of the entire

ready to drink fruit juice market. The ready to drink fruit juice market can be divided into subgroups such as UHT, which has a market capitalization of 3.56 billion Baht and pasteurized at 321 million Baht. Due to business adjustment strategies that are in line with the market conditions, the Company increased the profitability of the premium UHT fruit juice segment, although the market continued to show a decrease of 4.3%. The Company also create growth for the premium pasteurized fruit juice market which was up 5.5% compared to 2018. The Malee Fruit Fresh 100% fruit juice, which has 3 flavors (orange, grape, and apple) – is the main product group, which not only helped the sales growth to increase quickly in just one year, but also helped support the image of brand innovation and avoid price wars with competitors in the market. Moreover, the Company also has 2 new flavored coconut water products on the market, which consist of coconut water mixed with lychee juice and coconut water mixed with watermelon under Malee Coco brand in one liter size in order to create excitement for consumers during the summer season, contributing to market leader position of ready to drink coconut water market of Malee Coco. Both flavors of the product received very good responses from consumers which resulted in Malee Coco coconut water growing by 10% when the product was released compared to the same period in 2018.

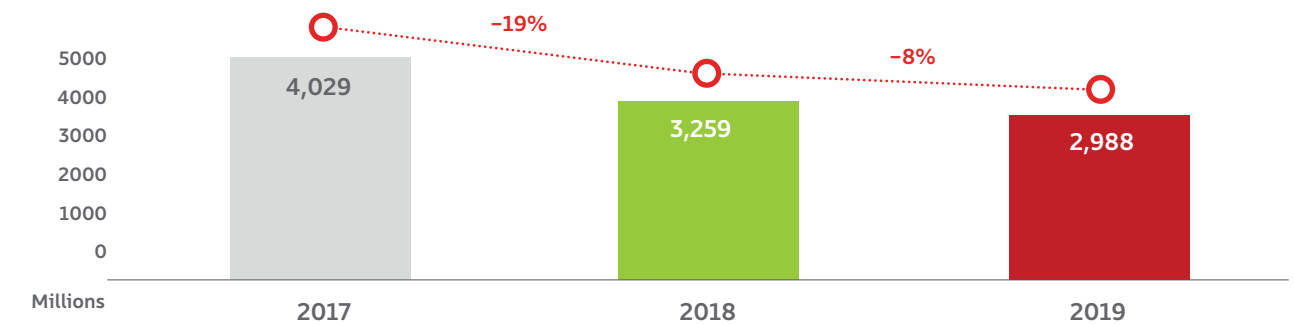
The Value of the Ready to Drink Fruit Juice Market in 2019

YTD Sales Performance (MB)



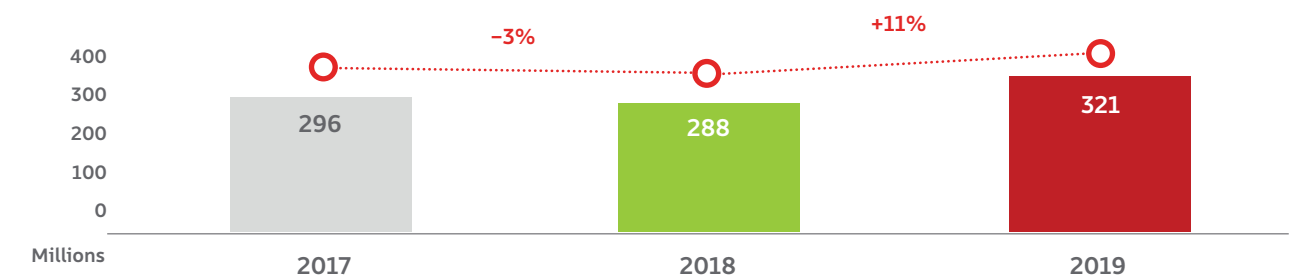
Note: Data for Nielsen as of Dec 2019

Market Value of Premium UHT juice



Note: Data for Nielsen as of Dec 2019

Market Value of Premium Pasteurized Juice



Note: Data for Nielsen as of Dec 2019



100% UHT Vegetable and fruit juice

100% UHT vegetable and fruit juice Malee Brand



100% Pasteurize vegetable and fruit juice Malee Brand



100% 'Malee Coco'



100% Cold Pressure Processing
Fruit Juice 'Malee fruit fresh'



Nectar juice 'Malee Tropical'



Fruit juice 'Malee Food Service Brand'



Canned Fruit

Malee Canned Fruit



First Choice Canned Fruit



Famer Canned Fruit



Dairy and Cereal beverages

Corn milk Malee iCorn



Chockchai Farm Pasteurize and UHT



Chockchai Farm Pasteurize and UHT



Others

Milk tablet Chockchai Farm



Jelijoop



Good Water





Canned fruits business

The Malee canned fruit business is still a business that creates a good brand image for Malee in terms of a unique, delicious taste, quality and production standards, as well as packaging that is different in design. Over the past year, the Company added new product into the canned fruits portfolio, including canned rambutan in low sugar syrup under Malee brand, size 8.25 oz. via distribution channels such as convenience stores and super/hypermarkets all over Thailand. This new product design went through market research regarding the behavior of some consumers who want to consume canned fruit but are concerned about the sweetness and want to limit the amount of sugar intake. As for consumer responses, they were in a very good direction compared to 2018. In addition, this can create a trend for Malee canned fruit to have a new image that is contemporary, spurs recognition and product purchases through marketing communication campaign with the theme "Lonely Rambutan" during the 3rd quarter.

Dairy Business

According to Nielsen Cross Category data as of December 2019, the milk market experienced a slight increase of 1.4% compared to 2018. This is a good sign for this product group and was partly due to the support of the government sector that allowed Thai people, especially youth, to drink more milk, but the market is still very competitive, both from domestic companies and multinational companies. This is still the main obstacle to the growth of the Company's dairy products under the Chokchai Farm brand. However, due to the uniqueness and advantages of the real fresh milk taste from Chokchai Farm, especially pasteurized milk in 2019, the product continued to generate income for the Company as well as business partners who are Thai farmers that the Company continually makes a commitment to support and help.

International Business Sales and Marketing



The Company continually gives importance to international business in order to expand the market and diversify risk outside of Thailand. This is supervised by Malee International Company Limited which is a subsidiary of the Company. The Company has a 99.99% stake to oversee international business, whether they are the Company's branded products or joint venture businesses in the Philippines and Indonesia. These are countries with large populations and difficulty in distributing products. The Company continues to focus on the growth in ASEAN countries and neighboring countries such as Cambodia, Myanmar, Laos and East Asia which includes China, South Korea, and Hong Kong, and also developing customer bases in new markets in European countries and America.

Major Events in 2019

- 1 Chokchai Farm UHT milk sales in Cambodia and Myanmar grew significantly. The Company launched a new TV advertisement for Chokchai UHT milk in order to increase and reinforce the leadership of the UHT ready to drink milk market.
- 2 Malee Coco Coconut Water received the Superior Taste Award 2019 from the International Taste Institute in Brussels in May 2019. The Company's coconut water sales grow steadily every year. Since consumers turn more to online purchases, the Company has focused on e-commerce, resulting in substantial online sales growth. The Company has also directly collaborated with some major online traders to create closer cooperation and stable growth rate.
- 3 Malee-Trio Orange Juice, 1000 ml size, was chosen as an ingredient to make a special beverage in the spring of 2020 as a menu item of a major restaurant network. The Company will export the product to those customers through distributors in all ASEAN countries.
- 4 Due to rapid and continuous online trade, the Company expanded distribution through online sales. As a result, the online sales had a tremendous growth rate.

- 5 The Company released a new product, Jellijoop, 125 ml size, at Thaifex 2019. The product received a lot of interest from customers and convenience stores abroad. The product began being delivered to distributors in neighboring countries in the 4th quarter of 2019 and the Company plans to export the product to East Asian countries in the first quarter of 2020. The Company attended trade shows in Japan and Germany. This received a good response from leading supermarkets in Japan. The Company began selling Malee fruit juices in the third quarter of 2019 onwards and also appointed 3 distributors of fruit and coconut juices in Europe and Australia.

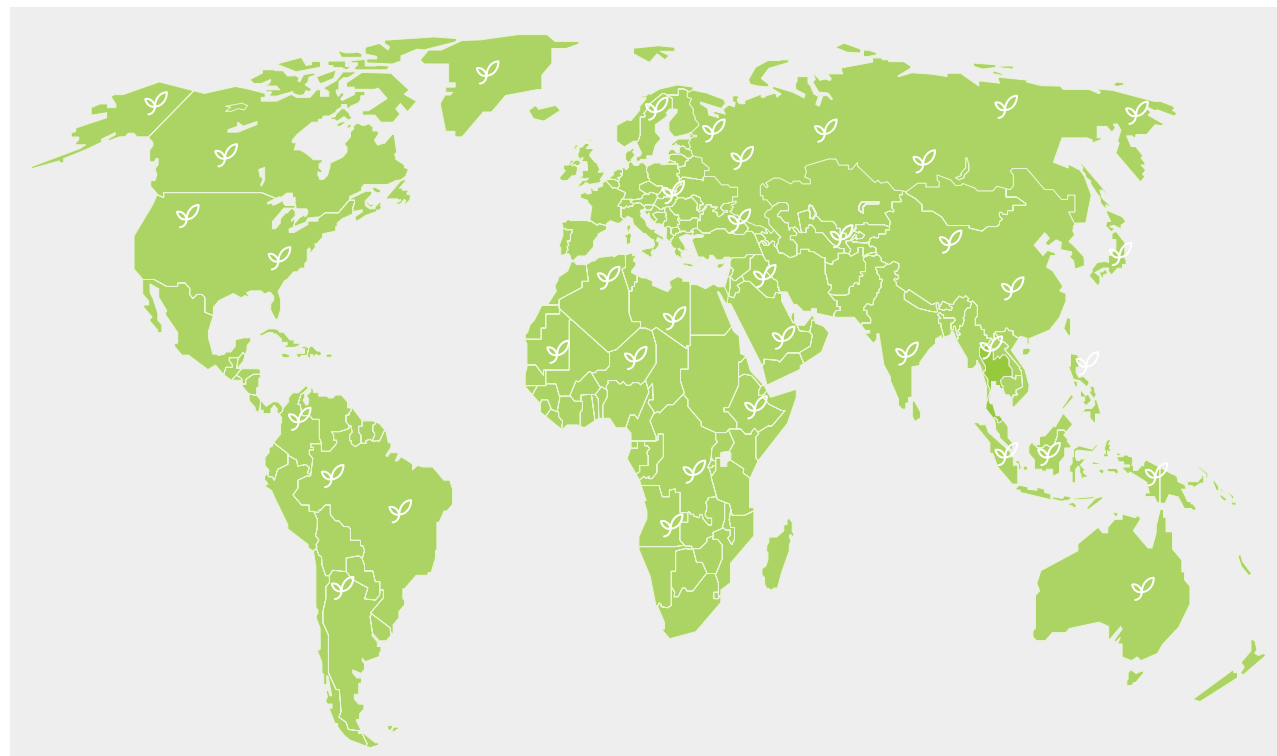
In 2019, the world economy was still volatile. The strength of the Baht and the protracted trade war between the United States and China were important factors that affected foreign businesses. The Company is still confident that the growth can expand through close cooperation with the main customers in order to increase distribution channels and promote sales. This includes the development of new markets in order to create continuous growth.

Joint Venture Business in the Philippines

After the government imposed a sugar tax in 2018, the value of the beverage market decreased considerably in 2018, but in 2019, various businesses began to recover. This can be seen from the main markets that began to grow such as food, beverages, personal care or household care. Consumers began to adjust to higher priced products but are still careful in their spending by increasing the basket size to get volume discounts but reducing the frequency of shopping. Beverages in categories that are not taxed for sugar continue to have continuous growth. This includes drinking water, ready to drink milk, ready to drink yogurt or soy milk, etc. In terms of consumer behavior, consumers started looking for healthier products which caused health beverages to grow well.

New Products in 2019

- 1 Jelly Vit Kids jelly drinks are available in 3 flavors, orange, grape and apple. They are mixed with Immunity Boosters, Vitamin C and zinc. This was done to strengthen the brand and expand the market to young children which is a market with high growth potential by focusing on the selling points for Jelly Vit 2in1 Jelly + Juice Drink, a jelly drink with antioxidants. After Jelly Vit Kids were released at 53 doors of Modern Trade, the products were well received which accelerated the expansion of distribution channels to approximately 280 branches at the end of 2019. The Company plans to continuously expand distribution channels in 2020 in order to maintain the momentum of growth and make it accessible to consumers. The Company focuses on main channels such as supermarkets, schools, and wholesale departments which are channels that correspond with the target consumer groups. This includes mothers with young children.
- 2 Malee 100% UHT vegetable and fruit juices are available in 4 flavors and 2 sizes. The 1000 ml sizes are distributed to supermarket channels and 250ml for convenience stores. The flavors include:
 - Malee 100% mandarin orange juice with orange pulp
 - Malee 100% apple juice
 - Malee 100% carrot with mixed fruit juice
 - Malee 100% mixed vegetable and fruit juice with broccoli juice



According to the business overview, when the sales in 2018 and 2019 are compared, they grew 50% quantitatively and 52% in value due to the growth in product sales. This was due to the sales promotion program that expanded new consumer bases and new products that were released in 2019.

Joint Ventures in Indonesia

The Company signed a joint venture agreement with PT Kino Indonesia Tbk (KINO) in order to operate in Thailand and Indonesia through a newly established company that operates a joint venture business. This includes:

- 1 **Malee Kino (Thailand) Company Limited operates business in Thailand by importing and distributing personal care products from Indonesia.**

The major events in 2019 included:

- The Ellips brand expanded distribution channels in supermarkets such as Tops, Gourmet Market and also expanded into personal and cosmetic stores such as Watsons and Boots.
- Ellips brand focused on online channels and partnered with Shopee, to distribute through Shopee's online stores as well as other online channels such as Konvy and Beauticool.
- The Ellips brand launched the first brand ambassador, Mr. Suphaphong Udomkaewkanjana.

Market conditions and competitive environment in 2019

- Personal care products and the cosmetic market grew continually. In addition, the distribution channels for this group of products, especially new ones, are quite new and responds to information that discusses consumer trends regarding personal care.
- The competition in the hair care product market has increased significantly. Most notably from new product releases of brands by focusing on higher priced products that give a visible result in order to create value and differentiation compared to the same groups in the market.
- In regard to marketing, there was a significant drop in offline media purchases as people are switching to more online media because its effectiveness can be clearly measured and is able to reach customers directly and efficiently.

Trends in 2020

- Personal care and cosmetic products are likely to continue to grow in 2020, but competition from new manufacturers and new brands will increase. Many companies are expanding and focusing on personal care products and cosmetics.
- Online marketing is taking a more active role than offline media because it can reach consumers directly at every step of life. In addition, online distribution channels continue to grow, especially for personal care products and cosmetics which have a higher proportion of online sales compared to other categories.
- Consumers have less brand loyalty which allows new brands to be substituted, especially those with a distinct identity that are aligned with consumer behavior.

2 PT Kino Malee Indonesia and PT Kino Malee Trading operates business in Indonesia

- PT Kino Malee Indonesia: A beverage manufacturer specifically for the Indonesian market. The Company is in the process of studying the market and selecting the best products that have the highest potential.
- PT Kino Malee Trading Company: An importer and distributor of Malee brand products in order to expand the Malee brand product market to consumers in Indonesia. In the middle of 2019, the Company started to import products under the Malee brand, including
 - Malee 100% Mandarin Orange Juice, 200 ml.
 - Malee 100% mandarin orange juice mixed with orange pulp, 1000 ml.
 - Malee 100% apple juice, 200 ml and 1000 ml
 - Malee Coco 100% coconut water, 330 ml and 1000 ml
 - Malee rambutan in syrup, 20 oz.
 - Malee fruit cocktail mixed longan in syrup, 20 oz.

The Indonesian market is still a market that has continuous growth potential with a GDP growth of approximately 5%. Consumers still have confidence in the current and future situations. Distribution channels, minimarkets or convenience stores continue to prominently expand branches at more than 10% from the previous year. Consumption in various islands has a good growth rate even though the main contribution still comes from Java Island. Indonesian consumers have a need for good quality, tasty, healthy products at an affordable price.

In 2019, the Company started to distribute Malee brand products in hypermarkets, independent supermarkets, supermarkets that sell imported products, bakeries, fruit stores, and general trade stores that have freezers, etc. This is in accordance with the shopper profile of Malee products. The point of sale of the products is communicated differently from other competitors. Malee is a healthy drink from Thailand, made from natural raw materials with no added sugar. In 2019, the main objective of the brand was to create awareness and agile distribution in the main cities to consumers. The Company must select stores to have regular sales and be consistent with the needs of consumers. Marketing activities operated in 2019 focused on tasting to promote taste tests and giving consumers confidence in the delicious taste of the product. The Company focused on decorative materials for shelves to communicate at the point of sale and focused on sales promotional programs during festivals and joined the basket list during the new year. The overall consumer likes the taste of the product, especially Malee Coco coconut water and Malee rambutan in syrup which has an outstanding flavor and promotes a good Thai identity.

Subsidiary in Vietnam

The Company expanded its business to overseas as an important growth strategy. This was the reason for the 65% acquisition of Long Quan Safe Food Company Limited (LQSF), a parent company of Tan Quang Minh Manufacturer and Trading (TQM), a beverage manufacturer in Vietnam. The above acquisition will help increase the capability of beverage production in order to support the growth in the mass market, both for the branded business and the contract manufacturing business. The Company aims to push LQSF and TQM to be the beverage production base for emerging markets. This enables the Company Group to increase the limit of mass beverage marketing which was not previously in the portfolio as well as helping increase penetration into international markets because LQSF has cost competitiveness and diverse products. When combining the production capacity of LQSF, the entire group will increase its production capacity from 300 million liters to 600 million liters

The Company successfully expanded CMG business for customers in June 2019. Domestic sales regarding the transportation model were adjusted to have better costs than the previous year. The production can be achieved as planned.

Trends and Plans in 2020

- 1) Develop models and CMG processes with domestic and international customers.
- 2) Adjust the management style and domestic sales to match the target groups and have suitable products for each area.
- 3) Change the processes and methods of production planning to be in line and appropriate with the existing machinery.
- 4) Improve good-selling original products that have good sales opportunities so they are adjusted, more modern and more well known.



Contract Manufacturing Business (CMG)

Contract Manufacturing business is regarded as another important service business of the Company. This provides service to develop formulas and procure various raw materials and packaging to produce products as requested by customers. The contract manufacturing business is categorized into 2 types:

- 1) **Full Service Type.** The Company invents formulas and procures raw materials, packaging and manufactures products in accordance with the plan that customers require and delivers them at an agreed delivery point.
- 2) **Partial Service Type.** The customer provides the formula for the product and all the raw material or in part and/or packaging to the Company to manufacture the product in accordance with the plan that customers require and deliver the products at the agreed delivery point.

The Company is well accepted among leading beverage brands, both domestic and international. Currently, the Company provides original equipment manufacturing services to more than 30 large customers in this business. This was due to the expansion of production capacity in manufacturing process in 2018 and the diverse packaging that met the demands of incoming markets. This included the flexibility to adjust the production line to be effective in accordance with the needs of customers.

The Company gives utmost importance to product quality and provides professional customer service. The Company realizes and supports new product development projects and cost reduction projects in order to respond to the needs of customers and create competitiveness for customers as the

Company has always done.

The Company's Manufacturing Plant

The Company has 2 manufacturing plants in 2 countries which are Thailand and Vietnam. The details are as follows:

- 1 The Manufacturing plant in Thailand is located on the address : 26/1, Entrance Road to Sam Phran District, Yai Cha Subdistrict, Sam Phran District, Nakhon Pathom Province, with a total area of 36 rai that produces canned fruit and various beverage products such as canned coffee, fruit juice, vegetable juice, canned beverages, UHT boxes and PET bottles etc. The production capacity is approximately 300 million liters per year.
- 2 Manufacturing Plant in Vietnam is located on the address Lot C21/I, Street 2F, Vinh Loc Industrial Park, Vinh Loc A Commune, Binh Chanh District, Ho Chi Minh City, Viet Nam which produces canned fruit juice, green tea in bottled PET Plastic, and carbonated Plastic bottled beverages, etc. The production capacity

of approximately 300 million liters per year.

The Company's Manufacturing Plant

The Company procures important raw materials from various sources around the world, such as concentrated fruit juice, sugar, milk and packaging. This includes cans, paper boxes and pouch packs. The Company does not rely heavily on one particular raw material supplier. The Company has a policy that the purchasing department is responsible for price comparison from different quality vendors. In addition, the Company procures products from long-standing business alliances.



QUALITY ASSURANCES AND AWARDS

All the standard and awards we have received are our driving force that encourages our employees to maintain high quality standards and be committed to improving their performance to achieve higher success in the future

| Standard/Award | Details |
|---|---|
| BRC British Retail Consortium (Global Standard for Food Safety) Product–Category: 12) Beverages (for PET Bottle) | Certified by Tuv Nord of Germany |
| BRC British Retail Consortium (Global Standard for Food Safety) Product–Category: 7) Dairy, Liquid egg, 11) Low/ high acid in cans/glass, 12) Beverages (for Agro, UHT) | Certified by Tuv Nord of Germany |
| HACCP (Hazard Analysis and Critical Control Points) (Management system as per Codex Alimentarius Commission Guideline Annex to CAC/RCP1–1969, rev.4/2003 | Certified by Tuv Nord of Germany |
| Halal Certificate | Certified by The Central Islamic Committee of Thailand |
| Kosher Certificate | Certified by Thai Kashrut Services Limited, The Jewish Community of Thailand |
| GMP Codex Alimentarius Commission Recommended International Code of Practice General Principles of Food Hygiene, CAC/RCP 1–1969 rev. 4/2003 | Certified by Tuv Nord of Germany |
| ISO 9001: 2015 | Certified by Tuv Nord of Germany |
| ORTHODOX UNION Union of orthodox jewish congregations of America for coconut water product | Certified by Kashrut Services Limited, The Jewish Community of America. |
| Good Laboratory Practice / Department of Industrial Works, | Certified by the Department of Industrial Works, Ministry of Industry, Thailand |
| Certificate in the Program of Industrial Production Process Improvement with Cleaner Technology | Certified by The Indonesian Council of Ulama |
| HALAL Certificate: The products of the Company passed the inspection procedures of food, pharmaceuticals and cosmetics in Halal Food Certification | Certified by The Indonesian Council of Ulama |
| Green Industry Level 2: Green Activities certification, carry out activities that reduced environmental impacts as determined | Certified by the Ministry of Industry |



| Import/Export Business Award | Details |
|---|---|
| Authorized Economic Operator Certification (AEO) | Certified by the Customs Department |
| Innovative Agricultural Product Contest 2020 First place in Innovative Agricultural Product Contest, AGRIPUS AWARD 2019 | Royal trophy from Her Royal Highness Princess Maha Chakri Sirindhorn |
| Good Governance Awards | Details |
| Certified Company of Thailand's Private Sector Collective Action Coalition Against Corruption since May 17, 2018 | Certified as a member of Private Sector Collective Action Coalition Against Corruption |
| Achieved an excellent level of the highest 5 star CG scoring for 2019 (Excellent CG Scoring) | Certified by the National Corporate Governance Committee and the Thai Institute of Directors Association (IOD) |
| Performance Awards | Details |
| Superior Taste Award – Malee Coco – Products have been approved and recognized for a good taste will receive a Superior Taste Award | Superior Taste Award 2019 from the International Taste Institute |
| Gold Award at the Adman Awards and Symposium 2019 – Canned fruit Advertisement for Malee received 3 awards in total: <ul style="list-style-type: none"> • MALEE LONELY RAMBUTAN: Gold / Film – Online Film • MALEE LONELY RAMBUTAN: Bronze / Digital & Social – Campaign Journey Craft • MALEE LONELY RAMBUTAN: Bronze / Direct – Use of Social Platform | Adman Awards and Symposium 2019, the annual advertising award for the Thai creative industry organized by the Advertising Association of Thailand |

มาลี พลไม้กระป๋อง ที่อยากเจอคุณทุกวัน



RISK FACTORS



1 Risk of fluctuation in volume and price of raw materials

Global and Thailand's climates continue to change dramatically, resulting in volatile crops. Farmers are affected and needed to adapt to the changing situation. Some faced yield fluctuations during normal seasons, some had low agricultural productivity and the quality of agricultural products may change. This definitely had a direct impact on the overall price of raw materials.

To manage the risk in advance, the Company works closely to farmers and suppliers worldwide in order to have information regarding advanced purchase order and is able to adapt to the problems. This allows the Company to procure sufficient amount of raw materials at reasonable prices. The Company exerts several methods including finding new sources of raw materials with good quality, booking in advance from various suppliers in different areas and regions to diversify the risks. Risk management on volume of raw materials is currently easier to be done than the past 2-3 years by building up raw materials base in the appropriate areas and spread the areas to diversify the risks from natural disasters and epidemics.

2 Risks from competition, new distribution

Currently, many domestic and international manufacturers are interested in competing in beverages under the framework of the ASEAN Economic Community (AEC). This intensifies the competitive challenges, especially new manufacturers that are able to support small volume production that answers to quick changes of market situations and smaller segments of consumers' tastes. Since the market nowadays is changing rapidly, new products being sold in the market have a shorter life cycle and new products are constantly launched to create excitement and increase sales revenues.

3 Risks from changing behaviors and fast-moving trends of consumers

Quick access to information through online media with no limits causes the behavior and the popularity among consumers to change rapidly. The Company has close communication channels with consumers, learns from and follows trends closely in order to improve, change and develop in various aspects to meet consumers' needs and expectations and to keep up with situations which are an important part of successful business operations.

4 Risks from world economic and political uncertainty

Because the impact of global economic and political instability have affected all countries around the world, especially emerging markets in Asia. This shows that global trading is still weak. Although Thailand's exports have not recovered yet, the Company was still able to maintain a healthy growth in its export business because of its policy to drive the growth of Malee Brand in major countries. In addition, a variety of premium products has met the needs of high-level consumers, a target group with purchasing power, which encourage Malee Brand juices to grow continuously.

5 Risks from Foreign Exchange Rates

The global economic conditions caused the exchange rates to fluctuate considerably. The Company does a natural hedge by offsetting foreign currency derived from export sales to pay for raw materials and packaging materials imported from overseas. Risks from foreign exchange rates are at manageable levels.

6 Risks from incidents and natural disasters

Situations of unrest from terrorism and unexpected natural disasters caused import risk. Therefore, it is vital to estimate the sales volume and establish a reserve inventory system in order to import an adequate amount of products to meet market demand, prevent a shortage of products or emergencies if the products could not be manufactured or imported.

This includes natural disasters (monsoons/flooding), which are more common nowadays than in the past years.

7 Risk from government policy and new laws

The government has a policy to promote and maintain public health through many different approaches. One of the promulgated measures is "Collecting Sweet Tax from Beverage Products" under the EXERCISE ACT 2017, which became effective on September 16, 2017. This measure had a great impact on the beverage industry, the Company included. Most beverage operators adjusted guidelines in order to stimulate purchasing decisions and increase sales by issuing similar strategies in the same direction such as launching new beverages by focusing and using low sugar recipe and reducing the amount of sugar added. These solutions are different from the Company's because its main product is 100% fruit juice that is sweet from nature, thus the sweetness cannot be reduced. Therefore the Company has been directly affected by this policy. In addition to offering more new beverages, the Company still has to initiate different strategies.

At the end of 2018, the excise tax adjustments on fruit juices concentration was intensified. Under the former excise tax, juices containing at least 10% fruit juice were tax-exempt, it has now increased to more than 20% fruit juice. This came into effect in 2019 and is likely to increase even further in the future. There were new laws that strictly controlled the claims on labels. This included all types of media advertisement, even the print media at the point of sale. Originally, media at the point of sale, was able to use messages that stimulated consumption without having to request permission. This resulted in longer work procedures which affected the operating costs.

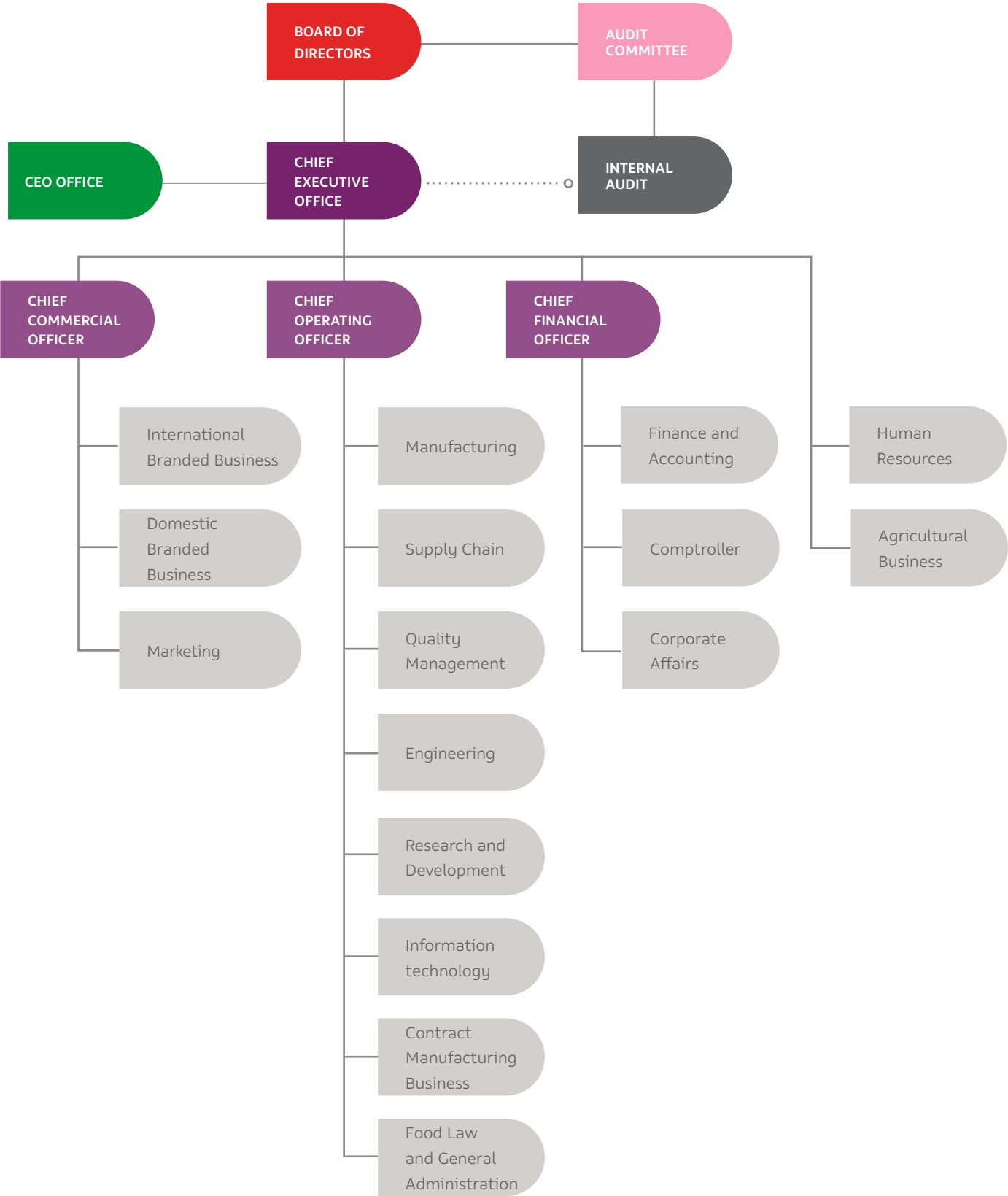


BOARD OF DIRECTORS 2019

| | | | | | | | | | |
|--|--|---|--|--|--|---|--|---|---|
| <p>MISS SUPAVADEE TANTIYANON Director / Independent Director</p>  | <p>MR. PICHAI CHIRATHIVAT Director / Member of Executive committee</p>  | <p>MS. NATTHARIN TALHONG Independent Director / Chairman of Audit Committee / Member of Risk Management Committee / Member of Nominating and Remuneration Committee</p>  | <p>MS. ROONGCHAT BOONYARAT Director / Chairman of the Executive Committee / Chief Executive Officer</p>  | <p>MR. OPAS LOPANSRI Director / Member of Executive committee / Chief Commercial officer</p>  | <p>MR. KITTI VILAIVARANGKUL Director / Member of Executive committee / Member of Risk Management Committee</p>  | <p>MS. NART FONGSMUT Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee / Member of Risk Management Committee</p>  | <p>MRS. CHINTANA BOONYARAT Director / Chairman of the Board of Directors</p>  | <p>MR. ARIN JIRA Independent Director / Chairman of Risk Management Committee / Member of Audit Committee / Member of Nominating and Remuneration Committee</p>  | <p>MR. PAITON EIAMSIRIKULMIT Company Secretary and Vice President Corporate Affairs</p>  |
|--|--|---|--|--|--|---|--|---|---|

ORGANIZATION CHART

MALEE GROUP PUBLIC COMPANY LIMITED



CORPORATE GOVERNANCE



The Company recognizes the importance of business operation based on responsibility and integrity, hence it has emphasized on good corporate governance and management that will help increase its competitiveness and management efficiency. The Company concentrates on sustainable growth which will lead to increasing value of the Company, shareholders, and all stakeholders in a long term. Corporate governance will allow the Company's operations to be transparent and accountable. The Company has set the policy regarding good corporate governance for its directors, executives and employees to adhere to as a guideline to perform their duties.

In regards to the anti-corruption operations, the Company declared its intention to be a Private Sector Collective Action Coalition Against Corruption (CAC). This was organized by the Thai Institute of Directors Association, in cooperation with the Thai Chamber of Commerce, the International Chamber of Commerce, the Thai Listed Companies Association, the Thai Bankers Association, the Federation of Thai Capital Market Organizations, the Federation of Thai Industries, the Federation of Tourism Industries and the board of the CAC who approved the anti-corruption standards of the Company and to become a member of the Private Sector Collective Action Coalition Against Corruption since May 17, 2018. The validity of the certification is a 3-year period.

In 2019, Malee took an assessment survey from the corporate governance survey project of listed companies, and received a "5 Star (Excellent) CG Scoring" of The Corporate Governance Report of Thai Listed Companies from the National Corporate Governance Committee and the Thai Institute of Directors Association (IOD).

Corporate Governance Policy

Over the past years, the Board of Directors approved the corporate governance policy in accordance with the Good Corporate Governance Principles for Listed Companies 2012 from the Office of the Securities and Exchange Commission which has 5 primary principles (CG Principles). The written corporate governance policy was prepared and the Board of Directors reviews the policy and the implementation of such policy on an annual basis.

In 2017, the Office of the Securities and Exchange Commission issued the "Principles of Good Corporate Governance for Registered Companies in 2017" (CG Code 2017) as a replacement for "Good Corporate Governance Principles for Listed Companies in 2012" (CG Principles 2012). The Board of Directors resolved to adjust the corporate governance principles of the Company to be in the same direction with this new CG Code by continuing to focus on 5 principles as practical guidelines and added the principles of the Board

of Directors of the Company as the leaders or the highest responsible person in the organization to create sustainable value for the business to meet the expectations of the business sector, the shareholders and stakeholders, as well as the capital market and society as a whole. The Management Team gradually adjusted the details of the corporate governance of the Company. According to the Meeting of the Board of Directors which was held on November 12, 2019, the Meeting reviewed the implementation of CG Code 2017 and found that the policy and guidelines of the Company are in line with CG Code 2017. However, certain practice guidelines are still being revised to be appropriate and about 80% of these guidelines have been completed.

Supervision of Operations for the Subsidiaries and Joint Venture Companies

The Company has a policy to invest in subsidiaries or associate companies that support the business operations or have synergy with the Company as well as companies that have goals, a vision, and strategic plans that are aligned with the Company's growth in order to enable the Company to increase operating results and profits, and increase competitiveness so that the Company achieves its target of being a leading operator in the main business of the Company.

The Company adheres to the principles of good corporate governance for listed companies. Besides managing and making decisions to invest in various businesses for the Company with prudence, taking into account the benefits that all stakeholders will profit from such business, another factor that the Company values is conducting business in accordance with good corporate governance. The Company established a supervision policy for subsidiaries and associate companies (collectively called, "joint ventures") in order to closely monitor the benefits of the Company's investments so that they are sustainable and create added value and confidence for the Company's stakeholders. The details are as follows:

- 1 The Company appointed representatives to be directors in joint ventures according to the shareholding proportion in each company ("Representative Directors of the Company") or in accordance with the joint venture agreement in order to supervise the joint ventured companies to operate business in accordance with the Company's plans, laws, and the good corporate governance policy, supervised operating policies for joint ventured companies as well as other policies of the Company.

- 2 In the Meeting of the Board of Directors of the joint venture, the Company's representative of each company is able to vote as deemed appropriate regarding matters related to the general business operations of the joint venture for the maximum benefit of the joint venture and the Company. However, there is an exception in the following matters. The Board of Directors and/or the Shareholders' Meeting of the Company shall approve the following matters before the Company's representative make a consideration and casts a vote, as the case maybe. For example:

- Connected transactions
- Acquisitions and disposition
- Amendments to the Memorandum of Association of the joint venture.
- Transaction engagements that may have a significant impact on the financial position and operational performance of the joint venture

- 3 The joint venture must have an internal control system, risk management system, and fraud prevention system. This includes establishing the appropriate monitoring measures for joint ventures.

- 4 The representative director is responsible for overseeing joint ventures, has the duty to prepare an operating performance report of the joint venture to the Meeting of the Board of Directors for acknowledgement on a regular basis.

- 5 The Company has a policy to monitor the management of subsidiaries and associated companies in order to protect the benefit of Company investments. The subsidiaries and associated companies have the duty to submit quarterly operating performances and financial statements that have been reviewed by a certified auditor, as well as the information for the preparation of the joint venture's financial statements to the Company, a consent to allow the Company to use such information in preparing the consolidated financial statements or operating performance report for the quarter or the year, as the case may be. The joint venture is also responsible for reporting any significant issues or financial problems to the Company when they are detected or requested by the Company to conduct an inspection and report. This includes transactions between the said joint venture and any connected persons, the acquisition and disposition of assets or any other item of the said joint venture. This must be done completely and accurately. The practice guidelines for 5 Corporate Governance Principles (CG Principles) are as follows:

The practice guidelines for 5 Corporate Governance Principles (CG Principles) are as follows:

1 Rights of Shareholders

The Company attaches importance to the care and protection of the shareholders' rights. This includes protecting and promoting all shareholders so they receive accurate, complete, sufficient, timely, equal and fair information in order to make decisions in all matters. The basic shareholders' rights include trading and transferring shares, earning profit share from the business in accordance with the laws and regulations of the Company appropriately.

In regards to the Shareholders' Meeting, the Company has a clear policy and intention to support and encourage all shareholders and institutional investors to exercise their rights in meeting attendance and casting votes at the Shareholders' Meeting. The Company facilitates all shareholders to attend the Meeting equally, whether it is a convenient meeting venue or an appropriate time. The Meeting is organized transparently and verifiably, not committing any actions that deprive shareholders' rights and allows shareholders to make inquiries and express their opinions appropriately. The details are as follows:

Before the Date of the Shareholders' Meeting

- 1 The Company has a policy to give shareholders the opportunity to propose agenda items and nominate candidates to be appointed as directors of the Company and/or submit inquiries that need clarification from the proposed agenda item in advance. This is in accordance with the Company's rules that are disseminated on the Company's website so that shareholders are able to get the maximum benefit from the Meeting and the rights and benefits of the shareholders are fully protected. The inquiries can be delivered via electronic mail or fax to the Company Secretary.
- 2 The Company increased channels for shareholders to receive news so they could receive news through the channels of the Stock Exchange of Thailand and the Company's website by posting various information and details on the Company's website. Specifically, in the event that the invitation letter to the Shareholders' Meeting is disseminated prior to the Meeting, no less than 30 days in advance. This enables shareholders to study the information and download the information and meeting agenda quickly and completely.
- 3 The Company delivered a meeting invitation letter which included the Meeting information and proxies in the form of a QR Code. This latest technology is implemented in order to be in compliance with the policy of the Stock Exchange of Thailand regarding the increased efficiency and facilitating quick and easy access to information

of listed companies for investors, reducing the costs of listed companies and reducing the use of resources for long-term sustainability.

- 4 The Company delivered a meeting invitation letter together with any supporting documents for meeting agenda as well as specifying the objectives, reasons and opinions of the Board of Directors for every agenda item in order to give shareholders the opportunity to study the information completely prior to the Meeting of Shareholders for no less than 14 days in advance.
- 5 In the event that the shareholders are unable to attend the meeting by themselves, the Company allows shareholders to appoint an independent director of the Company or any person to attend the Meeting on their behalf by using the Proxy Form that the Company delivered together with the meeting invitation letter. In addition, shareholders can also download the Proxy Form via the company's website, <https://investor.maleegroup.com/en/downloads/shareholders-meeting>.

Date of the Shareholders' Meeting

- 6 The Company selected a suitable meeting venue and time to hold the Shareholders' Meeting that was convenient so that all shareholders could attend the meeting. In 2019, The Annual General Meeting of Shareholders was held on Thursday, April 11, 2019 at 10:00 am in the Cafeteria Room, 1st Floor, Rangsit Office Building, 401/1 Moo 8, Phahonyothin Road, Khu Khot Subdistrict, Lam Luk Ka District, Pathum Thani 12130.
- 7 The Company facilitated shareholders during the meeting and organized quick registration procedures. The barcode system was used for registration to identify the registration number of each shareholder that was printed on the registration form and proxy.
- 8 The Company encouraged independent individuals to be vote counters and inspectors of the vote counting in the Meeting, disclose it to the Meeting for acknowledgment and write the meeting minutes in the report.
- 9 The Company has a policy that directors, senior executives, legal counsel, and the auditor attend the Meeting in order to answer any inquiries and acknowledge the opinions of the shareholders in unison.
- 10 The Company explained the voting procedure and the method to show the voting results before the Meeting was conducted.
- 11 In regards to vote counting method, the Company distributed ballots with a barcode to all shareholders who attended the Meeting. The barcode system was used to make vote counting quick so that the voting results could be announced immediately after considering each agenda item. When the meeting was over, shareholders would be able to verify the details.

- 12 Considered and cast vote in accordance with the agenda items without changing any important information and providing shareholders with the equal right to inspect the Company's operations, make inquiries, give opinions and make recommendations. The relevant committees and executives were in the Meeting to answer any inquiries at the Meeting.

- 13 In the event that many items needed to be approved in the same agenda item, each item would be considered separately so that shareholders could fully exercise their rights with prudence. For example, the agenda item to appoint directors.

- 14 In every agenda item of the Meeting, the Company has a policy to present information to shareholders that is accurate, complete, sufficient, timely, equal and fair. This is done in order to support making decisions in all matters as well as allowing shareholders to fully express their opinions or make inquiries within the appropriate time frame.

- 15 The Company prepared the minutes of the Meeting completely, accurately, and transparently, and also recorded any important questions or comments in the minutes of the Meeting for the shareholders to verify.

Date of the Shareholders' Meeting

- 16 The Company summarized the resolution of the Shareholders' Meeting and disseminated the information via the Stock Exchange of Thailand and the Company's website on the next business day after the Shareholders' Meeting was complete.
- 17 The Company prepared the minutes of the Shareholders' Meeting within 14 days in accordance with the law and submitted them to the Department of Business Development, the Ministry of Commerce, and the Stock Exchange of Thailand. This included the dissemination of the minutes of the Shareholders' Meeting through the communication channels of the Stock Exchange of Thailand and the Company's website, <https://investor.maleegroup.com/en/downloads/shareholders-meeting>, for the shareholders to consider and verify.
- 18 The Company facilitated the shareholders to receive dividends by transferring the money into bank accounts (in the case that a dividend was paid) in order for shareholders to receive their dividends quickly and on time, and to prevent any problems from sending checks to shareholders, whether checks were late, damaged, lost, or shareholders changed addresses.

2 The Equitable Treatment of Shareholders

The Company gives importance to treating every shareholder equally, both in terms of supporting the exercise of rights in various matters, receiving information that is complete, accurate, sufficient, timely, equal and fair in order to make decisions on appropriate profit share from the business according to the laws and regulations of the Company.

- 1 As for the information for the Shareholders' Meeting, the Company has a clear policy and intention to support and provide information for every shareholder. This includes institutional investors being able to exercise their rights in the Meeting and cast vote as needed by posting various information and details on the Company's website. Specifically, in the event that the invitation letter to the Shareholders' Meeting is disseminated prior to the

- 1.1 The Company announced the meeting invitation, meeting agenda, with supporting information and the directors' opinions on each agenda item to the Stock Exchange of Thailand and disseminated it through the Company's website for no less than 30 days prior to the date of the Meeting so that shareholders were able to fully study the information prior to the Meeting.
- 1.2 The Company provided the rules and regulations for the Meeting, the voting procedures and shareholders' right in vote casting for the acknowledgement of shareholders prior to the Meeting.
- 1.3 The Company prepared an invitation letter for the Shareholders' Meeting in both Thai and English and disseminated the information through the channels of the Stock Exchange of Thailand and the Company's website.
- 1.4 The Company announced the results immediately after each agenda item was considered at the Shareholders' Meeting by using a barcode system which was quick and modern.
- 1.5 The Company summarized the resolution of the Shareholders' Meeting and disseminated the resolution via the Stock Exchange of Thailand and the Company's website on the next business day after the Shareholders' Meeting was held.
- 1.6 The Company completed the minutes of the Shareholders' Meeting within 14 days in accordance with the law and disseminated the minutes of the meeting through the communication channels of the Stock Exchange of Thailand and the Company's website, <https://investor.maleegroup.com/en/downloads/shareholders-meeting>, for shareholders to consider and verify.

2 The Protection of Minority Shareholders' Rights

- 2.1 To ensure equal fairness to all shareholders, The Company has a policy to give shareholders the opportunity to propose agenda items and nominate candidates to be appointed as directors of the Company and/or submit inquiries that need clarifying for the proposed agenda item in advance in accordance with the Company's rules that are disseminated on the Company's website. Inquiries can be delivered via electronic mail or fax to the Company Secretary.
- 2.2 The Company gave shareholders the opportunity to exercise the right to elect individual directors with prudence in order to give shareholders the opportunity to select the desired director.
- 2.3 The Company facilitates all shareholders to attend the Meeting equally, whether it is a convenient meeting venue and an appropriate time. The Meeting is organized transparently and verifiably, not committing any actions that deprive shareholder rights and allows shareholders to make inquiries and express their opinions appropriately.
- 2.4 The Company facilitated shareholders who were unable to attend the Meeting by themselves by allowing shareholders to authorize any person or have at least one independent director attend the Meeting and vote on their behalf and notify the names of the said independent director in the meeting invitation letters.
- 2.5 The Company encouraged independent individuals to be vote counters and inspectors of vote counting in the Meeting, disclosed it to the Meeting for acknowledgment and wrote meeting minutes in the report
- 2.6 Considered and cast vote in accordance with the agenda item without changing any important information and providing shareholders with equal rights to inspect the Company's operations, make inquiries, give opinions and make recommendations. The relevant committees and executives were in the meeting to answer any inquiries at the Meeting.

- 3 Established preventive insider trading measures for related persons. This includes the Board of Directors, senior executives, employees in the departments involved with the Company's information (which includes spouses and children that are not of legal age of the said person). Prohibited individuals who are involved in trading Company securities for one month prior to the disclosure of the quarterly and annual financial statements. The Board of Directors and the Management Team of the Company reported the change in securities holding to the Meeting of the Board of Directors.

- 4 Established a conflict of interest policy based on the principle that any decision of personnel at any level must be made for the maximum benefit of the Company. It is also the duty of all personnel to avoid having any financial involvement and/or relationship with third parties which affects the Company to lose benefits, causes conflicts of interest, or hinders efficient operations. The related parties or connected transactions must be informed so that the Company is aware of the relationship or connection in such transactions and such persons must not consider the approval, have no authority to approve the transaction nor any kind of approval for such transactions. For such cases, the principle must be adhered to and must not allow any special terms or specific requirements other than normal.

3 The Role of the Stakeholder

The Company is aware of and realizes the rights of all stakeholders, both internal stakeholders such as shareholders and staff; and external stakeholders such as customers, trade partners and creditors, competitors, and other authorities including surrounding communities. Since stakeholders has been supporting us in competition and generating profit which is considered as long-term value, the Company has set up our policies as follows:

3.1 Shareholders

- 1) The Company is always aware that shareholders are the owners of our business and the Company is committed to creating a long-term added value for them.
- 2) The Company performs its duty with integrity, and makes any decisions based on principles of the profession prudence and fairness to both major and minor shareholders for their best interests as a whole.
- 3) The Company presents reports on the status of the Company, operating results, financial statements, accounting and information which are up-to-date and significant in the format that is easy to understand, consistent and accurate.
- 4) The Company has an internal control and internal audit system and a risk management system that are effective. We treat shareholders with equality.

3.2 Employees

- 1) The Company treats employees with politeness and respects their individuality.
- 2) The Company treats employees with fairness on opportunities, compensations, appointments, transfer and skills development. We also provide reward and punishment to employees with trustworthiness on the basis of their knowledge base, capabilities, and appropriateness.

- 3) The Company provides fair remuneration to employees based on their capabilities and performances, in order to ensure that our remuneration is consistent with the average of the industry. We also provide consistent welfare to employees among group companies.
- 4) The Company has an ongoing plan to improve our employees' potential and provides them with opportunities to reach their progress and stability. Also, the Company maintains good healthy environment and atmosphere at work that are comfortable and safe for their lives and health.

3.3 Customers

- 1) The Company provides service to customers with politeness, enthusiasm, readiness, and sincerity as if they are our own relatives. We are committed to fast, accurate, and reliable service.
- 2) The Company keeps customers' information confidential and does not illegally use such information for our own or our related person's interests.
- 3) The Company provides customers with accurate, adequate, updated information about our services without exaggerated advertising content which may mislead customers about quality or terms of services.
- 4) The Company provides customers with advices on how to use our services effectively for their best interests.

3.4 Trade Partners and Creditors

- 1) The Company treats trade partners and creditors with fairness and honesty, taking account of our relationships and good co-operation based on fair mutual benefit. The Company avoids any situations that may cause conflict of interests.
- 2) The Company sets up a clear and tangible policy on selecting trade partners based on the practices as specified in the Work Instruction. This will create norm, standard, transparency, and fairness.
- 3) The Company does not demand, receive or pay for any illegal interests with trade partners and creditors.
- 4) In case it is found that there is a demand, acceptance or payment for any illegal interests, the incident must be disclosed to trade partners and creditors in order to search for fair and rapid solutions.

- 5) The Company strictly complies with the agreed terms and conditions. Failure to do so means the Company will have to notice the trade partners and creditors in order to search for solutions together.

3.5 Competitors

- 1) The Company does not violate the competitors' confidentiality and acquire their trading secrets by unfaithful methods.
- 2) The Company complies with the fair competitive rules.
- 3) The Company refrains from seeking confidential information of the competitors' through dishonest or inappropriate method.
- 4) The Company does not damage the competitors' images by accusing them in negative way.

3.6 Society and Communities

The Company has a policy to operate in a beneficial way for economy and society, with our commitment to be a good citizen who abides by laws and applicable regulations strictly. We participate in a way that supports and improves quality of life in the society and communities. In addition to that, the Company has set out policies to return profits to society by allocating some budget to support activities that will generate advantages to society, community, and environment opportunely.

3.7 Taking Care of Employees' Safety and Health

The Company has a policy that places importance on maintaining working environment to ensure safety to employees' lives and assets. We strictly adhere to labor law by providing proper arrangement of buildings, locations and working. All employees are required to wear protective equipment whenever they work on the manufacturing sites and machinery-related sites. Furthermore, we also provide employees with training on safety on a regular basis and encourages employees to care for their health. This is a part of corporate Core Values that consists of "Health" and "Live Healthy". The Company provides employees with proper healthcare programs such as annual health check-up, medical reimbursement welfare, and group life insurance.

Personnel

| | |
|---|---------------------|
| Number of Employees as of December 31, 2019 | 1,308 employees |
| Remuneration of Employees in 2019 | 507.76 million Baht |

The Number of Training Hours of the Executives and Employees.

The Board of Directors and executives of the Company recognize the importance of human resource development. In 2019, the Company provided the following training hours to executives and employees:

| | Average Number of Training Hours/Person/Year |
|------------------------------|--|
| Training Hours of Executives | 45 hours |
| Training Hours of Employees | 12 hours |

The Injury Frequency Rate (IFR) As of December 31, 2019, the injury frequency rate was 0.86.

The Injury Frequency Rate (IFR) = (the total number of injuries that resulted in an inability to work x 1,000,000)

3.8 The Environment

The Company has a policy to support different activities that improve occupational health quality and environment, while maintaining safe working condition to ensure health and asset safety of employees. The Company also places importance on educating and training employees regarding environment and effective use of resources. Some of the measures are to reduce the volume of garbage by recycling paper and file holders, to campaign on turning off the lights during lunch break or turning off the lights which are not in use during the day, to use stairs instead of elevators, as well as to maintain and improve the equipment as available for work to ensure the safety and create good working conditions. All these contribute to the efficient development of employees as a whole. The courses that are already trained are as follow:

The Company provided training on the following courses for employees:

- 1) Safety at work
- 2) Safety officers at management level
- 3) Safety officers at the supervisory level
- 4) Basic firefighting
- 5) Basic first aid training
- 6) Occupational Safety Committee and the working environment
- 7) Identifying hazards and risk assessment
- 8) Maintaining and driving a forklift correctly and safely
- 9) Saving costs through safety
- 10) Radiation protection level 1
- 11) Energy management in the industrial sector under the concept of Future Revolution of Energy Efficiency (FREE) 2019
- 12) Implementing an integrated management system according to ISO 14001: 2015 and ISO 45001: 2018

- 13) Inspecting and testing the fire pump systems
- 14) Boiler efficiency for small and medium sized factories
- 15) Lightning protection standard
- 16) Ergonomic standards for industrial work design and computer stations for office work
- 17) Methods and techniques for testing boilers
- 18) Seminar on operating performance report of the Energy Efficiency in Compressed Air System project that use automatic control systems according to Thailand 4.0 policy
- 19) Training course for those responsible for energy in (factory control/building control) annual Brush Up PRE for the Year 2019
- 20) Development of a Healthy Organization
- 21) Seminar for a public relations project regarding groundwater resource management

3.9 Intellectual Property

The Company has set up a clear policy not to undertake any actions that will violate the intellectual property whether copyrights, patents or trademarks, trading secrets and other intellectual properties as stipulated by law. Our example is to use licensed programs. Every software must be examined and installed by Information Technology Department to prevent using any illegal software.

3.10 Respecting the Rule of Law and Human Rights Principles

- 1) The Company opposes any actions that violates human rights in any circumstances.
- 2) The Company respects and treats all stakeholders with fairness based on human dignity; and without discrimination of races, origins, gender, complexion, religion, physical condition, family background. We also support alertness on complying with human rights requirements within the Company.
- 3) The Company opposes any actions that is aimed to exploit from human trafficking and the use of child labor under the age as stipulated by law.
- 4) The Company supports, respects, and protects human rights by examining and ensuring that Company's business with external party is not conducted in a way that supports and encourages violation of human rights. We also refrain from any actions that violates employees' rights which is protected by the law.

3.11 Anti-Corruption and Corruption

The Company places importance on operating with morality based on management with honesty, accountability, transparent, and responsible and cautious for stakeholders, society, and environment

under good governance and corporate code of ethics. The Company has set up the Anti-Corruption Policy as a clear practice for operating and improving to be a sustainable organization. We have a policy that counters against any kinds of corruptions and are committed to making everybody in the organization and relevant persons understand and comply with the anti-corruption practices in any business activities of the Company as follows:

1) Anti-Corruption Policy

Directors, executives, and employees shall not accept any kinds of corruption, directly or indirectly, such as receiving things or gifts, hospitalities, presents, collecting money, donations, and any other benefits for own selves from the persons who are dealing business with the Company. Those persons include employees, trade partners, customers, and any groups of stakeholders both inside and outside the country. The Company provides operational audit according to the Anti-Corruption Policy on a regular basis at least once a year.

- "Corruption" shall mean any kinds of bribes that were proposed, promised, bestowed, pledged, solicited, or received in forms of money/assets or any other benefits that is inappropriate to state officers, state authorities, private organizations, trade partners, customers, and any groups of stakeholders, directly or indirectly, as a motive for them to do or refrain from doing any act to acquire or keep benefits that are unsuitable to the business, except as allowed by laws, rules, notifications, local culture and tradition or commercial practice. The definition of "giving of things or other benefits" means to grant special privileges in the form of money, property, objects, or any other benefit as a remuneration or reward for building a good relationship.
- "Giving assets or any other benefits" shall mean giving privileges in forms of money, assets, things, or any other benefits as guerdon, reward, or a way to build rapport.
- "Bribing" shall mean proposing to give or accept things, gifts, rewards, or any other benefits for own self or from a person with a motive to persuade on exercises that are wrongful, illegal, or against the Company's code of Ethics.

2) Anti-Corruption Policy Implementation Guidelines

Directors, management, and employees of all levels of the Company and its subsidiaries must strictly comply with the Anti-Corruption Policy and Business Ethical Code by refraining from doing any behavioral acts in a manner likely to be considered as a bribe acceptance or bribing to stakeholders in respect of the duty performance on the matter for which he/she is responsible, whether directly or indirectly, in order to illegally acquire interest for personal benefits or benefits of friends, or other related persons. In this respect, the practical implementations must be undertaken with due care on the matter with high risk to give rise to a corruption, as follows:

- The Company's directors, management, and employees shall comply with the Anti-Corruption Policy and Working Ethical Code by absolutely refraining from getting involved with any corrupt practices, whether directly or indirectly.
- The Company's employees and management shall not fail or neglect to respond when coming across any acts in a manner likely to be in line with a corrupt practice relating to the Company by notifying their respective supervisors or responsible persons accordingly and providing co-operations in checking the facts. Should there be any doubts or inquiries, consultations shall be made with the supervisor or a person designated to be responsible for performing duty in monitoring controls over the compliance with the Company's Business Ethical Code through the prescribed channel.
- Shall not have benefits, whether directly or hidden, for own self, family and friends, against the Company, such as any act in a manner to sell goods and services to the Company or to compete with the Company.
- Shall refrain from accepting any business-related hospitalities from people dealing business with the Company or from people who may be beneficial from the employees' performance.
- Shall refrain from soliciting or accepting any illegal benefits, whether directly or indirectly, or any other benefits in order to acquire the business interests including refraining from making use of a benefit from a bribe or corrupt practice in carrying out business operations.

- In a situation under which a stakeholder has an intention to solicit for or suggest to accept any property, an offer or a benefit, whether directly or indirectly, such offer must immediately be denied and such event must be properly noted down in accordance with the fact for reporting onto the respective supervisor immediately in order that such situation is appropriately and fairly handled.
- Shall define clear and straightforward conditions in undertaking transactions and juristic acts with the stakeholders in order to prevent possible occurrence of corrupt practice on the actions and notify the stakeholders that "Malee Group" has a policy not to accept any reciprocation in order to prevent the conflict of interests which may contingently occur and request for co-operations from the stakeholders to strictly comply with such policy.
- Shall co-operate in the work department responsible for internal control and audit in giving information, monitoring follow-ups and solve problems on corruption practices within the organization.
- Shall provide reliable financial reports and the efficient and transparent working system by taking into account potential risks that can occur consequently as a result of the operations by monitoring and checks on a regular basis.
- The Company has set up a channel for whistle blowing on the corruptions by giving the assurance that employees denying a corruption practice or giving information on a corruption relating to the Company will fairly be treated and protected by using the protective measure over the complainants or persons providing co-operations in giving report on the corruptions as prescribed under the Company's Whistle Blowing and Recommendation Policy.
- Whoever committing an act of corruption the violates the Company's Business Ethical Code shall be subject to disciplinary action for punishment under the Company's prescribed Regulation and in accordance with the law if such act should be in violation of the law.
- The Company places importance on the disseminations and promotions on knowledge and understanding on the matter of anti-corruption to other persons who

are compellingly required to perform duties in collaboration with the Company and the Company's stakeholders in order for them to build good consciousness. To ensure the clarity in carrying out actions on the matter of the risk involved in corruption, directors, the management, and employees of all levels of the Company must perform their duties with due care, as follows:

2.1 Gifts and Hospitalities

The Company has no policy in giving away or accepting any kinds of gifts with persons dealing business with the Company and its subsidiaries except the traditional gifts and hospitalities within parameter of reasonable criteria to maintain good relations with the business partners without expecting a result to receive any specific services or considerations in return which are not proper in line with the Business Ethical Code. As such, the followings shall be practiced:

2.1.1) Shall refrain from demanding things or any other benefits from other persons engaging in the Company-related duties or business no matter the action is undertaken for personal benefit or benefit of other persons.

2.1.2) Shall refrain from accepting or giving away things or any other benefits from other persons engaging in the Company-related duties or business except on a traditional occasion or season generally practiced from one person to another provided, however, that the price or value of such things or any other benefits received from each person on each occasion must not be over 3,000 baht except the souvenirs or fresh foods which cannot be durably kept, during the traditional season which is allowed by the Company to enable employees to receive such as calendars, key rings, notebooks, etc., carrying symbols of such particular organization in them within the price of not exceeding 500 baht by assigning the management as the representative to receive such deliverables and has a power to make a consideration on disposing of such souvenirs to the employees. In the case where value of such things or any other benefits is in excess of 3,000 baht, they can be received only in the case of an extreme necessity in order to maintain the individual's good relations which, in this respect, the person receiving the

deliverables shall make report accordingly to his/her respective supervisor and deliver things received to related organization for use in the Company's business within 7 days. Provided, however, that in receiving such things, there must not be any influence whatever over any decision making both on the aspect of duty performance and business which is unfair to the duty performance 2.1.3) Expenditures on the business hospitalities are acceptable, provided that it must be reasonable.

2.2 Sponsorships

Sponsorships shall mean the money reasonably paid to or received from the customers, trade partners and business partners with the purpose for business dealings, helping tightening business relations and being appropriate to the occasion provided that it must be accurate, transparent and substantiated by evidences for accounting entries and that the action, in the name of the Company, must be specified. The disbursement must indicate clear objective and must be carried out through the steps according to the Company's Regulation.

2.3 Charitable Contributions

Charitable Contributions shall mean giving or a receipt of contributions which shall be in a manner of transparency and legally in accordance with the law by being assured that the contributions or sponsorships will not be used to be purportedly cited as a pretext in giving a bribe. The pertinent action must be made in the name of the Company only which can be verified and undertaken according to the steps in accordance with the Company's Regulation. The disbursement of charitable contributions in own name is allowable provided that it must not be related to or create any ambiguous doubt as to such action is undertaken in bad faith with expectation for any benefits

2.4 Political Contributions

Political Contributions shall mean giving of money, assets or other benefit or a place in providing facilitations to political parties, politicians or politically-related persons. Notwithstanding to the foregoing, the Company is an organization strictly adhering to the political neutrality, encouraging the compliances with the laws and supporting the democratic governance and has no policy on providing any assistance to any political party, directly or indirectly. As such, the followings shall be practiced:

- Should exercise one's own right as a good citizen in accordance with the Constitution and other related laws.
- Shall refrain from participating in any activities which may give rise to understanding that the Company has been involved with.
- Shall refrain from using the Company's properties in providing supports to a political party.

2.5 Business Relations and Procurement

Giving or receipt of any bribes shall not be made, directly and/or indirectly, in carrying out all types of business which must be operated through the steps in accordance with the Company's Regulations, with transparency and verifiability. In the process selecting business partners, the worthiness must be taken into account; while quality, price and qualifications of business partners must also be fairly compared.

2.6

Personnel Management Process

The Company provides a process on human resources that concentrates on anti-corruption by compellingly requiring it to initiate actions beginning from the nominations or selections of personnel, performance evaluations, trainings, promotions as well as rewards which all supervisory levels shall be the persons to communicate with the employees for understanding with the recruitment or selection of personnel, performance appraisal, training, promotion, and remuneration. The supervisors at all levels are required to communicate and help employees to understand.

- 3) Dissemination of Anti-Corruption Policy
Anti-corruption is a part of the Company's business operations. It is the responsibility of directors, all levels of employees, and related parties to comply with this Anti-Corruption Policy. Hence, the Company provides disseminations of knowledge and advice for understanding on the anti-corruption to directors, the management, personnel in the organization and related parties. In order to encourage the personnel and related parties to properly perform in compliance with this Anti-Corruption Policy, the Company shall undertake the following actions:

- 3.1 Shall post notifications in the organization at a highly visible place to raise the awareness of the Anti-Corruption Policy.
- 3.2 Shall disseminate the Anti-Corruption Policy through the Company's communication channels such as annual reports, Company's website, e-mail and the Annual Information Disclosure (Form 56-1).
- 3.3 Shall provide trainings on Anti-Corruption Policy for Company's newly appointed directors and new employees.



"Ethics and Anti-Corruption Measures Training" on October 24, 2019. Employees and executives of Malee Group Public Company Limited attended the training at the auditorium of Sampran Witthaya School, Sampran, Nakhon Pathom

- 4) Practical Implementation Steps in Compatibility with the Anti-Corruption Policy
The Company establishes a measure for verifications to ensure the compliance with the Anti-Corruption Policy on a regular basis and reviews the guidelines to ensure the consistency with the Anti-Corruption Policy, standard operating procedures, and related laws.

02 080 7899 to 1422

Click "Report Clues of Corruption" in SmartMalee

Complaint Box for fraudulent behavior

Line Official



- 5) Risk Assessment and Internal Control
The Company has implemented measures on risk assessment on activities that may result in corruption practice and verifications of internal control on a regular basis at least once a year.

- 6) Whistle Blowing Center:

The Company encouraged employees and those involved to report clues of suspicious corruption to the "Chairman of the Audit Committee" for consideration through the following whistle blowing channels

Chairman of the Audit Committee, Malee Group Public Company Limited
No. 401/1 Village No. 8, Phahonyothin Road
Khu Khot Subdistrict, Lam Luk Ka District,
Pathum Thani Province 12130

auditcommittee@malee.co.th

Process after receiving complaints

1. Collect the facts received through the complaint box or e-mail: companysecretary@malee.co.th to "Company Secretary". The complaint recipient (Company Secretary) will collect the facts about the complaint and presented them to the Chairman of the Audit Committee.

2. Process and screen the data. The Chairman of the Audit Committee will process and screen the data to consider appropriate steps and solutions for each issue, maybe by himself/herself or have the assigned agency process and screen the data or assign the investigation committee to proceed with the processing and screening data. The investigation committee will be appointed by the Chief Executive Officer in each occasion.

3. Report the results of the important case to the top management of the Company, subsidiaries or departments depending and/or the Audit Committee and/or the Board of Directors depending on each case, as well as report the results to employees in case the complainant discloses themselves.

7) Confidentiality Protective Measure

The Company provides protective measures with fairness and impartiality over the complainants and informants providing information in good faith. In coping with this matter, the management will be appointed to check and verify as well as monitoring controls over all the incoming whistle blows and that the given information, complaints and evidences of the complainants and informants will be kept confidential.

8) Consequence on the Non-compliance with Anti-Corruption Policy

In the case where the Company's directors, management, and employees do not comply with this Anti-Corruption Policy, they will be subject to the disciplinary actions and shall be penalized in accordance with the prescribed Company's regulations which will be dependable on the facts and the surrounding situation. If the corruption practice should be an offence against the law, the offender shall be liable for punishment under the law as well. At the same time,

the Company has no policy on demotion punishment or adverse punishment on employees denying corruption practice.

4 Disclosure and transparency

The Company places importance on accurate, complete and transparent disclosure of financial information and general information in accordance with the criteria set up by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand; as well as important information which affects securities price of the Company and may influence the decision-making process of investors and stakeholders.

The Company also places importance on financial reports that indicate the financial status and actual operation results of the Company based on correct, complete, punctual and adequate accounting information under the generally accepted accounting standards. The Company will disclose the information about each director, roles and duties of the Board of Directors and subcommittee, in the Annual Report of the Company (Form 56-2) and the Annual Information Disclosure (Form 56-1); as well as the remuneration of directors and senior executives in the Annual Report of the Company (Form 56-2) and the Annual Information Disclosure (Form 56-1).

CODE OF CONDUCT OF MALEE GROUP

Malee Group conducts its business of manufacturing high quality products at reasonable prices with integrity and fairness, as well as aim to build good relations with all stakeholders and take responsibility for environment and communities.

To ensure that our operations are in accordance with the good corporate governance, and to have clear practice guidelines for the management and employees to comply with, MALEE Group has formulated the Code of Conduct as follows:

1 To customers

- 1.1 Meet customers' satisfaction by providing standardized and qualified goods and services
- 1.2 Disclose information about goods and services in full details and provide fair treatment to customers.
- 1.3 Provide warranty for products and services under the appropriate requirements and maintain the reliability and trust among customers.
- 1.4 Arrange procedures and system of contact channel in order that customers communicate with the Company conveniently, without delay.

2 To trading partners and creditors

- 2.1 Conduct business with fairness, refrain from taking advantages. Pay respect and comply with the contractual requirements set forth.
- 2.2 Shall not demand, accept or give any dishonest business gain with trading partners or creditors. Should there be any information of any dishonest benefit gain, the Company, without delay, shall discuss with a trading partner or creditor for fair resolution.

3 To competitors

- 3.1 Follow the rules of good competition
- 3.2 Shall not seek confidential information of competitors by using an illegal approach.
- 3.3 Shall not discredit competitors by defaming or undertake any action without fact and fairness

4 To shareholders

- 4.1 Perform duties with honesty and integrity. Make any decision based on good faith, transparency and being beneficial to the Company and shareholders.
- 4.2 Perform duties using knowledge and skills of management at fullest effort for the benefit of the Company and shareholders.

- 4.3 Safeguard to ensure that none of the Company's assets will be unreasonably depreciated or lost.
- 4.4 Report accurate status and operating results of the Company in full details.
- 4.5 Shall not seek advantages for oneself or relating person by using any Company's information which has not been disclosed to the public.
- 4.6 Shall not disclose confidential information of the Company to an external party, especially competitors.
- 4.7 Shall not undertake any actions in an aspect that may cause conflict of interest with the Company.

*** The Company has prepared Code of Conduct for Investor Relations as a guideline or scope of practice in case where there will be an issue or matter that is difficult to make a judgment.

5 To society

- 5.1 Shall not undertake any action that will causes damages to community, natural resources and environment.
- 5.2 Support an activity that brings about benefits to societies and communities.
- 5.3 Practice or control to ensure the compliance with law and regulations as stipulated by the regulatory agencies.
- 5.4 Focus and place an importance on environmental care, taking into account the safety for the communities that located adjunct to the Company.

6 To employees

- 6.1 Perform duties with responsibility, honesty, devotion and patience for the advancement and stability of the Company and ourselves.
- 6.2 Perform duties with diligence, seek approach to develop and improve work to remain at qualified efficiency always.
- 6.3 Follow policies and articles of association strictly.
- 6.4 Conserve and create to bring about the unity and harmony among employees, as to work and seek for the best way together as a team of robust efficiency.
- 6.5 Use assets of the Company in a manner that will generate maximum benefits to the Company. Maintain assets from depreciation or loss. Not using assets of the Company for one's personal or others' benefit.
- 6.6 Refrain from any action that is in violation of an intellectual property either of the Company or other person. Not using software piracy within the Company system.

- 6.7 Keep trading partners' confidential information, safeguard to ensure that such confidential information will not be leaked or disclosed to an unrelated person which may cause damages to the Company.
- 6.8 Pay attention to and undertake any action to safeguard the safety and good working condition.
- 6.9 Report to a relevant authority and the Management of any wrongful or illegal actions occurred, including the possession or use of drugs within the Company.
- 6.10 Shall not use one's duty or allow other persons to use one's duty to seek benefit for oneself or other persons in a wrongful way.
- 6.11 Refrain from any actions that may cause damages to the image and reputation of the Company.

7 Between employees (supervisors, subordinates and colleagues)

- 7.1 Help each other taking into consideration the benefit to work and working environment as a whole, pay respect to the right of the others.
- 7.2 Supervisors shall conduct oneself as a respectful person among subordinates, comply with the policies and regulations strictly, be a good model for subordinates, supervise subordinates adhering to principles and logics of integrity and morality.
- 7.3 Subordinates shall treat one's supervisors with respect, and treat one's colleagues with helpful and friendly manner, refraining from discrediting one's supervisor and colleagues without fact.
- 7.4 Shall not taking work of the other as one's own.

Code of Conduct for Investor Relations

This Code of Conduct is established in case there is a problem or issue that is difficult for judgment. This guideline is consistent to the Code of Conduct for Investor Relations 2014 and the good corporate governance, as formulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. There are 4 Basic principles of the Code of conduct for Investor Relations as follows:

- 1) Disclose any material information which will be necessary to make an adequate and accurate decision in timely manner.
- 2) Shall not use internal information for one's own and others' benefit.
- 3) Disclose information equally and fairly.
- 4) Perform duties with honesty and integrity based on equality concept, no discrimination.

Basic guidelines for Investor Relations:

1 Disclose any material information which will be necessary to make an adequate and accurate decision in timely manner.

- 1.1 Disclose accurate, adequate information in timely manner, following regulations and rules set forth by the SEC and SET.
- 1.2 Provide information with carefulness, discretion and diligence. Investor Relations may refuse to provide any information, upon consideration that such information is a trade secret customer's or the Company's confidential information, or it is information that cause the Company to lose its competitiveness.
- 1.3 Provide explicit information, with details adequate for understanding, for example, provide information or explanation in case where the Company's operating results are varied over 20% and/or provide a clear MD&A in order that the audience will be able to understand the cause. Investor Relations shall as well provide the explanation of such changes, etc.
- 1.4 In case of a rumor or leakage or information, Investor Relations shall explain the fact to investors, by following requirements of the Stock Exchange of Thailand regarding the disclosure of information of the listed companies.
- 1.5 Shall not disclose false information or creating news with intention to persuade the subscription of shares.
- 1.6 Set up channel for information disclosure to all audience equally.

2 Investor Relations shall not use internal information for one's own and others' benefit.

- 2.1 Comply with the relevant regulations of safeguard of corporate internal information. Investor Relations having access to such internal information must not disclose such information to other persons until it is disclosed to the public as stipulated by the requirement.
- 2.2 Disclose any information which is significant to business operation through SET channel to the public prior to disclosure to a particular group of investors.
- 2.3 Comply with policy of share subscription strictly, not trading shares during silent period and report each transaction to the Office of Company Secretary.
- 2.4 Set up the Quiet Period for appointment or answering the questions relating to operating results of the near future to analysts and investors

to suit and close to the time of the release of the results, at least 2 weeks (14 days) prior to the disclosure of financial statement etc.

- 2.5 In case a meeting of analysts is held for the earnings preview, Investor Relations must complete the meeting prior to the Quiet Period and be cautious at providing any prohibited information.
- 2.6 Advise the executives to be careful when providing and using the Company's internal information.

3 The Investor Relations shall disclose information to all audience equally and fairly.

- 3.1 Offer an opportunity to stakeholders to have access to information equally. The type of activities launched to each group may be varied as considered fit; taking into account the information provided must not result in anyone's losing advantage or opportunity of investment.
- 3.2 Offer an opportunity to stakeholders to contact and make an inquiry as appropriate, without discrimination.
- 3.3 Disclose the details of the special meeting to the public as soon as possible on the Company's website without delay, for example, the information presented at the Opportunity Day.
- 3.4 The Investor Relations may, with due diligence, publish information through social network in order to enable audience to follow up news from point of view of investors. In the event of misunderstanding, and it requires explanation, the Investor Relations shall inform the information through SET system to all parties as to prevent disclosure of information to only particular groups.
- 3.5 Shall not publish negative information or defaming competitors.
- 3.6 Investor Relations shall treat each group of stakeholders as follows:
 - 3.6.1 To investors
 - Treat all investors equally, whether minor or major investors and offer an opportunity to an individual investor to have an identical access to information as equal to the analysts and institutional investors.
 - No discrimination when accepting the One-on-One Meeting with institutional investors or groups of investors. Investor Relations shall formulate explicit rules for setting up an appointment which is fair to all parties.
 - To arrange an activity for investors such as company visit/ site visit and meeting with investors, the Investor Relations shall take into account the benefit of the Company and cost-effectiveness of the resource as a priority.

- 3.6.2 To analysts
 - When arranging an analyst meeting, Investor Relations shall invite and equally offer a chance to analysts from all securities companies to attend.
 - Not giving gifts or rewards to analysts as an incentive or to persuade them to write a promoting research for the Company.
- 3.6.3 To media
 - Provide information and offer an opportunity to the media as considered appropriate and adequate.
 - Shall not make any business conditions with the media, for example, asking the media to advertise or giving positive opinion on the Company.
 - Shall not give any compensation or gifts to the media in order to encourage them to build up the untrue story of the Company.
- 3.6.4 To government agency
 - Cooperate in providing information to the government agency as requested.
 - Shall not give gifts to government officers in return of any special assistance.
- 3.6.5 To corporate personnel
 - Liaise with the executives to meet with stakeholders occasionally.
 - Report to the Board of Directors and executives of the information that will add value to the Company, such as performance of Investor Relations, opinion of analysts and investors, the situation in the capital market, etc.
 - Liaise with the Company and employees for the Code of Conduct for Investor Relations to encourage the compliance among them.
- 3.6.6 Treat other stakeholders such as financial institutions and credit rating companies equally, providing information fairly. The exception is in case of business necessity. For example, to provide internal information as a supplementary document when applying for the loan from financial institutions, the Investor Relations shall proceed the document with carefulness and ask the reception of such document to sign the NDA.

4 The Investor Relations shall perform their duties with honesty and integrity, adhering to the principles of equality, no discrimination.

- 4.1 Refrain from any actions that conflict with the corporate interest. For example, to use the Company's assets for personal benefit.
- 4.2 Not seeking personal benefit from the relation and information received from performing duty as the Investor Relations.
- 4.3 Follow policies and code of conduct of employees set forth by the Company.

In addition, the Company also has an investor relations team. Mr. Paitoon Eiamsirikulmit, Deputy Managing Director of Central Administration, is responsible for communicating with shareholders, whether institutional or retail investors, as

well as institutional analysts, setting up appointments for Company visits, setting up meetings with the Company's senior executives and disseminating corporate information, whether financial information or general information for shareholders, securities analysts and investors. The Company also provides a communication channel for investors through the Company's investor relations website. Over the past year, the Company participated in various activities with the Stock Exchange of Thailand, securities companies, and funds to provide interesting fund facts of the Company for investment purposes. The Company received good responses from both domestic and foreign investors. The Investor Relations Department submitted feedback and questions from the meetings with investors and analysts to the executive management of the Company to be aware of any concerns, comments, and recommendations.

Roadshows

| Date | Events | Securities |
|------------------|--------------------------------------|---|
| January 24, 2019 | J.P. Morgan Thailand Conference 2019 | J.P. Morgan Asia Pacific Securities Company Limited |
| March 12, 2019 | CGS-CIMB Thailand Corporate 2019 | CGS-CIMB Securities (Thailand) Company Limited |
| March 14, 2019 | Opportunity Day 2019 | Stock Exchange of Thailand |

Supervision on the Use of Insider Information

The Company assigned directors and executives to report on their securities trading in order to prevent the use of the Company's insider information for personal trading benefits. The personal liability and punishment measures have been notified for their acknowledgement as well. In this regard, the Company established measures to prevent insider trading of related persons, which means that the Board of Directors, executives and employees in departments related to the Company's information (including spouses and children that are not of legal age of the said person) and prohibited related persons from trading the Company's securities within 30 days prior to the disclosure of the quarterly and annual financial statements. The Board of Directors and the Management Team of the Company reported the changes in securities holdings to the Office of Securities and Exchange Commission of Thailand in accordance with the specified rules and regulations for their acknowledgement.



MANAGEMENT STRUCTURE



Structure of the Board of Directors

The Board of Directors is responsible to shareholders in regards to carrying out the business operations of the Company so that they are in accordance with the goals and guidelines which will generate the maximum benefit for shareholders by taking into account the benefits of all stakeholders. As of December 31, 2019, the Board of Directors consisted of 9 members which was comprised of;

- A. 2 executive directors
- B. 7 non-executive directors, in which 4 of the non-executive directors were independent directors

An executive director refers to a director who participates in the management of the Company full time and receives monthly remuneration in the form of salaries and other remuneration equivalent to salary.

A non-executive director refers to a director who does not hold a management position and is not involved in the day-to-day management of the Company. They may or may not be an independent director.

The Board of Directors is comprised of executive directors and non-executive directors who have duties and responsibilities to carry out the business of the Company so that it is in compliance with the laws, objectives, regulations and resolutions of the Shareholders' Meeting. In regards to performing the duties, the Board of Directors may assign one or more directors or another person to perform any act on behalf of the Board. The Board of Directors must hold a Board Meeting every three (3) months. The directors who have signatory authority, according to the Company certificate, have authority to affix their signatures with the Company seal on any documents, instruments or other important documents that bind the Company. The Meeting of the Shareholders or the Board of Directors is able to make an amendment to change the names of the director who has signatory authority to bind the Company with the Company's seal. The Company prohibits directors from operating businesses of the same nature and competing with the business of the Company or being a partner in an ordinary partnership or a partner with no limited liability in a limited partnership, or being a director of a private company that operates a business of the same nature and is in competition with the business of the Company, unless the Shareholders' Meeting was notified before there was a resolution to appoint a director. The director shall inform the Company without delay when the director is a stakeholder in any contract that the Company has made or holds shares or debentures in the Company and affiliated companies when the number of holding share increased or decreased as well as the specific management responsibilities.

The Article of Association of the Company determined that at every Annual General Meeting, at least one-third of the directors must vacate the position or if the number

of directors cannot be divided equally into three parts, the number closest to one-third of the directors will retire in the first year and the second year after the Company was registered. Lots must be drawn in order to choose directors to vacate the position. In subsequent years, the directors who have held the positions the longest shall retire. However, retiring directors may be re-elected to the position.

In addition, the Board of Directors appointed subcommittees that consist of the Executive Committee, the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee to perform specific duties and propose matters to the Board of Directors to consider or acknowledge. The said subcommittees have the rights and duties that are specified in the authority of each subcommittee. has the rights and duties as specified in the authority and duties of each sub-committee.

Criteria for Consideration and Selection of Director Qualifications

Qualifications of directors

Persons appointed to be on the Board of Directors must have the following qualifications:

- 1 There are no restrictions based on gender.
- 2 A person who does not have a tainted history and does not have any prohibited characteristics under the law and good corporate governance principles.
- 3 A person with vision and is able to look at the overall picture that is aligned with the Company's business strategy.
- 4 A person who relates well to others, is moral and has a suitable personality.
- 5 A person who has business ideas and systematic decisions.
- 6 A person who has knowledge and understanding in finance, commerce, or industry and has experience in business administration.

Criteria for the Selection of Directors

- 1 A person who meets the qualifications of a director.
- 2 The entire Board should have various expertise that is beneficial to the Company's direction and controls the Company's operations.

Diversity Policy in the Structure of the Board

The Board of Directors has a policy regarding the diversity of the structure of the Board of Directors. There are no restrictions related to education, gender, or specialization. Currently, the Board of Directors is comprised of 9 directors, 5 of which are female. The Board of Directors has expertise in operations related to the Company's business, whether finance, accounting, industry, engineering, sales and marketing, medicine, and agribusiness.

The Process for Selecting New Directors

The Board of Directors appointed the Nomination and Remuneration Committee to consider the selection of new directors. The Nomination and Remuneration Committee must consider the qualifications, experience, suitability and ability to perform the work consistent with the Company's business strategy as a Company director. This includes considering the diversity in the structure of the Board when proposing new directors and complies with the Public Limited Act.

| Board of Directors | | |
|--------------------|---------------------------------|--|
| 1 | Mrs. Chintana Boonyarat | Director/Chairman |
| 2 | Ms. Roongchat Boonyarat | Director/Chairman of the Executive Committee/ Chief Executive Officer |
| 3 | Mr. Pichai Chirathivat | Director/Executive Committee |
| 4 | Mr. Kitti Vilaivarangkul | Director/Member of the Executive Committee/ Member of the Risk Management Committee |
| 5 | Mr. Opas Lopansri | Director/Member of the Executive Committee |
| 6 | Ms. Nattharin Talthong | Director/Independent Director/Chairman of Audit Committee/Member of the Risk Management Committee/ Member of the Nomination and Remuneration Committee |
| 7 | Ms. Nart Fongsmut | Director/Independent Director/Chairman of the Nomination and Remuneration Committee/Member of the Audit Committee/Member of the Risk Management Committee |
| 8 | Mr. Arin Jira | Director/Independent Director/Chairman of the Risk Management Committee/Member of the Nomination and Remuneration Committee/Member of the Audit Committee |
| 9 | Ms. Supavadee Tantiyanon | Director/Independent Director |

Director Who has Signatory Authority to Bind the Company

Directors who have signatory authority to sign on behalf of the Company:

1. Mrs. Chintana Boonyarat
2. Mr. Kitti Vilaivarangkul
3. Mr. Pichai Chirathivat
4. Ms. Roongchat Boonyarat
5. Mr. Opas Lopansri

Two of these five directors must jointly affix their signature with the Company's seal.

Definition of Independent Directors

The definition of the Company's independent directors is in accordance with the regulations of the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand.

Organize Board Meetings

The Management team will schedule meeting appointments for the Board of Directors and sub-committees a year in advance. The meeting agenda will be sent to the Board of Directors at least 7 days in advance so there is time to study the agenda information.

- 1) Hold no more than one percent of the total voting shares of the Company, the parent company, subsidiary, associated company, major shareholder, or be a controlling person of the Company. This includes the shareholding of related persons of the independent director.
- 2) Not being nor used to be a director who is involved in management, staff, employees, or advisors who receive a regular salary or a controlling person of the Company, parent company, subsidiary, associated company, same-level subsidiary company, major shareholder, or a controlling person of the Company unless the above characteristics have passed for more than 2 years.
- 3) Not being a person related by blood or by legal registration in the form of father, mother, spouse, sibling or child including the spouse of the children, executive, major shareholder, controlling person and

the candidate to be an executive or the controlling person of the Company and subsidiaries.

- 4) Not having nor has had a business relationship with the Company, parent company, subsidiary, associated company, major shareholder, or a controlling person of the Company in a manner that may obstruct the independent discretion of the independent directors. This includes neither being nor having been a major shareholder or controlling person of a person who has a business relationship with the Company, parent company, subsidiary, associated company, major shareholder, or a controlling person of the Company unless the above characteristics have passed for more than 2 years.
- 5) Not being nor has been an auditor of the Company, parent company, subsidiary, associated company, major shareholder, or a controlling person of the Company. Not being a major shareholder, controlling person, or partner of the audit firm which audits the Company, subsidiaries, associated companies, major shareholder, or controlling person of the Company unless the above characteristics have passed for more than 2 years.
- 6) Not being nor used to be a professional service provider which includes legal advisors or financial advisors that receive service fees of more than 2 million Baht per year from the Company, parent company, subsidiary, associated company, major shareholder, or controlling person of the Company and is not a major shareholder, controlling person, or partner of that professional service provider unless the above characteristics have passed for more than 2 years.
- 7) Not being a director appointed to be a representative of the Company, major shareholder, or shareholder who is related to a major shareholder.
- 8) Not operating a business of the same nature nor being in competition with the business of the Company or subsidiary. Not being partner in a partnership or being a director that participates in management, employees, staff, or consultants who receive a regular salary or hold more than one percent of the total voting shares of other companies that operate a business of the same nature and not being in competition with the business of the Company or subsidiary.
- 9) Not having any characteristics that make them incapable of expressing independent opinions in regards to the Company's business affairs.

Criteria for the Selection of Independent Directors

- 1 A person who meets the qualifications of the committee.
- 2 A director who can perform the duties and express independent opinions, using their own discretion, and be ethical by adhering to the benefits of the organization and not only taking into account the benefits of the major shareholders, minor shareholders, or oneself.
- 3 Has all the complete qualifications as specified by the Stock Exchange of Thailand and adheres to the following practice guidelines:
 - Holds no more than 1% of the total voting shares of the Company, affiliated companies, associated companies, and is not a person with potential conflicts of interest (which includes related parties – under Section 258 of the securities law).
 - Does not participate in management and is not an employee, staff member, or consultant who receives a regular salary or a controlling person of the Company, affiliated companies, associated companies, or a person with possible conflicts of interest unless the person no longer receive any benefits in the aforementioned position for more than 2 years.
 - Does not have a business relationship, nor benefits nor vested interests, whether directly or indirectly, both financially and in the management of the Company, affiliated companies, associated companies, or a person that may have characteristics that cause a lack of independence.
 - Is not a close relative to any executives, major shareholders of the Company, affiliated company, associated company, or a person who may have a conflict and is not appointed as a representative to protect the benefits of the directors or major shareholders.
 - Discloses any relationships that may cause a lack of independence to the Board of Directors.

In addition, the Company set the scope of duties and authority for the Board of Directors, sub-committees, the Chairman of the Board, and the Chief Executive Officer in writing in order to clearly define the scope of operations and responsibilities of each representative. This demonstrated that the Company is transparent, assigned duties and responsibilities clearly and systematically.

The Scope of Duties of the Board of Directors

1 The Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors has a duty to comply with the law, objectives, the Articles of Association of the Company, and the resolutions of the Shareholders' Meeting by performing their duties with honesty and cautiously protecting the benefits of shareholders and stakeholders

- 1) Review and provide guidelines for the Company's strategy, important operating plans, risk policy, annual budget, and business plan. Set performance goals, observe the implementation, and supervise any important investment expenditures which includes joint ventures and business sales.
- 2) Select, set remuneration, assess the performance of executives on a regular basis (or remove if necessary), and review the succession plan to ensure continuity.
- 3) Review the remuneration of directors and executives and ensure that the Board of Directors has a formal and transparent process of nomination of directors. Review the remuneration of directors and executives. Ensure that the Board of Directors has a formal and transparent process for nominating directors.
- 4) Ensure that the accounting system, financial reporting and auditing are reliable. This includes supervising the process to have a sufficient internal control assessment, risk management, financial control, and legal compliance.
- 5) Monitor and manage conflicts of interest of the Management Team, the Board of Directors and shareholders. This includes misusing Company assets and inappropriate actions with connected transactions.
- 6) Propose the appointment of suitable persons to be directors. Ensure that the structure and practices of the existing Board of Directors paved the way for appropriate corporate governance and ethical practices.

7) Directors are able to exercise discretion directly in the Company's business independently from the Management team and any other benefit groups. The directors must devote sufficient time and pay attention to the performance of duties according to their responsibilities.

8) Monitor and ensure that the Company's strategy is implemented in order to achieve the performance according to plan well.

2 The Board of Directors Meeting

The Board of Directors' Meeting is an important duty of the Board of Directors. The Board of Directors must regularly attend the Board Meetings in order to be informed and jointly make decisions on the Company's business operations. There will be at least 4 meetings each year. Each meeting will have clearly defined meeting agenda items. Special meetings may be held to consider matters of urgent importance.

In the resolution of the Meeting of the Board of Directors, a majority vote in the minimum quorum at the time that the Board of Directors resolve a resolution in the meeting must be no less than 2 of the 3 directors. Each director has one vote. Directors with vested interests will not attend the Meeting or they shall waive their voting rights on the matter at the end of the Meeting. The Company Secretary has the responsibility to prepare the meeting minutes and submit them to the Chairman of the Board to consider and affix with a signature in order to be proposed to the Meeting for approval in the first agenda item of the next meeting. In this regard, the directors are able to express their opinions and request amendments to the meeting minutes so that they are as accurate as possible. The meeting minutes approved by the Meeting will be stored systematically as confidential documents and stored as electronic documents in order to conveniently search for references.

Meeting Schedule 2019 @ Malee Group Public Company Limited

| Meeting Time | Audit Committee (10.00-12.00) | Board of Directors (10.00-12.00) | Risk Management (14:00-17:00) | Executive Committee (11:00-12:00) | Management Meeting 13.00-open hrs |
|--------------|-------------------------------|----------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| January | | | | | Friday 18 |
| February | Friday 22 | Tuesday 26 | | | Friday 15 |
| March | | | Friday 22 | | Friday 15 |
| April | | | | | Friday 19 |
| May | Friday 10 | Tuesday 14 | | | Friday 17 |
| June | | | Friday 21 | | Friday 14 |
| July | | | | | Friday 12 |
| August | Friday 9 | Tuesday 13 | | | Friday 16 |
| September | | | Friday 20 | | Friday 13 |
| October | | | | | Friday 18 |
| November | Friday 8 | Tuesday 12 | | | Friday 15 |
| December | | | Friday 20 | | Friday 13 |

3 Meetings of the Non-Executive Directors

In addition, the Company has a policy for non-executive directors and non-executive committees to have a joint meeting at least once a year for the purpose of providing non-executive directors and non-executive committees the opportunity to hold meetings among themselves in order to discuss various issues of interest to the Company's business without executive management or the Management team joining. For example, management strategy, sustainable growth guidelines as well as risk management regarding disruptive business trends. In 2019, non-executive directors held 3 meetings. The first meeting was held on February 26, 2019, the second meeting was held on May 14, 2019 and the third meeting was held on August 13, 2019.

4 Orientation for New Director

In regards to duty performance of the Board of Directors, directors should be aware of the nature of the Company's business. Therefore, in the event that there are changes or there are new directors, the Company will organize orientation for new directors in order to advise the new directors regarding the nature of business and operational guidelines of the Company as a whole. This includes providing important and necessary information for the performance of duties of directors and good corporate governance guidelines. The Company Secretary is the orientation arrangement coordinator.

5 Policy on Limiting the Number of Companies and Terms of Director

The Company has a policy that directors of the Company cannot hold positions in more than 5 listed companies without any exception. Currently, all of the Company's directors hold positions in no more than 5 listed companies. In addition, the Company has a policy that prohibits the Chief Executive Officer from being a director in other companies that operate business of the same or similar nature, except for associated companies and/or subsidiaries and/or affiliated companies to ensure that no conflicts of interest will occur. Independent directors are able to hold a position consecutively for no more than 9 years without exception. The Board of Directors considers that the policy regarding the term of independent directors is appropriate in regards to the continuous performance duties of directors because recruiting suitable persons takes time.

6 Succession Plan

The Company foresees the necessity and importance of having a succession plan. The Company therefore has a succession plan that covers important executive positions by selecting persons who will perform duties of the said executive position, provide training in order to prepare the successor to be able to perform duties in the position in the future. This also ensures that the Company will have executives who are knowledgeable and able to inherit important positions in the future.

7 Support the Company to have Measures and Operations that Fight Against All Forms of Anti-Corruption

To have transparency and continue to have sustainable growth.

Non-Executive Directors that Hold Positions in More than 5 Other Listed Companies

None of the directors holds a position in more than 5 other listed companies.

Recruitment of Directors and Executives

The appointment of the Company's directors shall be made in the Shareholders' Meeting in which a person that holds the position of director of the Company must be qualified and must not have any prohibited characteristics that are specified by law. The Board of Directors must have at least five (5) elected directors at the Shareholders' Meeting in accordance with the following criteria and methods:

- 1) Each shareholder has a vote, one vote per share.
- 2) For the selection of directors, a voting method may be used to select directors individually, one person at a time, or many directors at one time as the Shareholder Meeting deems appropriate. For each resolution, the shareholders must cast all the votes in accordance with clause 1, the votes cannot be divided to any other person.
- 3) The persons that receive the most votes in descending order will be selected as director equal to the required number of directors that should be elected at that time. In the event that the next elected person has an equal number of votes and is more than the number of directors that should be elected at that time, the Chairman of the Meeting shall cast the deciding vote.

In every Annual General Meeting of the Shareholders, if the number of directors cannot be divided into three parts, then the number of directors closed to one-third shall retire. The committee members who vacate office according to this article may be re-elected.

In the event that the position of the director becomes vacant for other reasons, aside from the expiration of the term, the Board of Directors shall select any person who has the qualifications and does not have any prohibited characteristics prescribed by the law regarding public limited companies in the next meeting of the Board, unless the director's remaining term is less than two (2) months. The person who is appointed as a replacement of the director will only serve for the remainder of the term for the director they replaced. The resolution of the Board of Directors must consist of votes of no less than three

quarters (3 in 4) of the remaining number of directors.

The Clear Separation of Duties between the Board of Directors and the Management Team

The Chairman of the Board of Directors is a non-executive director and is not the same person as the Chief Executive Officer. The Chairman of the Board is a leader that plays an important role in making decisions about policies, providing support and advice regarding the business operations to the Management Team without interfering with the work routines which are the responsibility of the Management Team. The duties and responsibilities are clearly determined as follows:

Roles and Responsibilities of the Chairman of the Board of Directors

- 1) Responsible as the leader of the Board of Directors to supervise, monitor and oversee business management of the Executive Committee and other sub-committees in order to achieve the objectives as planned.
- 2) Call for Board meetings and the Meeting of the Shareholders, take part in establishing regulations and the Meeting agenda with the president of the Company.
- 3) Be the Chairman of the Meeting of the Board and in the case of an equal number of votes, the Chairman of the Board of Directors will have an additional vote to be the deciding vote.
- 4) Be the Chairman of the Shareholders' Meeting who has a role in controlling the Meeting so that it is effective and in compliance with the Company's Articles of Association and also supports and allows shareholders to freely express opinions.
- 5) Has a duty to supervise the use of policies and strategic operating guidelines for the Management Team. This includes giving advice and supporting business operations of the Management Team but does not participate in the Company's routine management.

Roles and Responsibilities of the Management Team

- 1) Responsible for managing the business in accordance with the policies, strategic goals, and laws and regulations set by the Board of Directors.
- 2) Report the progress of the operations, strategic plans, and the Company's operating performance. This includes the significant operating performances of the subsidiaries to the Board of Directors on a quarterly basis.

- 3) In matters related to third parties, the Management Team is a representative of the Company. The Management Team may assign any person to perform certain activities on their behalf without violating any rules or regulations set by the Board of Directors.

The Board of Directors Authorized the Management Team to Operate Assigned Business in accordance with the Delegation of Authority Manual. For Example:

- Approve investments in new businesses, joint ventures or any other projects that have the purpose of profit and loss sharing or investing in other businesses, except in the case that the required investment exceeds the credit limit of 10 million Baht, this must be approved by the Board of Directors.
- Disposal of assets that is not normal business trading to third parties (according to the market price) such as land and/or buildings or other assets, except in the case that it requires more than the credit limit of 10 million Baht, this must be approved by the Board of Directors.
- Procure/purchase capital expenditures in accordance with the budget.

Sub-Committee

The Audit Committee

| | |
|-------------------------------|-----------------------------|
| Ms. Nattharin Talthong | Chairman of Audit Committee |
| Ms. Nart Fongsmut | Member of Audit Committee |
| Mr. Arin Jira | Member of Audit Committee |

The Audit Committee consists of 3 independent directors, all of whom have knowledge, understanding and work experience. Ms. Nattharin Talthong, Chairman of the Audit Committee, is knowledgeable, has expertise and experience in business administration, as well as expertise in accounting and finance, and is a qualified person for the Market for Alternative Investment (MAI). The Audit Committee is responsible for reviewing the Company so that it has accurate and sufficient financial reports, internal control systems, and an internal audit system that is suitable and effective.

In 2019, the Audit Committee held 4 meetings.

The Scope of Duties and Responsibilities of the Audit Committee

- 1) Review the quarterly financial statements and the annual financial statements. Collaborate with the auditors and relevant executives to propose them to the Board of Directors. Oversee the Company's financial reports so that they are accurate, complete, sufficient, and reliable.
- 2) Review to ensure that the Company complies with the requirements and the laws on securities and the Stock Exchange of Thailand.

- 3) Consider the disclosure of information which includes connected transactions or transactions that may have a conflict of interest.
- 4) Ensure that the Company has an appropriate and effective internal control system.
- 5) Consider selection/appointment/removal and propose the auditor's remuneration.
- 6) Review the adequacy of the internal control system and continually monitor significant risk management
- 7) Consider the independence of the internal audit department, to approve the appointment/transfer/dismissal of the Head of the Internal Audit Department
- 8) Review the process to prevent the occurrence of corruption by having strict internal control measures that are suitable. The Company is a part of Thai Private Sector Collective Action Coalition Against Corruption (CAC).

The Executive Committee

| | |
|----------------------------------|-------------------------------------|
| Ms. Roongchat Boonyarat | Chairman of the Executive committee |
| Mr. Pichai Chirathivat | Member of the Executive committee |
| Mr. Kittti Vilaivarangkul | Member of the Executive committee |
| Mr. Opas Lopansri | Member of the Executive committee |

The Scope of Duties and Responsibilities of the Executive Committee

- 1) Assist the Board of Directors in management by having strategies and policies to achieve the goals as approved by the Board of Directors.
 - 2) Consider the Company's annual budget before proposing it to the Meeting of the Board of Directors for approval.
 - 3) Prepare and propose strategies, business plans and operations to the Board of Directors for approval.
 - 4) Consider starting new business operations of the Company in order to be in compliance with the Company's policies before proposing them to the Meeting of the Board of Directors for approval.
 - 5) Periodically review the business operations, both normal and non-normal transactions of each business line.
 - 6) Hold a meeting every month to review and comment on the monthly profit and loss report that was prepared by executive management.
- Perform any other duties assigned by the Board of Directors and the Executive Committee deems appropriate.

The Nomination and Remuneration Committee

| | |
|------------------------------|---|
| Ms. Nart Fongsmut | Chairman of the Nomination and Remuneration Committee |
| Ms. Nattarin Talthong | Member of the Nomination and Remuneration Committee |
| Mr. Arin Jira | Member of the Nomination and Remuneration Committee |

The Chairman and members of the Nomination and Remuneration Committee are independent directors of the Company. The entire committee or 100% of the Audit Committee Board are independent directors which is in accordance with the good corporate governance principles and ASEAN CG.

The Scope of Duties of the Nomination and Remuneration Committee

- 1) Consider the selection and screen suitable persons to be directors and propose them to the Board of Directors in order to nominate them to the Shareholders' Meeting for an appointment of the position.
- 2) Consider the selection and screen suitable persons to be the managing director and propose them to the Board of Directors for approval.
- 3) Propose guidelines for determining the remuneration criteria for the Company's executives at the management level.
- 4) Consider and screen the directors' remuneration rate to be proposed to the Board of Directors for approval at the Shareholders' Meeting.
- 5) Propose guidelines for issuing warrants to purchase shares of directors and employees. Propose them to the Company's Board of Directors, shareholders and the SEC for approval.

- 6) Consider the allocation of warrants for directors and employees that have been approved to be directors and employees to be in accordance with the objectives of the project.
- 7) In regards to the meetings of the Nomination and Remuneration Committee, in 2019, the Nomination and Remuneration Committee held 1 meeting.

- 2) Consider business expansion and the operating performance of the Company and its subsidiaries.
- 3) Consider the duties and responsibilities of each committee

The Remuneration Structure for Directors

- 1) Meeting attendance fee per meeting
- 2) Quarterly meeting attendance fee

Compare references from the other businesses of the same industry.

- 1) Compare references from the other businesses of the same industry.

Note: In addition to the directors' remuneration mentioned above, non-executive directors also received other benefits which included expenses from attending IOD training courses and other institutions related to the duties of directors

Risk Management Committee

| | |
|----------------------------------|---------------------------------------|
| Mr. Arin Jira | Chairman of Risk Management Committee |
| Mr. Kittti Vilaivarangkul | Member of Risk Management Committee |
| Ms. Nattharin Talthong | Member of Risk Management Committee |
| Ms. Nart Fongsmut | Member of Risk Management Committee |

The Scope of Duties and Responsibilities of the Risk Management Committee

- 1) Assist the Board of Directors in risk management by having strategies and measures to control risk.
- 2) Review various risk that is related to the Company's business. Set acceptable risk limits and control the risk effectively.
- 3) Collaborate with the Management Team to review strategies, pattern and procedures in the operations that reduce the major risk of the Company.
- 4) Review the Management Team's report on implemented procedures in order to supervise and control various risk of the Company.
- 5) Perform other duties as assigned by the Board of Directors and the Risk Management Committee deems appropriate.

Information regarding the Attendance of the Board's Development and Training in the Past Year

- 1) Assist the Board of Directors in risk management by having strategies and measures to control risk.
- 2) Review various risk that is related to the Company's business. Set acceptable risk limits and control the risk effectively.
- 3) Collaborate with the Management Team to review strategies, pattern and procedures in the operations that reduce the major risk of the Company.
- 4) Review the Management Team's report on implemented procedures in order to supervise and control various risk of the Company.

Perform other duties as assigned by the Board of Directors and the Risk Management Committee deems appropriate. Information regarding the Attendance of the Board's Development and **Information regarding the Attendance of**

the Board's Development and Training in the Past Year

The Board of Directors were well aware of the importance of developing the Company's human resources. The Board of Directors has a duty to establish the Company's policies, vision and business direction, therefore, it is important for company directors to continually develop their knowledge in terms of knowledge for being a Company director and knowledge related to the operations of the Company. In 2019, the Board of Directors attended the following training:

| Director | Course and Number of Hours Attended | Training Institute |
|--------------------------|---|---|
| Ms. Supavadee Tantiyanon | Director Accreditation Program (DAP) Class 282/2019 | Thai Institute of Directors Association (IOD) |
| Mr. Kitti Vilaivarangkul | Board Nomination and Remuneration Program BNCP 2019 | Thai Institute of Directors Association (IOD) |

Company Secretary

According to the Securities and Exchange Act, No.4, 2008, Section 89/15, the Board of Directors must have a Company Secretary who is responsible for the operations of the Company on behalf of the Company or the Board of Directors. The Company appointed a person who has appropriate qualifications and experience to be the Company Secretary. The Board of Directors appointed Mr. Paitoon Iamsirikulmit to be the Company Secretary since May 13, 2013. The Company Secretary has the following qualifications, attributes, duty and responsibilities as follows:

Qualifications and Attributes

- o Bachelor's degree
- o Knowledge of various legal principles related to the Company and the SEC
- o Good human relations and ability to communicate well
- o Knowledge of corporate governance

The Scope of Duties and Responsibilities for the Company Secretary

- 1) Be a consultant and secretary of the Board of Directors and subcommittees.
- 2) Be the center of communication between the Board of Directors, executives, shareholders and supervisory agencies.

- 3) Prepare and maintain the following documents:
 - Director registration
 - Meeting invitation letter to the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and the Company's annual report
 - Meeting invitation letter to the Shareholders' Meeting and minutes of the Shareholders' Meeting
- 4) Keep vested interests report which was reported by the directors or executives.
- 5) Carry out other tasks as specified by the Capital Market Supervisory Board.
- 6) Oversee the disclosure of information and report to be in accordance with relevant laws and regulations and good corporate governance.

The Scope of Duties and Responsibilities of the Chief Executive Officer (CEO)

- 1 Be responsible for determining the Company's business strategy, supervising the business operations and routine management in accordance with the Company policy to achieve the target efficiently, and to be in accordance with the guidelines that the Board of Directors and/or the Executive Committee specified
- 2 Coordinate with the head of the internal audit department and the Risk Management Committee to conduct business and manage risks of the Company to be in accordance with the objectives and the Article of Association of the Company as well as the resolutions of the Shareholders' Meeting and the Board of Directors. This includes the Company policies and good governance principles.
- 3 Supervise, oversee and support human resource management to be efficient and in line with the Company's business direction which includes the authority and responsibility.
- 4 Consider and approve payment for business transactions of the Company within the credit limit specified by the Board of Directors.
- 5 Assign a person or multiple persons to perform any act deemed appropriate on his/her behalf within the scope of authority granted. The said assignment must not contradict or conflict with the orders stipulated by the Board of Directors and/or the Executive Committee.
- 6 Have other authorities as specified by the performance rules. This includes the operational authority of the Company as assigned by the Meeting of the Board of Directors and/or the Executive Committee.

In this regard, the approval of the above transactions must not have the characteristic of transaction engagement that the Chief Executive Officer or the authorized person appointed by the Chief Executive Officer able to approve

the transaction they may have a conflict of interest, or vested interests, or a conflict of interest with the Company or subsidiary. The approval of such transactions must be proposed to the Audit Committee Meeting and/or the Executive Board Meeting and/or the Meeting of the Board of Directors and/or the Meeting of the Shareholders (as the case may be) in order to consider and approve such transaction in accordance with the Article of Association of the Company, subsidiary or related laws.

The Board of Directors set the operational goals of the Chief Executive Officer and executives and provide performance assessment for the Chief Executive Officer and executives on a yearly basis. The Chief Executive Officer evaluates the performance of the executives from the level of the Chief Executive Officer downwards respectively by using the goals and evaluation criteria that are linked to the annual strategic plan and operational plan in order to determine the remuneration and the suitable incentive measures by requesting the approval from the Executive Committee Meeting and/or the Board of Directors, as the case may be.

The Remuneration of Directors and Executives

- 1) The total remuneration of a total of 9 directors for the year 2019 was 3,735,604 Baht. The details are as follows (according to the Remuneration for Committee for the year 2019):
- 2) The total remuneration for 20 executive committee and executives in 2019 was 58,551,007.00 Baht.

Remuneration for the Chief Executive Officer (CEO)

The Nomination and Remuneration Committee considered the remuneration rate and other benefits with senior executives to request approval from the Meeting of the Board of Directors. The Company's remuneration for the Chief Executive Officer (CEO) consists of salary, a Company vehicle along with a driver, Company welfare, provident fund and bonuses which depended on the Company's operating performance

Other Remuneration

The provident fund for 16 executives in 2019 totaled 1,283,675.96 Baht.
(As of December 31, 2019, 17 executives and 2 directors were included.)

Number of Training Hours for Executives and Employees

The Board of Directors and executives of the Company recognize the importance of human resource development. In 2019, the Company provided the following training hours for executives and employees:

| | Average Number of Training Hours/ Person/ Year |
|-------------------------------|--|
| Training Hours for Executives | 45 hours |
| Training Hours for Employees | 12 hours |

Remuneration for Employees

The Company has a policy to pay remuneration to employees by considering appropriate and fair amount in accordance with the knowledge, capability, and performance of each employee and in accordance with the remuneration average rate of other business in the same industry. This must be suitable for business expansion and the growth of the Company as well.

In regards to the short-term remuneration, the Company pays remuneration to employees in various ways such as salaries, bonuses, overtime pay and other remuneration which includes transportation costs and telephone costs to perform duties, etc. In this regard, the remuneration of the employees will depend on the performance measurement of the employees at all levels in the form of the Performance Index or Key Performance Indicator (KPI) and other measuring tools in which the supervisor must evaluate each employee. The increase of salary and annual bonus payments are based on the performance result of the assessment or KPI and other measuring tools each year.

In regards to long-term remuneration, the Company established a provident fund for everyone in the organization. The Malee Sampran Savings Cooperative Limited was also established to save money and alleviate the suffering of employees who are members of the cooperative in the case where it is necessary to use money for personal reasons.

This also includes the policy to increase the competitiveness of the Company Group to retain and motivate talented employees by offering benefits in the form of rewards. This includes promotions for the work accomplished in the past year in order to motivate and create incentives for future work at the organizational and employee levels.

Assessment of Directors' Performance

Malee Group Public Limited Company conducted a self-assessment of the Board of Directors. The assessment form is taken from the sample of the Board's self-assessment form of the Governance Development Department for the Capital Market and the Stock Exchange of Thailand, which was prepared in February 2015. This was in line with the good corporate governance principles by using the evaluation results to improve the performance of the committee. There are 4 types of assessment forms which consist of:

- Self-assessment form for the entire Board of Directors
- Self-assessment form for the entire Board of Sub-Committee
- Self-assessment form for individual director
- Performance evaluation form of the Chief Executive Officer (CEO)

The evaluation criteria will be calculated as a percentage from the full scores in each item as follows:

- More than 90% = excellent
- More than 80% = Very good
- More than 70% = good
- More than 60% = Fair
- Less than 60% = should be improved

The Company Secretary delivered and coordinated the self-assessments of the Boards based on the evaluation form. This included collecting evaluation data. The operating period is January of each year.

In summary, the evaluation results are as follows:

- 1 The Board of Directors' performance evaluation form consists of 4 topics which are the structure and qualifications of the board, Board meetings, roles and responsibilities of the Board, and other matters such as relations with the Management Team and self-development of the directors. The summary of the evaluation of the entire Board of Directors in the 4 topics as a whole indicates that most of the operations were excellent, with an average score of 97.4%.
- 2 The performance evaluation form of each sub-committee consists of 3 topics, namely the structure

and qualifications of the committee, the Board Meeting and the roles and responsibilities of the committee. The summary of the evaluation results of the sub-committees in each group as follows:

- 2.1 The Executive Committee was of the opinion that most of the operations were excellent with an average score of 100%.
- 2.2 The Audit Committee was of the opinion that most of the operations were excellent with an average score of 98.8%.
- 2.3 The Risk Management Committee was of the opinion that most of the operations were excellent with an average score of 100%.
- 2.4 The Nomination and Remuneration Committee was of the opinion that most of the operations were excellent with an average score of 100%.

- 3 Performance Evaluation form for individual director consist of 3 topics which are the structure and qualifications of the Board, the Board Meeting, and the roles and responsibilities of the Board. The summary of the result of individual director assessment in these 3 topics indicates that most directors regularly practice them with an average score of 96.2%, which was an excellent level.

- 4 The performance evaluation form of the Chief Executive Officer (CEO) consists of 10 topics which include leadership, strategic formulation, strategic implementation, financial planning and performance, board relations, external relationships, management and relationship with personnel, succession, product and service knowledge, and personal characteristics.

The summary of the performance evaluation of the Chief Executive Officer (CEO) for the 10 topics overall indicated that the average score of 91.4%, which was an excellent level.

Remuneration of the Auditor

The remuneration for the auditor for 2018 compared to 2019. The details are as follows:

| Remuneration of the Auditor | 2018 | 2019 |
|-----------------------------|------------------|------------------|
| Audit Fee for the Company | 2,365,000 Baht | 2,345,000 Baht |
| Other Fees | - | - |
| Total | 2,365,000 | 2,345,000 |

Note: * This does not include other remuneration such as transportation costs for business operation in other provinces or accommodation costs in other provinces.

** Annual Audit Fee, Non-Audit Fee - None -

The auditor of the Company was independent and did not have any connections or conflicts of interest with the Company.

Supervision of Conflicts of Interest

The Company emphasizes the importance of considering transactions with transparency and the best interests of the Company. Therefore, it is important to prevent transactions that may have a conflict of interest. The policy of related transactions, or connected transactions can be summarized as follows:

- 1) Executives and employees must comply with the Company's Code of Conduct. This is an important matter that must be strictly observed in order to be credible and trusted by all stakeholders. Dissemination of information was arranged so that employees throughout the Company understand and practice accordingly.
- 2) Company directors and executives must inform the Company of any relationships or connected transactions in the business that may cause conflicts of interest.
- 3) Related transactions must be presented to the Audit Committee for comment before being proposed to the Board of Directors for approval. This is in accordance with the good corporate governance principles. Supervise the compliance with the rules and regulations prescribed by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission.

The Board of Directors recognizes the importance of good corporate governance. In order to be transparent and prevent the pursuit of personal benefits from the use of the Company's insider information that has not been disclosed to the public, the Company set the policy for using the Company's insider information as follows:

- 1 Provide knowledge to directors and executives which include executives in accounting or finance at the level of department manager or equivalent or higher in

regards to the duty to prepare and submit a report on the securities holding of one's own, spouse and children are not yet of legal age to the Office of the Securities and Exchange Commission under Section 59 and Penalty Section 275 of the Securities and Exchange Act B.E. 2535.

- 2 Require that directors and executives, including management positions in accounting or finance that are department managers or equivalent or higher, prepare and submit a report on the securities holdings of one's own, spouse and children who are not yet of legal age and passing it on to the Company Secretary before submitting it to the Office of the Securities and Exchange Commission every time. This must be prepared and delivered within 30 days from the date that one was appointed as director or executive, report the change of securities holding (if any) and prepare the report of securities holding if there are any changes to securities holding within 3 business days.
- 3 Establish disciplinary penalties for violating the use of insider information for personal gain. Penalties may be a warning in written form, a wage cut, a temporary suspension without wages, discharge or to the extent permitted by law. The punishment is based on the intent of the action and the seriousness of the offense. In regards to the securities holdings report, the Company Secretary compiles the securities holdings information of the directors and executives including spouses and children who have not yet become sui juris and inform. The Board of Directors for acknowledgement every quarter.

Internal Audit Department

The Company has its own internal audit department in which Ms. Nantima Ruangcharin is the Assistant Managing Director of the Internal Audit Department in 2019 who report to the Audit Committee directly.

| Item that was not Observed | Reason/Guidelines |
|---|--|
| 1 The Meetings of the Board of Directors should be held no less than 6 times per year | The Board of Directors appointed and assigned the Executive Committee to closely supervise and be a consultant to the Management Team regarding the business operations of the Company and to approve matters in accordance with the delegation of authority manual. The Executive Committee holds meetings on a monthly basis, in accordance with the meeting schedule that was set in advance throughout the year. |
| 2 The Chairman of the Board of Directors is not an independent director | In process of considerations |

| Item that was not Observed | | Reason/Guidelines |
|----------------------------|---|--|
| 3 | The Board of Directors should use a Professional Search Firm or Director Pool for the recruitment of new directors | The Board of Directors assigned the Nomination Committee, which consists of experts from various professions, to consider and screen in accordance with the process and criteria for the selection of directors of the Company, to nominate persons with qualifications, attributes, and experience suitable for the position of the Company's director. Therefore, it can be considered that the Company has appropriate and effective procedures to recruit new directors. |
| 4 | The Board of Directors should consist of more than 50% independent directors | The Board of Directors consists of well -qualified members who have qualifications, various abilities and experience. The Board of Directors consists of 4 independent directors of a total of 9 directors. This is considered to be appropriate proportion for the duties and responsibilities of the Board of Directors. |
| 5 | Set policies for the Board of Directors to notify buying/ selling shares 1 day in advance prior to the date of buying/ selling share. | The Company announced a "Blackout Period" to the Board of Directors, executives and employees of the Company involved in the Company's operating performance to prohibit buying/selling shares 30 days in advance prior to the date of the announcement of the operating performance in each quarter. |
| 6 | Good Corporate Governance Committee | In process of considerations |

THE COMPANY'S COMMITTEES, NUMBER OF MEETING ATTENDANCE AND MEETING ALLOWANCE FOR THE YEAR 2019

| Name of Director | Duration of Tenure | Number Of Attendance Of Meeting (time) | | | | | | Meeting per diem | | | Total |
|----------------------------|--------------------|--|-----|-------|-----|-----|------------------|------------------|------------------|----------------|------------------|
| | | BOD | AC | EXCOM | RM. | NR. | BOD | AC | EXCOM | RM. | |
| 1 Mrs. Chintana Boonyarat | 2017 | 4/4 | - | - | - | - | 320,000 | - | - | - | 320,000 |
| 2 Mr. Kitti Vilaivarakul | 2017 | 4/4 | - | 10/10 | 3/3 | - | 200,000 | - | 220,000 | 30,000 | 450,000 |
| 3 Mr. Pichai Chirathivat | 2018 | 2/4 | - | 9/10 | - | - | 180,000 | - | 210,000 | - | 390,000 |
| 4 Ms. Roongchat Boonyarat | 2019 | 4/4 | - | 10/10 | - | - | 200,000 | - | 440,000 | - | 640,000 |
| 5 Mr. Opas Lopansri | 2017 | 4/4 | - | 10/10 | - | - | 200,000 | - | 220,000 | - | 420,000 |
| 6 Ms. Nattharin Talthong | 2019 | 4/4 | 4/4 | - | 3/3 | 1/1 | 200,000 | 260,000 | - | 30,000 | 500,000 |
| 7 Ms. Nart Fongsmut | 2019 | 3/4 | 4/4 | - | 3/3 | 1/1 | 190,000 | 180,000 | - | 30,000 | 420,000 |
| 8 Mr. Arin Jira | 2018 | 4/4 | 4/4 | - | 3/3 | 1/1 | 200,000 | 180,000 | - | 60,000 | 450,000 |
| 9 Ms. Supavadee Tantayanon | 2019 | 3/3 | - | - | - | - | - | 145,604 | - | - | 145,604 |
| Total | | | | | | | 1,835,604 | 620,000 | 1,090,000 | 150,000 | 3,735,604 |

Note

* Ms. Supavadee Tantayanon has taken the position of Independent Director , effective since April 11, 2019.



MRS. CHINTANA BOONYARAT
Director / Chairman of the Board of Directors



MR. PICHAI CHIRATHIVAT
Director / Member of Executive Committee



MR. KITTI VILAIVARANGKUL
Director / Member of Executive Committee /
Member of Risk Management Committee



MS. NART FONGSMUT
Independent Director / Member of Audit Committee /
Chairman of Nomination and Remuneration Committee /
Member of Risk Management Committee

Age 68 years

Date of First Director's Appointment
17 August 1999

No. of Rotation (Term of office)
6 Terms or 20 Years

- Education
- Bachelor's Degree in Business Administration, Menlo College, USA
- Director Accreditation Program
- Director Certification Program (DCP 5/2000), Thai Institute of Directors Association (IOD)
 - Role of Chairman Program (RCP 15/2011), Thai Institute of Directors Association (IOD)
 - Top Executive Program in Commerce and Trade (TEPCot3), The University of the Thai Chamber of Commerce

Training in the Previous Year
None

- Work Experience
- 2018 – Present Chairman of the Board of Directors, Malee Group Public Company Limited
- 1999 – 2018 Director, Chairman of the Board of Directors – Malee Group Public Company Limited
- 2013 – Present Director, Central Marketing Group Co., Ltd.
- 1992 – Present Chairman of the Board of Directors, Abico Holdings Public Company Limited

Director/Executive Directors in Other Listed Companies
Chairman of the Board of Directors
Abico Holdings Public Company Limited

Director/Executive Director in other none listed companies
None

- Family Relationship between Director and Executive Management
- Parent of Ms. Ms. Roongchat Boonyarat – Director / Member of the Executive Committee / Chief Executive Officer
 - Sister of Mr. Pichai Chirathivat – Director / Member of the Executive Committee

Shareholding (%)
(as of Dec 31, 2018) – 8,515,500 shares or 3.04%
(as of Dec 31, 2019) – 8,569,700 shares or 3.06%

Stock Trading During the Year 2019
Buy/Sell 54,200 shares

Age 59 years

Date of First Director's Appointment
5 April, 2012

No. of Rotation (Term of office)
3 Terms or 7 Years

- Education
- Bachelor's Degree in Business Administration, Claremont College, USA
 - Master's Degree in Business Administration, Azusa Pacific University, USA
- Director Accreditation Program
- Strategic Planning & Management in Retailing Program, IGDS
 - PSA Program (Class 98), The Psychological Security Association of Thailand
 - NCD Program (Class 53), National Defense College of Thailand

Training in the Previous Year
None

- Work Experience
- 2012 – Present Director, Member of Executive Committee, Malee Group Public Company Limited
- 1999 – Present Member of the Executive Committee – Central Marketing Group Co., Ltd

Director/Executive Directors in Other Listed Companies
1 Company: Director – Central Retail Corporation Public Company Limited

Director/Executive Directors in Other None Listed Companies
20 Companies

- Family Relationship between Director and Executive Management
- Brother of Mrs. Chintana Boonyarat – Chairman of the Board of Directors
 - Uncle of Parent of Ms. Ms. Roongchat Boonyarat – Director / Member of the Executive Committee / Chief Executive Officer

Shareholding (%)
(as of Dec 31, 2018) – 6,597,900 shares or 2.36%
(as of Dec 31, 2019) – 6,597,900 shares or 2.36%

Stock Trading During the Year 2019
None

Stock Trading During the Year 2018
None

Age 62 years

Date of First Director's Appointment
63 Years Old

No. of Rotation (Term of office)
5 Terms or 16 Years

- Education
- Bachelor's Degree in Accounting (2ndClass Honors), Ramkhamhaeng University
 - Master's Degree in Business Administration, Thammasat University
- Director Accreditation Program
- Directors Accreditation Program (DAP 2005), Thai Institute of Directors Association (IOD)
 - Directors Certification Program (DCP 2010), Thai Institute of Directors Association (IOD)
 - Board Nomination and Compensation Program (BNCP 2019), Thai Institute of Directors Association (IOD)

Training in the Previous Year
Board Nomination and Compensation Program (BNCP 2019), Thai Institute of Directors Association (IOD)

- Work Experience
- 2003 – Present Director / Member of Executive Director / Director to the Risk Management Committee, Malee Group Public Company Limited
- 2003 – Present Director, Malee Enterprise Co., Ltd.
- 1999 – Present Director – Abico Holdings Public Company Limited
- 1999 – Present Director – Abico Land Co., Ltd.
- 1997 – Present Director – Abico Dairy Farm Co., Ltd
- 1997 – Present Director – PPO Farm Co., Ltd.

Director/Executive Director in Other Listed Companies
Director – Abico Holdings Public Company Limited

- Director/Executive Director in other none listed companies
3 Companies :
- Director, Abico Dairy Farm Co., Ltd.
 - Director, Abico Land Co., Ltd.
 - Director, PPO Farm Co., Ltd.

Family Relationship between Director and Executive Management
None

Shareholding (%)
(as of Dec 31, 2018) None
(as of Dec 31, 2019) None

Stock Trading During the Year 2019
None

Age 57 years

Date of First Director's Appointment
9 May 2014

No. of Rotation (Term of office)
3 Terms or 6 Years

- Education
- Bachelor's Degree in Doctor of Medicine (M.D.), Chulalongkorn University
 - Master's Degree in Business Administration, School of Management, Boston University, USA.
- Director Accreditation Program
- Director Accreditation Program (DAP), Class122/2015, Thai Institute of Directors Association (IOD)
 - Top Executive Program in Commerce and Trade (TEPCoT9), The University of Thai Chamber of Commerce

Training in the Previous Year
None

- Experience
- 2014–Present Independent Director / Member of the Audit Committee / Chairman of the Nominating and Remuneration Committee / Member of the Risk Management Committee – Malee Group Public Company Limited
- 2017–Present Member of the Executive Committee Otium Living Pte., Ltd.
- 2012–Present Director, Mater Dei Alumnae Association
- 2001 – Present Managing Director, Nap Nutriscience Co., Ltd.

Director/Executive Director in other listed companies
None

- Director/Executive Director in other none listed companies
2 Companies :
- Member of the Executive Committee Otium Living Pte., Ltd.
 - Managing Director – Nap Nutriscience Co., Ltd.

Family Relationship between Director and Executive Management
None

Shareholding (%)
(as of Dec 31, 2018) – 120,500 shares or 0.04%
(as of Dec 31, 2019) – 120,500 shares or 0.04%

Stock Trading During the Year 2019
None



MS. NATTHARIN TALTHONG

Independent Director / Chairman of Audit Committee /
Member of Risk Management Committee /
Member of Nominating and Remuneration Committee

Age 50 years

Date of First Director's Appointment

29 March 2013

No. of Rotation (Term of office)

3 Terms or 7 Years

Work Experience

| | |
|----------------|---|
| 2013 – Present | Independent Director / Chairman of the Audit Committee / Member of the Risk Management Committee / Member of the Nominating and Remuneration Committee – Malee Group Public Company Limited |
| 2018 – Present | Director – Dusit Thani Properties Reit Company Limited |
| 2014 – Present | The Panel of Expert Market for Alternative Investment (MAI) |
| 2010 – 2013 | Chairman of the Executive Committee – Kasikorn Securities Public Company Limited |
| 2010–2013 | Head of K Group Private Banking Business, Kasikornbank Public Company Limited, |
| 2010 – 2013 | Head of K Group Private Banking Business, Kasikornbank Public Company Limited, |
| 2005 –2010 | Managing Director – Kasikorn Securities Public Company Limited |

Director/Executive Director in other listed companies
None

Director/Executive Director in other none listed companies
1 Company : Director, Dusit Thani Properties Reit Company Limited

Family Relationship between Director and Executive Management
None

Shareholding (%)
(as of Dec 31, 2018) None
(as of Dec 31, 2019) None

Stock Trading During the Year 2019
None

Education

- Rebuilding Private Bank after Crisis by VRL Institute, Singapore
- Leadership Greatness – Great Leader, Great Team, Great Results
- Leadership Greatness
- Great leader, Great Team, Great Results
- Tourism Management program for Executives 2018, Tourism Authority of Thailand

Training in the Previous Year

None



MR. ARIN JIRA

Independent Director / Chairman of Risk Management Committee / Member of Audit Committee /
Member of Nominating and Remuneration Committee

Age 70 years

Date of First Director's Appointment

10 May 2018

No. of Rotation (Term of office)

1 Term or 1 Year

Education

- Bachelor's Degree in Chemical Engineering, University of California, Berkeley, USA
- MBA, University of California, Berkeley, USA

Director Accreditation Program

- Director Accreditation Program (DAP), Class122/2015, Thai Institute of Directors Association (IOD)

Training in the Previous Year

- None

Experience

| | |
|--------------|---|
| 2018–Present | Independent Director / Member of the Audit Committee / Member of the Risk Management Committee / Member of the Nominating and Remuneration Committee Malee Group Public Company Limited |
| 2019–Present | Chairman – Thailand, ASEAN Business Advisor Council |
| 2017–Present | Chairman – Amata Industrial Gas Co., Ltd. |
| 2017–Present | Chairman – Yangon Industrial Gas Co., Ltd |
| 2010–Present | Chairman – Map Ta Phut Industrial Gas Co., Ltd. |
| 2009–Present | Vice Chairman – The Federation of Thai Industries |
| 2008–Present | Chairman – Thailand, ASEAN Business Advisory Council |
| 2006–Present | Senior Executive Advisor – Bangkok Industrial Gas Co., Ltd. |

Director/Executive Director in other listed companies

Chairman of Board of Director / Chairman of Independent Director, Thai O.P.P Public Company Limited

Director/Executive Director in other none listed companies

3 Companies :
1. Chairman – Amata BIG Industrial Gas Co., Ltd.
2. Chairman – Yangon Industrial Gas Co., Ltd.
3. Chairman – Map Ta Phut Industrial Gas Co., Ltd.

Family Relationship between Director and Executive Management
None

Shareholding (%)
(as of Dec 31, 2018) None
(as of Dec 31, 2019) None

Stock Trading During the Year 2019
None



MS. ROONGCHAT BOONYARAT

Director / Chairman of the Executive Committee /
Chief Executive Officer

Age 35 years

Date of First Director's Appointment

29 March 2013

No. of Rotation (Term of office)

3 Terms or 7 Years

Education

- Bachelor's Degree in Art in Economics, Bowdoin College, USA
- Master's Degree in Business Administration, Business Strategy and Marketing From Sasin Graduate Institute, Chulalongkorn University

Director Accreditation Program

- Directors Certification Program DCP (195/2014), Thai Institute of Directors Association (IOD)
- Director Briefing 4/2017 "The Sleeping Giants of Succession: 3 Forces You can Awaken to Accelerate Leadership Growth", Thai Institute of Directors Association (IOD)

Training in the Previous Year

- None

Work Experience

2018– Present Director / Chairman of the Executive Committee / Chief Executive Officer – Malee Group Public Company Limited

2018 – Present Director / Chairman of the Executive Committee / Chief Executive Officer – Malee Enterprise Company Limited

2013 – 2018 Director, Member of Executive Committee, Chief Operating Officer, Malee Group Public Company Limited

2013 – 2018 Director, Member of Executive Committee, Chief Operating Officer, Malee Enterprise Co., Ltd.

Director/Executive Director in other listed companies

None

Director/Executive Director in other none listed companies

5 Companies :

1. Director / Chairman of the Executive Committee / Chief Executive Officer, Malee Enterprise Company Limited
2. Chairman of Board of Director, Malee Capital Co., Ltd.
3. Chairman of Board of Director, Malee International Co.,Ltd.
4. Chairman of Board of Director, Malee Keeno (Thailand) Co., Ltd.
5. Chairman of Board of Director, Malee Applied Science Co., Ltd.

Family Relationship between Director and Executive Management

- Daughter of Mrs. Chintana Boonyarat – Chairman of the Board of Directors
- Spouse of Mr. Opas Lopansri – Director / Member of the Executive Committee / Chief Sales and Marketing Officer

Shareholding (%)

| | |
|----------------------|---------------------------|
| (as of Dec 31, 2018) | 1,130,000 shares or 0.40% |
| (as of Dec 31, 2019) | 1,130,000 shares or 0.40% |

Stock Trading During the Year 2019

None



MR. OPAS LOPANSRI

Director / Member of Executive Committee/
Chief Commercial Officer

Age 38 years

Date of First Director's Appointment

10 November 2016

No. of Rotation (Term of office)

1 Term or 3 Years

Education

- Bachelor's Degree in Business Administration, Business Entrepreneurship, Marshall School of Business, University of Southern California, USA
- Master's Degree in Business Administration, Business Strategy and Marketing From Sasin Graduate Institute, Chulalongkorn University

Director Accreditation Program

- Directors Certification Program DCP (2016),
- Thai Institute of Directors Association (IOD)

Training in the Previous Year

None

Work Experience

2018 – Present Director / Member of the Executive Committee / Chief Sales and Marketing Officer, Malee Group Public Company Limited

2018–Present Director / Member of the Executive Committee / Chief Sales and Marketing Officer, Malee Enterprise Company Limited

2015–2018 Executive Vice President, International Business – Malee Group Public Company Limited

2011–2015 Chief Executive Officer – Mobiliti Company Limited

Director/Executive Director in other listed companies

None

Director/Executive Director in other none listed companies

5 Companies:

1. Director / Member of the Executive Committee / Chief Sales and Marketing Officer, Malee Enterprise Company Limited
2. Director, Malee Capital Co., Ltd.
3. Director, Malee International Co.,Ltd.
4. Director, Malee Keeno (Thailand) Co., Ltd.
5. Director, Malee Applied Science Co., Ltd.

Family Relationship between Director and Executive Management

Spouse of Ms. Roongchat Boonyarat – Director / Chairman of the Executive Committee / Chief Executive Officer

Son-in-law of Mrs. Chintana Boonyarat – Chairman of Board of Director

Shareholding (%)

| | |
|----------------------|------|
| (as of Dec 31, 2018) | None |
| (as of Dec 31, 2019) | None |

Stock Trading During the Year 2019

None
None

**MISS SUPAVADEE TANTIYANON***Director / Independent Director*

Age 54 years

Date of First Director's Appointment

11 April 2019

No. of Rotation (Term of office)

1 Term or 1 Year

Education

- Bachelor Business Administration, Eastern Michigan University, USA
- PG Diploma: Institute of Direct Marketing, UK
 - Direct Marketing 2003
 - Digital Marketing 2013

Director Accreditation Program

Directors Certification Program DCP Class 282/2019, Thai Institute of Directors Association (IOD)

Training in the Previous Year

Directors Certification Program DCP Class 282/2019, Thai Institute of Directors Association (IOD)

Work Experience

2018 – Present Director / Independent Director, Malee Group Public Company Limited

2019 – Present Vice President, Marketing Association of Thailand

2018 – Present Managing Director, Business Development, Creative Spice Co., Ltd. Associated Agency of Tribal Worldwide

Managing Director, Founder, Experience Matters Co., Ltd.

2016 – 2018 Chief Executive Officer, MullenLowe Group Thailand

2011 – 2015 Digital Service Director, Minor International Group General Manager, Mysale Thailand (JV subsidiary of Minor Group) 2016 – 2018 Chief Executive Officer, MullenLowe Group Thailand

2009 – 2011 Regional Consultant, APAC, Ogilvy Asia

2005 – 2009 Managing Director, OgilyOne Thailand

2001 – 2005 Business Director (CRM & Digital), Leo Burnett Thailand

1994 – 2001 Client Service Director, OgilvyOne Thailand

1998 – 1994 Brand Manager (Pond's), Uniliver Thailand

Director/Executive Director in other listed companies

None

Director/Executive Director in other none listed companies

2 Companies:

1. Managing Director Business Development, Creative Spice Co., Ltd.
2. Managing Director / Founder, Experience Matters Co., Ltd.

Family Relationship between Director and Executive Management

None

Shareholding (%)

(as of Dec 31, 2018) None

(as of Dec 31, 2019) None

Stock Trading During the Year 2019

None

**MR. PAITHOON EIAMSIRIKULMIT***Company Secretary / Vice President of Corporate Affairs*

Age 55 years

Date of First Director's Appointment

13 May 2013

Education

- Bachelor of Science (Agricultural Economics) (Agricultural), Kasetsart University
- Master of Science (Agricultural Economics) (Agricultural), Kasetsart University

Director Accreditation Program

- Strategie CFO in Capital Market Program, course 7/20 Stock Exchange of Thailand
- Company Secretary Program (Class 57/2014), Thai Institute of Directors Association (IOD)
- Board Report Program (Class 13/2014), Thai Institute of Directors Association (IOD)
- Company Reporting Program (CRP 9/2014), Thai Institute of Directors Association (IOD)
- Outbound Investment: Legal & Tax Strategies, OMEGA WORLD CLASS Research Institute
- Preliminary to Corporate Sustainability – Stock Exchange of Thailand

Training in the Previous Year

- Ethics and Anti Corruption In house Training (Twin P Consulting Co., Ltd.)
- Building Business Acumen (The 5 Business Drivers) Project Big Brother Season 3, Thai Chamber of Commerce
- Procurement Fraud and Labour Law in Actions
- PricewaterhouseCoopers Consulting (Thailand) Ltd.

Experience

2011 – Present Vice President of CEO Office Malee Group Public Company Limited

2013 – Present Company Secretary, Malee Group Public Company Limited

2012 – 2015 Vice President of Corporate Finance and Corporate Affairs, Malee Group Public Company Limited

2010 – 2011 Vice President of Supply Chain Management, Malee Group Public Company Limited

2009 – 2010 Vice President of Financial Management, Malee Group Public Company Limited

Director/Executive Director in other listed companies

None

Director/Executive Director in other none listed companies

2 Companies:

1. Managing Director Business Development, Creative Spice Co., Ltd.
2. Managing Director / Founder, Experience Matters Co., Ltd.

Family Relationship between Director and Executive Management

None

Shareholding (%)

(as of Dec 31, 2018) None

(as of Dec 31, 2019) None

(%) Shareholding as at December 31st, 2018

None

Stock Trading During the Year 2018

None

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS.

The Board of Directors is responsible for the financial statements of Malee Group Public Company Limited and its financial information as appeared in the Annual Report 2019. The Company's financial statements have been prepared under generally accepted accounting principles and standards, under and adhered to appropriate accounting policies with prudence and rationality. All material information has been sufficiently disclosed in the notes to financial statements. The Board of Directors has run and maintained appropriate risk management while using the internal control system to ensure accurate and comprehensive financial records on a daily basis in accordance with the applicable laws and regulations.

In this regard, the Board of Directors has appointed the Audit Committee, which consists of non-executive director and independent directors, to oversee and review the financial statements to ensure the reliability and accuracy. The Audit Committee has expressed its opinion regarding the aforementioned matters in the report of the Audit Committee included in the Annual Report 2019.

The Board of Directors has determined that internal control system of Malee Group Public Company Limited has been effective what allowed assurance that the financial statements as of December 31, 2019 of which is reviewed by the Company's auditor under generally accepted accounting standards, are reliable and are in accordance with generally accepted accounting principles and all relevant and applicable rules and regulations.

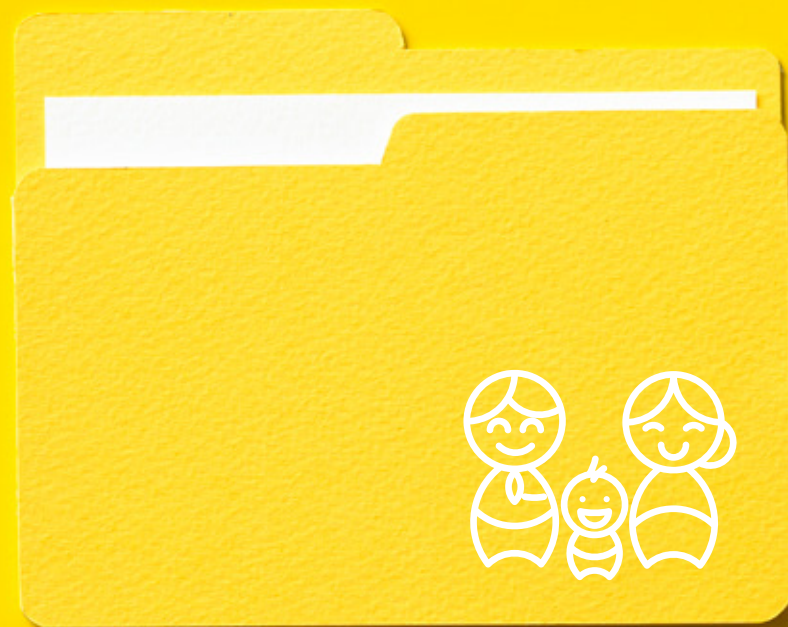
R Boonyarat

(Ms. Roongchat Boonyarat)
Chief Executive Officer

Kitti Vilaivarangkul

(Mr. Kitti Vilaivarangkul)
Member of the Executive Committee

AUDIT COMMITTEE REPORT



The Audit Committee of Malee Group Public Company Limited is comprised of 3 independent directors who are qualified and independent in accordance with the regulations of the Stock Exchange of Thailand. Ms. Nattharin Talthong is the Chairman of the Audit Committee, Ms. Nart Fongsmut and Mr. Arin Jira are members of the Audit Committee.

In 2019, the Audit Committee held 4 meetings with certified auditors, the Internal Audit Office, and Company executives. The Audit Committee performed its duties in accordance with the policies of the Board of Directors and the assigned responsibilities which were in accordance with the rules and regulations of the Stock Exchange of Thailand. The summary of the operating performance of the Audit Committee in 2019 is as follows:

- 1 .Reviewed the Accuracy of the Financial Reports and Disclosed Sufficient Information The Audit Committee reviewed the quarterly financial statements and the Company's financial statements for the year 2019 to ensure that the financial report, and connected transactions between the Company and any related parties disclosed important information correctly and with credibility. The report was proposed to the Board of Directors for approval. The Audit Committee invited certified auditors and relevant executives to attend the meeting on the relevant agenda items in order to inquire about significant issues regarding the preparation of the financial reporting so that it was in accordance with the financial reporting standards. This included interpretations and accounting practice guidelines issued by the Federation of Accounting Professions. The Audit Committee found that the Company's financial statements were prepared in accordance with the generally accepted accounting principles and the information was disclosed sufficiently, completely and reliably.
- 2 Reviewed the Adequacy and Appropriateness of the Internal Control System. The Audit Committee considered the audit plan for 2019 and reviewed the adequacy and suitability of the internal control system based on the audit performance report and the improvement plan from the Management team. The Audit Committee promoted and pushed the operations of the internal auditing to be in accordance with the audit plan and in accordance with international standards. The Audit Committee found that the Company had an appropriate and effective internal control system and no significant
- 3 .Reviewed Regulatory Compliance The Audit Committee strictly and consistently supervised the operations of the Company and found that the

Company fully complied with securities and the stock exchange laws, the requirements of the Stock Exchange of Thailand, and any laws related to the Company's business.

- 4 Considered the Suitability of the Auditor The Audit Committee considered, selected, and proposed the appointment of auditors and the remuneration of the Company's auditors for 2020 to the Board of Directors.
- 5 Considered Connected Transactions The Audit Committee considered the disclosure of accurate and complete connected transactions or conflict of interest transactions in accordance with the laws and the requirements of the Stock Exchange of Thailand.
- 6 Reviewed the Risk Management Process In addition, the Audit Committee reviewed the risk management process by appointing Mr. Arin Jira as Chairman of the Risk Committee. The Audit Committee found that the Company had a risk management system and gave helpful suggestions in order to reduce management risk. In the overall evaluation, the Audit Committee sufficiently performed the duties and responsibilities as specified in the Audit Committee Charter by using sufficient knowledge and ability, prudence, and independence.
- 7 Reviewed the Good Corporate Governance The Audit Committee monitored the progress of the processes and procedures to promote the implementation of all types of anti-corruption policies throughout the organization. This was done by considering the action plan to request certification after the Company announced its intention to be part of the Thailand's Private Sector Collective Action against Corruption Collective Action. The Board of the Audit Committee was of the opinion that the good corporate governance guidelines were appropriate.

Due to the above practices, the Audit Committee is of the opinion that for the year 2019, the Company prepared accurate financial reports in accordance with the generally accepted accounting standards and disclosed sufficient, complete and reliable information. The Company had an internal control system and an internal audit and complied with relevant laws and regulations. The appointment of an auditor, the consideration of connected transactions, the review of risk management and the operations were consistent with good and sustainable governance systems.

On behalf of the Audit Committee

(Ms. Nattharin Talthong)
Chairman of the Audit Committee
February 25, 2020

RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors was aware of the importance of risk management, which enables the Company to operate business continually. Therefore, the Risk Management Committee was appointed by the Meeting of the Board of Directors No. 2/2019 which was held on May 14, 2019. The Risk Management Committee is comprised of 4 directors:

- | | |
|--------------------------|---|
| 1. Mr. Arin Jira | Chairman of the Risk Management Committee |
| 2. Ms. Nattharin Talhong | Member of the Risk Management Committee |
| 3. Ms. Nart Fongsamut | Member of the Risk Management Committee |
| 4. Mr. Kittiwilaivarakul | Member of the Risk Management Committee |

The Risk Management Committee has the duties to consider and scrutinize major risk and the overall risk management of the Company to be efficient and effective. In 2019, the Risk Management Committee held 3 meetings to consider the following important matters:

- Formulate strategies, organizational risk management activities and measures to control risk.
- Consider and approve the annual corporate risk management plan that was proposed by the risk management working group. This covered strategic risk, operational risk, financial risk, and regulatory compliance risk.
- Monitor and evaluate the implementation of the risk management plan. If any risk increased or changed from before, the problem could be resolved in a timely manner along with the guidelines to determine the control measures or alleviate risk that may occur immediately.
- Support and create a risk management culture within the organization so that employees at all levels are involved in risk management in which they are responsible.
- Report the risk management results of the organization to the Audit Committee for acknowledgment.

According to the above operations, the Risk Management Committee is confident that the Company managed risks continually and effectively. This is consistent with the principles and practice guidelines of Good Corporate Governance. This was done by taking into account all of the stakeholders in the business operations in order to promote the stability of the Company. The Company had a sufficient internal control system that was suitable for the business and complied with the laws and regulations correctly and completely.

On behalf of the Audit Committee



(Mr. Arin Jira)
Chairman of the Risk Management Committee
February 25, 2020

EXECUTIVE COMMITTEE REPORT

The Executive Committee of Malee Group Public Company Limited was appointed from the Board of Directors Meeting No. 2/2019 which was held on May 14, 2019. The Executive Committee is comprised of 4 directors who are fully qualified, knowledgeable, capable and well-experienced in business and in the industry. The Executive Committee consists of:

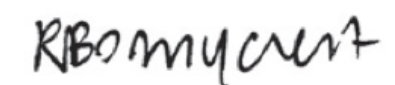
- | | |
|------------------------------|-------------------------------------|
| 1. Ms. Roongchat Boonyarat | Chairman of the Executive Committee |
| 2. Mr. Pichai Chirathivat | Member of the Executive Committee |
| 3. Mr. Kittti Vilaivarangkul | Member of the Executive Committee |
| 4. Mr. Opas Lopansri | Member of the Executive Committee |

In 2019, the Executive Committee performed its duties in accordance with the scope of responsibilities and the policy of the Board of Directors. This was in accordance with the rules and regulations of the Company. The Executive Committee held 10 meetings in which all the directors attended the meeting. The meeting resolutions were reported to the Board of Directors. A summary of the operating performance is as follows:

- Assisted the Board of Directors in management by formulating business strategies and operational policies to achieve the goals as assigned by the Board of Directors.
- Considered the Company's annual budget prior to proposing it to the Board of Directors' Meeting for approval.
- Prepared and proposed strategies, business plans and operations to the Board of Directors for approval.
- Considered the start of new business operations of the Company to be in accordance with the Company's policy prior to proposing it to the Board of Directors' Meeting for approval.
- Reviewed the business operations of the Company, both normal business operations and non-normal business operations.
- Held a meeting to review and give opinions on the monthly profit and loss report which was reported by the Management team.

According to the above operations, the Executive Committee is confident that the duties were performed in accordance with the scope of duties and responsibilities, completely and with prudence. This was done by taking into account the maximum benefit of the Company and all stakeholders which was consistent with the principles and practice guidelines of Good Corporate Governance. The Executive Committee complied with the law and regulations correctly and completely.

On behalf of the Audit Committee



(Ms. Roongchat Boonyarat)
Chairman of the Executive Committee
February 25, 2020

NOMINATION AND REMUNERATION COMMITTEE REPORT



The Nomination and Remuneration Committee of Malee Group Public Company Limited was appointed from the Board of Directors Meeting No. 2/2019 which was held on May 14, 2019. The Nomination and Remuneration Committee was comprised of 3 independent directors who are qualified and independent in accordance with the regulations of the Stock Exchange of Thailand.

- | | |
|---------------------------|---|
| 1. Ms. Nart Fongsmut | Chairman of the Nomination and Remuneration Committee |
| 2. Ms. Nattharin Talthong | Member of the Nomination and Remuneration Committee |
| 3. Mr. Arin Jira | Member of the Nomination and Remuneration Committee |

In 2019, the Nomination and Remuneration Committee performed its duties in accordance with the policy of the Board of Directors and the duties and responsibilities of the Audit Committee. This was in accordance with the rules and regulations of the Stock Exchange of Thailand. The Nomination and Remuneration Committee held one meeting in which every member of the Audit Committee attended the meeting and reported the resolutions of the Meeting to the Board of Directors. A summary of the operating performance is as follows:

- Considered, selected and screened suitable persons to be the Company's directors by nominating them to the Board of Directors to be proposed to the Annual General Meeting of Shareholders for 2019 for further consideration and appointment.
- Considered and proposed the appointment of one more director to make management more efficient which aligned with the Company's operations.
- Considered and selected qualified directors and executives to be members of various subcommittees by proposing them to the Board of Directors to approve the appointment.
- Considered and scrutinized the directors' remuneration by proposing it to the Board of Directors for their consideration and be proposed to the Annual General Meeting of the Shareholders for 2019.

As a result of the above operations, the Nomination and Remuneration Committee is confident that the duties were performed in accordance with the scope of duties and responsibilities of the Audit Committee. The duties were performed with prudence and independently, by taking into account the maximum benefit of the Company and all stakeholders which was consistent with the principles and practice guidelines of Good Corporate Governance. The Audit Committee complied with the law and regulations correctly and completely.

On behalf of the Audit Committee

(Ms. Nart Fongsmut)
Chairman of the Nomination and
Remuneration Committee
February 25, 2020



INTERNAL CONTROL SYSTEM

In accordance with the principles of Good Corporate Governance, the Board of Directors consistently gave importance to internal control. This was done by assigning the Audit Committee, which was comprised of independent directors, to be reviewers of the internal control system assessment. The internal audit department, is independent from the Management team and reports directly to the Audit Committee and reviews the operations of each department of the Company and subsidiaries in accordance with the annual audit plan which was approved by the Audit Committee in order to ensure that management achieves the Company's objectives.

The Board of Directors and the management have determined that the Company's internal control system is appropriate enough and effective in the following areas:

- 1 Achieved the objectives efficiently and effectively.
- 2 Had comprehensive and effective risk management.
- 3 Had information systems, important financial information, management and operations that were reliable, complete, accurate and timely.
- 4 Had a protection system to control, maintained and utilized Company assets in a beneficial way. Had a separation of duties for operators, supervisors and appraisers to ensure a suitable check and balance system. This included safe and appropriate information in the information system.
- 5 Had appropriate anti-corruption measures and a risk prevention system for activities that were vulnerable to corruption.
- 6 The operations and duty performance were in accordance with the policies, rules and regulations that were consistent with the laws or other regulations related to the business operations of the Company.

RELATED PARTIES TRANSACTIONS



In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties are these parties linked to companies in the Group as follow:

| Related Companies | Business Type | Relationship |
|--|---|-----------------------------|
| Direct subsidiaries | | |
| Malee Enterprise Company Limited | Distributor | Shareholders/Co – directors |
| Icon Foods LLC | Distributor (Dormant) | Shareholders/Co – directors |
| Malee Capital Company Limited (formerly the name of Agri Sol Company Limited) | Investment (formerly "Manufacture and distributor") | Shareholders/Co – directors |
| Malee International Company Limited (formerly the name of Malee Havest Company Limited) | Importer, exporter, distribution of canned agriculture products, fruit juices and non – alcohol beverage (formerly "Investment") | Shareholders/Co – directors |
| Malee Applied Sciences Company Limited | Research and development of scientifically, tranformation, agriculture | Shareholders/Co – directors |
| Indirect subsidiary | | |
| Lanchang Farm Company Limited (Held by Malee Harvest Company Limited 70%) | Manufacture and distributor for agricultural crops | Shareholders/Co – directors |
| Malee Kino (Thailand) Company Limited (held by Malee Capital Company Limited 51%) | Importing, selling, marketing and distribution of KINO products | Shareholders/Co – directors |
| Long Quan Safe Food JSC (held by Malee Capital Company Limited 65%) | Distributor consumer product for Vietnam and neighboring countries | Shareholders/Co – directors |
| Tan Quang Minh Manufacture and Trading Company Limited (held by Long Quan Safe Food JSC 100%) | Manufacturing and distributor consumer product for Vietnam and neighboring countries | Shareholders/Co – directors |
| Associate | | |
| PT Kino Malee Indonesia (registered in Indonesia) | Importing, manufacturing, selling, marketing and distribution of MALEE products in Indonesia market | Shareholders/Co – directors |
| Joint ventures | | |
| Monde Malee Beverage Corporation (Registered in Philippine) | Principally engaged in the importation, marketing promotion and sale of food and beverage in Philippine market. | Shareholders/Co – directors |
| Mega Malee Company Limited | Research and development of food and beverage | Shareholders/Co – directors |

| Related Companies | Business Type | Relationship |
|--|---|--------------------------------------|
| Related parties | | |
| Abico Holding Public Company Limited | Holding company (investment) | Company's shareholder/Co – directors |
| Abico Land Company Limited | Real estate developer | Group of companies/Co – directors |
| Abico Dairy Farm Company Limited | Produce service of ready to drink milk and fruit juices | Group of companies/Co – director |
| PPO Farm Company Limited | Agriculture and dairy farm | Co – directors |
| Monde Nissin Corporation | Manufacture and distributor for noodle and biscuits | A venture |
| Spicy Disc Company Limited | Music and entertainment | Co – directors |
| Pt Kino Indonesia Tbk | Manufacture and distribution of consumer products in Indonesia | Partnership |
| Kino International Pte Ltd | Holding company (investment) | Partnership |
| Central Trading Company Limited | Department store | Co – directors |
| Mega Lifesciences Public Company Limited | Manufacture and distributor of health food supplements and branded prescription pharmaceutical products | Partnership |




น้ำนมข้าวโพดหวาน 100% จากนิวซีแลนด์



สารลูทีน และ ซีแซนทีน ช่วยป้องกันจอประสาทตาเสื่อม



วิตามิน A และ E ช่วยในการมองเห็น และ บำรุงผิวพรรณ



ไม่มีโคเลสเตอรอล ไขมันต่ำ ไม่มีส่วนผสมของนมผง





ระยะน้ำนม 28 วัน

CORPORATE SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL

"We create healthy products through environmentally friendly processes for the good health and sustainability of everyone."

Malee Group Public Company Limited operates business or activities within the organization and outside the organization by adhering to the good corporate governance principles which cover the 3 major aspects which are economic, community and society, and the environment by attaching importance to the impact on stakeholders. Due to the realization that the Company will be able to achieve sustainable success, the Company must pay attention to the impact on society at both near and far levels, towards people and the environment by using the resources available in the organization or resources from outside the organization in order to live together harmoniously in society. The Company established the overall policy on corporate social responsibilities as follows:

The Company conducts business with corporate social responsibility in the value chain of the manufacturing process, from the procurement of raw materials, production, to the delivery of products to consumers. The Company attaches importance to the policy on corporate social responsibility and the social responsibility is in the Company's conscious mind when carrying business out at all levels, starting from the Board of Directors, executives to the employees of the Company.

The Company has a guideline for CSR activities in accordance with the CSV (Creating Shared Value) approach which is a social development that creates economic value with a business model. This means that creating shared value must be combined with profitability and creating an organization's competitive advantage by using the resources and core expertise of the business in creating economic and social values at the same time. The value that the organization receives comes from achieving sustainable business capability and generating long-term profits that meet the needs of all stakeholders of the Company.

In addition, over the past years, the Company was interested in and attentive to procuring new modern machinery and equipment to replace the old machinery and expanding the manufacturing capacity. These new machines and equipment are more efficient, save energy and reduce the loss of raw materials in the manufacturing process, they produce better quality products that meet the standards, and reduce waste in the manufacturing process. This approach will reduce costs by reducing the use of resources and environmental pollution.

"Being a world-class food and beverage manufacturer under the concept of Growing Well Together"

The Company focused on creating sustainable growth along with those involved in the business operations, whether it is consumers, employees, agriculturalists or the environment. The research and development department of Malee Applied Science Company Limited, a subsidiary of Malee Group Public Company Limited, Extend and add value to agricultural products (High Value Added Products: HVA), generate income and stability for agriculturalists, as well as securing the supply chain of raw material procurement in order to increase competitiveness and drive business growth. Moreover, the agriculturalists will receive a higher value for agricultural products. This is an extension of the concept **"Growing Well Together"** This is an important part in building stable and sustainable growth along with 4 parties involved:

- 1) Consumers pay the same price but still get high quality products.
- 2) The Company, as a manufacturer, is able to secure raw material procurement in the long run and is able to add value to agricultural products.
- 3) Agriculturalists and farmers have a better quality of life and are proud of their careers because they are able to sell raw materials at a higher price.
- 4) Reduce production waste for the benefit of the environment and community.

Policy and Overview

- 1 Operating Business with Fairness The Company promotes good corporate governance and provides management systems that manage duties and responsibilities equally, fairly, effectively, transparently and verifiably. This helps build trust and confidence among shareholders, investors, stakeholders, and all parties involved.

Operating business with fairness is one of the topics in Malee Group's Code of Conduct that emphasizes

operating business with fairness, understanding the nature of business and the situation, whether customers or trade partners which consist of suppliers, agriculturalists and the surrounding community, in order to rely on one other. This creates confidence which will benefit the business and related parties in the long run.

The Company participated in projects that are beneficial to society and the nation in which the Thai Chamber of Commerce was the main leader in the project called "Big Brother Project" which equips SME's operators in order to support the AEC. This project led to pilot businesses that inspire other SME's operators to follow which will strengthen and drive the country to move forward. This project is a civil state project, a collaboration between the Office of Small and Medium Enterprise Promotion (OSMEP), the Thai Chamber of Commerce, leading private companies and financial institutions. There was a total of 14 collaborators including Malee Group Public Company Limited. The Company was invited to participate in this project in order to be the main mentor that gave advice and guidance to SMEs business to grow strongly and sustainably by sharing knowledge and experience in various areas such as manufacturing, marketing, accounting and management as well as helping SME's operators build their own sustainable business plans. This was considered another way to generate the gross domestic product for the country.

Malee has been a mentor for SME's operator for 3 consecutive years and mentored the third class in 2019. Malee has mentored a total of 17 companies which were selected by the Thai Chamber of Commerce in 2019 to share experiences and business knowledge that is directly related to the problems of each company. This also included giving advice and helping creating short-term and long-term business plans in order to create sustainability in the participating SMEs.

- 2 Respect for Human Rights Human rights and equal treatment of local labor and

general labor which includes legally registered migrant workers in accordance with rules of the Ministry of Labor, whether wages or welfare, as well as training to improve skills and give opportunities to employees to show their potential for advancement. The Company received a certificate from the Department of Labor Protection and Welfare from The Ministry of Labor.

- 3 Fair Treatment of Labor Human resources are an important factor for businesses in creating added value and increasing productivity. The Company is committed to treating all levels of employees equally, whether in terms of opportunities, remuneration, welfare, and the development of employees' potential.

The Company improved and integrated the work environment so that employees have a good quality of life which includes good occupational health and safety at work. The Company also received many certifications and participated in the zero-accident campaign of the Ministry of Labor.

- 4 Responsibility to Consumers The Company is a manufacturer and distributor of consumer products that has a policy to operate business in a clean and safe standard. As a result, the Company is well-accepted within the country, has received certificates and many certifications such as the Certificate in the Program of Industrial Production Process Improvement with Cleaner Technology in a collaboration between Mahidol University and NSTDA, and many international organizations such as HACCP, GMP, KOSHER, Q Mark, IFS, BRC, Halal Certificate, etc. The Company also provided a consumer protection hotline at 02-532-3572 to show responsibility for the Company's products to consumers.

- 5 Responsibility to Communities, Society and the Environment The Company is always aware that a strong and sustainable developed community and society is vital and is a contributing factor to the business operations of the Company. Therefore, the Company participated in promoting various activities in surrounding communities such as promoting good local traditions and culture, and caring for and helping when the community has needs.

The Company participated in a project to enhance the knowledge and rehabilitation of the disabled in

the community on May 10, 2019 at the Office of Social Development and Human Security in Ratchaburi Province, in order to promote and develop the quality of life of disabled people so they are able to rely on themselves with dignity, supporting disabled people to show their potential and build a career for them. This included providing employment opportunities for disabled people to have an income for living for both themselves and their family. The Company entered into a memorandum of agreement to participate in the Disability Employment



for Public Benefits Project on May 15, 2019 at the Office of Social Development and Human Security. The Company entered into a memorandum of agreement to participate in the Disability Employment for Public Benefits Project on May 15, 2019 at the Office of Social Development and Human Security.

- 6 Environmental Care The Company's manufacturing process involves agribusiness and the processing of agricultural raw materials into quality products for consumers with a world-class standardized manufacturing process. In regards to the Company's manufacturing process, the Company places great importance on social responsibility and the environment.

Big Cleaning Day Activity

The Company collaborated with Nakhon Pathom



Municipality to organize cleaning activities on the side of the road that leads to Sampran District. The Company's objectives were:

- 1) Encourage employees to participate and engage in environmental and community activities.
- 2) Help the executives and employees to have an awareness to preserve and care for natural resources and the environment.
- 3) Enable the organization to take part in solving environmental problems.

7 Dissemination of Innovation from Corporate Social Responsibility Operations

The Company developed Promote Annual Energy Saving Projects at the Factory
The Company organized Energy Day activities in the factory which are organized continuously every year. The Company had the following objectives:

- 1) Encourage employees to participate and engage in energy activities.
- 2) Prepare for an audit from external auditors that obtained a license to certify the energy management in designated factories from The Department of Alternative Energy Development and Efficiency, Ministry of Energy



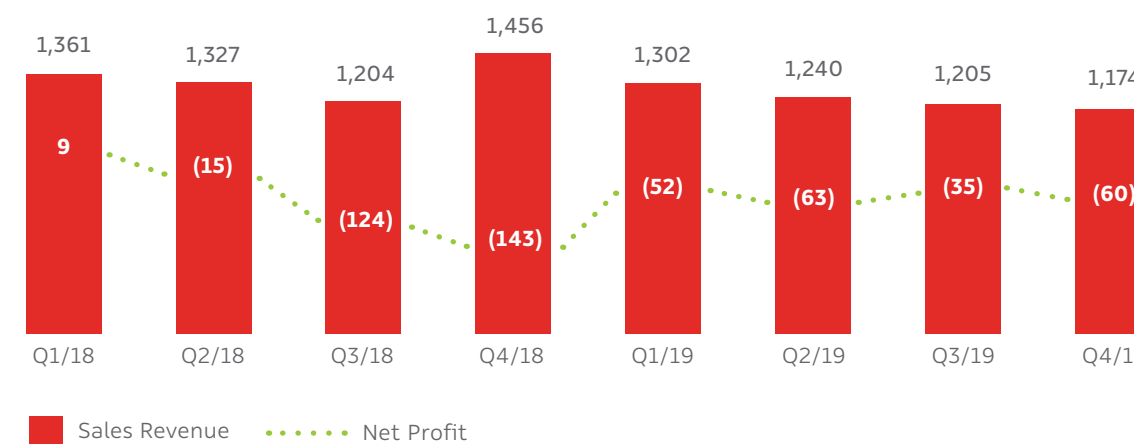
knowledge derived from experiences and disseminated it to any interested companies and agencies. There are companies and agencies that are interested in regularly visiting the Company for case studies. This includes the UASB Biogas System Development Project (pond type) which is produced from wastewater treatment, agricultural waste, and molasses to save the cost of electricity and fuel oil, etc.



MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Malee Group Public Company Limited and Its Subsidiaries Management Discussion and Analysis For the year ended 31 December 2019

YEAR 2019 HIGHLIGHTS



- In 2019, the Company and its subsidiaries recorded total sales of Baht 4,921 million, a decrease of 8% YoY, mainly due to 16% YoY decline in domestic branded sales and financial statement adjustment in accordance with new Thai accounting standards, while export branded sales increased 9% YoY. According to the previous accounting standards, the Company and its subsidiaries would have recognized a total sales Baht 5,248 million, lower than Year 2018 total sales of Baht 5,349 million, or a decrease of 2% YoY.
- In 2019, the Company and its subsidiaries recorded loss of Baht 210 million, loss decreasing from the previous year that recognized net loss Baht 286 million. Greater performance resulted from efficient process improvement as well as selling and administrative expense reduction. However, outstanding loss remained due to 1) sales shrinkage; 2) higher cost as a result of higher depreciation from investments in machinery; 3) higher financial costs from investments; 4) one-time employee compensation of Baht 32 million; and 5) one-time loss from selling unused, outdated machines Baht 23 million.

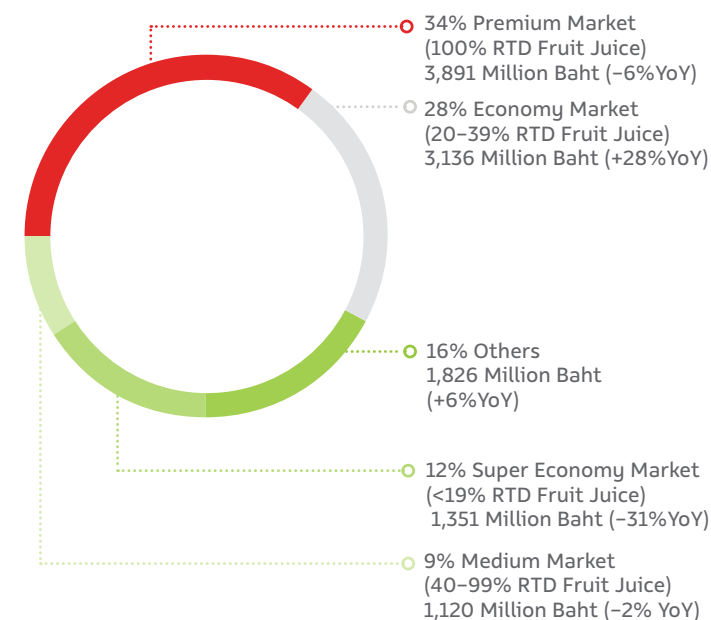


Figure 2: MAT December 2019 RTD Fruit Juice Market Value breakdown by Market Segment (Source: Nielsen)

OVERVIEW OF DOMESTIC ECONOMY AND READY-TO-DRINK FRUIT JUICE MARKET

In 2019, moving Annual Total (MAT) Year 2019 of domestic RTD fruit juice market was Baht 11,324 million, a decrease of 1% YoY. RTD fruit juice market value and growth is as shown in figure 2. (Source: Nielsen)

(Unit : Baht Million)

| | 2019 | 2018 | %YoY |
|---|------------|--------------|-------------|
| Revenues from sales and services | 4,921 | 5,339 | -8% |
| Cost of goods sold and services | 4,101 | 4,185 | -2% |
| Gross profit | 820 | 1,154 | -29% |
| % gross profit | 16.7% | 21.6% | |
| Selling expenses | 535 | 944 | -43% |
| % selling expenses to sales | 10.9% | 17.7% | - |
| Administrative expenses * | 550 | 577 | -5% |
| % Administrative expenses to sales | 11.2% | 10.8% | |
| Finance costs | 66 | 60 | 10% |
| Share of profit (loss) from investment in subsidiaries and joint ventures | (12) | (16) | 28% |
| Tax (income) | (66) | (101) | 35% |
| Net profit (loss) major shareholders equity | (210) | (286) | 27% |
| % net profit (loss) | (4.2%) | (5.3%) | - |
| Depreciation and amortization | 230 | 185 | 24% |
| EBITDA | 21 | (87) | 124% |
| %EBITDA | 0.4% | (1.6%) | - |

Year 2019 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 4,921 million, a decrease of 8% YoY, mainly due to domestic branded sales shrinkage and financial statement adjustment in accordance with new Thai accounting standards.

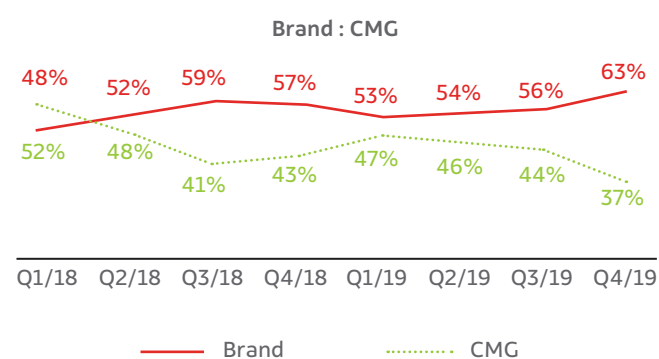
According to the previous accounting standards, Year 2019 total sales would have been Baht 5,248 million which was lower than Year 2018 total sales of Baht 5,349 million, a decline of 2% YoY.

Details are as follows:

- Domestic Branded Business sales decreased 17% YoY.
- Export Branded Business sales increased 24% YoY, mainly due to sales increase from fruit juice and milk products, and sales recognition from Long Quan Safe Food JSC (LQSF), Vietnam.
- Total Contract Manufacturing Business (CMG) sales decreased 13% YoY.

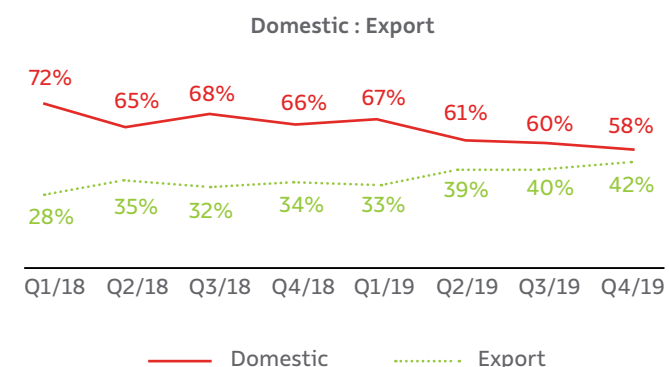
Sales breakdown by business and geography are as follows:
Sales Breakdown by Business:

- Brand: Baht 2,767 million, down 4% YoY.
- CMG: Baht 2,154 million, down 13% YoY.
- Sales ratio of Brand: CMG was 56:44, compared with 54:46 in previous year.



Sales Breakdown by Geography:

- Domestic: Baht 3,038 million, down 16% YoY.
- Export: Baht 1,883 million, up 9% YoY.
- Sales ratio of Domestic: Export was 62:38, compared with 68:32 in previous year.

**Year 2019 Cost of Goods Sold**

The Company and its subsidiaries recorded cost of goods sold of Baht 4,101 million. Cost of goods sold to sales increased to 83.3% from 78.4% in previous year, mainly due to sales reduction, higher depreciation, and financial statement adjustment in accordance with new Thai accounting standards .

Year 2019 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 820 million, a decrease of 29% YoY, representing gross profit margin of 16.7%, reduced from 21.6% in previous year, mainly due to financial statement adjustment in accordance with new Thai accounting standards.

Year 2019 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 535 million, a decrease of 43% YoY. Selling expenses to sales reduced to 10.9% from 17.7% in previous year due to financial statement adjustment in accordance with new Thai accounting standards, selling expenses recognition from Long Quan Safe Food JSC (LQSF) Vietnam, and efficient expenses control.

Year 2019 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 550 million, a decrease of 5% YoY. Administrative expenses to sales increased to 11.2% from 10.8% in previous year, mainly due to one-time expense from employee compensation Baht 32 million, domestic branded sales decline, and the decrease in sales impacted from financial statement adjustment in accordance with new Thai accounting standards.

However, if employee compensation was excluded, administrative expenses to sales would decrease from 11.2% to 10.5%.

Year 2019 Finance Costs

The Company and its subsidiaries recorded finance costs of Baht 66 million, an increase of 10% YoY due to higher loan as a result of investments in machinery, subsidiaries, and joint ventures both in Thailand and overseas.

Year 2019 Net Profit

The Company and its subsidiaries recorded net loss of Baht 210 million, a decrease loss from net loss of Baht 286 million in previous year. In 2019, better performance resulted from efficient process improvement as well as selling and administrative expense reduction. However, outstanding

FINANCIAL POSITION OF THE COMPANY AND ITS SUBSIDIARIES

| (Unit: Baht Million) | 30 December 2019 | 31 December 2018 | % Change |
|--|---------------------|---------------------|--------------|
| Cash and cash equivalents | 119 | 103 | 15.1% |
| Account receivables | 737 | 700 | 5.3% |
| Inventories | 512 | 885 | -42% |
| Other current assets | 140 | 175 | -38% |
| Total current assets | 1,508 | 1,864 | -21% |
| Property, plant and equipment | 1,983 | 2,132 | -7% |
| Goodwill | 48 | 52 | -7% |
| Investments in joint venture | 72 | 56 | 28.5% |
| Other non-current assets | 576 | 565 | 1.9% |
| Total non-current assets | 2,679 | 2,805 | -4% |
| Total Assets | 4,187 | 4,668 | -11% |
| Bank overdrafts and short-term loans from financial institutions | 1,439 | 1,536 | -6% |
| Account payables | 373 | 413 | -10% |
| Current portion of long-term loans from financial institutions | 143 | 190 | -25% |
| Current portion of liabilities under financial lease agreements | 38 | 33 | 15.6% |
| Other non-current liabilities | 363 | 403 | 10% |
| Total Current Liabilities | 2,356 | 2,576 | -9% |
| Long-term loans, net of current portion from financial institutions | 541 | 599 | 10% |
| Liabilities under financial lease agreements, net of current portion | 43 | 58 | -26% |
| Other non-current liabilities | 263 | 276 | -5% |
| Non-current Liabilities | 847 | 932 | -9% |
| Total Liabilities | 3,203 | 3,508 | -9% |
| Authorized share capital | 140 | 140 | 0% |
| Issued and fully paid-up share capital | 140 | 140 | 0% |
| Share premium | 6 | 6 | 0% |
| Retained earnings | 628 | 829 | -24% |
| Other components of equity | 225 | 189 | 19.1% |

| | | | |
|--|--------------|--------------|-------------|
| Deduct: Treasury stock | (114) | (114) | 0% |
| Total equity of parent Company's shareholders | 885 | 1,049 | -16% |
| Non-controlling interests | 99 | 111 | -10% |
| Total Shareholders' Equity | 984 | 1,160 | -15% |
| Total Liabilities and Shareholders' Equity | 4,187 | 4,668 | -10% |

Assets

As at 31 December 2019, the Company and its subsidiaries had total assets of Baht 4,156 million, a decrease of 11% from Baht 4,668 million as of 31 December 2018. The main factors include the decrease of inventories and fixed assets.

Liabilities

As at 31 December 2019, the Company and its subsidiaries had total Liabilities of Baht 3,203 million, a decrease of 9% from Baht 3,508 million as of 31 December 2018, mainly due to a decrease in loans from financial institutions.

Shareholders' Equity

As at 31 December 2019, the Company and its subsidiaries had total equity of parent Company's shareholders of Baht 885 million, a decrease of 16% from Baht 1,049 million as of 31 December 2018, mainly due to net loss performance.

LIQUIDITY AND CAPITAL RESOURCES

Current Ratio

As at 31 December 2019, the Company and its subsidiaries recorded current ratio of 0.64x, a decrease from 0.72x as of 31 December 2018 because decreases in inventories were greater than current liabilities that the Company repaid loans from financial institutions.

Interest-bearing debt to equity ratio increased from 2.3x to 2.49x because loans from financial institutions reduced less than the decrease of the parent company's shareholders.

| Consolidated | 2019 | 2018 |
|--|-------------|-------------|
| Current Ratio (Times) | 0.64 | 0.72 |
| Interest-bearing Debt to Equity (Times) | 2.49 | 2.30 |

CASH FLOW

| (Unit: Baht Million) | 31 Dec 2019 | 31 Dec 2018 | % Change |
|--|-------------|-------------|----------|
| Profit (loss) from operating activities before changes in operating assets and liabilities | 137 | (17) | 894.2% |
| Profit (loss) from changes in operating assets and liabilities | 196 | 152 | 28.6% |
| Net Cash flows from (used in) operating activities | 333 | 135 | 146.3% |
| Cash paid from business combination | (0) | (274) | 100.0% |
| Cash paid for increased investments in joint ventures | (54) | (13) | (324%) |
| Acquisition of property, plant and equipment | (23) | (141) | 83.4% |
| Net Cash flows from other investing activities | 0 | (49) | 101.0% |
| Net Cash flows from (used in) investing activities | (77) | (476) | 83.8% |
| Increase (decrease) in bank overdraft and short – term loans from financial institutions | (97) | 208 | (146%) |
| Increase (decrease) in long-term loans from financial institutions | (104) | 415 | (125%) |
| Repayment of long-term loans from financial institutions | (10) | 0 | – |
| Cash paid to liabilities under finance lease agreement | 0 | (34) | 100.0% |
| Treasury shares | 0 | (114) | 100.0% |
| Finance costs paid | (66) | (63) | (6%) |
| Dividend paid | (0) | (69) | 100.0% |
| Net Cash flows from (used in) financing activities | (277) | 343 | (181%) |
| Exchange differences on translating financial statements | 37 | 0 | 67,120% |
| Net increase (decrease) in cash and cash equivalents | 16 | 3 | 480.7% |
| Cash and cash equivalents at beginning of periods | 103 | 100 | 2.7% |
| Cash and cash equivalents at end of periods | 119 | 103 | 15.1% |

In 2019, the Company and its subsidiaries recorded ending cash of Baht 119 million, an increase from Baht 103 million at the end of 2018, with details as follows:

- Net cash received from operating activities of Baht 333 million, consisting of (1) cash inflows from operating activities before changes in operating assets and liabilities of Baht 137 million; and (2) cash inflows from net change in working capital of Baht 196 million, mainly due to decrease of account receivable and inventories.
- Net cash used in investing activities of Baht 77 million, comprising of (1) cash outflows from investment in joint venture of Baht 54 million; and (2) cash outflows from acquisition of property, plant and equipment of Baht 23 million.

Net cash used in investing activities of Baht 77 million, comprising of (1) cash outflows from investment in joint venture of Baht 54 million; and (2) cash outflows from acquisition of property, plant and equipment of Baht 23 million.

FORWARD LOOKING

The Year 2019 was another challenging year for the Company. We dealt with uncontrollable external factors, such as the overall domestic economic condition causing diminishing confidence and lower purchasing power, international trade war, and the appreciation of Thai Baht. The Company focused our energy and resources in accelerating our plans to increase export branded sales and to improve internal work process for greater efficiency with the goal to create stability and sustainability in the long term. Even though our sales decreased from the previous year and the Company still recognized loss, due to our efforts in strict costs and expenses controls and reductions, the operations showed an improvement and a positive sign in performance recovery.

For the year 2020, the Company will continuously improve our operations in order to satisfy customer needs in both quality and excellent services. Our aims are to 1) continue our focus on expanding export branded business; 2) continue to improve work processes in all areas for higher efficiency; 3) strict costs and expenses controls and reductions; and 4) ramp up assets utilization. We are confident that these measures will leverage our business performances as a whole and we will grow stronger. All these efforts and changes will be an important part in laying a strong foundation for the Company to be able to drive sustainable future growth.

MALEE GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

And independent auditor's report expressed in Thai Baht



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Malee Group Public Company Limited

Opinion

I have audited the consolidated financial statements of Malee Group Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Malee Group Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2019, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Malee Group Public Company Limited and its subsidiaries and of Malee Group Public Company Limited as of December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters included Audit Procedures are as follows:

Presentation of inventory valuation (the consolidated and separate financial statements)

As describe in Note 3.4 and 12 to the financial statement, inventories which are stated at the lower of cost and net realizable value are significant amount. Most of inventory age is not long due to the Company and its subsidiaries are principally engaged in the manufacture and distribution of earned agriculture products, fruit juices and non – alcohol beverage. And the management used information from inventory aging analysis report and individual obsolete stock analysis report to consider the allowance for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I assessed and tested the internal control related to the calculation of inventory cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of the information disclosure related to the measurement of inventories.

Other Matter

The consolidated financial statements of Malee Group Public Company Limited and its subsidiaries for the year ended December 31, 2018, presented herein for comparison, which I audited in accordance with Standards on Auditing and expressed qualified opinion that except for the possible effects to the consolidated financial statements due to I was unable to perform alternative procedures to determine the impact to the consolidated financial statements as stated thereon my audit report dated February 26, 2019. Accordingly, in the 1st and 3rd quarter of year 2019, the Group has adjusted in its consolidated financial statements as described in Note 5 to the financial statements. I audited such adjustments and found that they are appropriate and proper. Thus my opinion on the consolidated financial statements is changed to the unqualified opinion.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



A.M.T. & ASSOCIATES
Bangkok, Thailand
February 25, 2020

(Chaithuth Angsuwithaya)
Certified Public Accountant
Registration No. 3885

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

| ASSETS | | Baht | | | |
|--|---------------|-----------------------------------|-------------------------|------------------------------------|-------------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | Notes | As at December 31, 2019 | As at December 31, 2018 (Restated) | As at December 31, 2019 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 8 | 118,770,239 | 103,156,732 | 65,347,393 | 29,752,948 |
| Trade receivables | | | | | |
| Subsidiaries | 7 | - | - | 304,051,579 | 402,422,943 |
| Related parties | 7 | 30,111,438 | 43,113,397 | 281,269 | 34,050,901 |
| Unrelated parties | | 713,581,118 | 661,970,286 | 347,447,120 | 272,716,155 |
| Less : Allowance for doubtful accounts | 9 | (6,644,851) | (4,849,627) | (4,258,197) | (3,974,299) |
| Trade receivables, net | 4 and 9 | 737,047,705 | 700,234,056 | 647,521,771 | 705,215,700 |
| Other receivables | 7 and 10 | 87,965,112 | 158,038,684 | 58,574,872 | 119,938,930 |
| Short – term loans to subsidiary | 7 and 11 | - | - | - | 12,000,000 |
| Current portion of long – term loans to subsidiaries | 7 and 15 | - | - | - | 5,000,000 |
| Current portion of long – term loans to other | 16 | 31,656,758 | - | - | - |
| Inventories, net | 4 and 12 | 511,638,511 | 885,063,507 | 327,331,747 | 674,576,428 |
| Refundable income tax – current period | | 5,384,295 | 5,948,950 | 5,143,546 | 5,080,370 |
| Other current assets | | 15,865,024 | 11,125,943 | 3,705,797 | 6,965,841 |
| Total Current Assets | | 1,508,327,644 | 1,863,567,872 | 1,107,625,126 | 1,558,530,217 |
| Non – Current Assets | | | | | |
| Investments in subsidiaries, net | 13 | - | - | 532,125,535 | 519,478,488 |
| Investments in associates and joint ventures | 14 | 72,144,642 | 56,137,846 | 114,274,305 | 60,224,870 |
| Long – term loans to subsidiaries, net | 7 and 15 | - | - | 31,500,000 | 2,000,000 |
| Long – term loans to other, net | 16 | - | 31,656,758 | - | - |
| Restricted bank deposits | 32 | 21,001,047 | 21,001,043 | 21,001,047 | 21,001,043 |
| Property, plant and equipment, net | 17, 22 and 32 | 1,983,069,377 | 2,131,628,576 | 1,774,243,776 | 1,876,050,374 |
| Goodwill | 6 | 48,428,706 | 51,996,447 | | |
| Intangible asset, net | 6, 18 and 22 | 285,088,740 | 320,690,023 | 21,518,403 | 32,546,902 |
| Deferred tax assets | 28 | 213,308,982 | 134,125,798 | 173,556,388 | 94,901,094 |
| Refundable income tax – perior period | | 6,951,756 | 3,634,565 | 5,077,527 | 1,781,320 |
| Right to claim from the former shareholder | 6 | 31,086,712 | 33,367,758 | - | - |
| Other non – current assets | | | | | |
| Deposits | 7 | 12,487,654 | 16,274,495 | 10,917,357 | 13,096,428 |
| Others | | 5,464,328 | 4,080,069 | 4,546,758 | 7,664,127 |
| Total Non – Current Assets | | 2,679,031,944 | 2,804,593,378 | 2,688,761,096 | 2,628,744,646 |
| Total Assets | | 4,187,359,588 | 4,668,161,250 | 3,796,386,222 | 4,187,274,863 |

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

| LIABILITIES AND SHAREHOLDERS' EQUITY | | Baht | | | |
|--|----------------|-----------------------------------|--|-------------------------------|-------------------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | As at December 31, 2019 | As at December 31, 2018 (Restated) | As at December 31, 2019 | As at December 31, 2018 |
| | Notes | | | | |
| CURRENT LIABILITIES | | | | | |
| Short – term loans from financial institutions | 19 and 32 | 1,439,491,352 | 1,536,164,686 | 1,337,292,099 | 1,467,331,745 |
| Trade payables | | | | | |
| Subsidiary | 7 | – | – | 144,931 | 130,064 |
| Related parties | 7 | 17,599,123 | 10,030,711 | 17,184,591 | 9,738,765 |
| Unrelated parties | | 355,746,760 | 402,652,822 | 283,027,274 | 317,099,891 |
| Other payables | 4, 7 and 20 | 310,662,196 | 335,047,385 | 129,339,399 | 122,328,410 |
| Current portion of long – term loans | 22 | 142,999,202 | 190,127,426 | 142,999,202 | 181,818,070 |
| Current portion of liabilities | | | | | |
| Under finance lease agreements | 21 | 38,493,736 | 33,308,341 | 38,493,736 | 33,308,341 |
| Income tax payable | | 6,876,942 | – | – | – |
| Other current liabilities | | | | | |
| Advances received for goods | | 14,252,294 | 30,199,328 | 22,541,702 | 28,463,249 |
| Accrued dividends payment | | 5,327,318 | 5,330,089 | 5,327,318 | 5,330,089 |
| Others | | 24,297,357 | 32,717,646 | 2,000,595 | 14,357,745 |
| Total Current Liabilities | | 2,355,746,280 | 2,575,578,434 | 1,978,350,847 | 2,179,906,369 |
| Non – Current Liabilities | | | | | |
| Long – term loans from financial institutions, net | 22 | 541,416,444 | 598,546,228 | 535,224,645 | 585,864,262 |
| Liabilities under finance lease agreements, net | 21 | 42,502,921 | 57,813,684 | 42,502,921 | 57,813,684 |
| Deferred tax liabilities | 4 and 28 | 131,530,022 | 122,381,522 | 64,184,615 | 52,453,390 |
| Provisions for employee benefits | 23 | 100,605,531 | 96,323,591 | 80,915,295 | 81,162,633 |
| Provision for tax – related liabilities | 6 | 31,086,712 | 33,367,758 | – | – |
| Liability from invesment in joint venture | | | | | |
| in portion under the Company's responsibility | 14 | – | 23,869,910 | – | – |
| Other non – current liabilities | | – | – | 1,502,449 | – |
| Total Non – Current Liabilities | | 847,141,630 | 932,302,693 | 724,329,925 | 777,293,969 |
| Total Liabilities | | 3,202,887,910 | 3,507,881,127 | 2,702,680,772 | 2,957,200,338 |

STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.) | | Baht | | | |
|---|--|-----------------------------------|-------------------------------|-------------------------------|--|
| | | Consolidated financial statements | | Separate financial statements | |
| | | Notes | As at December 31, 2019 | As at December 31, 2018 | As at December 31, 2019 (Restated) |
| Shareholders' Equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 280,000,000 ordinary shares of Baht 0.50 each | | | 140,000,000 | 140,000,000 | 140,000,000 |
| Issued And Fully Paid – Up Share Capital | | | | | |
| 280,000,000 ordinary shares of Baht 0.50 each | | | 140,000,000 | 140,000,000 | 140,000,000 |
| Share premium on issue of treasury shares | | | 5,848,058 | 5,848,058 | 5,848,058 |
| Retained earnings (deficit) | | | | | |
| Appropriated | | | | | |
| – Legal reserve | | 26 | 14,000,000 | 14,000,000 | 14,000,000 |
| – Treasury Shares Reserve | | 24 | 114,335,425 | 114,335,425 | 114,335,425 |
| Unappropriated | | | 500,030,562 | 700,219,854 | 686,408,141 |
| Other components of equity | | | 225,118,292 | 189,069,580 | 247,449,251 |
| Less : Treasury shares | | 24 | (114,335,425) | (114,335,425) | (114,335,425) |
| Total equity of parent Company's shareholders | | | 884,996,912 | 1,049,137,492 | 1,093,705,450 |
| Non – controlling interests | | | 99,474,766 | 111,142,631 | – |
| Total Shareholders' Equity | | | 984,471,678 | 1,160,280,123 | 1,093,705,450 |
| Total Liabilities And Shareholders' Equity | | | 4,187,359,588 | 4,668,161,250 | 3,796,386,222 |
| | | | | | 4,187,274,863 |

STATEMENTS OF CHANGES IN EQUITY (1/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

| Consolidated financial statements (Baht) | | | | | | | | | | | | | |
|---|--|---|--------------------|------------------|-------------------------------|-----------------------------|------------------------|---------------------------|---|--|-----------------------------------|----------------------------------|--|
| Equity of parent Company's shareholders | | | | | | | | | | | | | |
| Other components of equity | | | | | | | | | | | | | |
| Other comprehensive income (loss) | | | | | | | | | | | | | |
| Notes | Issued and fully paid – up share capital | Share premium on issue of treasury shares | Treasury shares | Legal reserve | Treasury shares reserve | Unappropriated statement | Revaluation surplus | Employee benefit plans | Actuarial gains (losses) on defined | Total equity of parent Company's shareholders | Non – controlling interests | Total shareholder's equity | |
| | | | | | | | | | | | | | Exchange differences on translating financial statement |
| Balances as at December 31, 2018 – Before adjustment | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 796,470,469 | (12,269,200) | 201,338,780 | – | 189,069,580 | 1,145,388,107 | 45,720,456 | 1,191,108,563 |
| Adjustment | | | | | | | | | | | | | |
| Effect from business combination adjustments | 5 | – | – | – | – | – | – | – | – | – | – | – 85,309,858 | 85,309,858 |
| Cumulative effects of correcting the prior period errors | 5 | – | – | – | – | (96,250,615) | – | – | – | – | (96,250,615) | (19,887,683) | (116,138,298) |
| Balances as at December 31, 2018 – After adjustment | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 700,219,854 | (12,269,200) | 201,338,780 | – | 189,069,580 | 1,049,137,492 | 111,142,631 | 1,160,280,123 |
| Cumulative effects of changes in accounting policies | | | | | | | | | | | | | |
| due to the adoption of new financial reporting standard | 4 | – | – | – | – | – | – | – | – | – | – | – | – 9,425,574 |
| Balances as at January 1, 2019 – After adjustment | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 709,645,428 | (12,269,200) | 201,338,780 | – | 189,069,580 | 1,058,563,066 | 111,142,631 | 1,169,705,697 |
| Total comprehensive income (loss) for the year | | – | – | – | – | (209,614,866) | (15,807,288) | 51,856,000 | – | 36,048,712 | (173,566,154) | (11,667,865) | (185,234,019) |
| Ending balances as at December 31, 2019 | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 500,030,562 | (28,076,488) | 253,194,780 | – | 225,118,292 | 884,996,912 | 99,474,766 | 984,471,678 |

STATEMENTS OF CHANGES IN EQUITY (2/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

| Consolidated financial statements (Baht) | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Equity of parent Company's shareholders | | | | | | | | | | | | |
| Other components of equity | | | | | | | | | | | | |
| Other comprehensive income (loss) | | | | | | | | | | | | |
| Exchange differences on translating financial statement | | | | | | | | | | | | |
| Actuarial gains (losses) on defined employee benefit plans | | | | | | | | | | | | |
| Total equity of parent Company's shareholders | | | | | | | | | | | | |
| Non – controlling interests | | | | | | | | | | | | |
| Total equity of parent Company's shareholders | | | | | | | | | | | | |
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| | Separate financial statements (Baht) | | | | | | | | | |
|--|--|---|-----------------|---------------|-------------------------|----------------------------|---------------------|--|-------------|---------------|
| | Other components of equity | | | | | Total shareholder's equity | | | | |
| | Other comprehensive income (loss) | | | | | Total | | | | |
| | Retained earning(Deficit) Appropriated | | | | | Total | | | | |
| Notes | Issued and fully paid – up share capital | Share premium on issue of treasury shares | Treasury shares | Legal reserve | Treasury shares reserve | Unappropriated | Revaluation surplus | Actuarial gains (losses) on defined employee benefit plans | Total | |
| Balances as at January 1, 2019 – Before adjustment | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 873,657,216 | 196,569,251 | - | 196,569,251 | 1,230,074,525 |
| Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard | 4 | - | - | - | - | 9,425,574 | - | - | - | 9,425,574 |
| Balances as at January 1, 2019 – After adjustment | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 883,082,790 | 196,569,251 | - | 196,569,251 | 1,239,500,099 |
| Total comprehensive income (loss) for the year | - | - | - | - | - | (196,674,649) | 50,880,000 | - | 50,880,000 | (145,794,649) |
| Ending balances as at December 31, 2019 | 140,000,000 | 5,848,058 | (114,335,425) | 14,000,000 | 114,335,425 | 686,408,141 | 247,449,251 | - | 247,449,251 | 1,093,705,450 |
| Balances as at January 1, 2018 | 140,000,000 | 5,848,058 | - | 14,000,000 | - | 1,216,206,420 | 196,569,251 | - | 196,569,251 | 1,572,623,729 |
| Treasury shares | 24 | - | (114,335,425) | - | - | - | - | - | - | (114,335,425) |
| Treasury shares reserve | 24 | - | - | - | 114,335,425 | (114,335,425) | - | - | - | - |
| Transferred to retained earnings (deficit) | - | - | - | - | - | (2,093,969) | - | 2,093,969 | 2,093,969 | - |
| Total comprehensive income (loss) for the year | - | - | - | - | - | (157,128,314) | - | (2,093,969) | (2,093,969) | (159,222,283) |
| Dividend paid | 25 | - | - | - | - | (68,991,496) | - | - | - | (68,991,496) |
| Ending balances as at December 31, 2018 | 140,000,000 | 5,848,058 | - | 14,000,000 | 114,335,425 | 873,657,216 | 196,569,251 | - | 196,569,251 | 1,230,074,525 |

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|--|----------|-----------------------------------|---------------|--------------------------------|---------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | For the year ended Decmber 31, | | For the year ended Decmber 31, | |
| Notes | | 2019 | 2018 | 2019 | 2018 |
| (Restated) | | | | | |
| Revenues | | | | | |
| Revenues from sales | 4 | 4,920,999,981 | 5,338,501,184 | 3,800,702,205 | 4,101,627,138 |
| Other incomes | | | | | |
| – Gain on exchange rate | | 1,644,892 | 5,531,325 | 2,824,670 | 4,270,261 |
| – Gain on sales of assets | | – | 1,722,118 | – | 1,722,118 |
| – Reversal allowance for investment in the subsidiaries | 13 | – | – | 12,647,047 | – |
| – Others | | 77,373,910 | 39,851,044 | 116,046,805 | 65,210,100 |
| Total Revenues | 7 | 5,000,018,783 | 5,385,605,671 | 3,932,220,727 | 4,172,829,617 |
| Expenses | | | | | |
| Cost of sales | 4 and 12 | 4,100,642,087 | 4,184,998,060 | 3,643,209,467 | 3,748,418,819 |
| Selling expenses | 4 | 534,522,814 | 943,771,290 | 59,721,152 | 124,940,698 |
| Administrative expenses | | 549,947,618 | 577,290,323 | 433,563,434 | 483,712,443 |
| Other expense – loss on sales of assets | | 14,144,400 | – | 14,144,400 | – |
| Finance costs | | 66,332,142 | 60,228,356 | 60,257,385 | 56,809,357 |
| Total Expenses | 7 | 5,265,589,061 | 5,766,288,029 | 4,210,895,838 | 4,413,881,317 |
| Share Of Profit (Loss) From Investments In Associates And Joint Ventures | 14 | (11,572,821) | (16,112,482) | – | – |
| Profit (Loss) Before Income Tax Expenses | | (277,143,099) | (396,794,840) | (278,675,111) | (241,051,700) |
| Tax Expenses (Income) | 4 and 28 | (66,018,565) | (101,313,400) | (82,000,462) | (83,923,386) |
| Profit (Loss) For The Years | | (211,124,534) | (295,481,440) | (196,674,649) | (157,128,314) |
| Profit (Loss) For The Periods Attributable To : | | | | | |
| Equity Holders Of The Parent | | (209,614,866) | (286,080,335) | (196,674,649) | (157,128,314) |
| Non – Controlling Interests | | (1,509,668) | (9,401,105) | – | – |
| | | (211,124,534) | (295,481,440) | (196,674,649) | (157,128,314) |
| Basic Earnings (Loss) Per Share (Baht) | | | | | |
| Profit (loss) attributable to equity holders of the parent | | (0.76) | (1.03) | (0.71) | (0.57) |
| The weighted average number of ordinary shares (shares) | 30 | 276,000,000 | 276,580,822 | 276,000,000 | 276,580,822 |

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|---|--------------|--|---------------|--|---------------|
| | | Consolidated financial statements For the year ended December 31, | | Separate financial statements For the year ended December 31, | |
| | Notes | 2019 | 2018 | 2019 | 2018 |
| (Restated) | | | | | |
| PROFIT (LOSS) FOR THE YEARS | | (211,124,534) | (295,481,440) | (196,674,649) | (157,128,314) |
| OTHER COMPREHENSIVE INCOME (LOSS): | | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating financial statement | 13 and 14 | (25,965,485) | (6,751,127) | - | - |
| Total item that will be reclassified subsequently to profit or loss | | (25,965,485) | (6,751,127) | - | - |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Surplus on revaluation of assets | 17 | 64,820,000 | - | 63,600,000 | - |
| Actuarial gains (losses) on defined employee benefit plans | 23 | - | (4,532,138) | - | (2,617,461) |
| Deferred tax relating to other components of equity | 28 | (12,964,000) | 885,586 | (12,720,000) | 523,492 |
| Total items that will not be reclassified subsequently to profit or loss | | 51,856,000 | (3,646,552) | 50,880,000 | (2,093,969) |
| Other Comprehensive Income (Loss) For The Years | | 25,890,515 | (10,397,679) | 50,880,000 | (2,093,969) |
| Total Comprehensive Income (Loss) For The Years | | (185,234,019) | (305,879,119) | (145,794,649) | (159,222,283) |
| Total Comprehensive Income (Loss) For The Years Attributable To: | | | | | |
| Equity Holders Of The Parent | | (173,566,154) | (296,478,014) | (145,794,649) | (159,222,283) |
| Non – Controlling Interests | | (11,667,865) | (9,401,105) | - | - |
| | | (185,234,019) | (305,879,119) | (145,794,649) | (159,222,283) |

STATEMENTS OF CASH FLOWS (1/3)

FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|-------|---|--|---------------|--|---------------|
| | | Consolidated financial statements For the year ended December 31, | | Separate financial statements For the year ended December 31, | |
| Notes | | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| | Cash flows from (used in) operating activities | | | | |
| | Profit (loss) for the years | (211,124,534) | (295,481,440) | (196,674,649) | (157,128,314) |
| | Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities: | | | | |
| | Bad debt and allowance for doubtful accounts (reversal) | 1,795,224 | (1,094,287) | 283,898 | (1,198,678) |
| | Loss on destroy inventories | 59,596,157 | 18,807,439 | 49,195,565 | 13,212,492 |
| | Allowance for obsolete inventories (reversal) | 21,910,669 | 31,902,659 | 28,765,948 | 19,236,906 |
| | Allowance for impairment of assets (reversal) | (17,460,753) | - | (17,460,753) | - |
| | Allowance for investment in subsidiaries (reversal) | - | - | (12,647,047) | - |
| | Depreciation | 245,288,705 | 215,837,487 | 208,555,417 | 210,544,534 |
| | Amortization - other assets | 23,165,082 | 15,073,544 | 17,190,710 | 12,888,194 |
| | Withholding income tax written off | 2,681,237 | - | 1,781,319 | - |
| | Loss (gain) on sales of property, plant and equipment | 14,144,400 | (1,722,118) | 14,144,400 | (1,722,118) |
| | Unrealised loss (gain) on exchange rate | (1,093,421) | (1,621,390) | (929,936) | (1,621,390) |
| | Shares of profit (loss) of investments in associate and joint ventures | (11,572,821) | 16,112,482 | - | - |
| | Provisions for employee benefits | 11,176,666 | 29,435,991 | 7,806,255 | 24,624,713 |
| | Interest income | (1,825,538) | (3,415,448) | (1,700,863) | (3,383,041) |
| | Finance cost | 66,332,142 | 60,228,356 | 60,257,385 | 56,809,357 |
| | Tax expense (income) | (66,018,565) | (101,313,400) | (82,000,462) | (83,923,386) |
| | Profit (loss) from operating activities before changes in operating assets and liabilities | | | | |
| | operating assets and liabilities | 136,994,650 | (17,250,125) | 76,567,187 | 88,339,269 |

STATEMENTS OF CASH FLOWS (2/3)

FOR THE YEAR ENDED DECEMBER 31, 2019

| Notes | Baht | | | |
|---|--|---------------|--|---------------|
| | Consolidated financial statements For the year ended December 31, | | Separate financial statements For the year ended December 31, | |
| | 2019 | 2018 | 2019 | 2018 |
| | (Restated) | | | |
| Operating assets decrease (increase) | | | | |
| Trade receivables | 71,942,432 | 82,528,467 | 167,961,336 | 100,892,460 |
| Other receivables | 70,073,572 | (3,369,605) | 61,364,058 | (29,293,344) |
| Loan to subsidiary | - | - | (12,500,000) | 29,000,000 |
| Inventories | 193,148,833 | 157,270,739 | 170,513,832 | 112,118,359 |
| Other current assets | (4,739,081) | 4,548,716 | 3,260,044 | 5,790,444 |
| Other non - current assets | (3,233,360) | 17,491,363 | 471,799 | 10,499,585 |
| Operating liabilities increase (decrease) | | | | |
| Trade payables | (38,244,229) | (107,459,772) | (25,681,988) | (110,137,346) |
| Other payables | (43,832,409) | (956,427) | (12,436,231) | (29,868,280) |
| Other current liabilities | (24,367,323) | 17,750,998 | (18,278,697) | 1,654,668 |
| Employee benefit obligation paid | (6,894,726) | (4,786,350) | (6,551,144) | (4,786,350) |
| Cash received (paid) from operating activities | 350,848,358 | 145,768,004 | 404,690,195 | 174,209,465 |
| Net cash received (paid) for income tax | (17,893,344) | (10,598,635) | (5,140,703) | (8,611,871) |
| Net cash flows from (used in) operating activities | 332,955,014 | 135,169,369 | 399,549,492 | 165,597,594 |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | | | |
| DECREASE (INCREASE) IN RESTRICTED BANK DEPOSITS | (4) | - | (4) | - |
| Net cash and cash equivalents received from business combination | - | (275,558,928) | - | - |
| Proceed from purchase of non - controlling interest | - | 1,587,727 | - | - |
| Cash payment for increased investments in subsidiary | - | - | - | (345,000,000) |
| Cash payment for increased investments in joint venture | (54,049,435) | (12,750,000) | (54,049,435) | - |
| Proceeds from sales of property, plant and equipment | 62,990,714 | 11,876,114 | 53,973,694 | (70,365,680) |
| Purchase of property, plant and equipment | (86,406,183) | (135,213,556) | (74,358,940) | (10,761,705) |
| Cash payment for payable on purchase of assets | - | (17,332,033) | - | (10,761,705) |
| Decrease (increase) in intangible assets | (1,337,570) | (51,996,447) | (1,337,570) | (21,922,644) |
| Interest received | 1,825,538 | 3,415,448 | 1,700,863 | 3,383,041 |
| Net cash flows from (used in) investing activities | (76,976,940) | (475,971,675) | (74,071,392) | (433,829,548) |

STATEMENTS OF CASH FLOWS (3/3)

FOR THE YEAR ENDED DECEMBER 31, 2019

| Notes | Baht | | | |
|---|---|---------------|--|---------------|
| | Consolidated financial statements For the year ended Decmber 31, | | Separate financial statements For the year ended December 31, | |
| | 2019 | 2018 | 2019 | 2018 |
| | (Restated) | | | |
| Cash Flows From (Used In) Financing Activities | | | | |
| Increase (Decrease) In Bank Overdraft And Short - Term Loans From Financial Institutions | (96,673,334) | 208,396,637 | (130,039,646) | 116,759,411 |
| Increase (Decrease) In Long - Term Loans From Financial Institutions | (104,258,008) | 414,613,654 | (89,458,485) | 393,622,332 |
| Repayment Of Liabilities Under Finance Lease Agreement | (10,125,368) | (33,754,763) | (10,125,368) | (33,754,762) |
| Treasury Shares | - | (114,335,425) | - | (114,335,425) |
| Finance Cost Paid | (66,332,142) | (62,515,450) | (60,257,385) | (56,272,399) |
| Dividend Paid | (2,771) | (68,968,463) | (2,771) | (68,968,463) |
| Net Cash Flows From (Used In) Financing Activities | (277,391,623) | 343,436,190 | (289,883,655) | 237,050,694 |
| Exchange Differences On Translating Financial Statement | 37,027,055 | 55,083 | - | - |
| Net Increase (Decrease) In Cash And Cash Equivalents | 15,613,507 | 2,688,967 | 35,594,445 | (31,181,260) |
| Cash And Cash Equivalents At Beginning Of Periods | 103,156,732 | 100,467,765 | 29,752,948 | 60,934,208 |
| Cash And Cash Equivalents At Ending Of Years | 118,770,239 | 103,156,732 | 65,347,393 | 29,752,948 |
| Supplemental Disclosures Of Cash Flow Information: | | | | |
| Activities Not Affecting Cash : | | | | |
| Increase In Other Payable From Purchase Asset | 19,447,220 | - | 19,447,220 | - |
| Surplus On Revaluation Of Assets | 64,820,000 | - | 63,600,000 | - |

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1 GENERAL INFORMATION

1.1 Corporate information

Malee Group Public Company Limited ("The Company") is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in the manufacture and distribution of canned agriculture products, fruit juices and non – alcohol beverage and its registered address is 401/1, Moo 8, Phaholyothin Road, Kookod, Lumlookka, Pathumthani, Thailand 12130.

1.2 Expenses by nature

The significant expenses classified by nature for the years ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Changes in inventories of finished goods decrease (increase) | 230,190,237 | 104,080,719 | 204,480,012 | 68,519,597 |
| Purchase finished goods | 101,047,916 | 146,848,169 | 13,474,854 | 32,186,233 |
| Raw materials and consumables used | 3,069,399,389 | 3,340,547,860 | 2,746,317,939 | 3,177,901,053 |
| Employee benefits expenses | 653,262,347 | 611,075,450 | 422,297,994 | 436,618,452 |
| Directors and management benefit expenses | 67,979,084 | 68,889,149 | 66,311,927 | 63,653,746 |
| Depreciation and amortization expenses | 268,453,787 | 230,911,031 | 225,746,127 | 223,432,728 |
| Loss on sales of assets | 14,144,400 | - | 14,144,400 | - |
| Loss from defective and obsolete inventories | 81,506,826 | 50,710,098 | 77,961,513 | 32,449,398 |

2 BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Basis for preparation of financial statements

These financial statements have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting profession.

These financial statements are presented in Thai Baht, which is the functional currency of the Company and its subsidiaries.

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

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

2.2 Adoption of new financial reporting standards

2.2.1 Financial reporting standards which are effective for the current year

During the year, the Group adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2019. Adoption of the above standards in the current year do not have material effect on the financial statement, except for the 1st time of adoption of TFRS 15 Revenue from Contracts with Customers supersedes TAS 11 (revised 2017) Construction Contracts, TAS 18 (revised 2017) Revenue together with related interpretation which affecting the financial statement as described in Note 4 to the financial statements.

2.2.2 Financial reporting standards which are not effective for the current year The Federation of Accounting Professions has issued the new accounting standard, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1, 2020 is as follows:

Accounting Standards

| | | |
|-----|----|--|
| TAS | 1 | Presentation of Financial Statements |
| TAS | 2 | Inventories |
| TAS | 7 | Statement of Cash Flows |
| TAS | 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS | 10 | Events After the Reporting Period |
| TAS | 12 | Income Taxes |
| TAS | 16 | Property, Plant and Equipment |
| TAS | 19 | Employee Benefits |
| TAS | 20 | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS | 21 | The Effects of Changes in Foreign Exchange Rates |
| TAS | 23 | Borrowing Costs |
| TAS | 24 | Related Party Disclosures |
| TAS | 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS | 27 | Separate Financial Statements |
| TAS | 28 | Investments in Associates and Joint Venture |
| TAS | 29 | Financial Reporting in Hyperinflationary Economics |
| TAS | 32 | Financial Instruments: Presentation |
| TAS | 33 | Earnings per Share |
| TAS | 34 | Interim Financial Reporting |
| TAS | 36 | Impairment of Assets |
| TAS | 37 | Provisions, Contingent Liabilities and Contingent Assets |
| TAS | 38 | Intangible Assets |
| TAS | 40 | Investment Property |
| TAS | 41 | Agriculture |

Financial Reporting Standards

| | | |
|------|----|---|
| TFRS | 1 | First – time Adoption of Thai Financial Reporting Standards |
| TFRS | 2 | Share – Based Payments (revised 2018) |
| TFRS | 3 | Business Combinations (revised 2018) |
| TFRS | 4 | Insurance Contract |
| TFRS | 5 | Non – current Assets Held for Sale and Discontinued Operations (revised 2018) |
| TFRS | 6 | Exploration for and Evaluation of Mineral Resources (revised 2018) |
| TFRS | 7 | Financial Instruments : Disclosures |
| TFRS | 8 | Operating Segments (revised 2018) |
| TFRS | 9 | Financial Instruments |
| TFRS | 10 | Consolidated Financial Statement (revised 2018) |
| TFRS | 11 | Joint Arrangements (revised 2018) |

| | | |
|------|----|--|
| TFRS | 12 | Disclosure of Interests in Other Entities (revised 2018) |
| TFRS | 13 | Fair Value Measurement (revised 2018) |
| TFRS | 15 | Revenue from Contracts with Customers |
| TFRS | 16 | Leases |

Accounting Standard Interpretations

| | | |
|------|----|---|
| TSIC | 10 | Government Assistance – No Specific Relation to Operating Activities |
| TSIC | 25 | Income Taxes – Changes in the Tax Status of an Entity or its Shareholders |
| TSIC | 29 | Service Concession Arrangements: Disclosures |
| TSIC | 32 | Intangible Assets – Web Site Costs |

Financial Reporting Standard Interpretations

| | | |
|-------|----|--|
| TFRIC | 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC | 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC | 7 | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |
| TFRIC | 10 | Interim Financial Reporting and Impairment |
| TFRIC | 12 | Service Concession Arrangements |
| TFRIC | 14 | TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC | 16 | Hedges of a Net Investment in a Foreign Operation |
| TFRIC | 17 | Distributions of Non – cash Assets to Owners |
| TFRIC | 19 | Extinguishing Financial Liabilities with Equity Instruments |
| TFRIC | 20 | Stripping Costs in the Production Phase of a Surface Mine |
| TFRIC | 21 | Levies |
| TFRIC | 22 | Foreign Currency Transactions And Advance Consideration |
| TFRIC | 23 | Uncertainty Over Income Tax Treatments |

The management of the Group has assessed TAS, TFRS, TSIC and TFRIC which are effective for financial statement year beginning on or after January 1, 2020 is as follows:

1) TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38, TFRS3, TFRS 8, TFRS 10, TFRS 11, TFRS 12, TFRS 13, TFRS 15 and TFRIC 22 will not have material impact on the financial statements when they are applied.

2) The management of the Group is currently evaluating the impact of TAS 32, TFRS 7, TFRS 9, TFRS 16, TFRIC 16 and TFRIC 19 to the financial statements when they are adopted.

3) The other TAS, TFRS, TSIC and TFRIC which have not been stated in No.1) and 2) are not relevant to the Group business, therefore they do not have impact on the financial statement when they are applied.

2.3 Basis of consolidation

2.3.1 These consolidated financial statements include the financial statements of Malee Group Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2018 are as follow:

| Company's name | Nature of business | Percentage of shareholding | | Country of incorporation | Assets as a percentage to the consolidated total assets | | Revenues as a percentage to the consolidated total revenues | |
|--|--|----------------------------|--------|--------------------------|---|-------|---|-------|
| | | 2019 | 2018 | | 2019 | 2018 | 2019 | 2018 |
| Held by the Company Subsidiaries | | | | | | | | |
| Malee Enterprise Company Limited | Distributor | 99.99 | 99.99 | Thailand | 12.77 | 13.51 | 32.53 | 37.10 |
| Icon Foods, LLC. | Distributor (Dormant) | 99.00 | 99.00 | Thailand | - | - | - | - |
| Malee Capital Company Limited (formerly the name of Agri Sol Company Limited) | Investment (formerly "Manufacture and distributor") | 99.99 | 99.99 | USA | 9.55 | 8.92 | - | - |
| Malee International Company Limited (formerly the name of Malee Harvest Company Limited) | Importer, exporter distribution of canned agriculture products fruit juices and non - alcohol beverage (formerly "Investment") | 100.00 | 100.00 | Thailand | 4.27 | 2.60 | 13.35 | 5.35 |
| Malee Applied Sciences Company Limited | Research and development scientifically, agriculture | 100.00 | 100.00 | Thailand | 0.70 | 0.50 | 0.37 | 0.44 |
| Joint ventures | | | | | | | | |
| Monde Malee Beverage Corporation | Importing, marketing promotion and sale of the Company's food and beverage in Philippine market | 49.00 | 49.00 | | - | - | - | - |
| Mega Malee Company Limited | Research and development of and beverage | 49.00 | 49.00 | Thailand | - | - | - | - |
| Malee Kino (Thailand) Company Limited | Importing, selling, marketing and distribution of KINO products | 51.0 | - | Thailand | 0.57 | - | 0.09 | - |

| | | | | | | | | |
|--|--|------|------|-----------|------|------|------|------|
| Held by a subsidiary | | | | | | | | |
| Long Quan Safe Food JSC (Its subsidiary is TAN QUANG MINH MANUFACTURE AND TRADING Company Limited) | Distributor consumer product for Vietnam and neighboring countries | 65.0 | 65.0 | Vietnam | 6.64 | 5.90 | 9.72 | 6.90 |
| Associate | | | | | | | | |
| PT Kino Malee Indonesia | Importing, manufacturing, selling, marketing and distribution of MALEE product | 49.0 | 49.0 | Indonesia | - | - | - | - |

(A) On April 27, 2018 (The acquisition transaction completion date), Malee Capital Company Limited had acquired Long Quan Safe Food JSC ("LQSF") (registered in Vietnam) at 65% of share capital as described in Note 6 to the financial statement.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) are as follows:

- 1) Long Quan Safe Food JSC ("LQSF")
- 2) Tan Quang Minh Manufacture and Trading Co., Ltd. ("TQM") (subsidiary of "LQSF")

2.3.2 The financial statements of an overseas subsidiaries, associate and joint venture are translated into Thai Baht at the average closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Exchange difference on translating financial statement" in other components of equity.

2.3.3 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3.4 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control is lost.

2.3.5 Investments in joint ventures and associate are accounted for using the equity method and is recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investee from the date that significant influence until the date that significant influence ceases.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues recognition

Before 2019, revenue from sale are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and since 2019, revenues from sale are recognized as revenue at the point in time when control of goods is transferred to the customer, generally by delivery of the goods, except for revenue from sale related to "Contract for special product" which are recognized as revenue by reference of the stage of completion.

Revenue from services are recognized by reference to the stage of completion. Other incomes are recognised base on accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cheque in hand, cash at bank and all short - term highly liquid investments and not subject to withdrawal restrictions.

3.3 Trade receivables

Trade 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 base on collection experiences and analysis of the debtor aging.

3.4 Inventories

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

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost by weighted average method). Standard cost includes all production costs and appropriate share of production overheads base on normal operating capacity .

Trading finished goods are state at cost (weighted average method).

Raw materials, packing materials, spare parts and factory supplies are value at the lower of cost (weighted average method) and charged to production costs whenever consumed.

Allowance for stock obsolescence is set up for old, obsolete, slow – moving or deteriorated inventories.

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

3.5 Investments

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associate and joint ventures in the consolidated financial statement are accounted for using the equity method.

3.6 Export incentive receivable

Export incentive, in the form of tax coupons, is recognized as revenue when the relevant export shipment is made. Export incentive is calculated by multiplying of the determined percentage and invoicing value based on F.O.B. basis.

3.7 Property, plant and equipment and depreciation

Measurement of land, plant and equipment

Land is stated at revalued amount. The others except land are stated at cost less accumulated depreciation and impairment loss (if any).

Recognition method of land on revaluation cost

Land is initially recorded at cost and subsequently revalued by an independent appraiser to its fair value. Revaluations are to be made regularly every five years to ensure that the carrying amount does not differ materially from the fair value at the statements of financial position date.

The differences arising from land revaluation are dealt in the financial statements as follows:

- When the carrying amount of land is increased as a result of the revaluation, such increase is credited directly to equity under "Revaluation surplus". However, a revaluation increase will be recognized as income only to the extent that it reverses a revaluation decrease of the same land previously recognized as an expense.
- When the carrying amount of land is decreased as a result of the revaluation, such decrease is recognized as an expense. However, a revaluation decrease will be charged directly against the related "Revaluation surplus" if the decrease does not exceed any credit balance existing in the revaluation surplus in respect of that land. If not, the excess will be recognized as an expense in the statements of income.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of plants and equipment are calculated by the estimated useful lives of each part of an item of plants, machineries and equipment. The estimated useful lives are as follows:

| | Year |
|-------------------------|-----------|
| Land Improvement | 5 |
| Buildings improvement | 25 |
| Building | 20 and 40 |
| Machinery | 15 and 20 |
| Equipment and furniture | 5 and 10 |
| Motor vehicles | 5 |

No depreciation is provided for land and construction in progress.

3.8 Goodwill

The Group records the initial value of goodwill at cost, representing the excess of the acquisition costs over the fair value of the net assets acquired. Where the fair value of the net assets exceeds the cost of acquisition at the acquisition date, the difference is recognized as a gain in the statements of income immediately.

The Group recognizes goodwill at cost less accumulated impairment losses. The Group will carry out a test for impairment of goodwill at least once a year or when there are factors indicating that an investment might be impaired.

To test for impairment, the Group allocates goodwill from business combinations to each cash-generating unit (or group of cash – generating units) that is expected to benefit from the synergies of the combination. The Group evaluates the recoverable amount of each cash – generating unit (or group of cash – generating units) and if it is lower than the carrying amount of the unit, the Group recognizes impairment losses in the statements of income. Allowance for impairment of goodwill will not be reversed.

3.9 Intangible assets

Trademarks are stated at cost less accumulated impairment losses (if any)

Other intangible assets are stated at cost net of accumulated amortization. Amortization is calculated on the straight – line method over a period as follow:

| | Years |
|-------------------------|------------------------|
| Computer software | 10 |
| Leasehold right on land | 46 |
| Customer relationship | 7 |
| Trademarks | Indefinite useful life |

No amortization is provided for trademarks due to indefinite useful life. However, the Group is required to test for impairment annually and whenever there is an indication that the intangible asset may be impaired.

Amortization methods, useful life and residual values are reviewed at each financial year – end and adjusted if appropriate.

3.10 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, The fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a gain on business acquisition is recognized immediately in the statements of income.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination is expensed as incurred.

3.11 Borrowing cost

Borrowing costs comprise interest and other costs associated with the borrowings. Borrowing costs incurred on qualifying assets are capitalized as a cost of the qualifying property until all the activities necessary to prepare the property for its intended use are substantially completed. When funds are specifically borrowed for the construction or the production of asset, the amount of borrowing costs capitalized is determined from the actual borrowing costs during the year less any income on the temporary investment of those borrowings. When funds are borrowed for general purpose, the Group multiplies the capitalization rate by the capital expenditure in allocating borrowing costs to costs of assets.

All other borrowing costs are expensed in the period they incurred.

3.12 Amortization

Pallets and packages are stated at cost less accumulated amortization. Amortization of pallets and packages is calculated on the straight – line method over periods of 1 – 3 years.

3.13 Related party transactions

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

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

3.14 Finance lease agreement

Leases of property, plant and 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 property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long – term payables, while the interest element is charged to the statements of income over the lease period. If there is no reasonable certainty that the lessees will obtain ownership by the end of the lease term, the asset acquired under finance lease shall be fully depreciated over the shorter of the useful life of the asset or the lease term.

3.15 Operating Lease

Lease of assets under which all the risks and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight – line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

3.16 Provisions

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

3.17 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statements of income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the lower of its recoverable amount (if determinable) and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

3.18 Employee benefits

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Severance Payment as specified in Thai Law are recognized as expenses in the income statement along the service period of employees. The Group' post – employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method. However, the actual benefit obligation may be different from the estimate.

The Group recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

The Group recognized termination benefits when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide

termination benefits as a result of an offer made to encourage voluntary redundancy.

Past service costs are recognized in the income statement when the Group' plan amendment or curtailment occurs, or recognition in related restructuring costs or termination benefits.

3.19 Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.20 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities dominated in foreign currencies outstanding at the statements of financial position date are translated into Baht at the exchange rates ruling on the statements of financial position date.

Gains and losses on exchange are included in determining earnings.

Foreign entity's assets and liabilities are translated into Thai Baht at average bank buying and selling rate at the end of year, income and expense are translated into Thai Baht at average exchange rate during the year. Currency translation differences are presented in statement of comprehensive income

in according to the percentage of shareholding.

Foreign entity's assets and liabilities are translated into Thai Baht at average bank buying and selling rate at the end of year, income and expense are translated into Thai Baht at average exchange rate during the year. Currency translation differences are presented in statement of comprehensive income in according to the percentage of shareholding

3.21 Use of estimates and judgments

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgment and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant areas of estimation uncertainty and critical judgment related to allowance for doubtful accounts, allowance for devaluation of inventories, allowance for impairment of investment, depreciation, allowance for impairment of assets and provisions for employee benefit.

3.22 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. If the selling price of treasury shares is greater than the purchase price of treasury shares, the Company recognizes the difference under the caption of "Premium on treasury shares". If the selling price of treasury shares is less than the purchase price of treasury shares, the difference is initially deducted from premium on treasury shares, with the remainder deducted against retained earnings.

3.23 Financial instruments

The Group have no policy to speculate in or engage in the trading of any statement of financial position derivative instruments.

3.24 Basic Earnings per share

Basic earnings (loss) per share is determined by dividing profit (loss) attributable to equity holders of the parent for the year by the weighted average number of ordinary shares outstanding.

4 EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

As described in Note 2.2.1 to the consolidated financial statements, during the current year, the Company and its subsidiaries have adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognized as an adjustment to retained earnings as at January 1, 2019. Therefore, the comparative information was not restated.

| | Baht |
|---|--|
| | Consolidated and separate financial statements |
| Impact on retained earnings as at January 1, 2019 | |
| Unbilled revenue | 110,551,305 |
| Costs to obtain contracts | (98,769,337) |
| Related tax expenses | (2,356,394) |
| Total | 9,425,574 |

The amounts of adjustments affecting the statements of financial position as at December 31, 2019 and the statements of income for the year ended December 31, 2019 are summarized below:

| | Baht | | |
|--|-----------------------------------|---------------------|---------------|
| | Consolidated financial statements | | |
| | Previous Accounting policy | Increase (decrease) | TFRS 15 |
| Statement of financial position as at December 31, 2019 | | | |
| Assets | | | |
| Trade receivables | 645,089,931 | 91,957,774 | 737,047,705 |
| Inventories | 582,651,362 | (71,012,851) | 511,638,511 |
| Liabilities | | | |
| Other payables | 309,475,432 | 1,186,764 | 310,662,196 |
| Deferred tax liabilities | 127,578,390 | 3,951,632 | 131,530,022 |
| Shareholders' equity | | | |
| Retained earnings (deficit) | 484,224,035 | 15,806,527 | 500,030,562 |
| Statement of income for the year ended December 31, 2019 | | | |
| Revenue from sales | 5,248,059,562 | (327,059,581) | 4,920,999,981 |
| Cost of sales | 4,120,411,665 | (26,969,578) | 4,093,442,087 |
| Selling expenses | 842,589,008 | (308,066,194) | 534,522,814 |
| Profit (loss) before income tax expenses | (285,119,290) | 7,976,191 | (277,143,099) |
| Tax expenses (income) | (67,613,803) | 1,595,238 | (66,018,565) |
| Profit (loss) for the year | (217,505,487) | 6,380,953 | (211,124,534) |
| Basic earnings (loss) per share | | | |
| Profit (loss) attributable to equity holders of the parent | | | |
| Profit (loss) attributable to equity holders of the parent | (0.79) | 0.03 | (0.76) |

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

| | Baht | | |
|--|-------------------------------|---------------------|---------------|
| | Separate financial statements | | |
| | Previous Accounting policy | Increase (decrease) | TFRS 15 |
| Statement of financial position as at December 31, 2019 | | | |
| Assets | | | |
| Trade receivables | 555,563,997 | 91,957,774 | 647,521,771 |
| Inventories | 398,344,598 | (71,012,851) | 327,331,747 |
| Liabilities | | | |
| Other payables | 128,152,635 | 1,186,764 | 129,339,399 |
| Deferred tax liabilities | 60,232,983 | 3,951,632 | 64,184,615 |
| Shareholders' equity | | | |
| Retained earnings (deficit) | 670,601,614 | 15,806,527 | 686,408,141 |
| Statement of income for the year ended December 31, 2019 | | | |
| Revenue from sales | 3,819,295,736 | (18,593,531) | 3,800,702,205 |
| Cost of sales | 3,670,179,045 | (26,969,578) | 3,643,209,467 |
| Selling expenses | 59,321,296 | 399,856 | 59,721,152 |
| Profit (loss) before income tax expenses | (286,651,302) | 7,976,191 | (278,675,111) |
| Tax expenses (income) | (83,595,700) | 1,595,238 | (82,000,462) |
| Profit (loss) for the year | (203,055,602) | 6,380,953 | (196,674,649) |
| Basic earnings (loss) per share | | | |
| Profit (loss) attributable to equity holders of the parent | (0.73) | 0.02 | (0.71) |
| Profit (loss) attributable to equity holders of the parent | (0.73) | 0.02 | (0.71) |

The nature of these adjustments are described below:

- Revenue from sale related to "Contract for special product" are recognized as revenue and expenses by reference of the stage of completion, formerly by delivery of goods.
- Consideration advertising and selling expenses which pays to a customer, cannot be reasonably estimated the fair value of the goods or service received from the customer, it would be presented as a reduction of the transaction price.

5 EFFECTS OF CORRECTING THE PRIOR PERIODS ERRORS

During the current year, the Group has retrospectively recognized the adjustments related to acquisitions the group of subsidiaries in Vietnam as described in Notes

6 to the financial statements and reclassification of investment in Malee Kino (Thailand) Company Limited

which affected to the comparative consolidated statements of financial position as at December 31, 2018, as follow:

6 BUSINESS ACQUISITIONS

On January 18, 2018, Malee Capital Company Limited and one of its current shareholders of Long Quan Safe Food JSC ("LQSF") (registered in Vietnam) had entered Share Purchase Agreement and Shareholders Agreement in order to acquire 65% of share capital amounting VND 28.18 million (approximately Baht 40 million) in "LQSF" with the shareholders at VND 234,000 million (approximately Baht 332 million). "LQSF" is principally engaged in the manufacture and distribute consumer products such as ready – to – drink beverages and consumer product for Vietnam and neighboring countries. After that, Malee Capital Company Limited and contract party has reviewed the contract in accordance with the condition precedent and April 19, 2018, Malee Capital Company Limited and contract party has revised the Share Purchase Agreement and it appears that the actual payable in regard to share acquisition would be VND 221,715 million (approximately Baht 309 million). The acquisition transaction completion date is on April 27, 2018. The subsidiary paid the purchase price of the common shares to the former major shareholder of the Long Quan Safe Food JSC amounting to VND 199,545 million. And transferred the amount of VND 22,170 million to the Escrow Account as per the conditions set forth in the Share Purchase Agreement (Retained Consideration), where such an amount will be transferred to the existing shareholders and once the aforesaid conditions are satisfied. The closing obligation is expected to be completed within November 27, 2018.

On November 27, 2018, it appears that the former major shareholder did not deliver the closing obligations, therefore, the subsidiary is eligible to obtain the whole amount of fund in the Escrow Account (VND 22,170 million), which results in the total amount of the share acquisition remains at VND 199,545 million.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) as follows:

- 1) Long Quan Safe Food JSC ("LQSF")
- 2) Tan Quang Minh Manufacture and Trading Co., Ltd. (subsidiary of "LQSF")

The Acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2017) Business Combinations, which requires that the assets acquired and liabilities assumed be recorded at their fair values, together with goodwill, if any. The group recognized the provisional amount of the net assets acquired based on book values at the acquisition date which approximated to fair value due to the fair value exercise has not been completed. However, in 1st quarter of year 2019, an independent appraiser determined the fair value of the identified assets acquired and the group of subsidiaries in Vietnam adjusted book value of assets and liabilities at the acquisition date. Therefore, the group retrospectively adjusted the provisional amounts of assets and liabilities recognized at the acquisition date due to the new information is obtained about facts and circumstances that existed at the acquisition date during a measurement period of not exceed 1 year from the acquisition date. Accordingly, the group revised comparative information for prior period presented in the financial statements, including making any change in depreciation and amortization effects recognized in completing the initial accounting.

Later, in the 3rd quarter of year 2019 (after the measurement period), the group of subsidiaries in Vietnam has adjusted the joint venture at the acquisition date. There the group services comparison information presented in the statements of financial of position as at December 31, 2018, as presented herein for comparative purpose adjust as described in Note 5 to the financial statement.

At the acquisition date, the non – controlling interest in the acquiree was measured at the non – controlling interest's proportionate share of the acquiree's identifiable net assets.

At the acquisition date, the consideration transferred and the recognition of amounts of assets acquired

| | Million Baht | | | As at December 31, 2018 (After adjustment) |
|--|---|-------------------|---------|--|
| | As at December 31, 2018 (Before adjustment) | Adjustment (A) | (B) | |
| Consolidated statement of financial position | | | | |
| Other receivables | 156.21 | - | 1.83 | 158.04 |
| Inventories, net | 908.55 | (8.26) | (15.23) | 885.06 |
| Property, plant and equipment, net | 2,100.47 | 39.69 | (8.53) | 2,131.63 |
| Goodwill | 212.73 | (158.23) | (2.50) | 52.00 |
| INTANGIBLE ASSETS | | | | |
| - Leasehold right on land, net | 8.11 | 102.98 | (2.41) | 108.68 |
| - Customer relationship, net | - | 0.75 | - | 0.75 |
| - Trademark | - | 175.51 | - | 175.51 |
| - Computer software | 35.75 | - | - | 35.75 |
| Right to claim from the former shareholder | - | 33.37 | - | 33.37 |
| Trade payables | 427.05 | - | 10.06 | 437.11 |
| Other payables | 270.55 | - | 64.50 | 335.05 |
| Deferred tax liabilities | 55.46 | 66.92 | - | 122.38 |
| Provision for tax – related liabilities | - | 33.37 | - | 33.37 |
| Retained earnings (deficit) | 796.47 | - | (96.25) | 700.22 |
| Other components of equity | 189.07 | - | - | 189.07 |
| Non – controlling interests | 45.72 | 85.31 | (19.89) | 111.14 |
| <u>Consolidated Statement of income</u> | | | | |
| Revenue from sales | 5,348.76 | - | (10.26) | 5,338.50 |
| Other income | 47.22 | - | (0.12) | 47.10 |
| Cost of sales | 4,164.98 | - | 20.02 | 4,185.00 |
| Selling expenses | 970.10 | - | (26.33) | 943.77 |
| Administrative expenses | 566.26 | - | 11.03 | 577.29 |
| Shares of profit (loss) from investments in associate and joint ventures | (14.53) | - | (1.58) | (16.11) |
| Tax expense (income) | (105.56) | - | 4.25 | (101.31) |
| Profit (loss) for the year attributable to | | | | |
| Equity holders of the parent | (272.62) | - | (13.46) | (286.08) |
| Non – controlling interests | (1.94) | - | (7.46) | (9.40) |
| Basic earnings (loss) per share (Baht) Profit (loss) attributable to equity holder of the parent | (0.99) | - | (0.04) | (1.03) |

(A) Adjustment at business acquisition date of subsidiaries in Vietnam in the 1st quarter of the year 2019 which is after the measurement period.

(B) Adjustment of errors by the group of subsidiaries in Vietnam the 1st and 3rd quarter of year 2019 and reclassification an investment in Malee Kino (Thailand) Company Limited.

Milion VND

| | (A) Fair value recognized before adjustment | (B) | (C) | Total | Fair value recognized after adjustment | (D) As at December 31, 2019 | (E) As at December 31, 2018 |
|---|---|-----------|------------|------------|--|-----------------------------------|-----------------------------------|
| Consideration transferred (after adjustment with receiving bank deposit from Escrow Account on November 27, 2018) | 199,543.50 | - | - | - | 199,543.50 | 259.41 | 277.37 |
| Add The Company's previously - held equity interest in the acquiree | - | - | - | - | - | - | - |
| Add Non - controlling interest in the acquiree | 25,375.28 | 545.10 | 67,403.64 | 61,955.07 | 87,330.35 | 113.56 | 122.34 |
| Total | 224,918.78 | 545.10 | 67,403.64 | 61,955.07 | 286,873.85 | 372.97 | 399.71 |
| Less Net amounts of assets acquired and liabilities assumed | | | | | | | |
| Identifiable assets | | | | | | | |
| - Cash and cash equivalents | 3,250.24 | - | - | - | 3,250.24 | 4.23 | 4.52 |
| - Trade receivables | 576.65 | - | - | - | 576.65 | 0.75 | 0.80 |
| - Other receivables | 37,729.92 | - | - | - | 37,729.92 | 49.05 | 52.44 |
| - Advances payment for goods | 4,936.89 | - | - | - | 4,936.89 | 6.42 | 6.86 |
| - Inventories, net | 34,999.62 | 905.27 | - | (5,010.59) | 29,989.03 | 38.98 | 41.68 |
| - Property, plant and equipment, net | 108,967.24 | 3,316.43 | 40,600.99 | 32,708.52 | 141,675.76 | 184.18 | 196.93 |
| - Intangible assets | | | | | | | |
| - Leasehold right on land, net | 5,940.48 | - | 73,713.31 | 73,713.31 | 79,653.79 | 103.55 | 110.72 |
| - Customer relationship, net | - | - | 537.38 | 537.38 | 537.38 | 0.70 | 0.75 |
| - Trademark | - | - | 125,630.25 | 125,630.25 | 125,630.25 | 163.48 | 175.51 |
| - Right to claim from the former shareholder | - | 23,885.30 | - | 23,885.30 | 23,885.30 | 31.09 | 33.37 |

Milion VND

| | (A) Fair value recognized before adjustment | (B) | (C) | Total | Fair value recognized after adjustment | (D) As at December 31, 2019 | (E) As at December 31, 2018 |
|--|---|-------------|--------------|--------------|--|-----------------------------------|-----------------------------------|
| Identifiable liabilities | | | | | | | |
| - Short - term loans from financial institutions | (50,400.00) | - | - | - | (50,400.00) | (65.52) | (70.06) |
| - Trade payables | (44,266.98) | - | (2,554.61) | (2,554.61) | (46,821.59) | (60.87) | (65.08) |
| - Other payables | (7,788.73) | - | (109.65) | (109.65) | (7,898.38) | (10.27) | (10.98) |
| - Long - term loans | (14,010.00) | - | - | - | (14,010.00) | (18.21) | (19.47) |
| - Advances received for goods | (7,434.53) | - | - | - | (7,434.53) | (9.66) | (10.33) |
| - Deferred tax liabilities | - | - | (47,900.10) | (47,900.10) | (47,900.10) | (62.27) | (66.58) |
| - Provision for tax - related liabilities | - | (23,885.30) | - | (23,885.30) | (23,885.30) | (31.09) | (33.37) |
| Net identifiable assets and liabilities - acquired | 72,500.80 | 1,557.44 | 192,581.83 | 177,014.51 | 249,515.31 | 324.54 | 347.71 |
| Goodwill | 152,417.98 | 11,131.09 | (125,178.19) | (115,059.44) | 37,358.54 | 48.43 | 52.00 |

- (A) Adjustment in the 1st quarter of year 2019 by the group of subsidiaries in Vietnam in the measurement period.
 (B) Adjustment in the 3rd quarter of year 2019 by the group of subsidiaries in Vietnam after the measurement period.
 (C) Adjustment based on the independent appraiser after adjustment (B)
 (D) At the closing rate as at December 31, 2019
 (E) At the closing rate as at December 31, 2018

and liabilities assumed, non – controlling interest in the acquiree and the Company's previously – held equity interest in the acquiree are as follows: Factor which triggers Goodwill Recognition, the Company has expanded the international market in Vietnam based on the existing customers including brand of Long Quan Safe Food JSC and its subsidiary company, Tan Quang Minh Manufacture and Trading Co., Ltd. which produces and distributes beverage includes consumer products in Vietnam which operated more than 25 years and increases its group capacity in term of export to near – by countries including new booming economy countries (Emerging Market).

Net cash payment for the business acquisition is as follows:

7 RELATED PARTY TRANSACTIONS

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties are these parties linked to companies in the Group are as follow:

| Related Companies | Business Type | Relationship |
|---|--|-----------------------------|
| Direct subsidiaries | | |
| Malee Enterprise Company Limited | Distributor | Shareholders/Co – directors |
| Icon Foods LLC | Distributor (dormant) | Shareholders/Co – directors |
| Malee Capital Company Limited | Investment (formerly "Manufacture then distributor") | Shareholders/Co – directors |
| Malee International Company Limited | Importer, exporter, distribution of canned agriculture products, fruit juices and non – alcohol beverage (formerly "Investment") | Shareholders/Co – directors |
| Malee Applied Sciences Company Limited | Research and development of scientifically, transformation, agriculture | Shareholders/Co – directors |
| Indirect subsidiaries | | |
| Long Quan Safe Food JSC (held by Malee Capital Company Limited 65%) (A) | Manufacturing and distributor consumer product for Vietnam and neighboring countries | Shareholders/Co – directors |
| Tan Quang Minh Manufacture and Trading Company Limited (held by Long Quan Safe Food JSC 100%) (A) | Manufacturing and distributor consumer product for Vietnam and neighboring countries | Shareholders/Co – directors |
| Associates | | |
| PT Kino Malee Indonesia (registered in Indonesia) | Importing, manufacturing, selling, marketing and distribution of MALEE products in Indonesia market | Shareholders/Co – directors |

Million Baht

Consideration transferred (after adjustment with receiving bank deposit from Escrow Account on November 27, 2018)

278.51

Less Cash and cash equivalents in proportionate to the share holding

(2.95)

Business acquisition cost net of cash and cash equivalents received

275.56

Total acquisition – related costs of Baht 25.63 million included in administrative expenses in the statement of income when the costs are incurred and the services are received.

| | | |
|---|--|---------------------------------------|
| Joint ventures | | |
| Monde Malee Beverage Corporation (registered in Philippine) | Principally engaged in the importation, marketing promotion and sale of food and beverage in Philippine market | Shareholders/Co – directors |
| Mega Malee Company Limited | Research and development of food and beverage | Shareholders/Co – directors |
| Malee Kino (Thailand) Company Limited | Importing, selling, marketing and distribution of KINO products | Shareholders/Co – directors |
| Related parties | | |
| Abico Holding Public Company Limited | Holding company (investment) | Company's shareholder/ Co – directors |
| Abico Land Company Limited | Real estate developer | Group of companies/ Co – directors |
| Abico Dairy Farm Company Limited | Produce service of ready to drink milk and fruit juices | Group of companies/ Co – directors |
| PPO Farm Company Limited | Agriculture and dairy farm | Co – directors |
| Spicy Disc Company Limited | Music And Entertainment | Co – directors |
| Central Trading Company Limited | Department store | Co – directors |
| Central World Company Limited | DEPARTMENT STORE | Co – directors |
| Monde Nissin Corporation | Manufacture and distributor for noodle and biscuits | A venture |
| Pt Kino Indonesia Tbk | Manufacture and distribution of consumer products in Indonesia | Partnership |
| Kino International Pte Ltd | Holding company (investment) | Partnership |
| Mega Lifesciences Public Company Limited | Manufacture and distributor of health food supplements and branded prescription pharmaceutical products | Partnership |

(A) On April 27, 2018 (The acquisition transaction completion date), Malee Capital Company Limited had entered Share Purchase Agreement of Long Quan Safe Food JSC ("LQSF") in order to acquire 65% of share capital, as described in Note 5 to the financial statement.

Resulting from the acquisition of the above company, the Group have increased in 2 subsidiaries (registered in Vietnam) as follows:

- 1) Long Quan Safe Food JSC ("LQSF")
- 2) Tan Quang Minh Manufacture and Trading Co., Ltd. ("TQM") (subsidiary of "LQSF")

During the year the Company had significant trading transactions with its subsidiaries and related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

| | | Baht | | | |
|--|---|------------------------------------|------------|--------------------------------|---------------|
| | | For the year ended December 31, | | | |
| | | Consolidated financial statements. | | Separate financial statements. | |
| | Transfer Pricing policy | 2019 | 2018 | 2019 | 2018 |
| Transactions with subsidiaries | | | | | |
| Sales of goods | At the rate agreed upon | - | - | 1,694,709,165 | 1,389,197,274 |
| Sales of raw materials and others | At the rate agreed upon | - | - | 209,915 | 195,147 |
| Revenues from management | Contract price | - | - | 38,985,000 | 17,865,000 |
| Revenues from service | At the rate agreed upon | - | - | 1,320,000 | 1,320,000 |
| Guarantee fee | 3.36% and 1.75% of the guarantee amount | - | - | 2,190,444 | 1,312,500 |
| Interest income | Contract price | - | - | 1,437,469 | 2,954,476 |
| Purchase of goods | At the rate agreed upon | - | - | 2,185,473 | 2,323,984 |
| Marketing support expenses | Contract price | - | - | - | 12,500,000 |
| Research and development service | Contract price | - | - | 15,554,325 | 22,157,663 |
| Warehouse rental expenses | Contract price | - | - | 7,200,000 | 7,200,000 |
| Consultant fee | Contract price | - | - | - | 12,883,090 |
| Transactions with indirect subsidiary | | | | | |
| Sales of goods | At the rate agreed upon | - | - | 3,450,292 | 6,514,165 |
| Transactions with joint venture | | | | | |
| Sales of goods | At the rate agreed upon | 49,346,329 | 27,786,532 | 916,618 | 18,691,458 |
| Revenues from management | At the rate agreed upon | 2,640,000 | 1,100,000 | 2,640,000 | 1,100,000 |
| Transactions with related parties | | | | | |
| Sales of goods | At the rate agreed upon | 2,599,965 | 25,088,751 | - | 24,973,788 |
| Sales of raw materials and others | At the rate agreed upon | 795,682 | 2,290,071 | 795,682 | 2,290,071 |
| Revenues from service | At the rate agreed upon | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Purchase of raw materials and others | At the rate agreed upon | 29,891,303 | 27,419,771 | 29,891,303 | 27,419,771 |
| Produce service | At the rate agreed upon | 102,622,055 | 98,195,298 | 102,622,055 | 98,195,298 |
| Building rental and service expenses | Contract price | 16,538,801 | 16,538,801 | 16,502,801 | 16,502,801 |
| Other expenses | At the rate agreed upon | - | 2,717,895 | - | 2,596,407 |

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

| | | Baht | | | |
|---------------------------|----------------------------------|-----------------------------------|------------|-------------------------------|-------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Trade receivables | | | | | |
| Subsidiaries | | | | | |
| | Malee Enterprise Co., Ltd. | - | - | 257,116,420 | 348,754,494 |
| | Malee International Co., Ltd. | - | - | 46,935,159 | 53,668,449 |
| | Total | - | - | 304,051,579 | 402,422,943 |
| Joint ventures | | | | | |
| | Monde Malee Beverage Corporation | 28,983,421 | 42,791,719 | - | 33,828,147 |
| | Mega Malee Co., Ltd. | 542,262 | 227,799 | 281,269 | 222,754 |
| | PT Kino Malee Indonesia | 585,755 | - | - | - |
| | Total | 30,111,438 | 43,019,518 | 281,269 | 34,050,901 |
| Related parties | | | | | |
| | Abico Dairy Farm Co., Ltd. | - | 93,879 | - | - |
| Other receivables | | | | | |
| Subsidiaries | | | | | |
| | Malee Enterprise Co., Ltd. | - | - | 10,232,046 | 5,034,139 |
| | Malee International Co., Ltd. | - | - | 11,804,590 | 5,808,228 |
| | Malee Applied Science Co., Ltd. | - | - | 4,714,790 | 673,845 |
| | Total | - | - | 26,751,426 | 11,516,212 |
| Joint venture | | | | | |
| | Malee Kino (Thailand) Co., Ltd. | 444,860 | 1,133,704 | 444,153 | 1,133,704 |
| Related party | | | | | |
| | Abico Dairy Farm Co., Ltd. | 531,223 | 3,929,568 | 531,223 | 3,927,233 |
| Short – term loans | | | | | |
| Subsidiary | | | | | |
| | Malee Applied Science Co., Ltd. | - | - | - | 12,000,000 |
| Long – term loans | | | | | |
| Subsidiaries | | | | | |
| | Malee Applied Science Co., Ltd. | - | - | 31,500,000 | 2,000,000 |
| | Malee International Co., Ltd. | - | - | - | 5,000,000 |
| | Total | - | - | 31,500,000 | 7,000,000 |
| Deposits | | | | | |
| Related party | | | | | |
| | Abico Land Co., Ltd. | 8,124,800 | 8,124,800 | 8,124,800 | 8,124,800 |
| Trade payables | | | | | |
| Subsidiary | | | | | |
| | Malee Enterprise Co., Ltd. | - | - | 144,931 | 130,064 |
| Joint venture | | | | | |
| | Mega malee Co., Ltd. | 400,622 | 265,089 | - | - |

| | Baht | | | |
|----------------------------------|-----------------------------------|-----------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Related parties | | | | |
| Abico Dairy Farm Co., Ltd. | 17,198,501 | 9,761,224 | 17,184,591 | 9,738,765 |
| Malee Lifesciences PCL. | - | 4,398 | - | 4,398 |
| Total | 17,198,501 | 9,765,622 | 17,184,591 | 9,600,370 |
| Other payables | | | | |
| Subsidiaries | | | | |
| Malee Enterprise Co., Ltd. | - | - | 2,568,000 | 642,000 |
| Malee Capital Co., Ltd. | - | - | 12,316,428 | 12,316,428 |
| Malee International Co., Ltd. | - | - | - | 834 |
| Malee Applied Sciences Co., Ltd. | - | - | 10,041,397 | - |
| Total | - | - | 24,925,825 | 12,959,262 |
| Related parties | | | | |
| Abico Land Co., Ltd. | - | 3,000 | - | - |
| Central World Co., Ltd. | - | 48,150 | - | - |
| Total | - | 51,150 | - | - |

Directors and management benefit expenses

Directors and management benefit expenses represent the benefits paid to the directors and the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange.

Directors and management benefit expenses for the year ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|--------------------------------|-----------------------------------|------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Short – term employee benefits | 66,166,694 | 66,498,428 | 64,499,537 | 61,550,447 |
| Post – employment benefits | 1,812,390 | 2,390,721 | 1,812,390 | 2,103,299 |
| TTotal | 67,979,084 | 68,889,149 | 66,311,927 | 63,653,746 |

Guarantee obligations with related party

The Company has outstanding guarantee obligations with a subsidiary, as described in note 33.3 to the financial statements.

Service agreements

The Company entered into a service agreement with 3 subsidiaries and an associate to manage in each function specified in the agreement by receiving fees amount of Baht 0.22 – 2.50 million per month for a period of 1 year including a renewal option. The Company has to comply with certain conditions contained in the agreements.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents, are as follows:

| | Baht | | | |
|--------------------|-----------------------------------|-----------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2561 |
| PETTY CASH | 107,856 | 38,925 | 86,592 | 38,167 |
| Cash on hand | 2,254,667 | 13,518,476 | - | - |
| Cash at banks | | | | |
| - current accounts | 18,048,336 | 19,112,989 | 7,574,404 | 8,450,518 |
| - saving accounts | 95,779,605 | 69,748,956 | 57,686,397 | 21,264,263 |
| Cheque in hand | 2,579,775 | 737,386 | - | - |
| Total | 118,770,239 | 103,156,732 | 65,347,393 | 29,752,948 |

9 TRADE RECEIVABLES, NET

The outstanding balances of trade receivables as at December 31, 2019 and 2018 are aged, based on due date, are as follows:

| | Baht | | | |
|---------------------------------------|-----------------------------------|-----------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2561 |
| Not yet due | 580,139,906 | 511,585,101 | 438,944,061 | 343,943,506 |
| Past due | | | | |
| Up to 3 months | 153,405,903 | 164,766,267 | 207,814,857 | 336,728,574 |
| 3 – 6 months | - | 6,058,992 | 386,958 | 6,058,992 |
| 6 – 9 months | 1,016,161 | 17,870,690 | 312,423 | 17,870,689 |
| Longer than 9 months | 9,130,586 | 4,802,633 | 4,321,669 | 4,588,238 |
| Total | 743,692,556 | 705,083,683 | 651,779,968 | 709,189,999 |
| Less: Allowance for doubtful accounts | (6,644,851) | (4,849,627) | (4,258,197) | (3,974,299) |
| Trade receivables, net | 737,047,705 | 700,234,056 | 647,521,771 | 705,215,700 |

The changes of allowance doubtful accounts during the year are as follows:

| | Baht | | | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | For the year ended December 31, | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2561 |
| Beginning Balance | (4,849,627) | (5,943,914) | (3,974,299) | (5,172,977) |
| Decreased (Increased) During The Years | (1,795,224) | 1,094,287 | (283,898) | 1,198,678 |
| Ending Balance | (6,644,851) | (4,849,627) | (4,258,197) | (3,974,299) |

10 OTHER RECEIVABLES

Other receivables are as follows:

| | Baht | | | |
|-------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accrued other income | 29,015,994 | 83,085,327 | 48,835,716 | 89,027,547 |
| Advance payment | 1,293,412 | 1,754,735 | 837,999 | 530,424 |
| Prepaid expense | 11,821,052 | 19,288,677 | 2,492,029 | 5,605,005 |
| Advance payment for goods | 4,640,429 | 24,806,306 | 4,640,429 | 12,739,163 |
| Excise tax | – | 3,334,904 | – | 3,334,904 |
| Revenue department receivable | 41,194,225 | 25,768,735 | 1,768,699 | 8,701,887 |
| Total | 87,965,112 | 158,038,684 | 58,574,872 | 119,938,930 |

11 SHORT – TERM LOANS TO SUBSIDIARY

| | Baht | | | |
|---------------------|-------------------------------|----------|------------|-------------------------------|
| | Separate financial statements | | | As at December 31, 2019 |
| | As at December 31, 2018 | Increase | Decrease | |
| Loans to subsidiary | 12,000,000 | – | 12,000,000 | – |

On the year 2018, the Company had entered into a loan agreement with a subsidiary is short – term loans amounting to Baht 12 million with interest at the rate MLR% p.a. The principal and interest are repayable with in year 2019 and interest are repayable in quarterly.

In year 2019, the Company and the subsidiaries have entered into the additional memorandum for the loan agreement by extended payment term of principal and interest to be within December 31, 2021, instead. Therefore, the loan has been reclassified to be a long-term loan to related companies as mentioned in Note 15 to the financial statement.

Loans to a subsidiary which is unsecured.

12 INVENTORIES, NET

| | Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Finished goods | 284,211,457 | 507,558,968 | 136,545,593 | 341,025,605 |
| Raw materials | 130,290,101 | 194,584,455 | 103,574,428 | 177,395,053 |
| Packing materials | 123,622,713 | 168,972,221 | 106,942,437 | 139,282,309 |
| Spare parts and factory supplies | 30,290,985 | 57,383,014 | 29,870,946 | 46,278,245 |
| Goods in transit | 12,894,725 | 4,325,650 | 12,894,725 | 4,325,650 |
| Total | 581,309,981 | 932,824,308 | 389,828,129 | 708,306,862 |
| Less: Allowance for stock obsolescence | (69,671,470) | (47,760,801) | (62,496,382) | (33,730,434) |
| Inventories, net | 511,638,511 | 885,063,507 | 327,331,747 | 674,576,428 |

Inventories recognized as an expense in cost of sales for the year ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Cost of goods sold | 4,019,135,261 | 4,134,287,962 | 3,565,247,954 | 3,715,969,421 |
| Loss on destroy inventories | 59,596,157 | 18,807,439 | 49,195,565 | 13,212,492 |
| Increase (decrease) in provision for obsolete inventories | 21,910,669 | 31,902,659 | 28,765,948 | 19,236,906 |
| | 4,100,642,087 | 4,184,998,060 | 3,643,209,467 | 3,748,418,819 |

The changes of allowance for obsolete stock during the year as follows:

| | Baht | | | |
|---------------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance | (47,760,801) | (15,858,142) | (33,730,434) | (14,493,528) |
| Decreased (increased) during the year | (21,910,669) | (31,902,659) | (28,765,948) | (19,236,906) |
| Ending balance | (69,671,470) | (47,760,801) | (62,496,382) | (33,730,434) |

13 INVESTMENTS IN SUBSIDIARIES, NET

These represent investments in ordinary shares of the following subsidiary companies.

| Company's name | Separate financial statements | | | | | | Dividend paid (Baht) For the year ended December 31, | |
|---------------------------------------|-------------------------------|------------------|----------------------------|--------|--------------------|--------------|---|------|
| | Paid – up capital | | Shareholding percentage | | Cost method (Baht) | | | |
| | 2019 | 2018 | 2562 | 2561 | 2562 | 2561 | 2562 | 2561 |
| Investments in subsidiary companies | | | | | | | | |
| Malee Enterprise Company Limited | Baht 100 million | Baht 100 million | 99.99 | 99.99 | 99,988,000 | 99,988,000 | – | – |
| Icon Foods Company Limited | USD 50,500 | USD 50,500 | 99.00 | 99.00 | 1,291,000 | 1,291,000 | – | – |
| Malee Capital Company Limited (A) | Baht 385 million | Baht 385 million | 99.99 | 99.99 | 385,000,000 | 385,000,000 | – | – |
| Malee International Company Limited | Baht 40 million | Baht 40 million | 100.00 | 100.00 | 37,137,535 | 37,137,535 | – | – |
| Malee Applied Science Company Limited | Baht 10 Million | Baht 10 million | 99.99 | 99.99 | 10,000,000 | 10,000,000 | – | – |
| | | | | | 533,416,535 | 533,416,535 | | |
| Less: Impairment loss on investment | | | | | (1,291,000) | (13,938,047) | | |
| Investments in subsidiaries, net | | | | | 519,478,488 | 519,478,488 | | |

(A) At the Extraordinary General Meeting of Shareholders of Malee Capital Company Limited ("MCC") No. 1/2018 held on March 27, 2018 approved the registered capital increase in "MCC" of total Baht 40 million (4 million ordinary shares of Baht 10 per share) to Baht 500 million (50 million ordinary shares of Baht 10 per share). As of March 31, 2018, the Company has paid for capital increase in "MCC" of Baht 345 million. The subsidiary has thus, completed the registration of new capital amount with the Ministry of Commerce on April 24, 2018.

In year 2019, the management found that the recoverable amount of a subsidiary which recognized impairment loss in prior years is higher than investment cost. Then the Company has reversed the impairment of investment in the subsidiary in the statement of income in separate financial statements in year 2019 amounted to Baht 12.65 million.

14 INVESTMENTS IN ASSOCIATE AND JOINT VENTURES

| Company's name | Nature of business | Baht | | | | | |
|---|---|-----------------------------|-----------------------------|-------------------------|-------------|----------------------------------|--------------------|
| | | Paid - up capital | | Shareholding percentage | | Consolidated financial statement | |
| | | | | | | Equity method | |
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 (Restated) |
| Joint ventures | | | | | | | |
| Malee Kino (Thailand) Company Limited | Importing, selling, marketing and distribution of KINO products | Baht 25 million | Baht 25 million | 51.00 | 51.00 | 5,644,597 | 11,172,284 |
| PT KINO Malee Indonesia (registered in Indonesia) | Importing, manufacturing, marketing and distribution of MALEE products in Indonesia market | Rupiah 40,000 million | Rupiah 40,000 million | 49.00 | 49.00 | 45,018,495 | 44,965,562 |
| Monde Malee Beverage Corporation (registered in Philippine) (B) | Importation, marketing promotion and sale of the Company's food and beverage in Philippine market | Philippine Peso 300 million | Philippine Peso 150 million | 49.00 | 49.00 | 18,521,922 | (23,556,038) |
| Mega Malee Co., Ltd. (A) | Research and development of food and beverage | Baht 30 million | BAHT 10 MILLION | 49.00 | 49.00 | 2,959,628 | (313,872) |
| Company's name | Nature of business | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Monde Malee Beverage Corporation (registered in Philippine) (B) | Importation, marketing promotion and sale of the Company's food and beverage in Philippine market | Philippine Peso 300 million | Philippine Peso 150 million | 49.00 | 49.00 | 99,372,066 | 55,122,631 |
| Mega Malee Co., Ltd. (A) | Research and development of food and beverage | Baht 30 million | Baht 10 million | 49.00 | 49.00 | 14,902,239 | 5,102,239 |
| Investments in Joint Venture | | | | | | 114,274,305 | 60,224,870 |

(A) In March 2019, Mega Malee Co., Ltd. approved to call for additional paid - up capital amount of Baht 20 million with the same portion, effecting on share capital and paid - up capital of Mega Malee Co., Ltd. amounting to Baht 30 million.

(B) In July 2019, Monde Malee Beverage Corporation approved to call for additional paid - up capital amount of Philippine Peso 150 million with the same portion, effecting on share capital and paid - up capital of Mega Malee Co., Ltd. amounting to Philippine Peso 300 million

Balance as at December 31, 2018 and 2017, the investments in associate and joint ventures in the consolidated financial statements are accounted for using the equity method as follows:

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Investment in associate and joint ventures at beginning of years | 32,267,936 | 42,436,629 | 60,224,870 | 60,224,870 |
| Additional investment | 54,049,435 | 12,750,000 | 54,049,435 | - |
| Share of profits (loss) under equity method | (11,572,821) | (16,112,482) | - | - |
| Exchange differences on translating financial statement | (2,599,908) | (6,806,211) | - | - |
| Investment in associate and joint ventures at ending of the years | 72,144,642 | 32,267,936 | 114,274,305 | 60,224,870 |

Balance as at December 31, 2019 and 2018, the investments in associate and joint ventures in the consolidated financial statements are accounted for using the equity method are as follows:

| | Baht | |
|--|------------|-----------------|
| | 2019 | 2018 (Restated) |
| | | |
| Investment in associate and joint ventures | 72,144,642 | 56,137,846 |
| Liability from investment in joint venture in portion under the Company's responsibility | - | (23,869,910) |
| | 72,144,642 | 32,267,936 |

Summarized financial information of associate and joint ventures are as follows:

| Name | Million Baht | | | | | | | | | |
|---------------------------------------|-----------------------|-----------------------|--------------------|-------|--------------------|-------|------------------------------------|-------|-----------------------------------|---------|
| | Paid – up capital | | Total assets | | Total liabilities | | Total revenues for the years ended | | Profit (loss) for the years ended | |
| | As at December 31, | | As at December 31, | | As at December 31, | | December 31, | | December 31, | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Associate | | | | | | | | | | |
| PT Kino Malee Indonesia | Rupiah 40,000 million | Rupiah 40,000 million | 94.79 | 91.80 | 2.88 | 0.43 | 5.34 | 3.03 | 3.37 | 2.78 |
| Joint ventures | | | | | | | | | | |
| Malee Kino (Thailand) Company Limited | Baht 25 million | Baht 25 million | 14.81 | 25.80 | 3.75 | 3.90 | 5.53 | 4.96 | (10.84) | (3.09) |
| | Philippine Peso | Philippine Peso | | | | | | | | |
| Monde Malee Beverage Corporation | 300 million | 150 million | 90.21 | 27.29 | 42.04 | 67.18 | 62.18 | 29.03 | (2.39) | (25.75) |
| Mega Malee Company Limited | Baht 30 million | Baht 10 million | 7.63 | 1.63 | 2.00 | 2.68 | 2.68 | 0.08 | (13.32) | (6.70) |

15 LONG – TERM LOANS TO SUBSIDIARY, NET

| | Baht | | | |
|--------------------------|-------------------------------|------------|-----------|------------|
| | Separate financial statements | | | |
| | 2018 | Increase | Decrease | 2019 |
| Loans | | | | |
| - Subsidiary no. 1 | 5,000,000 | - | 5,000,000 | - |
| - Subsidiary no. 2 | 2,000,000 | 29,500,000 | - | 31,500,000 |
| | 7,000,000 | 29,500,000 | 5,000,000 | 31,500,000 |
| Less Current portion | (5,000,000) | | | - |
| Loans to subsidiary, net | 2,000,000 | | | 31,500,000 |

Subsidiary no.1

On December 2015, the Company had entered into a loan agreement with a subsidiary no.1 in the amount Baht 22 million. The interest is at the rate MLR% p.a.. The principal and interest are repayable in quarterly commencing from January 2016 and paid within December 2019 In November 2019, the Company have been received payment the principle and interest.

Subsidiary no.2

On the 4th quarter of year 2018, the Company had entered into a loan agreement with a subsidiary no. 2 in the amount Baht 2 million with interest at the rate MLR% p.a.. The principal and interest are repayable within year 2020 and interest are repayable in quarterly.

Later, in year 2019, the Company and subsidiary no. 2 have entered into the additional memorandum for the loan agreement in the amount Baht 12 million by extended payment term of principal and interest to be within December 31, 2021, instead. Therefore, the short – term loan has been reclassified to be a long-term loan to related companies as mentioned in Note 11 to the financial statements.

During the year 2019, the Company had entered into 9 loan agreements with a subsidiary no. 2 in the amount of Baht 17.50 million with interest at the rate MLR% p.a.. The interest are repayable in quarterly and total principal which will be repayable within the year 2021.

Loans to two subsidiaries which is unsecured.

16 LONG – TERM LOANS TO OTHER, NET

| | Baht | | | |
|----------------------|-----------------------------------|----------|----------|--------------|
| | Consolidated financial statements | | | |
| | 2018 | Increase | Decrease | 2562 |
| Loans | 31,656,758 | - | - | 31,656,758 |
| Less Current portion | - | | | (31,656,758) |
| Loan to other, net | 31,656,758 | | | - |

During the year 2014 – 2016, Malee International Company Limited ("MIC") had entered into various loan agreements with Lanchang Farm Company Limited ("LCF") (formerly is subsidiary of "MIC" and commencing on March 31, 2017, "LCF" has not been a subsidiary of "MIC"). As of December 31, 2016, the loan balance was Baht 33.52 million with interest at the rate MLR% p.a. and payment conditions on principal and interest as identify in each agreement.

On February 1, 2017, "LCF" has executed a letter of acknowledgement of debt as of January 31, 2017 with "MIC" and amended payment conditions on principal and accrued interest as follows:

- Grace period for all principal and accrued interest until September 2017 and start to make quarterly repayment from October 2017 as described in the agreement and the whole amount will be fully paid within January 2022.
- Starting from February 2017, the loan will be subject to interest rate of 6.275% p.a. monthly payable.

Since Lanchang Farm Company Limited has some liquidity concerns where it cannot meet the obligation to repay its debt and interest for certain period during the past and on December 12, 2018, Lanchang Farm Company Limited has issued the letter requesting to delay debt payments and suggest the approach to comply such obligation. On January 8, 2019, Board of Directors of Malee International Company Limited agreed and approved reduction of the unpaid interest from July 2018 to December 2018 at the amount of Baht 0.82 to Lanchang Farm Company Limited and stopping charging interest expenses commencing from January 1, 2019 onward. Directors of Malee International Company Limited also allow Lanchang Farm Company Limited to sell its land and property under the mortgage, then repay the debt to Malee International Company Limited within December 30, 2020.

Loans to other is secured by the mortgage of land and construction. The fair value are reference by an independent appraiser, as of February 1, 2017, amount of Baht 59.57 million.

17 PROPERTY, PLANT AND EQUIPMENT, NET

Consolidated financial statements

| | Baht | | | | | | | |
|---|-------------|------------------------------|---------------------|---------------------------------|-------------------|---|-----------------------------|---------------|
| | Land | Buildings and improvement | Land improvement | Machineries and equipment | Motor vehicles | Furniture, fixtures and office equipment | Construction in progress | Total |
| Cost: | | | | | | | | |
| As at December 31, 2018 – restated | 111,262,629 | 560,292,007 | 24,595,352 | 2,602,697,508 | 85,099,939 | 119,670,817 | 270,039,404 | 3,773,657,656 |
| Acquisition | 600,000 | 1,333,700 | – | 29,652,832 | – | 1,692,034 | 72,574,837 | 105,853,403 |
| Disposals / Write – off | – | (65,000) | – | (392,964,477) | (16,221,912) | (10,352,544) | (28,063,861) | (447,667,794) |
| Transfer in (out) | – | 29,811,953 | 505,000 | 71,159,814 | – | 5,539,988 | (107,016,755) | (1,540,000) |
| Transfer to other non – current asset | – | – | – | – | – | (1,540,000) | – | – |
| Exchange differences on translating financial statement | – | (3,480,775) | – | (15,544,378) | (3,286,429) | (288,176) | (3,783,004) | (26,382,762) |
| As at December 31, 2019 | 111,862,629 | 587,891,885 | 25,100,352 | 2,295,001,299 | 65,591,598 | 114,722,119 | 203,750,621 | 3,403,920,503 |

| | Baht | | | | | | | |
|---|-------------|------------------------------|---------------------|---------------------------------|-------------------|---|-----------------------------|-----------------|
| | Land | Buildings and improvement | Land improvement | Machineries and equipment | Motor vehicles | Furniture, fixtures and office equipment | Construction in progress | Total |
| Accumulated depreciation: | | | | | | | | |
| As at December 31, 2018 – restated | – | (268,744,334) | (15,147,352) | (1,456,074,323) | (49,817,787) | (70,129,300) | – | (1,859,913,096) |
| Depreciation for the year | – | (31,243,951) | (2,626,504) | (188,607,091) | (6,181,292) | (16,629,867) | – | (245,288,705) |
| Disposals / Write – off | – | 54,361 | – | 352,415,549 | 8,633,520 | 9,987,918 | – | 371,091,348 |
| Transfer to other non – current asset | – | – | – | – | – | 981,332 | – | 981,332 |
| Exchange differences on translating financial statement | – | 1,040,177 | – | 8,852,827 | 1,963,657 | 256,565 | – | 12,113,226 |
| As at December 31, 2019 | – | (298,893,747) | (17,773,856) | (1,283,413,038) | (45,401,902) | (75,533,352) | – | (1,721,015,895) |
| Allowance for impairment loss: | | | | | | | | |
| As at December 31, 2018 – restated | – | (13,317,340) | – | (1,323,101) | – | – | (17,612,914) | (32,253,355) |
| Increase | – | – | – | – | – | – | – | – |
| Disposals / Write – off | – | – | – | – | – | – | 17,460,753 | 17,460,753 |
| As at December 31, 2019 | – | (13,317,340) | – | (1,323,101) | – | – | (152,161) | (14,792,602) |
| Net book value: | | | | | | | | |
| As at December 31, 2018 – restated | 111,262,629 | 278,230,333 | 9,448,000 | 1,145,300,084 | 35,282,152 | 49,541,517 | 252,426,490 | 1,881,491,205 |
| As at December 31, 2019 | 111,862,629 | 275,680,798 | 7,326,496 | 1,010,265,160 | 20,189,696 | 39,188,767 | 203,598,460 | 1,668,112,006 |
| Incremental amount: | | | | | | | | |
| As at December 31, 2018 – restated | 250,137,371 | – | – | – | – | – | – | 250,137,371 |
| Increase (Decrease) | 64,820,000 | – | – | – | – | – | – | 64,820,000 |
| Disposals | – | – | – | – | – | – | – | – |
| Write – off | – | – | – | – | – | – | – | – |
| As at December 31, 2019 | 314,957,371 | – | – | – | – | – | – | 314,957,371 |
| Revaluation basis assets, net: | | | | | | | | |
| As at December 31, 2018 – restated | | 278,230,333 | 9,448,000 | 1,145,300,084 | 35,282,152 | 49,541,517 | 252,426,490 | 2,131,628,576 |
| As at December 31, 2019 | | 275,680,798 | 7,326,496 | 1,010,265,160 | 20,189,696 | 39,188,767 | 203,598,460 | 1,983,069,377 |
| Depreciation for the years ended December 31: | | | | | | | | |
| As at December 31, 2018 – restated | | | | | | | | 210,544,534 |
| As at December 31, 2019 | | | | | | | | 245,288,705 |

Separate financial statements

| | Baht | | | | | | | |
|---|-------------|-------------------------------------|------------------|---------------------------|----------------|--|--------------------------|-----------------|
| | Land | Buildings and buildings improvement | Land improvement | Machineries and equipment | Motor vehicles | Furniture, fixtures and office equipment | Construction in progress | Total |
| Cost: | | | | | | | | |
| As at December 31, 2018 | 99,288,436 | 454,073,339 | 24,595,352 | 2,388,418,024 | 34,565,746 | 95,786,081 | 209,597,297 | 3,306,324,275 |
| Acquisition | - | 1,129,250 | - | 28,300,777 | - | 1,120,532 | 63,255,601 | 93,806,160 |
| Disposals / Write – off | - | (65,000) | - | (392,370,536) | (16,221,912) | (10,182,733) | (19,963,401) | (438,803,582) |
| Transfer in (out) | - | 23,376,549 | 505,000 | 19,416,866 | - | 5,539,988 | (48,838,403) | - |
| As at December 31, 2019 | 99,288,436 | 478,514,138 | 25,100,352 | 2,043,765,131 | 18,343,834 | 92,263,868 | 204,051,094 | 2,961,326,853 |
| Accumulated depreciation: | | | | | | | | |
| As at December 31, 2018 | - | (232,163,654) | (15,147,352) | (1,333,747,143) | (20,678,159) | (51,212,317) | - | (1,652,948,625) |
| Depreciation for the year | - | (24,720,677) | (2,626,505) | (165,572,117) | (873,567) | (14,762,551) | - | (210,544,534) |
| Disposals / Write – off | - | 54,361 | - | 352,009,690 | 8,633,520 | 9,987,918 | - | 370,685,489 |
| Transfer in (out) | - | - | - | - | - | - | - | - |
| As at December 31, 2019 | - | (256,829,970) | (17,773,857) | (1,147,309,570) | (12,918,206) | (55,986,950) | - | (1,490,818,553) |
| Allowance for impairment loss: | | | | | | | | |
| As at December 31, 2018 | - | (4,100,825) | - | (1,323,101) | - | - | (17,612,914) | (23,036,840) |
| Increase | - | - | - | - | - | - | - | - |
| Disposals / Write – off | - | - | - | - | - | - | 17,460,752 | 17,460,752 |
| As at December 31, 2019 | - | (4,100,825) | - | (1,323,101) | - | - | (152,162) | (5,576,088) |
| Net book value: | | | | | | | | |
| As at December 31, 2018 | 99,288,436 | 217,808,860 | 9,448,000 | 1,053,347,780 | 13,887,587 | 44,573,764 | 191,984,383 | 1,630,338,810 |
| As at December 31, 2019 | 99,288,436 | 217,583,343 | 7,326,495 | 895,132,460 | 5,425,628 | 36,276,918 | 203,898,932 | 1,464,932,212 |
| Incremental amount: | | | | | | | | |
| As at December 31, 2018 | 245,711,564 | - | - | - | - | - | - | 245,711,564 |
| Increase (Decrease) | 63,600,000 | - | - | - | - | - | - | 63,600,000 |
| As at December 31, 2019 | 309,311,564 | - | - | - | - | - | - | 309,311,564 |
| Revaluation basis assets, net: | | | | | | | | |
| As at December 31, 2018 | 345,000,000 | 217,808,860 | 9,448,000 | 1,053,347,780 | 13,887,587 | 44,573,764 | 191,984,383 | 1,876,050,374 |
| As at December 31, 2019 | 408,600,000 | 217,583,343 | 7,326,495 | 895,132,460 | 5,425,628 | 36,276,918 | 203,898,932 | 1,774,243,776 |
| Depreciation for the years ended December 31: | | | | | | | | |
| As at December 31, 2018 | | | | | | | | 215,837,487 |
| As at December 31, 2019 | | | | | | | | 208,555,417 |

As at December 31, 2019 and 2018, the Company's land including building and construction and certain machineries are mortgaged to a local bank as security against credit facilities in long – term loan of Baht 442.40 million derivatives, letter of credit and letter of guarantees.

As at December 31, 2019 and 2018, the Group have vehicles and machineries acquired under finance lease agreements, with net book value amounting to approximately Baht 108.04 million and Baht 132.69 million, respectively (the Company only: amounted to approximately Baht 108.04 million and Baht 132.69 million, respectively).

As at December 31, 2019 and 2018, the Group have certain buildings, vehicles and equipment items of the Group have been fully depreciated but they are still in use. The original cost in those assets amounted to approximately Baht 912.78 million and Baht 837.14 million, respectively (the Company only: amounted to approximately Baht 809.77 million and Baht 736.06 million, respectively).

For the year ended December 31, 2019 and 2018, the Company has capitalized borrowing costs relating to the acquisition of construction of building improvement and machineries amounted to Baht 6.67 million and Baht 6.74 million, respectively, with a capitalization rate of 3.05% to 3.44% and 3.07% to 4.25%, respectively.

18 INTANGIBLE ASSETS, NET

| | Baht | | | | | |
|---|-----------------------------------|-----------------------|--------------|-------------------|-------------------------------------|--------------|
| | Consolidated financial statements | | | | | |
| | Leasehold right on land | Customer relationship | Trademark | Computer software | Computer software under development | Total |
| Cost | | | | | | |
| As at December 31, 2018 – restated | 111,286,156 | 750,705 | 175,505,461 | 72,898,276 | 393,000 | 360,833,598 |
| Increase | - | - | - | 1,337,570 | - | 1,337,570 |
| Decrease | - | - | - | - | - | - |
| Transfer in (out) | - | - | - | 393,000 | (393,000) | - |
| Exchange differences on translating financial statement | (7,606,937) | (51,319) | (12,023,998) | - | - | (19,682,254) |
| As at December 31, 2019 | 103,679,219 | 699,386 | 163,481,463 | 74,628,846 | - | 342,488,914 |
| Accumulated amortization | | | | | | |
| As at December 31, 2018 – restated | (2,587,782) | - | - | (37,555,793) | - | (40,143,575) |
| Increase | (3,648,886) | - | - | (13,880,254) | - | (17,529,140) |
| Decrease | - | - | - | - | - | - |
| Transfer in (out) | - | - | - | - | - | - |
| Exchange differences on translating financial statement | 272,541 | - | - | - | - | 272,541 |
| As at December 31, 2019 | (5,964,127) | - | - | (51,436,047) | - | (57,400,174) |
| Net book value | | | | | | |
| As at December 31, 2018 – restated | 108,698,374 | 750,705 | 175,505,461 | 35,342,483 | 393,000 | 320,690,023 |
| As at December 31, 2019 | 97,715,092 | 699,386 | 163,481,463 | 23,192,799 | - | 285,088,740 |

| | Baht | |
|---------------------------------|-------------------------------|--------------|
| | Separate financial statements | |
| | Computer | Software |
| Cost | | |
| As at December 31, 2018 | | 67,682,524 |
| Increase | | 1,337,570 |
| Decrease | | - |
| Transfer in (out) | | - |
| As at December 31, 2019 | | 69,020,094 |
| Accumulated amortization | | |
| As at December 31, 2018 | | (35,135,622) |
| Increase | | (12,366,069) |
| Decrease | | - |
| As at December 31, 2019 | | (47,501,691) |
| Net book value | | |
| As at December 31, 2018 | | 32,546,902 |
| As at December 31, 2019 | | 21,518,403 |

19 SHORT TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, short – term loans from financial institutions are as follows:

| | Baht | | | |
|---------------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Overdraft | 25,594,946 | - | 20,632,710 | - |
| Promissory notes | | | | |
| (Interest rate of MMR% p.a.) | 1,386,081,917 | 1,510,105,099 | 1,288,844,900 | 1,441,272,158 |
| Trust receipts | - | 1,633,912 | - | 1,633,912 |
| International Trade Finance Solutions | 27,814,489 | 24,425,675 | 27,814,489 | 24,425,675 |
| Total | 1,439,491,352 | 1,536,164,686 | 1,337,292,099 | 1,467,331,745 |

20 OTHER PAYABLES

Other payables, are as follows:

| | Baht | | | |
|---------------------------------------|-----------------------------------|-----------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Other Payable | 80,961,805 | 142,538,194 | 62,214,829 | 83,384,079 |
| Accrued expenses | 205,936,228 | 188,192,248 | 43,360,407 | 34,627,388 |
| Account payable on purchase of assets | 23,764,163 | 4,316,943 | 23,764,163 | 4,316,943 |
| Total | 310,662,196 | 335,047,385 | 129,339,399 | 122,328,410 |

21 LIABILITIES UNDER FINANCE LEASE AGREEMENTS

| | Baht | |
|---|--|--------------|
| | Consolidated and Separate financial statements | |
| | 2019 | 2018 |
| Liabilities under finance lease agreements | 87,807,391 | 99,370,931 |
| Less: deferred interest | (6,810,734) | (8,248,906) |
| | 80,996,657 | 91,122,025 |
| Less: current portion | (38,493,736) | (33,308,341) |
| Liabilities under finance lease agreements, net | 42,502,921 | 57,813,684 |

| | Baht | | | | | |
|--------------|--|-------------------|------------|------------|-------------------|------------|
| | Consolidated and Separate financial statements | | | | | |
| | 2019 | | | 2018 | | |
| | Principal | Deferred interest | Total | Principal | Deferred interest | Total |
| 1 – 5 years | 42,502,921 | 42,502,921 | 45,462,146 | 57,813,684 | 3,671,745 | 61,485,429 |
| Over 5 years | - | - | - | - | - | - |
| Total | 42,502,921 | 2,959,225 | 45,462,146 | 57,813,684 | 3,671,745 | 61,485,429 |

22 LONG – TERM LOANS FROM FINANCIAL INSTITUTIONS

| | Baht | | | |
|-----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Loans of the Company | | | | |
| Loan from a local bank no. 1 | 392,400,000 | 442,400,000 | 392,400,000 | 442,400,000 |
| Loan from a local bank no. 2 | 15,507,766 | 25,282,332 | 15,507,766 | 25,282,332 |
| Loan from a local bank no. 3 | 270,316,081 | 300,000,000 | 270,316,081 | 300,000,000 |
| Loan of the Subsidiary in Vietnam | | | | |
| Loan from a foreign bank | 6,191,799 | 20,991,322 | - | - |
| | 684,415,646 | 788,673,654 | 678,223,847 | 767,682,332 |
| Less current portion | (142,999,202) | (190,127,426) | (142,999,202) | (181,818,070) |
| Long – term loans, net | 541,416,444 | 598,546,228 | 535,224,645 | 585,864,262 |

The Company:

Loan from a local bank no.1

On May 8, 2017, the Company had entered into a loan agreement with a local bank in the amount of Baht 1,000.00 million being used to renovate factory, office, production area and machines. The Company is able to drawdown the loan in installment when necessary with interest at the special rate agreed upon. The loan withdrawal 24 periods on each drawdown date. The principal is repayable in 3 tranches according to the type of payment required by the bank. The principals are repayable equally in 10 installments in every six – month according to the drawdown principal on September 2017 and the interest are payable in every month.

Later March 8, 2019, the Company has changed the repayment of the outstanding principal to be 61 monthly repayment from March 2019 onwards.

The 1st – 22th installment: Each installment will be repayable at Baht 5 million
The 23rd – 34th installment: Each installment will be repayable at Baht 7 million
The 35th – 58th installment: Each installment will be repayable at Baht 9 million
The 59th – 60th installment: Each installment will be repayable at Baht 11 million

The 61st installment: Each installment will be repayable at Baht 10.40 million or the remaining total amount Loan from a local bank is secured by the mortgage of land, building and machineries.

Loan from a local bank no.2

On June 4, 2018, the Company had entered into a loan agreement with a local bank in the amount of Baht 30.00 million being used to funding for the Company, at the special rate agreed upon.

The principals and interest are repayable amount minimum Baht 0.89 million in monthly commencing from the date of the first installment on June 2018.

Loan from a local bank is unsecured.

Loan from a local bank no.3

On August 1, 2018, the Company had entered into a loan agreement with a local bank in the amount of Baht 300.00 million being used to funding for the Company and its subsidiaries. The Company is able to drawdown the loan in installment when necessary with interest at the rate of at the special rate agreed upon the principal is repayable on each drawdown date (on August 2018) as follow:

The 1st – 12th installment grace period for all principle, which interest is repayable in monthly
The 13th – 60th installment, the principal and interest are repayable amount Baht 6.70 million in monthly

Loan from a local bank is secured by a subsidiary in Thailand.

Subsidiary in Vietnam :

On November 7, 2013 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 4,500.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of November, 2013).

Later, on August 19, 2015 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 2,400.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of August, 2015).

Later, on October 16, 2015 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 4,100.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of October, 2015).

Later, on October 25, 2017 (the date before the acquisition date), Long Quan Safe Food JSC ("LQSF") had entered into a loan agreement with a local bank in Vietnam such additional in the amount VND 20,700.00 million. The interest is on the market rate. The principal and interest are repayable in quarterly and paid within 5 years commencing from the date of the first installment (at the end of October, 2017).

These loans are secured by the leasehold right on land and mortgage for construction.

23 PROVISIONS FOR EMPLOYEE BENEFITS

Movement in the present value of the provisions for employee benefits for the year ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Provisions for employee benefits at beginning of the years | 96,323,591 | 67,141,813 | 81,162,633 | 58,706,809 |
| Current service cost and interest | 11,176,666 | 9,931,017 | 7,806,255 | 8,010,682 |
| Past service costs | - | 19,504,973 | - | 16,614,031 |
| Benefits paid | (6,894,726) | (4,786,350) | (5,608,992) | (4,786,350) |
| Transfer Parent Company's employees to subsidiary | - | - | (2,444,601) | - |
| Actuarial losses (gains) on defined employee benefits plans | - | 4,532,138 | - | 2,617,461 |
| Provisions for employee benefits at ending of the years | 100,605,531 | 96,323,591 | 80,915,295 | 81,162,633 |

Expenses recognized in the income statement for the year ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|-----------------------|-----------------------------------|------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Current service costs | 9,136,465 | 7,617,912 | 5,992,604 | 6,242,805 |
| Past service costs | - | 19,504,973 | - | 16,614,031 |
| Interest cost | 2,040,201 | 2,313,105 | 1,813,651 | 1,767,877 |
| TOTAL | 11,176,666 | 29,435,990 | 7,806,255 | 24,624,713 |

Principal actuarial assumptions as at December 31, 2019 and 2018 are as follows:

| | Percent | | | |
|------------------------|---------------------------------|-------------|------------------------------|-------------|
| | Consolidate financial statement | | Separate financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | 2.36 – 3.14 | 2.36 – 3.14 | 2.36 | 2.36 |
| Salary increase rate | 2.50 – 4.00 | 2.50 – 4.00 | 2.50 – 4.00 | 2.50 – 4.00 |
| Employee turnover rate | 0 – 50.00* | 0 – 50.00* | 0 – 19.00* | 0 – 19.00* |
| Mortality rate | TMO2017** | TMO2017** | TMO2017** | TMO2017** |

* Based on the weighted average by age group of employees

** Reference from TMO2017: Thai Mortality Ordinary Table 2017

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate, employee turnover rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as December 31, 2019 is as follows:

- If the discount rate increases (decreases) by 0.5%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 4.39 million (increase Baht 4.69 million) and Separate financial statements would decrease Baht 3.56 million (increase Baht 3.81 million).
- If the salary increase rate increases (decreases) by 0.5%, the provisions for employee benefits in Consolidated financial statements would increase Baht 5.14 million (decrease Baht 4.83 million) and Separate financial statements would increase Baht 4.25 million (decrease Baht 3.99 million).
- If the employee turnover rate increases (decreases) by 10%, the provisions for employee benefits in Consolidated financial statements would decrease Baht 3.64 million (increase Baht 3.96 million) and Separate financial statements would decrease Baht 3.00 million (increase Baht 3.25 million).
- If the life expectancy increases (decreases) by one year for all employees, the provisions for employee benefits in Consolidated financial statements would increase Baht 0.02 million (decrease Baht 0.02 million) and Separate financial statements would increase Baht 0.02 million (decrease Baht 0.02 million).

In presenting the above sensitivity analysis, the present value of the provisions for employee benefits has been calculated by using the same method that applied in calculating the provisions for employee benefits recognized in the statement of financial position.

As at December 31, 2018, the Group have amended its post – employment benefits plan to conform with Labour Protection Act which the main point is to increase the rate of benefit of an employee who has past service 20 years or more from 300 days to 400 days. The Group have recorded the effect of the change by recognizing post service cost as expenses immediately in the 4th quarter income statement of the year 2018 amounted to Baht 19.50 million (the Company only : amounted to Baht 16.61 million).

24 TREASURY STOCK

On August 10, 2017, the Board of Directors has approved to undertake a treasury stock program for financial management purposes with the maximum amount of not exceeding Baht 500 million for the repurchase of not exceeding 15,000,000 shares at the par value of Baht 0.50 per share or equal to not exceeding 5.36% of the total of paid – up shares. The procedure used for the repurchasing of shares is on the Stock Exchange of Thailand. The repurchase period covers the duration of 6 months, starting from August 25, 2017 to February 23, 2018.

The period of the resale of share is 6 months after the completion date of share repurchase and not later than 3 years from this time which the Board of Directors will consider fixing the schedule of the share resale later on.

During the 1st quarter of year 2018, the Company had purchased back 4.00 million ordinary shares (par value of Baht 0.50 each), or 1.43% of the total number of issued and fully shares, for a total of Baht 114.34 million (excluded cost of repurchase treasury shares).

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduced its paid – up share capital by an amount equal to the value of the treasury shares which it could not sell. As

at 31 March 2018, the Company appropriated the full required amount of retained earnings to a reserve for the treasury shares amounting to Baht 114.34 million.

25 DIVIDEND PAID

At the Annual General Meeting of Shareholders held on April 27, 2018, the shareholders had approved to pay the dividend amounted to Baht 70.00 million (280 million ordinary shares at Baht 0.25 each). However, the Company has recorded the dividend payment according to the legitimated shareholders having the right to receive the dividend for the total amount of Baht 68.99 million.

26 LEGAL RESERVE

Under the Public Limited Companies Act., the Company is required to set aside to a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The legal reserve is not available for dividend payment.

27 PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3.0 percent of their basic salaries, and by the Company and its subsidiaries at the same rate, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Kasikorn Asset Management Company Limited.

The Company and its subsidiaries contributed to the fund for the year ended December 31, 2019 and 2018 as follows:

| | Baht | | | |
|-----------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Provident fund contribution | 9,971,303 | 7,226,965 | 5,750,462 | 5,802,636 |

28 TAX EXPENSE

Tax expense for the year ended December 31, 2019 and 2018, consisted of:

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Current tax expense | 13,070,944 | 702,345 | - | - |
| Deferred tax expenses (income) of temporary differences | (80,953,996) | (93,387,725) | (82,000,462) | (75,295,366) |
| Tax expense (income) reported in | 1,864,487 | (8,628,020) | - | (8,628,020) |
| Tax expense (income) reported in statement of income | (66,018,565) | (101,313,400) | (82,000,462) | (83,923,386) |

Income tax relating to each component of other comprehensive income for the year ended December 31, 2019 and 2018, consisted of:

| | Baht | | | |
|--|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax expenses (income) relating to: | | | | |
| Gain loss on revaluation asset | 12,964,000 | - | 12,720,000 | - |
| Actuarial gains losses on defined employee benefit plans | - | (885,586) | - | (523,492) |
| Deferred tax expenses (income) reported in statement of comprehensive income | 12,964,000 | (885,586) | 12,720,000 | (523,492) |

Deferred tax expenses relating to effect of changes in accounting policies due to the adoption of new financial reporting standard adjusted to retained earnings as of January 1, 2019 amounting Baht 2.36 million in consolidated and separate financial statements

Reconciliation between income tax expense (income) and the product of accounting profit (loss) multiplied by the applicable tax rates for the year ended December 31, 2019 and 2018, as follows:

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Accounting profit (loss) before tax | (231,913,625) | (347,551,945) | (278,675,111) | (241,051,700) |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by applicable tax rate | (46,382,725) | (69,510,389) | (55,735,023) | (48,210,340) |
| Tax effect of: | | | | |
| - Losses of current year which no deferred tax assets was recognized | 2,699,320 | - | - | - |
| - Shares of profit from investment under equity method | 2,314,564 | 3,222,496 | - | - |
| - Adjustments recognized in the year for current tax of prior periods | (3,478,601) | (8,628,020) | (1,883,122) | (8,628,020) |
| - Non – deductible expenses | 3,549,400 | 1,831,012 | 318,398 | 1,070,254 |
| - Added deductible expenses | (24,720,523) | (28,228,499) | (24,700,715) | (28,155,280) |
| Tax expense (income) reported in statement of income | (66,018,565) | (101,313,400) | (82,000,462) | (83,923,386) |

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

| | Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 1,328,970 | 969,925 | 851,639 | 794,860 |
| Allowance for diminution in value of inventories | 13,682,295 | 9,552,160 | 12,499,276 | 6,746,087 |
| Allowance for impairment of investments | 258,200 | 2,787,609 | 258,200 | 2,787,609 |
| Loss on accumulated impairment | 2,958,520 | 6,450,671 | 1,115,217 | 4,607,368 |
| Provisions for employee benefits | 20,121,106 | 19,194,058 | 16,183,059 | 16,232,527 |
| Unused tax benefits on loss carry forward | 174,959,891 | 95,171,375 | 142,348,507 | 63,732,643 |
| Transfer parent Company's employees to subsidiary | - | - | 300,490 | - |
| Total | 213,308,982 | 134,125,798 | 173,556,388 | 94,901,094 |
| Deferred tax liabilities | | | | |
| Revaluation in land plant | 63,299,474 | 50,335,474 | 61,862,313 | 49,142,313 |
| Accumulated depreciation resulting from change in the estimated useful lives of assets | 4,130,055 | 5,129,613 | 563,785 | 3,311,077 |
| Effect of changes in accounting policy | 1,758,517 | - | 1,758,517 | - |
| Effect from business combination adjustments | 62,341,976 | 66,916,435 | - | - |
| Total | 131,530,022 | 122,381,522 | 64,184,615 | 52,453,390 |

As of December 31, 2019 and 2018, its subsidiary's unused tax losses amount Baht 13.50 million and Baht 3.60 million, respectively, for which no deferred tax assets are recognized due to the managements considered that it is not probable its subsidiary's future taxable profit will be available against which the unused tax losses can be utilized.

29 PROMOTIONAL PRIVILEGES

Malee Applied Sciences Company Limited ("subsidiary") has received promotional privileges from the Board of Investment for research and development of food industry and energy, pursuant to the promotion certificate No. 60-1384-1-00-2-0 at 50 percent deduction of corporate income tax on income derived from the promoted operations for a period of 8 years starting from November 16, 2017.

For the year ended December 31, 2019 and 2018, the subsidiary had loss before income tax amounted Baht 16.44 million and Baht 5.78 million, respectively.

30 WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

The weighted average number of ordinary shares is calculated as follows:

| | Shares | |
|--|--|-------------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Number of ordinary shares | 280,000,000 | 280,000,000 |
| Less Treasury shares | (4,000,000) | (3,419,178) |
| Weighted average number of ordinary shares | 276,000,000 | 276,580,822 |

31 FINANCIAL INFORMATION BY SEGMENT

The Group's operations involve the manufacturing and distribution of canned agriculture products, fruit juices and non - alcohol beverage which are carried on in both Thailand and foreign countries. Financial information of the Group for the year ended December 31, 2019 and 2018 and as at December 31, 2019 and 2018, broken down by geographic segment, are as follows:

Business segment information 2019

| | Thousand Baht | | | |
|---|--------------------------------------|-----------|-------------|-----------|
| | Consolidated financial statements | | | |
| | For the year ended December 31, 2019 | | | |
| | Segment | | | |
| | Agriculture products | Others | Eliminated | Total |
| Revenues from sales | 4,989,160 | 1,625,793 | (1,693,953) | 4,921,000 |
| Gross profit | 624,488 | 198,269 | (2,399) | 820,358 |
| Other incomes | | | | 79,019 |
| Selling expenses | | | | 534,523 |
| Administrative expenses | | | | 549,948 |
| Other expenses - Loss on sales of assets | | | | 14,144 |
| Finance costs | | | | 66,332 |
| Shares of profit (loss) from investments in associates and joint ventures | | | | (11,573) |
| Tax expenses (income) | | | | (66,018) |
| Profit (loss) for the year | | | | (211,125) |

Geographic segment information

| | Thousand Baht | | | |
|--------------------------|--------------------------------------|----------------|-------------|-----------|
| | Consolidated financial statements | | | |
| | For the year ended December 31, 2019 | | | |
| | Sales – domestic | Sales – export | Eliminated | Total |
| Revenues from sale | 4,185,882 | 2,429,071 | (1,693,953) | 4,921,000 |
| Segment operating profit | 558,337 | 264,420 | (2,399) | 820,358 |

Business segment information 2018

| | Thousand Baht | | | |
|--|--------------------------------------|-----------|-------------|-----------|
| | Consolidated financial statements | | | |
| | For the year ended December 31, 2018 | | | |
| | Segment | | | |
| | Agriculture products | Others | Eliminated | Total |
| Revenues from sales | 5,557,294 | 1,179,188 | (1,397,981) | 5,338,501 |
| Gross profit | 993,773 | 164,805 | (5,075) | 1,153,503 |
| Other incomes | | | | 47,104 |
| Selling expenses | | | | 943,771 |
| Administrative expenses | | | | 577,290 |
| Finance costs | | | | 60,228 |
| Shares of profit (loss) from investments in associate and joint ventures | | | | (16,112) |
| Tax expenses (income) | | | | (101,313) |
| Profit (loss) for the year | | | | (295,481) |

Geographic segment information

| | Thousand Baht | | | |
|--------------------------|--------------------------------------|----------------|-------------|-----------|
| | Consolidated financial statements | | | |
| | For the year ended December 31, 2018 | | | |
| | Sales – domestic | Sales – export | Eliminated | Total |
| Revenues from sale | 4,789,054 | 1,947,428 | (1,397,981) | 5,338,501 |
| Segment operating profit | 819,057 | 339,521 | (5,075) | 1,153,503 |

Information about major customers

For the year ended December 31, 2019, the Company and its subsidiaries' revenues from domestic sales amounted Baht 691.04 million from one customer and revenues from export sales amounted Baht 839.57 million from one customer.

For the year ended December 31, 2018, the Company and its subsidiaries' revenues from domestic sales amounted Baht 551.49 million from one customer and revenues from export sales amounted Baht 593.47 million from one customer.

| | Million Baht | | | | | |
|------------------------------------|-----------------------------------|--------------------|---------|-------|----------|----------|
| | Consolidated financial statements | | | | | |
| | Domestic | | Foreign | | Total | |
| | 2019 | 2018 (Restated) | 2019 | 2018 | 2019 | 2018 |
| Trade receivables, net | 666.05 | 614.20 | 71.00 | 86.03 | 737.05 | 700.23 |
| Property, plant and equipment, net | | | | | 1,983.07 | 2,131.63 |
| Other assets | | | | | 1,467.24 | 1,836.30 |
| Total assets | | | | | 4,187.36 | 4,668.16 |

32 CREDIT FACILITIES

Credit facilities granted to the Group by financial institutions are secured by the mortgage / pledge of deposits at financial institutions, certain plots of its lands, buildings and some machineries of the Group.

In addition, credit facilities granted to the subsidiary by financial institutions are secured by the guarantee provided by the Company.

33 COMMITMENTS AND CONTINGENT LIABILITIES

33.1 Commitments

a)As at December 31, 2019, the Group have commitments relating to the lease agreements for head office buildings, warehouses, machineries, office equipment, vehicles and service fees whereby for the expiration dates range from 2020 – 2035. Future minimum payments under the leases are as follows:

| | (Million Baht) | | | | | |
|-----------------------|-----------------------------------|---|----------------------|-------------------------------|---|----------------------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Not later than one year | Later than one year and not later than five years | More than five years | Not later than one years | Later than one year and not later than five years | More than five years |
| Lease agreements | | | | | | |
| Head office buildings | 15.57 | 62.27 | 189.78 | 15.00 | 62.27 | 189.78 |
| Warehouses | 32.51 | 9.92 | – | 16.99 | 7.20 | – |

| | Periods | | | | | |
|------------------|-----------------------------------|---|----------------------|-------------------------------|---|----------------------|
| | (Million Baht) | | | | | |
| | Consolidated financial statements | | | Separate financial statements | | |
| Lease agreements | Not later than one year | Later than one year and not later than five years | More than five years | Not later than one years | Later than one year and not later than five years | More than five years |
| | | | | | | |
| Machineries | 8.22 | 11.09 | – | 8.22 | 11.09 | – |
| Office equipment | 1.27 | 0.73 | – | 1.17 | 0.69 | – |
| Vehicles | 3.74 | 1.28 | – | 3.03 | 1.05 | – |
| Service fees | 26.04 | – | – | 5.86 | – | – |

Rental expenses and service fees under the above leases for the year ended December 31, 2019 amounted to Baht 83.89 million (the Company only: amounted to Baht 45.72 million).

b) As at December 31, 2019 and 2018, the Group has the commitment from purchase of machineries amounted to Baht 29.06 million and Baht 28.85 million, respectively (the Company only: amounted to Baht 24.99 million and Baht 19.28 million, respectively).

c) The Company has commitment under the various business advisory agreements, it must pay fees at the rate and condition stipulated in the agreements.

33.2 Bank guarantees

As at December 31, 2019 and 2018, there were outstanding bank guarantees of approximately Baht 14.08 million and Baht 11.37 million, respectively issued by banks on behalf of the Group (the Company only: amounted to Baht 11.83 million and Baht 9.43 million, respectively) in respect of certain performance obligations as required in the ordinary course of its business.

33.3 Guarantee

As at December 31, 2019 and 2018, the Company had guaranteed Baht 55 million and Baht 75 million of loans obtained by a subsidiary from financial institutions. These guarantees are effective for as long as the underlying obligations have not been discharged by the Company or its subsidiary.

For the year ended December 31, 2019 and 2018, guarantee fees have been charged at 3.36% and 1.75% of the guarantee amount, respectively.

material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statements of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdraft, short - term and long - term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies.

As at December 31, 2019 and 2018, the Group is exposed to foreign currency risk primarily to foreign currency denominated financial assets and liabilities as follows:

Fair values of financial instruments

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

| Foreign currency | Consolidated financial statements | | Asset / liability exchange rate As at December 31, 2019 (Baht per foreign currency unit) |
|-------------------|-----------------------------------|-----------------------|--|
| | Financial assets | Financial liabilities | |
| US dollar | 1,937,899 | 1,238,070 | 29.98/30.33 |
| Euro | – | 360,791 | 33.38/34.08 |
| VND (Per 100 VND) | – | 903,306,472 | 0.13/0.13 |
| | | | As at December 31, 2018 (Baht per foreign currency unit) |
| US dollar | 887,617 | 1,255,670 | 32.28/32.61 |
| Euro | – | 141,359 | 36.76/37.49 |
| US dollar | 887,617 | 1,255,670 | 29.98/30.33 |
| Euro | – | 141,359 | 33.38/34.08 |
| | | | As at December 31, 2018 (Baht per foreign currency unit) |
| US dollar | 354,413 | 1,222,188 | 32.28/32.61 |
| Euro | – | 141,359 | 36.76/37.49 |

As at December 31, 2019 and 2018, the Group have not the outstanding foreign currency sales and purchase agreement.

In addition to foreign currency transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. As at December 31, 2019 and 2018, the Group does not hedge such exposures to foreign movement risk as it is minimal.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

According to the statements of financial position as at December 31, 2019, the Group's debt to equity ratio was 3.25 : 1 (as at December 31, 2018 : 3.02 : 1) and the Company's was 2.47 : 1 (as at December 31, 2018 : 2.40 : 1).

34 FINANCIAL INSTRUMENTS

Credit risk

The Company is exposed to credit risk primarily with respect to trade receivables and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur

35 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

36 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 25, 2020.



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