
Annual Report 2018

Winner Group Enterprise PLC.

รายงานประจำปี 2561



Winner
Group
Enterprise PLC.

Message from the Board of Directors



Dear Shareholders,

The global economic outlook in 2018 challenged to create a global waves of change, with 1HY, it had seen strong and fairly broad-based recovery. Starting from the US unemployment rate, it fell to lowest in 17 years at 4.1 percent while euro-area countries economy was better growth over many years, especially one of the driving forces behind the dynamic commodities markets are emerging markets. In the contrary, the situation in 2HY 2018 was in a dramatic slowdown from US-China trade war beginning of backfire, leading to trade restriction and likely to be more affected by higher inflation of worldwide products, including the capital outflows from the East Asia Pacific (EAP) countries remained turbulent in global financial markets.

Thailand's economy will slow down, although a decline in global demand, and see rising during 3Q18 by domestic demand from the supporting factors; national income base and government's welfare and subsidy scheme for low-income earners to help motivation of both national consumption, private investment expansion and low interest rate inflation. However, the expansion of tourists and revenues generated from tourism were still underestimated due to tourist boat capsized off Phuket had a drop number of Chinese and European groups. Public-private sectors seemed to be unhappy with a country's economic condition which derived from many factors, but one of the most significant impacts on business model and competitive ability is 'Disruptive Technology'.

Winner Group Enterprise Public Company Limited (the Company) and its subsidiary (AT-ZE), had been together adapted all year round 2018 to operate business amid global economic fluctuations and uncertainties which these challenges on performance of the Company and its subsidiary in many ways from low purchasing power of consumer discretionary and negative force from the Magic Skin scandal- impacted on consumer confidence during the same time of newly acquired cosmetics and food supplement business, resulted in a decrease in profit from the prior year.

As its core, the wave of change in business transformation, change management is based on the managing transition process and ensured synergy efforts to deliver quality products and provide reliable service, the Company and its subsidiary pay strong attention to risk management remains within its risk appetite, fully comply with ISO 9001:2015 standards and inherent with operating business fairly, transparency and good governance.

Lastly, we, on behalf of the Board of Directors, Management and Staff, would like to express our sincere thanks to shareholders, distributors, customers, business partners, investors, analysts, financial institutions public-private sectors and all relevant stakeholders for always being trustworthy, confident and supportive us throughout the year. We are fully immersed in creativity work, sustainability and profitability to all of you.

A handwritten signature in black ink, appearing to read 'P. Tawisuwan', followed by a horizontal line.

(Mr. Prakarn Tawisuwan)

Chairman of the Board of Directors

Contents

Annual Report 2018

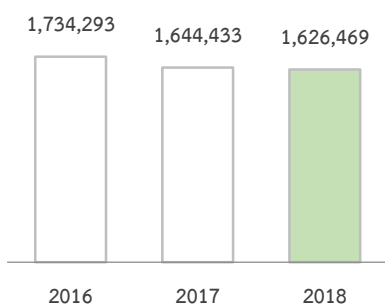
Winner Group Enterprise Public Company Limited

01	Message from the Board of Directors	61	Good Corporate Governance
03	Financial Highlights	78	Corporate Social Responsibility (CSR)
04	The Board of Directors and Executives	87	Internal Control and Risk Management
12	Business Overview	89	Related Party Transaction
16	Nature of Business	92	Management Discussion and Analysis (MD&A)
32	Risk Factors	100	Report of the Board of Directors' Responsibility for the Financial Statements
40	General Information	101	Report of the Audit Committee
42	Securities and Shareholders Information	104	Independent Auditor's Report
44	Dividend Policy	109	Financial Statements
45	Management Structure		

Financial Highlights

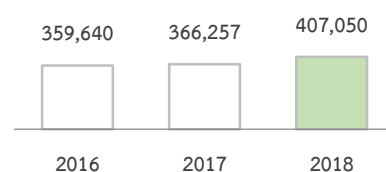
Total Revenue

(Unit: Thousand Baht)



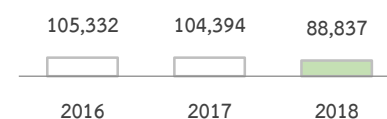
Gross Profit

(Unit: Thousand Baht)



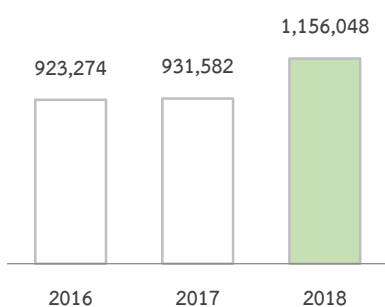
Net Profit

(Unit: Thousand Baht)



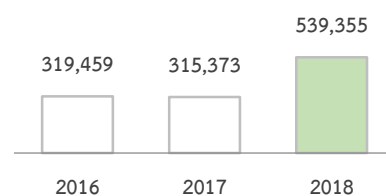
Total Assets

(Unit: Thousand Baht)



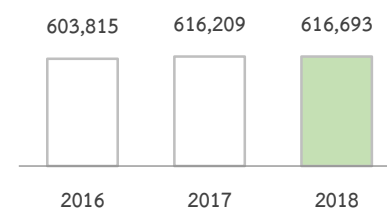
Total Liabilities

(Unit: Thousand Baht)



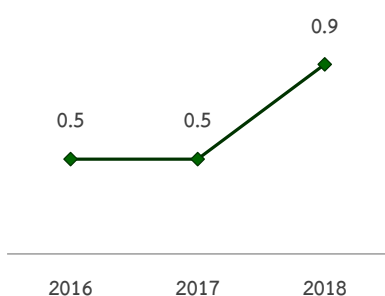
Shareholders' Equity

(Unit: Thousand Baht)



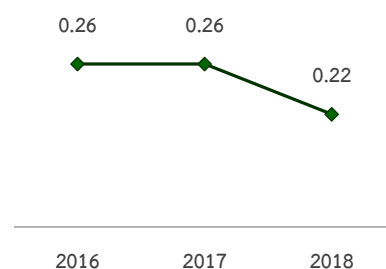
Debt to Equity Ratio

(Unit: Times)



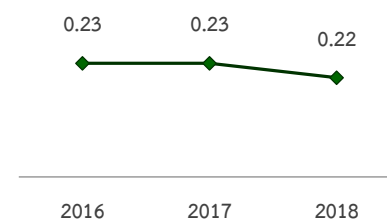
Earnings per share

(Unit: Baht per share)



Dividend

(Unit: Baht per share)



Remark: Financial information of 2016-2017 based on Separate Financial Statements while 2018 based on Consolidated Financial Statements

The Board of Directors and Executives



Mr. Prakarn Tawisuwan

Age (Years): 72

Chairman of the Board of Director / Independent Director /

Chairman of the Audit Committee

Starting Date of Directorship April 10, 2013

Education

- Master of Business Administration Program (XMBA), Thammasat University
- Bachelor of Economics, Thammasat University
- Director Certification Program (DCP) 75/2006, Thai Institute of Directors
- Advanced Audit Committee Program (AACP) 26/2017, Thai Institute of Directors

No. of shares held (as at August 24, 2018) -None-

Relationship with Directors and Management -None-

Work Experiences (last 5 years)

Listed Companies

2013 - Present Chairman of Board of Directors / Independent Director / Chairman of the Audit Committee
- Winner Group Enterprise Plc.

Non-Listed Companies

2015 - Present Director - M.R. Rosalins Gagananga Foundation Under the Royal Patronage of HRH Princess
Maha Chakri Sirindhorn

2013 - 2014 Advisor - CIMB-Principal Asset Management Co., Ltd.

2012 - 2013 Acting President - CIMB-Principal Asset Management Co., Ltd.

The Board of Directors and Executives



Mr. Jane Wongisariyakul

Age (years): 66

Director / Chairman of Executive Committee /

Chairman of Risk Management Committee / President & CEO

(Authorized Director)

Starting Date of Directorship April 10, 2013

Education

- Master of Business Administration Program (XMBA), Thammasat University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Bachelor of Business Commerce, Beijing Language and Culture University, China
- Director Accreditation Program (DAP) 31/2005, Thai Institute of Directors
- Role of Nomination and Governance Committee (RNG) 5/2013, Thai Institute of Directors
- Certificate of Public Economics Management for Executives (Batch 8), The College of Politics and Governance, King Prajadhipok's Institute
- Capital Market Academy Executive Program (Class 23), Capital Market Academy, the Stock Exchange of Thailand

No. of shares held (as at August 24, 2018) 34.56%

Relationship with Directors and Management Spouse of Mrs. Vannaporn Wongisariyakul /
Father of Ms. Kanollas Wongisariyakul

Work Experiences (last 5 years)

Listed Companies

2013 - Present Director / Chairman of Executive Committee / Chairman of Risk Management Committee / President & CEO - Winner Group Enterprise Plc.

2006 - Present Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member - Eason Paint Plc.

Non-Listed Companies

2019 - Present Director / Independent Director - CU Enterprise Co., Ltd.

2018 - Present Director - Aesthetic Zecret (AT-ZE) Co., Ltd.

2017 - Present Director - Winner Fam Co., Ltd.

2012 - Present Director - Jamjuree Innovations Co., Ltd.

2010 - Present Vice Chairman - Faculty of Science Foundation, Chulalongkorn University

2012 - Present Director - Jamjuree Innovations Products Co., Ltd.

2011 - 2017 Director - Jamchuri Testing Laboratory Co., Ltd.

2010 - 2013 Vice Chairman of Executive Committee - the Professor Dr. Tab Nilanidhi Foundation

2010 - 2013 President - Chulalongkorn University Science Alumni

The Board of Directors and Executives



Mrs. Vannaporn Wongisariyakul

Age (years): 63

Director / Member of Executive Committee / Member of Risk Management Committee / VP-Production (Acting)
(Authorized Director)

Starting Date of Directorship April 10, 2013

Education

- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Director Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- Lean Supply Chain by TMB (TMB Lean Six Sigma White and Blue Belt Course), Batch#10, Food and Beverage Industry in 2017

No. of shares held (as at August 24, 2018) 8.78%

Relationship with Directors and Management Spouse of Mr. Jane Wongisariyakul /
Mother of Ms. Kanollas Wongisariyakul

Work Experiences (last 5 years)

Listed Companies

2013 - Present Director / Executive Committee Member / Risk Management Committee Member /
VP-Production (Acting) - Winner Group Enterprise Plc.

Non-Listed Companies

2018 - Present Director - Aesthetic Zecret (AT-ZE) Co., Ltd.
2017 - Present Director - Winner Fam Co., Ltd.
1987 - 2013 Director - Winner Group Enterprise Co., Ltd.

The Board of Directors and Executives



Miss Kanokpan Kreangkraikrissada

Age (years): 49

Director / Member of Executive Committee /

Member of Risk Management Committee

(Authorized Director)

Starting Date of Directorship April 10, 2013

Education

- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Science in Food Science & Technology, Kasetsart University
- Directors Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- Certificate of Mini MBA, Thammasat University

No. of shares held (as at August 24, 2018) 2.83%

Relationship with Directors and Management -None-

Work Experiences (last 5 years)

Listed Companies

2013 - Present Director / Executive Committee Member / Risk Management Committee Member
- Winner Group Enterprise Plc.

Non-Listed Companies

2018 - Present Director - Aesthetic Zecret (AT-ZE) Co., Ltd.
2005 - 2013 Director - Winner Group Enterprise Co., Ltd.

The Board of Directors and Executives



Miss Kanollas Wongisariyakul

Age (years): 36

Director / Member of Executive Committee / Member of Risk Management Committee / EVP-Finance & Accounting / VP-Corporate Services (Acting) / VP-Supply Chain Management (Acting) (*Authorized Director*)

Starting Date of Directorship April 10, 2013

Education

- Master of Executive Master of Business Administration, Sasun Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration (Finance), Thammasat University
- Directors Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- How to Develop a Risk Management Plan (HRP) 8/2015, Thai Institute of Directors
- Successful Formulation & Execution of Strategy (SFE) 27/2016, Thai Institute of Directors
- Chief Financial Officer Certificate Program Batch #20, Federation of Accounting Professions under the Royal Patronage of his Majesty the King

No. of shares held (as at August 24, 2018) 3.90%

Relationship with Directors and Management Daughter of Mr. Jane and Mrs. Vannaporn Wongisariyakul

Work Experiences (last 5 years)

Listed Companies

2015 - Present Director / Executive Committee Member / Risk Management Committee Member / EVP-Finance & Accounting / VP-Supply Chain Management (Acting) / VP-Corporate Services (Acting) - Winner Group Enterprise Plc.

2013 - 2015 Assistant Managing Director - Winner Group Enterprise Plc.

Non-Listed Companies

2018 - Present Director / CFO (Acting) - Aesthetic Zecret (AT-ZE) Co., Ltd.

2017 - Present Director - Winner Fam Co., Ltd.

2011 - 2013 Assistant Managing Director - Winner Group Enterprise Co., Ltd.

The Board of Directors and Executives



Mr. Surapat Rojchanavisart

Age (years): 66

Director / Member of Nomination and Remuneration Committee

Starting Date of Directorship April 10, 2013

Education

- Master of Business Administration, Tarleton State University, Texas, USA
- Bachelor of Science in General Science, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors
- Role of the Compensation Committee (RCC) 21/2016, Thai Institute of Directors
- Role of the Nomination & Governance Committee Program (RNG) 8/2016, Thai Institute of Directors

No. of shares held (as at August 24, 2018) 2.90%

Relationship with Directors and Management -None-

Work Experiences (last 5 years)

Listed Companies

2016 - Present Director / Member of Nomination and Remuneration Committee
- Winner Group Enterprise Plc.

2013 - 2016 Director - Winner Group Enterprise Plc.

Non-Listed Companies

2012 - Present Executive Committee - Chai's Clansman Association of Thailand

2010 - Present Director - Pro Master Pack Co., Ltd.

1985 - 2013 Director - Winner Group Enterprise Ltd.

The Board of Directors and Executives



Dr. Warunee Varanyanond

Age (years): 69

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

Starting Date of Directorship April 10, 2013

Education

- Doctor of Science, PhD. (Food Technology), Kagawa University, Japan
- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors
- Advanced Audit Committee Program (AACP) 26/2017, Thai Institute of Directors

No. of shares held (as at August 24, 2018) -None-

Relationship with Directors and Management -None-

Work Experiences (last 5 years)

Listed Companies

2013 - Present Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member - Winner Group Enterprise Plc.

Non-Listed Companies

2015 - Present Advisor - Food Science and Technology Association of Thailand (FoSTAT)

2014 - Present Qualified Person - Biodiversity-Based Economy Development Office (Public Organization)

2010 - Present Advisor & Qualified Person - Institute of Food Research and Product Development (IFRPD) Kasetsart University

2009 - Present Qualified Person - The National Innovation Agency (Public Organization)

2009 - Present Qualified Person - Thai Agricultural Research Development Agency (Public Organization)

2009 - Present Executive Committee - Office of Certification Body of Thailand Institute of Scientific and Technological Research (TISTR)

2007 - Present Qualified Person of Agriculture and Biology - National Research Council of Thailand

2012 - 2015 Director - Faculty of Science Foundation, Chulalongkorn University

2002 - 2015 Executive Committee - Food Science and Technology Association of Thailand (FoSTAT)

The Board of Directors and Executives



Miss Thipawan Uthaisang

Age (years): 61

Independent Director / Member of the Audit Committee /
Chairman of Nomination and Remuneration Committee

Starting Date of Directorship April 10, 2013

Education

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Director Certification Program (DCP) 29/2003, Thai Institute of Directors
- Audit Committee Program (ACP) 23/2008, Thai Institute of Directors
- Role of the Compensation Committee (RCC) 17/2013, Thai Institute of Directors
- Advanced Audit Committee Program (AAP) 26/2017, Thai Institute of Directors
- Advanced Certificate in Politics and Governance in Democratic Systems for Executives (Batch 9), The College of Politics and Governance, King Prajadhipok's Institute
- Capital Market Academy Executive Program (Class 8), Capital Market Academy, the Stock Exchange of Thailand
- National Defence College, The Joint State - Private Sector Course Class 23/2010, Thailand National Defense

No. of shares held (as at August 24, 2018) -None-

Relationship with Directors and Management -None-

Work Experiences (last 5 years)

Listed Companies

- | | |
|----------------|---|
| 2013 - Present | Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee - Winner Group Enterprise Plc. |
| 2013 - Present | Independent Director / Chairman of Audit Committee - Prodigy PCL |
| 2009 - Present | Independent Director / Audit Committee Member - Ladprao General Hospital PCL |
| 2005 - Present | Independent Director / Audit Committee Member - Eason Paint PCL |

Non-Listed Companies

- | | |
|----------------|---|
| 2015 - Present | Independent Director / Chairman of Audit Committee - AIRA & AIFUL PCL |
| 2007 - Present | Executive Director / Managing Director - Papermate (Thailand) Co., Ltd. |
| 2009 - 2015 | Independent Director / Audit Committee Member - Pailin Booknet PCL |

Business Overview

Vision and Business Objectives



Core business: Importing, manufacturing and distributing

- Raw material, ingredients and food additives for food industry (Industry Products)
- Consumer Food Products (Consumer Products)

Vision

To become the leading company with expertise in integrated food business in all distribution channels

Mission

We are committed to deliver quality products and provide reliable service, to meet the customers' needs and satisfaction with the dedication to develop company's human resources capability to have expertise in food industry and maintain good relationship with suppliers.

The Company sets business objectives for the near future of 2-3 years as follows.

1. The Company plans to develop and supply new products to meet a wide range of requirement of customers in food industry and food service operators (Food Service/HoReCa) and supply innovative products to meet consumer's needs to diversify product ranges distributed by the Company.
2. The Company will develop more customized products to meet customers' needs, OEM premix products and packaging filling services. Also, we aim to export our own products such as icing sugar and baking powder to neighboring countries. To increase the plant's production to near maximum capacity and reduce operating costs per unit to be more competitive.
3. The Company plans to develop consumer food products under our own brand to enter new markets.
4. The Company will expand customer base to include more customers in all segments of the food industry by expanding customer base from primarily food industry manufacturers to food service customers (Food Service/HoReCa), Quick Service Restaurant "QSR" and end consumers. The Company aims to expand customer groups from Bangkok and Greater Bangkok to major cities in each region especially touristic provinces.
5. The Company plans to develop corporate resources planning and increase work efficiency on service delivery such as ERP system, leave online and IT infrastructure to be a corporate linkage and communication platform, including electronic payment (Barcode and QR Code)
6. The Company will develop a business development plan to create brand awareness of newly acquired OEM cosmetic business and expand broader opportunity into ASEAN countries.



Business: OEM

- Skincare & Cosmetic
- Makeup
- Food Supplement and Cosmeceutical Products

Vision

To become the leading OEM company in ASEAN with creativity excellence and innovation in health and beauty

Mission

We are committed to deliver high quality of products, create service innovation with reliable service and promise of professionalism.

The Subsidiary company sets business objectives for the near future of 2-3 years as follows.

1. A for-profit organization which aims to earn profit legally and ethically.
2. A sustainable organization which aims to create better work life balance to employees and CSR commitment.
3. A leading OEM cosmetics business in country with excellence service
4. Product customization that serves customers' requirements and consumers product safety
5. Feature of swift quality products, good enough response to customers and remains competitive in the same industry level
6. Strong strategic marketing penetration to maximize market share in domestic and international appearance
7. Guarantee of product quality, manufacturing process, logistics and transportation, environmental management system standards as well as leveraging business capabilities.
8. Commitment to provide effective procurement both raw material, packaging, machine and various services to minimize trade monopoly.

History and Development

History

Winner Group Enterprise Public Company Limited ("the Company or Winner") was founded in 1983 by a group of experts in food science and technology led by Mr. Jane Wongisariyakul. At present, Winner engages in the business of importing, manufacturing and distributing of raw materials, food ingredients and food chemical used in food processing from all over the world such as potato starch, modified starch, wheat starch, egg power, thickener and gelling agent, stabilizer, cocoa, preservative, artificial sweetening agent and other kinds of food chemical.

In 2004, the Company expanded its business by acquiring the factory for production lines of food additive and premix such as icing sugar, and sugar used in food industry, baking powder, thickening agent, seasoning etc. and on October 3, 2013, the Company registered IPO in the Stock Market Alternative Investment (MAI).

With the expertise and skills in supplying of raw materials, food chemical related in food industry and strong sales teams that understand our customers' business, the Company could supply suitable products met our customer needs. The Company expanded our product range, distribution channels and customer base to new groups of customers who are likely to grow continuously in various types of food industry.

Additionally, the Company expanded into consumer products under the world leading brand such as Pop Secret microwave popcorn, Nature Valley Cereal bar, Betty Crocker bakery and cake mix, Streamline fruit jam, Harvey Fresh juice distributed in modern trade and traditional trade channel and expanded our customer base to food service business such as hotels restaurants, catering (HoReCa) and other retail traders including E-marketing tools (E-commerce) to expand new customers in online segment.

Key Milestones in 2018

1. In 2018, the Company selected new products from various sources for import and distribution in the total of 73 SKUs as follows.
 - Foie Gras (Goose liver and frozen duck liver)
 - Cashew Nuts
 - Japanese Soy Sauce, Yummyto brand
 - Seasoning, Promate brand
 - Sparkling wine, Clos Pons brand
 - Pasta, Mondo and Reggia brand
 - Dark Couverture Chocolate, Master Martini brand
 - Wheat flour, Prima brand
 - Premium Deluxe Light Soy Sauce, PRB brand
 - Organic Seaweed, Seafriend brand
 - Icing Sugar and Colored Sugar
 - Frozen Sweet Corn
2. On February 1, 2018, the Company re-designed organization chart to pursue business growth and enhance ability to effectively manage work as well as change of Authority level.
3. On April 2, 2018, the Company acquired an OEM business for skincare, cosmetics, supplementary food and skin medicine to strengthen its business and diversity from food importer and distributor to OEM cosmetic and food supplement.
4. On June 12, 2018, Thaipat Institute announced that "WINNER" is one of the 2018 ESG 100 listed companies with having outstanding in Environmental, Social and Governance (2-year continuance since 2017).
5. On June 19, 2018, Thai Investors Association announced Annual General Meeting of Shareholders in 2018 and resulted the first-entry AGM Level 100 scores in order to increase awareness of the AGM as essential leverage element of good corporate governance.

6. On July 17, 2018, The Company had been certified ISO 9001:2015 (previously improved from ISO 9001:2008) by BSI Group, an international business standards company, with this regards, will step forward and strengthen business standards to deliver quality products, provide reliable service, develop company's human resources capability to have expertise in food industry and meet the need of stakeholders for sustainability. Moreover, development of Human Resources Information System (HRIS) focused on IT security and access control as well as going paperless office.
7. On August 29, 2018, the Company recently granted Direct Marketing Certification from the Office of the Consumer Protection Board (OCPB), which comply with corporate good governance, transparent business, non-hype advertising, products and services quality and responsibility to consumers While the OCPB Direct Marketing Certification mark is used as registered document to certify the online business registration the Company's online website.
8. On October 19 2018, the Stock Exchange of Thailand and Thai Institute of Directors announced "the examination result on Corporate Governance Report of Thai Listed in 2018". The Company classified into "excellent" or CG 5-star (score range of 90-100 scores) which was higher than the average scores of all Thai Listed in 2018.

Nature of Business



Winner Group Enterprise Public Company Limited (“the Company”) operated core business is an importer, manufacturer and distributor of food ingredients and food additives used in food processing industry, including raw materials, ingredients and additives from sources around the world, as well as food ingredients and additives manufactured by the Company. The Company also imports and distributes consumer food products under the world’s leading brands such as microwave popcorn, granular bars, seasoned laver, pasta, olive oil, fruit jams, juices, etc.



Aesthetic Zecret (At-Ze) Company Limited (“the subsidiary”) is an OEM for Skincare, Cosmetic and Cosmeceutical and certified of manufacturing license of skin medicine and new drug from the Food and Drug Administration (FDA) and with international quality management systems from ISO 9001:2015, GMP/PICs, HACCP and HALAL



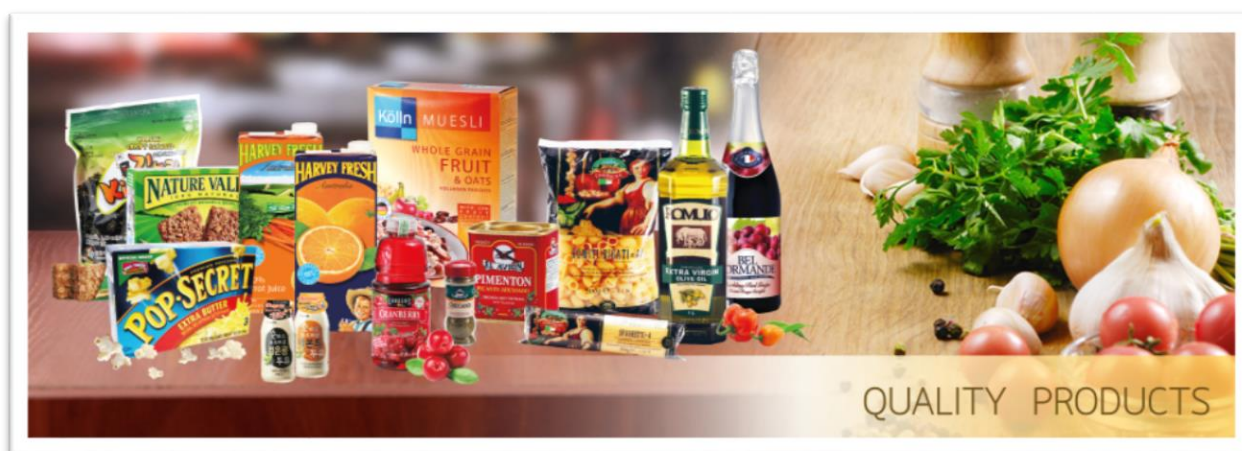
Revenue Structure

The Company and its subsidiary's revenue structure were divided into product group in 2016 - 2018 as follows.

Type of Revenue	By	2016		2017		2018	
		MB	%	MB	%	MB	%
1. Sale Revenue							
1.1 Industry Products	The Company	744.6	42.9	671.7	40.9	677.0	41.6
1.2 Consumer Products	The Company	975.8	56.3	965.4	58.7	855.0	52.6
1.3 OEM for Skincare, Cosmetic and Cosmeceutical ^{1/}	The Subsidiary	-	-	-	-	82.6	5.1
2. Other Income^{2/}	The Company	13.9	0.8	7.3	0.4	11.9	0.7
Total		1,734.3	100	1,644.4	100	1,626.5	100

Remark: ^{1/} Revenue recognition of OEM for skincare, cosmetic and cosmeceutical recognized on Q2/2018.

^{2/} Other incomes consist of commission, interest income, marketing supports, gain on sales of unit trust, etc.



Product

The Company's products are divided into two groups which are industry products and consumer food products. The proportion of revenue from industry products was 41.6 percent in 2018 and the revenue from consumer food products was 52.6 percent while Subsidiary's revenue from OEM for Skincare, Cosmetic and Cosmeceutical was at 5.1, details are as follows:

1. Industry Products (Raw Materials, Ingredients and Additives for Food Industry)

Industry products can be divided into

- (1) Food ingredient e.g. Potato starch, wheat flour, cocoa powder, egg powder, sugar and seasoning
- (2) Food additive e.g. Thickeners, stabilizers and preservatives

These 2 groups are imported from worldwide manufacturers with high quality standard and from our own plant under a modernized production process and GMP standard to meet a wide range of requirement of the customers in food industry, which need their own specific formula. Our Company products are used as raw materials, ingredients and intermediate substances in food processing by various types of food manufacturers and bakeries.



Product Samples



Brands Distributed by the Company

2. Consumer Products

Consumer food products consist of 4 main groups which are:

- (1) Snacks
- (2) Semi-processed raw materials and frozen products
- (3) Gourmet foods and bakeries
- (4) Beverages and drinks

Such products are imported from various countries including USA, Spain, Italy, Germany, France, Australia, Singapore, China, Japan and South Korea as follows.



Product Samples



Brand Distributed by the Company

3. OEM for Skincare, Cosmetic and Cosmeceutical Products

The Subsidiary's products are divided into three groups which are

- (1) Skincare and Cosmetic
- (2) Make up
- (3) Food Supplement and Cosmeceutical Product

Those of products certified by license of cosmeceutical and new drug as well as quality control and efficiency by international quality standards from ISO 9001:2015, GMP, GMP/ PICS, HACCP and HALAL

Importing, Manufacturing and distributing raw material, ingredients and food additives for food industry and various food products to consumers

Marketing and Competition

Marketing Strategies

As the executives of the Company have experiences and expertise in sourcing of raw materials, ingredients and additives to producers and manufacturers in food industry in Thailand for a long period of time, the Company has been widely accepted by customers as one of the leading importer, manufacturer and distributor of food ingredients and food additives used in food industry, and also consumer products with quality and standard. We offer a wide and integrated range of products.

The Company has been certified ISO 9001:2015 quality (previously improved from ISO 9001: 2008), while the production system has been certified with Good Manufacturing Procedures (GMP). The Company has the policy of maintaining long and good relationship with customers and partners; developing competitive strategies to retain existing customers and increasing market share of the Company as follows:

1) Selecting and offering products with world-class quality constantly

The Company is an experienced specialist in supplying raw materials, food ingredients and additives used in food processing for over 30 years. So the Company has the information of all manufacturers and sources of raw materials with quality and production standards worldwide. The Company will select a manufacturer that has their own technology, acceptable production standards, and specializes in research and development. Because the Company needs to get information from research and development department of manufacturers in order to be able to advise customers on product selection for production efficiently.

Meanwhile, from getting advantage of the expertise in food products, the Company has the policy to focus on customer services to meet and satisfy our customers by providing quality products that meet their price requirements or selecting other supplier to substitute raw materials or selecting other ingredients to create a product that meets customer specification. We also offer technical assistance to develop products of customers by offering technology and innovation used in food processing, including importing new products continuously to help improve quality, lower costs and increase the variety of goods.

2) Meeting customer requirements of export industry

The Company focuses on distributing quality standard products; we then meet the needs of customers who are in food production industry for export. They need to produce products with quality and standards of each destination country, such as exports to Europe, USA and Japan, etc. The industrial customers are required to have a certificate of quality for raw materials used in production as a reference for export their products, such as certificate of origin, certificate of analysis (COA), certificate of quality control system, and manufacturing standards e.g. ISO GMP HACCP HALAL KOSHER and Material Safety Data Sheet (MSDS), etc.

3) Developing premix for customers

Being a part of product and service development to customers, the Company produces raw materials of Customized Blend or Premix to serve customers' requirements, especially industrial customer group as reducing manufacturing process and product costing reason.

4) Offering OEM (Original Equipment Manufacturer) and packaging services

The Company has expanded its production capacity by purchasing additional machines and packaging tools to support the production of different types of premixes such as coffee powder coffee, tea powder, seasoning powder and flours, as well as repacking products to retail sizes. The Company has plans to offer OEM services to customers and re-packaging products that we import or produce. The packaging services of such goods are to expand distribution channels and products to a broader group of customers.

5) Building and maintain long-term relationships with customers

The Company aims at building long-term relationships with customers by providing technical consulting services and taking care of customers closely. The Sales division of the Company has expertise in food science and technology and responsible for dealing with customers to find their needs and supply products that suit them. The Company also provides technical advices on product usage to the customers and collaborates with them to develop new products. In addition, the Company also finds alternative products for the customers in order to improve product quality and reduce costs.

6) Expanding distribution channels to Food Services and consumers

The Company plans to expand the Company's product distribution channels to directly reach our target customers such as Food Services by focusing on restaurants, bakery shops (for both stand-alone restaurants and chain restaurants) and catering. Moreover, the Company also focuses on expanding distribution channels to bakery sections in modern retail outlets including supermarkets and hypermarkets, etc. which enables the Company to increase distribution channels along with the expansion of modern retail outlets of which have branches across country. For consumer food products, the Company has plan to expand to new distribution channels in which the Company has never distributed any products such as convenience stores and mini-marts, etc. so the Company can access to consumers easily and extensively.

7) Branding food products to be well-known to consumers

The Company held marketing activities including publicity through various media, special events of consumer food products, etc. In addition, the Company also uses online media to create brand awareness, especially for snacks and beverages so that consumers know more about products and brands that the Company distributed.

Our Customers

Products that the Company distributes are in wide range such as raw materials, ingredients and additives for food processing and consumer products so we can fulfill the customer's needs from food industry, food services providers to retail customers as follows:

- 1) **Industry** consists of food producers, food processing manufacturers and bakery, in private and government sectors. This group uses the Company's products for their production then sell their final products to consumers e.g. instant noodles manufacturer, egg noodles manufacturers, rice noodles manufacturers, vermicelli manufacturers, juices and beverages manufacturers, canned food manufacturers, frozen food manufacturers, sauces and seasonings manufacturers, milk producers and dairy products manufacturers and large and medium bakery manufacturers.
- 2) **Food service** consists of customers who buy products of the Company to use for themselves and the products are used for consumer's food production. This group of customers comprises of hotels, catering companies, stand-alone restaurants and chained restaurants and bakery shops.
- 3) **Consumer** refers to customers that require buying products directly from the Company for their own consumption through retail channels such as modern trade and traditional trade, Company's online shopping website or directly gets any services from Délicé, a coffee and bakery shop owned by the Company.

Distribution Channels

The Company distributes the products through distribution channels that consistent with the characteristics of customers i.e. industry, food service / HoReCa such as hotels, restaurants, chained bakery and restaurants, and retail to consumers through modern trade and traditional trade and coffee shops owned by the Company.

1) Food Industry Manufacturers

The Company distributes directly to more than 500 bakeries and food processing manufacturers in Bangkok and across country. The Company also sells products to dealers that sell the Company's products to small-sized factories. The Company does not officially appoint any individuals to be the Company's distributor. When selling to bakeries and food processing manufacturers, they will use the products for their own production. Then the finished products will be sold to end-consumers and/or exported to foreign countries. For this distribution channels, the Company has sales teams with expertise in food science technology to provide technical advice on the products and together with our customers to select and develop products to meet the customers' needs.

2) Food Service

The Company is a direct supplier to food service providers e.g. hotels, restaurants, catering, chained bakeries and restaurants, stand-alone bakeries and restaurants nationwide, and bakery department in modern retail outlets. These food service providers will use the Company's products to make ready-to-eat food and bakery then sell to consumers afterwards.

3) Modern Trade and Traditional Trade

The Company sells the products in modern trade e.g. Tops Supermarket, Siam Paragon, Emporium, the Mall, Makro, Tesco Lotus, Big C, Foodland, Villas, Family Mart, 7-Eleven etc. and traditional trade e.g. wholesalers, bakery specialized wholesalers, etc. for over 3,000 outlets. The modern trade and traditional trade channel is expanding in Thailand. As a result, the Company's products are accessible to consumers more thoroughly;

especially through modern trade which targeting at customers in Bangkok and Greater Bangkok, touristic provinces and other provinces with high purchasing power.

The ownership of products distributed through modern trade and traditional trade will be transferred to modern retailers and traditional retailers instantly after the Company delivers such products. If there are any damages after delivery, the Company has no obligation in the value of such products. However, the Company might consider product return for some cases, such as product ages less than 3 months, to ensure the confidence of customers in the quality of our products; to maintain brands' image; and the Company's reputation as an importer and distributor of such goods.

4) Online Shopping

The Company foresees on the rapidly moving towards a cashless society by creating a business pathway into the online shopping platform under "Winner & CO" (www.winnerandco.com), which being online distribution channel for all those imported products from worldwide such as USA, Spain, Italy, Australia, Singapore, China, Japan and South Korea. The online distribution products group consist of Snack & Cereal, Beverage, Gourmet Foods, Bakery Ingredient and Gifts & Hampers.

Additionally, the Company granted Direct Marketing Certification from the Office of the Consumer Protection Board (OCPB), which comply with suitable OCPB's qualification and used as important registered document to certify the online business registration in the Company's online website that representing corporate good governance, transparent business, non-hype advertising, product and service quality and responsibility to consumers.

Market situation and competition

Thailand economic recession during the year 2018 was continuously slow acceleration from national exports goods and service sectors while private consumers seemed to get recovery from the motivation of the income distribution plan and employment scheme. In contrary, the slowdown of tourism income was still underestimated due to the boat accident in Phuket since July and slightly relieved to have revisit tourists during November to December, which was from government economic measurements and increasing domestics tourism activities from Tourism Authority of Thailand (TAT), but the overall of Thai economy still in a faint-positive result. Problem-driven were from supporting factors of "Disruptive Technology", new entrants of SME start-up entrepreneurs and consumers' behavior changes. As mentioned, it took a high impact of business competition in food and beverage business players and it was time to adapt business amongst the wave of change in the current situation.

Separated into 2 parts, industry competition in food business are by products as follows.

1) Industry Product

Industrial factories are main customers of Industry Product i.e. instant noodle, noodle, vermicelli, fruit juice, canned food, frozen food, bakeries and vice versa. The Company imported various premium products to serve customers' needs in Industry Product widely. Presently, our competitors are able to source product substitution around 3-5 items per products but the Company can sustain its market share and customer expansion to the prospective customers consistently. Competitive strategy on product quality with

international manufacturing standardization is tailored-made world acceptance, customers' deliverables and building long-term customer relationship.

2) Consumer Product

More than 12,000 nationwide places of our imported products represented world premium quality by 2 main distribution channels such as modern trade and original retails including directly distributed our products through 1,200 food providers nationwide while other competitors focused on distribution in modern trade. The Company therefore has capability to compete over its competitors by increasing distribution channels and releasing its products through another food provider.

Competition in modern trade, the Company arranged marketing activities at the point of sales in form of marketing promotions such as price discounts, marketing events, product demonstration and complimentary premium products which the above-mentioned activities would be suitably selected depending on each brand, including PR in media channel to create brand awareness and motivate its sales consistently.

Competition in food provider, due to the volume of customers with various product requirements and type of minimum orders, our salespersons provides the consistency of monitoring and taking swift action to serve customers' requirements. As the strategy in sourcing product variance, immediate action and development of premix, the Company has ability to serve customers' needs and requirements and minimize customers' manufacturing cost. In Addition, the Company has established Technical Service Department which consisted of knowledgeable specialists and expertise in product usage via in the form of product demonstration and product seminar to create customers' perception and assist customers for product decision.

Source of Supply

Winner Group Enterprise Public Company Limited operates as an importer and manufacturer of raw materials, ingredients, additives and consumer food products to distribute in Thailand. Most products are imported from abroad. The total imported value represented 92.3 percent of the total purchase value in 2018 and the local order represented 7.7 percent of the total purchase value in 2018.

The Company ordered finished goods and raw material from suppliers and distributors details as follows:

Purchase Value	2016		2017		2018	
	MB	%	MB	MB	%	MB
Import	1,160	93.0	1,050.1	91.9	991.3	92.3
Local	87.6	7.0	92.0	8.1	82.8	7.7
Total	1,247.6	100.0	1,142.1	100.0	1,074.1	100.0

In 2018, the Company purchased from 10 major suppliers representing for approximately 71.7 percent of total purchase value. The Company ordered products from 2 major suppliers representing more than 10 percent of the total orders. We have been purchasing from these two suppliers for a long period of time and bond good business relationship throughout the years of business.

1) Import of products for sale

The products that the Company sold approximately 93.3 percent of the revenue in 2018 are imported products. The selection of raw materials, ingredients and additives from each supplier is determined by the customers' requirements both in quality and prices. Because each manufacturer has different sources of raw materials, the products from each of them have different features even though they are same kind of products. At all events for every purchase order, the Company will need to have a certificate from the manufacturer specifying product details and features clearly, as the customers who are food processing manufacturers, especially exporters need to know the country of origin, quality, standards and detailed specification of raw materials prior to manufacture. And the documents will also be used as a reference for export.

2) Production under the Company's product line for sale

The production plant used for manufacturing located at Bangpa-In Industrial Estate, on land area of 5 Rai, 3 Ngan and 76 Square Wah with the approximate utilization area of 4,700 square meters. The products from own production lines are food ingredient, food additives and premixes, including icing sugar, coating sugar, industrial sugar, baking powder, stabilizer, etc. These products are for both standardized and made to order.

In addition, the Company also has production lines for repackaging products into different sizes to meet the customer's requirements. The products which are repackaged by the Company include raw materials, ingredients and additives used in food processing manufacturers and bakeries such as cocoa powder, chocolate, spices, raisin, almond, etc. The re-packaging is in various sizes for both directly distributing by the Company and OEM.

The main raw materials that the Company uses as ingredients in manufacturing of food additives and premixes include refined sugar, tapioca starch, corn starch, etc. The Company purchases raw materials for food additives and premixes from the domestic dealers and manufacturers.

Production Capacity and Utilization Rate

The 2018, maximum capacity was 9,492 tons/year with equivalent to the previous year meanwhile, the actual utilization in year 2018 was 4,052 tons, which decreased from year 2017 by 298 tones when comparing with the previous years as follows.

		2014	2015	2016	2017	2018
Maximum Capacity ^{1/}	Ton/year	6,110	6,548	9,492 ^{2/}	9,492	9,492
Actual Utilization	Ton/year	3,505	3,624	4,473	4,350	4,052
Utilization Rate	Percent	57.4	55.3	47.1	45.8	42.7




Remark: ^{1/} Maximum capacity in 2016 is calculated by the number of normal working hours of 7 hours per day-previously calculated by the time spent in machine preparation and cleaning for each production) and the number of working days is 262 days a year.

^{2/} Maximum capacity in 2016 increased from year 2015 by 2,944 tons due to improve the efficiency of production line and adjusted work hours equaled to 7 hours per day (previously work hours equaled to 6.5 hours per day).

Quality Systems and Environmental Management

The Company has the measurements to control and monitor quality of the ingredients used in production strictly, we have a quality assurance unit to check the quality of raw materials. The quality monitoring measurements are used from the beginning process to the end, including the quality check of raw materials when stored in warehouses and in preparation for production; the ingredients quality check before production; and the products quality check after production prior to distribution. All strict measurements of quality control and monitoring ensure the Company's products to reach clean and safety standards.

The Company has continuously engaged in activities for development of quality and safety standards which recently certified ISO 9001:2015 (improved from ISO 9001: 2008) from BSI GROUP in 2018 to ensure that the Company has acceptable quality and safety standards. During the past 5 years the Company has been certified by the following institutions:

Standard		2014	2015	2016	2017	2018
	Quality Management System (ISO 9001:2015) in 2018 by International Organization for Standardization-ISO certification by BSI GROUP (THAILAND) CO., LTD ("BSI")	✓	✓	✓	✓	✓
	Good Manufacturing Practice (GMP) by BSI GROUP (THAILAND) CO., LTD - Notification of the Ministry of Public Health (No. 193) Re: Production processes, production equipment, and food storage, dated September 19, 2000 (B.E. 2543)	✓	✓	✓	✓	✓
	Halal Assurance & Liability Quality System Certificate (HAL-Q) by The Halal Science Center, Chulalongkorn University	✓	✓			
	"HALAL" Certificate by the Central Islamic Committee of Thailand, for the product type: icing sugar, ground sugar, glazing sugar, donut sugar, baking powder, baketex, winsoft, wingum, pancake mix, tempura flour, corn starch, potato starch, cocoa powder, creamy custard powder, lava filling mix, chocolate lava cake mix, modified starch for filling, sliced almonds, dark couverture chocolate, rolled oats, dried cranberries, black raisin and golden raisin.	✓	✓	✓	✓	✓

The Company has been supporting the environmental protection by providing wastewater treatment to comply with the Bangpa-In Industrial Estate's regulations. In the past 5 years, the measurement results were according to the criteria of the estates, details as follow:

Wastewater Analysis Report

No	Report Date	Sampling Location	Parameter	Methodology	Tested by	Result	Unit	Standard ^{1/}	Comparative Result
1	20 Feb 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4	mg/l	500	Passed
2	22 Apr 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	10	mg/l	500	Passed
3	18 Aug 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
4	22 Dec 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
5	17 Feb 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	42	mg/l	500	Passed
6	15 Jun 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	19	mg/l	500	Passed
7	26 Oct 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	0	mg/l	500	Passed
8	3 Feb 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
9	5 Apr 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
10	1 Jun 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	13	mg/l	500	Passed
11	3 Aug 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	0	mg/l	500	Passed
12	5 Oct 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
13	7 Dec 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
14	21 Feb 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
15	29 Apr 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	17	mg/l	500	Passed
16	19 Jun 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	19	mg/l	500	Passed
17	15 Aug 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4	mg/l	500	Passed
18	24 Oct 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not detected ^{2/}	mg/l	500	Passed
19	6 Dec 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
20	7 Feb 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	7	mg/l	500	Passed
21	4 Apr 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
22	6 Jun 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
23	1 Aug 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed
24	3 Oct 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
25	1 Dec 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed

^{1/} Standards for the Examination of Wastewater in industrial factories from industrial estate notification no.78/2554 re: general regulations on water drainage into central wastewater treatment in industrial estate.

^{2/} Not detected (ND) refers to such parameter cannot detect waste water or level of BOD less than the ability of water analysis tool

OEM for Skincare, Cosmetic and Cosmeceutical

Marketing and Competition

Marketing Strategies

Company's subsidiary or AT-ZE certifies ISO 9001:2015 and GMP/PICs which has a 240 highest strictly criterion than in general GMP consisting of minimizing risk from product contamination in the clean room and safe from bacteria by Stainless Grade 316L system to protect intimation, HVAC system, HVAC atmosphere system in Clean room as such. AT-ZE's commitment to build standard OEM factory for manufacturing cosmetics, food supplement and skin medicine and control production in all procedures. As a health and beauty manufacturer as well as brand creator, AT-ZE emphasizes on product quality improvement in the ultimate standards to maximize customers' beneficiary as product-based quality.

Additionally, AT-ZE set CRM policy to maintain long-term relationship with stakeholders, especially customers and partners as well as competition strategy to retain current customers, increase market share and create business success as follows.

1) Sourcing products quality

AT-ZE with experts and specialists in sourcing products and raw materials, it sets policy to develop sourcing products and materials including paying important attention to distribution quality, materials as well as sourcing from the reliable global manufacturers such as Europe and USA and provide all-processes inspection on both quality standards to serve customers' needs into product formula and customization. All products are ready-to-deliver and passed irritation test prior to customers to ensure that customers will receive products with quality and safety.

2) Research and Development

AT-ZE with Research and Development team, who have extensive experience in product development and seek customers' requirement and create product differentiation to customers. Due to R&D conduct research continuously, we also provide formula development for customers and welcome to be brand advisor for brand owners and experts source of extracts for product development and conduct product stabilization for increase customers' confidences.

3) Long-term customers' relationship

AT-ZE recognizes customers as significant persons and creates long-term customers' relationship with their existing customers. We care about voice of customer by having special unit for customer's complaint which are responsible for customer satisfaction survey and development information system to secure customers information, increase service-minded and organize promotion activities for customers

Customers

AT-ZE is OEM health and beauty service provider, we customized from end-to-end process of cosmetics finished goods and provided brand advisory to customers so key customers are distributors and manufacturers of health and beauty including brand owners.

Distribution channel and promotion

AT-ZE's business is OEM for Skincare, Cosmetic and Cosmeceutical and distributed to sales representatives nationwide including Bangkok and UPC. From each area, our sales representative will be responsible for customers' visit based on such areas and make available to customer to contact directly.

Facebook and line application play important role to influence consumers' behaviors, AT-ZE sees the opportunity to create brand awareness via online communication or propose product and service by online channel that can be easily accessed to both current and new customers

AT-ZE promotes cosmetics products via social medias and organizes marketing activities such as booth products display, which can create popular activity in OEM customers because it can assess the clear result on sales revenues or expand customer base than investing in other advertisings. Our sales consultants can collect

information and forecast budget in keeping track of customer target for proposing products after the end of such activities.

Market and Competition

Beauty and Cosmetics industry also impacts on the same way of economic slowdown and face with wave of change in every aspect. However, the forecast on beauty and cosmetics industry may be positive increase due to working people in this generation era pay more attention to health and beauty skin care which may increase market demand as well as beauty centers are welcomed all genders to make unlimited beauty with interesting courses. As supporting factors, AT-ZE foresees the opportunity to do OEM business and tries the best to make the better growth of main income from all of products segments.

Nevertheless, Thailand cosmetic during Q2/18 impacted extremely because of products under standards and led into the adjustment of Food and Drug Administration (FDA) policy to inspect OEM cosmetic factory while SME entrepreneurs took a delay action on new products launch because of non-standardized product quality. As such result, it continued to Q4/18 and expected to impact in the 1HY2019 so the sales revenue from domestic cosmetics in 2018 still faraway when comparing with the high volume in 2017 significantly.

OEM cosmetics business is extremely competitive in the market, entrepreneurs required to adapt their business model into market trend and find out product innovation to increase production quality. As this result, OEM entrepreneurs can survive in the business as the following commitments.

- Conduct research and development continuously to be coverage in all product segments and keep pace on monitoring of beauty and cosmetics trend.
- Ensure SME entrepreneurs’ confidence and set quality and standard of products.
- Develop marketing activities to be in line with market situation, maintain current customers base and increase new customers as well as promote new online distribution channel (E-Commerce)
- Search for business partner to co-development Thai wisdom raw material and leverage to create more value-added on cosmetics products.
- Maximize domestics channel in international market, especially ASEN countries market.

Our products in production line

Located in Chachoengsao province, AT-ZE’s plant area is 8 rai 2 ngarn and 31 square yards, products under production for distribution consists of Skincare & Cosmetic, Make up, Supplement and Cosmeceutical. Raw materials of each product segments are from distributors and domestics manufacturers.

1) Production Capacity and Utilization Rate

Capacity	2017	2018
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		Skincare & Cosmetic	Make up	Food Supplement	Skincare & Cosmetic	Make up	Food Supplement
Mixing							
- Maximum Capacity	Ton/year	400.0	20.0	39.0	357.0	10.7	38.5
- Actual Utilization	Ton/year	150.0	0.5	0.7	74.6	0.3	0.3
- Utilization Rate	%	37.5	2.5	1.8	20.9	2.7	0.7
Packing & Labelling							
- Maximum Capacity	Piece/year	4,000,000	200,000	550,000	2,960,000	148,000	532,800
- Actual Utilization	Piece/year	5,500,000	180,000	57,000	3,560,448	55,837	42,800
- Utilization Rate	%	137.5	90.0	10.4	120.3	37.7	8.0

2) Quality System and Environmental Management

In the production process of manufacturing cosmetics and food supplementary products which including skin medicine, AT-ZE's workflow consists of plan, do, check, act in every production process. Product specialists are expertise in production and equipped with modern machine to serve quality and service to meet the best customer satisfaction. Each process of product segments is involved with production building structure and international standards as follows.

Standard		2016	2017	2018
	Quality Management System) ISO 9001:2015 from (International Organization for Standardization - ISO) certified by SGS (Thailand) CO., LTD.	✓	✓	✓
	ISO22716:2007 Cosmetics-Guidelines on Good Manufacturing Practice (GMP) from International Organization for Standardization - ISO) certified by SGS (Thailand) CO., LTD.	✓	✓	✓
	Codex GMP and HACCP certified by SGS (Thailand) CO., LTD.	✓	✓	✓
	Good Manufacturing Practice (GMP) by the Food and Drug Administration of Thailand (FDA)	✓	✓	✓
	Pharmaceutical Inspection Co-operation Scheme (GMP/PICS) from the Food and Drug Administration of Thailand (FDA)	✓	✓	✓
	"HALAL" Certificate by the Central Islamic Committee of Thailand for cosmetics products	✓	✓	✓

AT-ZE has policy to support and promote the awareness of environmental care, waste segregation from production-related activities such as contaminated chemical waste, wet waste or degradable waste, general

waste and recycle waste. All those wastes are quarantined in the proper way to reduce chemical leaks, which included waste water treatment prior to flow into public water sources.

Risk Factors

1. Business Risk

► Risk of having business in competitive industries

As an importer and distributor of raw materials, ingredients, food chemicals and consumer food products, the Company has a large number of competitors, both imported products distributors and domestic manufacturers. Some products don't have differentiation in their features so they are easy to be replaced, including an increase of number of SME entrepreneurs (start-up) and change of consumer's behavior. As a result, the business is highly competitive in terms of price, especially raw materials, ingredients and food chemicals for manufacturers. The intensity of competitiveness may affect the Company's operational performance.

Although new competitors continually enter the business, the Company anticipates that the risk level is not high as the brands the Company distributes are renowned with high quality and acceptable among customers. The Company also meets various needs of food manufacturers, such as the Company has certificate for product quality, certificate of origin. Moreover, the Company also offers technical consulting on product applications. Our executives have more than 30 years of experiences and our sales team has specific expertise in food technology. So the Company understands the needs of food processing industry, also specialize in sourcing and providing supply alternatives to meet customer demands.

► Risk of price and quantity instability of processed agricultural products that the Company distributed

Processed agricultural products may be subject to price fluctuations according to trading (of agricultural products) in the global market. The amount of product each year may depend on climates of the areas. When the volume of agricultural production is limited, it results in higher or changes in commodity prices or may result in the amount of products the Company gets allocated from manufacturers which may affect the Company's operations.

The Company sells products that processed from agricultural products such as starches and flours which processed from wheats, potatoes and corns, Cocoa products, margarine & shortening, fruits and vegetables, frozen seafood, egg powder and almonds, which represents 32.7 percent from sales revenue in 2018. Wheat starch is the best seller of processed agricultural products with 5.6 percent of sales revenue in year 2018. The second best seller of processed agricultural products is cocoa powder which representing 4.9 percent from sales revenue in 2018.

However, the Company imports processed agricultural products from foreign manufacturers which have risk-protection measurement of commodity price fluctuations. By having agreements on agricultural products such as wheat futures contracts, the manufacturer will offer wheat flour to the Company a quarter in advance and offers fixed rates to the Company at least 3 months. For price adjustment, the manufacturer will notify

the Company at least 1 purchase period in advance (Grace period), so that the Company will have grace period to adjust the price and inform the customers. The Company may keep the same price for a grace period before adjusting the price to match real market price in order to maintain good relationships with the customers, while sourcing and purchasing processed agricultural products including wheat flour and potato starch, by matching customer's purchase order based on the proposal from manufacturers, typically made trading business distributor like the Company gets fluctuation impacts when the global commodity market price represents in lower change.

Moreover, the management has more than 30 years of experience in trading of processed agricultural products. And with the risk mitigation by Industrial Sales Division who constantly monitors global trends and market situation of commodity prices such as wheat, potatoes, beans, corn and cocoa beans from customers and manufacturers, the Company is well aware of both price and volume trends. When there are changes in prices, manufacturers will keep the Company informed of price changed, then the Sales Division will compare if the price is consistent with the price of domestic market before negotiate or jointly define strategy with the manufacturer in order to keep pace with the changing market. In case that the price is on an upward trend, the Company will implement a plan to order in accordance with demand of customers and adapt strategies to fit with the market situation in order to be able to compete with competitors and maintain target gross margin of the product group. If the Company has been allocated such goods in limited quantities, the Company may supply substitute products to replace/fulfill the needs of the clients, reducing the impact on the performance of the Company.

The Company is also well aware of the price and quantity uncertainty of processed agricultural products that the Company distributes. Thereupon, the Company has policy to spread the risks (of such uncertainty) by increasing sales of consumer food products to distribute through other sales channels. In 2018, the Company has 44 percent market share of raw materials, ingredients and industrial food chemicals, and has 56 percent share of consumer food products.

► Risk of imported product cost uncertainty

In 2018, the Company imported products represented 92.3 percent of the purchase value. The Company mainly uses shipping as transportation and the shipping fee has been included in the cost of the product. Changes in freight rates of transportation will be in line with oil prices in the world market. If oil price rises, the freight rates will be rising as well. Meanwhile, if oil price declines, it may lower freight rates. Changes in freight rates can affect the Company's cost of sales and may affect profitability of the Company.

The Company has managed freight cost by comparing price of different freight forwarders so the Company can negotiate for the best rates. For freight rate of main product with high volume and high import frequency, the Company will negotiate with the carrier or agent to quote at least 3 months' valid rates to reduce the volatility of costs.

► **Risk of not getting distributor agreement renewal or foreign manufacturers appoints other companies to be a distributor in Thailand.**

The Company has been appointed as a distributor of raw materials, ingredients, food chemicals such as potato starch, additives and consumer food products such as snacks, and gourmet food, etc. The contract types are either exclusive distributor in Thailand or authorized distributor of each product group for the period of 1-5 years. After the expiration of the contract, the agreement will be automatically renewed unless either party provides termination notice in written form. In case the contracts have not been extended or foreign manufacturers may appoint other distributors in Thailand to replace the Company, the Company may not be able to supply such products or the competitive levels could be higher, which may affect the Company's performance.

In 2018, the Company's revenue generated from sales of the products that the Company has been appointed as a distributor in Thailand represents 58.2 percent of all sales. The management believes in strong relationship the Company have with partners who appointed the Company to be the sole distributor for over 10 years. Throughout the years of good relationship, the Company complied with terms and conditions agreed in the contracts and generate sales growth of the products we are appointed as the distributor. So the Company has continuously gained the trust from the partners to get contract renewals as the exclusive distributor. The management is confident that the risk of the distributor agreement not being renewed is low.

The Company may have risk of the counterparties who are manufacturers take over distributing and marketing role in Thailand without appointing the Company as a distributor. However, the implementation processes require the investment for building a network of sales and distribution channels. Also, distributing raw materials, ingredients and food chemical products requires skill to approach customers in highly competitive industries because the food industrial and food service customers are located around the country. Even for the consumer food products, it requires expertise in marketing and distributing the products to consumer nationwide.

In case of contract termination, the party who grants the right shall send a written agreement to notify the Company 3-6 months in advance. The management believes that with experience and expertise in sourcing raw materials, food ingredients and industrial chemicals product, along with the ability to supply food products to consumers from worldwide manufacturers, the Company can find substitute products to replace the former manufacturers, if the Company cannot get a contract renewed. The Company believed that finding new products can be done before the time the Company has to deliver goods to customers. However, the Company has never been terminated any distributor's agreement.

In 2018, the Company purchased goods from approximate 72 foreign manufacturers. The order from one major foreign manufacturer was 22.2 percent of purchased value. Of which, the Company got the rights to be a sole distributor in Thailand for over 10 years. The statistical data in 2018 shows there is no order from any single manufacturer worth more than 30 percent of the overall orders; therefore, the Company believes that the amount of the order is not significantly being confined to only one foreign manufacturer.

► **Risks of customers directly purchase products from foreign manufacturers.**

The Company's nature of business is to distribute imported products. The main income of being distributor is from distribution fees and other related incomes such as commission. When customers with high volume orders would like to have more control over their cost and foreign exchange, the customers will buy products directly from foreign manufacturers. The Company will provide support, coordinate the documentation process, and follow up shipment including tracking ship transportation, tracking shipping routes to Thailand and fix problems caused by imported goods until the goods are delivered to the customer. However, the Company is entitled as an exclusive distributor from the foreign manufacturers of such goods. When customers purchase directly from the manufacturer overseas, the manufacturer will pay a commission to the Company as a distributor of the product. In the future, if most customers of the Company buy products directly from the manufacturer overseas it may affect the profitability of the Company, because the income from the commission is lower than the income from reselling.

If the customers directly import from foreign manufacturers, the customer will have more obligations as a food importer. They will need to follow the FDA registration processes with the Food and Drug Administration (FDA), and customs clearance process which are complicated and time consuming. Besides, the process of obtaining FDA registration and customs clearance services are specific and require personnel with experience and skills, which is different from the core business of the customers. The food manufacturer may not have designated division or they may have a division without sufficient expertise to perform such contacts with government agencies. Moreover, the duration of the registration to the Food and Drug Administration will take certain amount of time before importing products each time, which may result in longer lead time comparing with ordering from the Company.

In addition, direct importing from overseas producers is not a core business of food services customers and retailers as the procedures are complicated and may not worth when comparing to the profit they get from distributing imported products. So the Company is very confident that the majority of the Company's customers will keep ordering the import goods from the Company.

► **Risk of expired products**

All of the Company's products are associated with food which has limited shelf life. Normally, all products are mainly aged between 1-3 years; the quality of the product is directly correlated with the age of the product. The Company has the risk that the product will expire before it can be sold. Therefore, the Company must carry provision for allowance of obsolete and outdated, which will affect the results of the Company's performance. Moreover, the distribution of expired product may affect the Company's reputation.

The Company is well aware of the risk of expired products which affects the business performance both the image and the losses incurred. Therefore, the Company focuses on systems and measures to control the product's shelf life before the distribution and delivery to individual customers starting from the origin to the destination, which depend on the age of the product in each product group. For consumer food products that are sold in modern trade and traditional trade, the Company set the policy to control the inventory's

shelf life to be not less than 3 months before the expiration date of the product. The Company regularly assigns product consultants (PC) to check the expiry date of the products in stores to control product quality to be in line with the Company's policy.

For raw materials, ingredients and food chemicals, the Company has policy to control product life cycle to be in accordance with purchasing lead time. In order to sell a product each time, Sales department will forecast import duration and the length of time expected to be sold and delivered to customers in order to maintain the age of products to be suitable for processing and consumption. The Company stores products according to the products' shelf life and use First-in First-out (FIFO) system to deliver products to customers. Stocks and quality checking are conducted every month to ensure only quality products are delivered to customers.

In case that the Company has products that have less than 25 percent shelf life, the following procedure will be taken:

1. For Industrial products, Sales Department will offer a special discount to customers to clear all stock before the product expires.
2. For Consumer Food products, the Company will do special promotions for short shelf life product at point of sale such as Buy 1 Get 1 Free, special discount, premium giveaway and bring products to sell directly to consumers in the special event and road show.

Throughout 30 years of the Company's operation, the Company has never been sued by consumers on the matter of expired products.

Along with the mentioned measurement to guarantee product's quality, the Company implements a 100 percent provision for obsolete product that has shelf life less than 3 months. In 2017, the Company recorded a loss on expired goods of Baht 4.2 million or 0.3 percent of revenue from sales in 2017, reflecting the effectiveness of product management and the risk of such effect was low during these 3 years.

► Risk on investment in Subsidiary Company

Risk on investment in subsidiary company may incur operational loss thus directly affect the Company's financial performance. The Company has Policy on Control of Subsidiary and Associated Company's business operation by appointing Company's representative to be the director or executive of subsidiary in order to monitor the operation of subsidiary and kept its in line most effectively with the Company's policy.

As at December 31, 2018, the Company's investment in subsidiary company is Baht 163.9 million in the separate financial statements are accounted for under cost method less allowance for impairment loss (if any).

► Risk from government policy, regulations, mandate and legislation change

Risk from government policy, regulation, mandate and legislation change such as beverage excise tax on the cost and amount of sugar (Sugar-sweetened beverage tax), trans-fat food measurements which indicated rules and regulation both positive and negative impact on Company's performance. As a result, the Company has

set product distribution plans as well as analyzed possible product groups which may meet tax risk in advance and strictly product quality to create consumers' confidence. These will help mitigate impacts of compliance risk to some extent, by way of a close-up information movement from government agency and participate in regulatory seminars.

2. Financial Risk

► Risk of exchange rates fluctuations

The main products of the Company are imported from overseas manufacturer. The total imported order was 92.3 percent of the total purchase value in 2018. The main currency for payment is US Dollar which represented 92.3 percent of total imports in 2018, while the Company domestically sells the products using Thai Baht currency. As a consequence, the Company could be at risk from fluctuations in foreign currency exchange rates. When Thai Baht is weaker than US Dollar, the Company needs to pay more for goods which may affect the Company's cost of goods sold to increase. Meanwhile, if Thai Baht appreciates, it will lower the cost of products that the Company needs to pay.

However, to reduce the risk of foreign exchange rate fluctuations, the Company's financial transactions have been protected by foreign currency forward contracts every time the Company imports foreign goods. This way the Company can determine the cost of goods sold and to protect against fluctuations in exchange rates which will affect the results of operations of the Company as well as hedging instrument. The forward contracts will be in the discretion of the management of the Company and in accordance with the authority level approved by the Board of Directors. However, the Company has no policy to speculate on the exchange rate.

In 2016, the Company gained on currency exchange of Baht 3.5 million while in 2017 the Company recognized loss on currency exchange rate of Baht 4.8 million. In 2018, the Company recorded exchange rate currency gains of Baht 3.1 million.

► Risk of changes in interest rate

The Company has credit facilities from financial institutions in trust receipts term loan. The Interest rates are Money market rate (MMR). The Company has the mentioned credit facilities as working capital for importing goods.

As of December 31, 2018, the total outstanding balance of trust receipts was Baht 33.5 million. Changes in interest rates could impact directly to the finance cost of the Company. An increase in the interest rate may lead to a higher financial cost and result in lower operating profit.

However, the Company had working capital management policy based on the capital structure of the Company. The source of funds was primarily from operating cash flow and equity. The Company has been able to generate positive cash flow from operations during the past 3 years. In 2018, the cash flow from operations was Baht 90.8 million.

3. Investment Risk and Shareholders' rights

► Risk of reliance on the Company's management

The earning of the Company over the past 30 years was a result of the experience and expertise of the Company's key executives in food industry, including Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul and Ms. Kanokpan Kreangkraikrissada. The Company's management has good relationships with customers and other partners. At present the mentioned key management team plays an important role in determining the policies and strategies. If the Company losses such key executives, whether by any reason, the Company may face management crisis which will affect the business operations of the Company.

Presently, the Company's management structure is in the form of Executive Committee consist of executives with direct industry experiences responsible in managing and decision making on important matters of the Company's operation.

The Company also set out its' policy to bring professional executives with expertise in the industry to participate in the Company. The Board of Directors has delegated its' power to the Executive Committee and top management such as Deputy Managing Directors, and managers. Moreover, the Company place importance on personnel development in all departments and create senses of ownership among employees to grow together with the Company. The Company offers its employees opportunities to make suggestions or propose plans beneficial to the Company as well as empower middle-range managers to be more involved in the management and decision making, which would bring efficient management system to the Company.

► Risk of Major Shareholders that owns more than 50 percent of issued shares

At August 24, 2018, Wongisariyakul group represented as a controlling interest had majority shareholding held 51.14 percent of the total paid-up shares of the Company. It was due to this group can take ownership over the resolution of the Annual General Meeting of Shareholders such as appointment of directors and any other resolution shall require majority votes. But in exceptional law or the Articles of Association, the resolution shall require at least three-fourth (3/4) of the votes of the shareholders attending the meeting. Thus, other shareholders are unable to request for casting votes such as actions as monitoring and balancing to veto any proposal from major shareholders.

However, the Company had 3 Independent Directors and Audit Committee members choosing from 8 members of the Board of Directors to audit the Company are operating procedure, to balance management power in the proper direction, to monitor transparent management and to be auditable.

The Company; moreover, hired Honor Audit and Advisory Company Limited by Miss Piyamas Ruengsangrob, as an outsourced company which is an independent working under control of the Audit Committee and performing duty to monitor internal control system, propose annual internal audit plan and ensure internal audit/control in good enough and comply with business environment and risk change.

► **Risk from Company's Free Float less than 40 percent**

As at March 12, 2018, the Company has free float of 39.33 percent, which results in relatively low liquidity transaction of the securities listed in the Stock Exchange of Thailand (SET). Shareholders may take some risks of not being able to sell the Company's shares immediately at the desired price.

Nevertheless, the Company will submit report on the progress of the free float adjustment via Set portal system as a part of SET's information disclosures and closely monitor free float liquidity for shareholders on regular basis.

General Information and Other Information



Company Name

Winner Group Enterprise Public Company Limited



Business

Importing, manufacturing and distributing raw material, ingredients and food additives for food industry and various food products to consumers.



Head Office

43 Thai CC Tower, 21st Floor., Room 214-219, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120



Registration Number

0107556000256



Contact us

Tel: 0-2675-6525-31 / Fax: 0-2675-6544 / Website: www.winnergroup.co.th



Registered Capital

100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share



Paid-up Capital

100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share



Securities Registrar: Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Tel: 0-2009-9999



Auditor: EY Office Limited as Certified Public Accountant (CPA)

193/136-137 Lake Rajada Office Complex, 33rd Floor, New Rajadaphisek Rd, Klongtoey, Bangkok 10110 / Tel: 0-2264-0777



Legal Advisor: Well-versed Law Office Limited

184/49 Forum Tower, 14th Floor, Rajadaphisek Road, Huaykwang, Huaykwang, Bangkok 10310
Tel: 0-2645-3533



Company Secretary / IR: Miss Kavida Wassanaruangdej

Tel: 0-2675-6525-31 ext. 106

Email: executives@winnergroup.co.th, ir@winnergroup.co.th

Subsidiary Company



Company Name

Aesthetic Zecret (At-Ze) Company Limited



Business

Original Equipment Manufacturer or OEM for Skincare, Cosmetic, Supplementary food and skin medicine



Head Office

43 Thai CC Tower, 17th Floor, Room 175-178, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120



Registration Number

0105554109666



Contact us

Tel: 0-2116-4256-8 / Fax: 0-2116-4253 / Website: www.at-z.co.th



Registered Capital

80,000,000 Baht comprising 800,000 common shares of 100 Baht per share



Paid-up Capital

80,000,000 Baht comprising 800,000 common shares of 100 Baht per share



Factory

10/17/1-4 Moo 2, Tambon Klongudomcholajorn, Amphoe Muang Chachoengsao, Chachoengsao 24000

(authorized manufacturing cosmeceuticals and modern medicine from FDA and controlled quality and operational efficiency which certified by ISO 9001:2008, GMP, GMP/PICs, HACCP and HALAL)



Shareholding by WINNER

100% of registered and paid-up capital

Securities and Shareholders Information

Registered and Paid-up Capital

As at December 31, 2018, the Company's registered and paid-up capital was 100,000,000 Baht consisting of 400,000,000 ordinary shares at the par value of 0.25 Baht. The Company has no issuance of any other shares, except ordinary shares.

Shareholders

1. Major Shareholders

Major Shareholders as of August 24, 2018 are as per the following.

Shareholders	No. of share	Percentage
1. Wongisariyakul Family^{1/}		
1.1 Mr. Jane Wongisariyakul	138,223,500	34.56%
1.2 Mrs. Vannaporn Wongisariyakul	35,100,000	8.78%
1.3 Miss Karatrat Wongisariyakul	15,600,000	3.90%
1.4 Miss Kanollas Wongisariyakul	15,600,000	3.90%
Total	204,523,800	51.14%
2. Rojchanavisart Family^{1/}		
2.1 Mr. Surapat Rojchanavisart	11,600,000	2.90%
2.2 Mr. Paveen Rojchanavisart	8,625,000	2.16%
2.3 Mr. Poonyawat Rojchanavisart	7,211,000	1.80%
2.4 Mr. Wanchai Rojchanavisart	780,000	0.20%
2.5 Mrs. Bonggoch Rojchanavisart	100,000	0.03%
2.6 Miss Unchalee Rojchanavisart	100,000	0.03%
2.7 Mr. Tawatchai Rojchanavisart	70,000	0.02%
Total	28,486,000	7.14%
3. Manatsathit Family^{1/}		
3.1 Mr. Anant Manatsathit	4,640,000	1.16%
3.2 Mr. Chakkaphant Manatsathit	4,624,400	1.16%
3.3 Miss Chuntip Manatsathit	4,440,000	1.11%
3.4 Mr. Sathaporn Manatsathit	4,000,000	1.00%
3.5 Miss Pattarawadee Manatsathit	35,000	0.01%
3.6 Mrs. Malipa Manatsathit	14,000	0.00%
Total	17,753,400	4.44%
4. Miss Kanokpan Kreangkraikrissada	11,300,000	2.83%

Shareholders	No. of share	Percentage
5. Pusayapaibul Family^{1/}		
5.1 Mr. Pure Pusayapaibul	7,620,000	1.91%
5.2 Mrs. Paradee Pusayapaibul	500,000	0.13%
5.3 Mr. Prapan Pusayapaibul	125,000	0.03%
Total	8,245,000	2.07%
6. Tantanavivat Family^{1/}		
6.1 Mrs. Wilaiporn Tantanavivat	5,600,000	1.40%
6.2 Miss Wiphawee Tantanavivat	700,000	0.18%
6.3 Miss Innapha Tantanavivat	850,000	0.21%
6.4 Miss Phawadee Tantanavivat	650,000	0.16%
Total	7,800,000	1.95%
7. Miss Pecharat Wareelertsap	7,707,000	1.93%
8. Mr. Weerachai Dejamorntan	7,015,900	1.75%
9. Thai NVDR Company Limited^{2/}	6,079,847	1.52%
10. Tungpaiboonwanich Family^{1/}		
10.1 Mr. Wiwat Tungpaiboonwanich	3,300,000	0.83%
10.2 Mr. Chinnaworn Tungpaiboonwanich	1,200,000	0.30%
10.3 Miss Chatsupanun Tungpaiboonwanich	1,200,000	0.30%
Total	5,700,000	1.43%
Total Major Shareholders	304,610,947	76.15%
11. Others	95,389,053	23.85%
Grand Total	400,000,000	100%

Remark: ^{1/} Shareholders grouped according to the surname of shareholders above does not be counted as shares held by related persons under Section 258 of Securities and Exchange Act.

^{2/} Thai NVDR Company Limited (Thai NVDR), a subsidiary company of the Stock Exchange of Thailand (SET), is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors, additional information can be accessed into www.set.or.th

2. NVDR Major Shareholders

NVDR Major Shareholders as of August 24, 2018 is follows.

NVDR Shareholder	No. of share	Percentage
1. RBC Investor Services Bank S.A.	5,000,000	1.25%

3. Free Float

As at March 12, 2018 there are 1,765 Free float shareholders, or 39.33%

Dividend Policy

The Company has established a Dividend Policy to its shareholders not less than 50 percent of its net profit after deduction of corporate income tax, all reserves subject to applicable laws and other relevant considerations. However, the dividend payout ratio may vary from the rate mentioned which is subject to the necessity to use fund in business operations, expansion plans and other relevant considerations.

The resolution of the Board of Directors to approve dividend payment is subject to the approval of shareholders for annual dividend, except interim dividend payment is subject to the approval of the Board of Directors and shall be reported and acknowledged by the shareholders in the next shareholders' meeting.

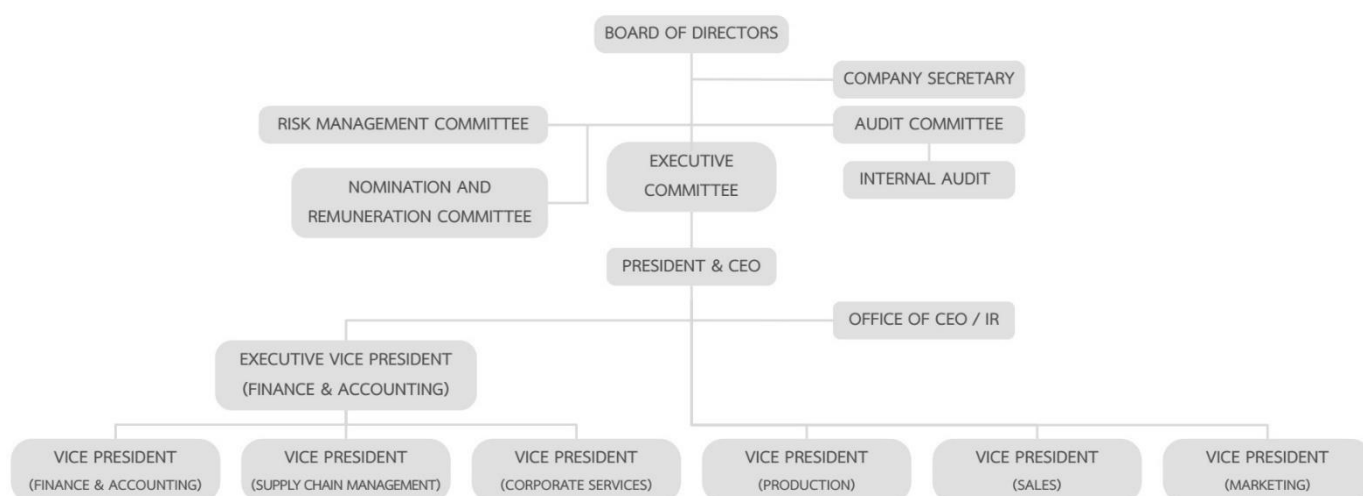
Dividend Payment from the Company's operating results during past 5 years

Description	2014	2015	2016	2017	2018
Dividend Payment (Baht per share)	0.16	0.20	0.23	0.23	0.22
- Interim Dividend	0.07	0.08	0.10	0.10	0.09
- Annual Dividend	0.09	0.12	0.13	0.13	0.13 ^{1/}
Dividend Payout (DPS/EPS)	83.65%	89.91%	87.34%	88.13%	85.43%

Remark: ^{1/} The Board of Directors Meeting No. 1/2019 on February 26, 2019 resolved to propose agenda of Dividend payment for 2018 to Annual General Meeting of Shareholders on April 25, 2019 to consider and approve the annual dividend payment which will be 0.13 Baht per share while plus with the interim dividend payment paid on September 7, 2018, of which 0.09 Baht per share. Total dividend payout for 2018 will be 0.22 Baht per share.

Management Structure

Organization chart as of December 31, 2018



Remark: Management structure with effective on February 1, 2018 and resolved by the Board of Directors 'Meeting No. 1/2018, held on February 26, 2018 regarding to the change position of management following by the re-designed organization structure.

1. Board and Committee

The Company has 5 committees comprises of Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee.

► Board of Directors

As of December 31, 2018, the Board of Directors comprised 8 directors. The names and meeting attendance of each member in 2018 were noted as follows:

Name	Type of Directors	Position	Meeting attendance in 2018	
			Board of Directors	Shareholders
1. Mr. Prakarn Tawisuwan	Independent Director	Chairman	5/5	1/1
2. Mr. Jane Wongisariyakul	Authorized Director Executive Director	Director	5/5	1/1
3. Mrs. Vannaporn Wongisariyakul	Authorized Director Executive Director	Director	5/5	1/1
4. Ms. Kanokpan Kreangkraikrissada	Authorized Director Executive Director	Director	5/5	1/1
5. Ms. Kanollas Wongisariyakul	Authorized Director Executive Director	Director	4/5	1/1
6. Mr. Surapat Rojchanavisart	Non-Executive Director	Director	5/5	1/1
7. Dr. Warunee Varayanond	Independent Director	Director	4/5	1/1
8. Ms. Thipawan Uthaisang	Independent Director	Director	5/5	1/1

Table of securities holding of Directors and Management

Name	Position	Common shares (no. of shares)		
		Aug 28, 2017	Aug 24, 2018	Increase (Decrease)
1 Mr. Prakarn Tawisuwan Spouse and underage children	Chairman and Independent Director	-	-	-
2 Mr. Jane Wongisariyakul Spouse and underage children	Director	137,131,800	138,223,500	1,091,700
3 Mrs. Vannaporn Wongisariyakul Spouse and underage children	Director	35,100,000	35,100,000	-
4 Ms. Kanokpan Kreangkraikrissada Spouse and underage children	Director	11,300,000	11,300,000	-
5 Ms. Kanollas Wongisariyakul Spouse and underage children	Director	15,600,000	15,600,000	-
6 Mr. Surapat Rojchanavisart Spouse and underage children	Director	13,500,000	11,600,000	(1,900,000)
7 Dr. Warunee Varayanond Spouse and underage children	Director and Independent Director	-	-	-
8 Ms. Thipawan Uthaisang Spouse and underage children	Director and Independent Director	-	-	-
9 Mrs. Suwannee Kongkitkul ^{2/} Spouse and underage children	VP-Sales & Marketing	-	-	-
10 Ms. Prapasiri Pisitsangkakan ^{2/} Spouse and underage children	VP-Finance & Accounting	-	-	-

^{1/} Executives or Management is defined with SEC's definition and shown no. of shares-holding including spouse and underage children (if any) under the 258 Section of Securities and Exchange Act (B.E. 2535)

^{2/} Executive or Management no. 9 and no. 10 are positions change from re-designed organization plan, with effective on February 1, 2018

Directors with signing authority on behalf of the Company

Two of four from Mr. Jane Wongisariyakul or Mrs. Vannaporn Wongisariyakul or Ms. Kanokpan Kreangkraikrissada or Ms. Kanollas Wongisariyakul have to co-sign company document with a company's seal.

Term of directorship

At every Annual General Meeting, at least one-third (1/3) of the directors, or if their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. The director to retire during the first and the second years following the registration of Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire; however, a retiring director is eligible for re-election.

Authority and Responsibility of the Chairman of Board of Directors and Board of Directors

The resolution of the Board of Directors' meeting No. 1/2019 on February 26, 2019 determined the scope of authority of the Board of Directors as follows

Authority and Responsibility of the Chairman of Board of Directors

1. To act as the chief of the Board of Directors having duties and responsibilities to supervise, follow up and monitor the due performance of the Board of Directors and other sub-committees to achieve the business objective and plans.
2. To act as the chairman at the meeting of the Board of Directors and to cast the vote in case of equality of votes.
3. To act as the chairman at the shareholders' meetings and conduct the meeting according to the sequence of the agenda stipulated in the notice calling for the meeting.
4. To strengthen corporate governance of the Board of Directors.

Authority and Responsibility of Board of Directors

1. To have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives and Articles of Association, and the resolutions of the general meeting of shareholders by the philosophy of "Best Practices for Directors of Listed Companies" according to The Stock Exchange of Thailand (SET).
2. To arrange to have a balance sheet and income statement of the Company as at the end of the accounting period of the company and shall be audited by the auditor and present to the shareholders for approval.
3. To set vision, mission, goals, strategies, guidelines, policies, operations plan, budgets and policies for risk management, adequate system of internal control and succession plan of management position including review and amend as appropriate at least once every 5 years.
4. To consider, review and approve vision and mission or corporate strategy from the past accounting year and monitor on how to implement corporate strategy as necessary.
5. To monitor and supervise administration and management of the executive to comply with the set policies, plans and budget efficiently and effectively including fixing remuneration and reviewing the succession plan.
6. To oversee the Company to be in compliance with the law regarding securities and SET, the notification of the Capital Market, and the requirements of SET such as related transaction and the acquisition or disposition of significant assets or the laws relating to the business of the Company.
7. To determine the management structure and use power to appoint the Executive Committee, Managing Director and other committees as appropriate, including defining the scope of authority of the Executive Committee, managing director and various committees appointed. The scope of authority shall not authorize the manner of the Executive Committee, Managing Director and various committees to be able to approve transactions that may have conflict of interests between the Company and other companies or subsidiaries (if any), unless the approval is in accordance with the policies and guidelines and approved by the Board.

8. The Board is to consider and delegate authority and responsibility to make clear on daily work policy, indicating the Chairman of the Board is irrelevant with daily work management of the Company and the Chairman of the Board provides regularly support and recommendation on business operation to Managing Director. Managing Director is to perform responsibility of corporate management under delegated power control from the Board of Director.
9. To prepare an annual report of the board and responsible for the preparation and disclosure of financial statements to reflect the financial position and results of operations of the past year and presented to the shareholders for approval.
10. The Board may authorize one director or more or any other person(s) to act as the Board under the control of the Board of Directors or may delegate to such person to have authority as the Board deems appropriate within the time period under the Board's discretion. The Board may revoke, change or modify the authorization when see appropriate. However, the authorization shall not possess to make such individuals to be able to approve the transaction that the person or other may have conflict of interest and personal gain or may have a conflict of interest in any other way with the Company or its subsidiaries (if any) as defined in the Regulations of the Capital Market and/or SET and/or any announcement of the entities involved unless the approval is in accordance with the policies and guidelines and approved by the Board.
11. The Board is to support at least one director to be continuously participated in training courses or seminars that can be maximized knowledge on work procedures.
12. To appoint a company secretary to be responsible for various matters on behalf of the Company or the Directors, such as the register of directors, notice of the Board of Directors Meeting, notice of the Shareholders Meeting.

In addition, Directors are accounted for participation in the Meeting as regular basis. Average of Board of Directors' meeting attendance is at least 80 percent of total annual Board of Directors 'Meetings while board individuals shall participate in Board of Directors' Meeting at least 75 percent of total annual Board of Directors' Meetings

► Committee

As of December 31, 2018, the Company comprised 4 committees. The names and meeting attendance of each member in 2018 were noted as follows:

Name	Position	Meeting Attendance in 2018			
		Audit Committee ^{1/}	Executive Committee	RMC	NRC ^{2/}
1. Mr. Prakarn Tawisuwan	Chairman of the Audit Committee	6/6	-	-	-
2. Mr. Jane Wongisariyakul	Chairman of Executive Committee / Chairman of RMC	-	11/11	4/4	-
3. Mrs. Vannaporn Wongisariyakul	Member of Executive Committee Member of RMC	-	11/11	4/4	-

Name	Position	Meeting Attendance in 2018			
		Audit Committee ^{1/}	Executive Committee	RMC	NRC ^{2/}
4. Ms. Kanokpan Kreangkraikrissada	Member of Executive Committee Member of RMC	-	11/11	4/4	-
5. Ms. Kanollas Wongisariyakul	Member of Executive Committee Member of RMC	-	11/11	4/4	-
6. Ms. Thipawan Uthaisang ^{4/}	Member of Audit Committee Chairman of NRC ^{2/}	6/6	-	-	1/1
7. Dr. Warunee Varanyanond	Member of Audit Committee Member of NRC ^{2/}	6/6	-	-	1/1
8. Mr. Surapat Rojchanavisart	Member of NRC ^{2/}	-	-	-	1/1
9. Ms. Prapasiri Pisitsangkakan	Member of RMC	-	-	4/4	-

^{1/} Audit Committee consist of all 3 Independent Directors, Miss Piyamas Ruangsaengrob acts as the Secretary of the Audit Committee. She is from the third party, Honor Audit and Advisory Co., Ltd. hired by the Company.

^{2/} NRC refers to Nomination and Remuneration Committee

^{3/} Ms. Thipawan Uthaisang is Member of Audit Committee with sufficient knowledge and experience to serve on the review of the reliability of the financial statements.

Authorities and responsibilities of the Audit Committee

Approved by the Board of Directors Meeting No. 1/2019 on February 26, 2019 the authorities and responsibilities of the audit committee are as follows:

1. To review financial reports and ensure the accuracy, completeness and reliability including the disclosure of adequate information in accordance with International Accounting Standards by coordinating with the external auditors and the executives responsible for the preparation of financial reports quarterly and annual, and disclose information related to the Company sufficiently before submission to the Board of Directors.
2. To review internal control system and internal audit system of the Company to be appropriate and effective, and consider the independence of the internal audit department. As well as to approve the appointment, transfer or dismissal of the chief internal audit unit or any other agency responsible for internal audit, and may suggest the auditor to review or examine any items that are necessary and important during the audit of the Company, and may suggest about how to improve the system of internal control if see important and necessary to the Board of Directors by coordinating with external auditors and head of internal audit or the third party audit company.
3. To review and ensure Internal Audit system from Insource and Outsource are adequacy and effectiveness.
4. To ensure legal compliance with the regulations of SEC or SET includes policies, objectives, regulations and other laws relating to the Company's business.
5. To consider, select and nominate an independent person to act as auditor of the Company, including the remuneration of the auditors of the Company to propose to the shareholders' meeting for approval. As well as coordinate with the auditors about the purpose of performing audit scope, approach, plans and problems found during the inspection and issue that an auditor may see as key audit matters. Participation

- in the meeting with external auditor and /or internal audit without management at least once year based on the necessity and urgent matters which will be held during Quarter 3 or Quarter 4 of every year.
6. To consider and review on the disclosure of Related Party Transaction or Conflict of Interest to be completeness, accuracy, in accordance with the laws and regulations of SET including the disclosure of the transaction correctly in order to ensure that they are reasonable and beneficial to the Company.
 7. To organize Meetings without Management at least 3 times a year, consisting of 1 meeting with external auditor, 1 meeting with internal audit and 1 special meeting for audit committee.
 8. To have the power or authority to hire independent consultants of the Company to make comments or give advice as necessary.
 9. To perform duties, the Audit Committee has the authority to request related management or employees of the Company to comments or send documents as relevant or necessary.
 10. To report the performance of the Audit Committee to the Board of Directors at least 4 times a year.
 11. To self-evaluate the performance and report the assessment results and operational problems that could cause the operation not to achieve the purpose of the establishment of the Audit Committee to the Board of Directors every year.
 12. Chairman of Audit Committee and Member of Audit Committee shall participate in Annual General Meeting of Shareholders.
 13. To prepare a report on the Corporate Governance by the Audit Committee and disclose in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following:
 - Comments on the accuracy, completeness and reliability of the financial reports of the Company
 - Comments on the adequacy of internal controls of the Company
 - Comments on compliance with SEC, regulations of SET or any other laws relating to the business of the Company
 - Comments on the suitability of an auditor
 - Comment on the transactions that may have conflict of interests
 - Comments on number of meetings of the Audit Committee and attendance of each Audit Committee member
 - Comments or overall remarks overall that the Audit Committee has performed its duties under the Charter
 - Other items that Shareholders and investors should be notified under the scope of duties and responsibilities assigned by the Board of Directors.
 14. When the Audit Committee performs their duties, if there are any questions of transactions or actions that may have significant impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors of the Company for rectification within the period the Audit Committee deems appropriate. The transactions or actions that may have significant impact are as follows:
 - Items of a conflict of interest.
 - Fraud or irregularity or significant deficiencies in internal control system.

- Violation of the regulations of SEC and SET or The laws relating to the business of the Company.

If the Board of Directors or management fails to make a rectification within the period above, any member of the Audit Committee may report such transaction or action to SEC or SET.

15. To perform other tasks as assigned within the scope of duties and responsibilities of the Audit Committee. In order to perform such duties, the Audit Committee is directly responsible to the Board of Directors. And the Board of Directors continues to have responsibility for the operations of the Company to outside parties.

Authorities and responsibilities of the Executive Committee

Approved by the Board of Directors Meeting No. 1/2019 on February 26, 2019 the authorities and responsibilities of the executive committee are as follows:

1. To run the business and affairs of the Company according to the objectives, articles of association, policies, rules and regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the Company.
2. To consider proposals of the management, set organizational structure, policy, direction, strategy of business operations of the Company, expansion plan, financial and budget plan, human resource management and Information Technology investment to present to the Board of Directors for consideration and approval.
3. To appoint a subcommittee and/or a working group to be responsible for the operation or management of the Company, and determine the scope of the authority and responsibilities of the subcommittee, and/or working group including supervising the operation of the subcommittee, and/or the appointed working group according to the Company's policies and targets.
4. To monitor the performance of the Company to be in accordance with the Board's policy and targets defined and supervise the implementation of quality and performance
5. To consider the allocation of the annual budget proposed by the administration prior to presentation to the Board for consideration and approval.
6. To have the power to approve the cost of normal business operations of the Company following by policy and company's guideline on authority level which newly set each item shall unlimited to be approved and aligned with organization re-structuring on February 1, 2018. Significant approvals shall propose to the Board of Directors for approval such as Procurement, Investment, Assets Impairment, Bank Limit, Financial Supports (with interest loan), Credit Limit for customers, Pricing Structures, Sales Order and Connected Transaction which shall include to: -
 - Significant investment expenditures that indicated in annual budget or as assigned by the Board of Directors or resolution of the Board of Directors approved in principles.
 - Loan, Loan limit, Loan credit of the Company as well as collateral , it shall be presented for approval by the Board of Directors.
 - Consider contract processing and signing related to the normal business operations of the Company. Each item shall be approved by the Board.

7. To determine the organizational structure, the Corporate Management including appointment, hiring, assignment, transferring, employment termination, compensation and remuneration, bonuses for executive staff from the VP level or equivalent, except for the CEO.
8. To have power to authorize an attorney (s) for an operation under the control of the Executive Committee, or delegate to such persons to be authorized by the Board of Directors deems appropriate within the time period the Executive Committee deems appropriate. The Executive Committee may revoke or amend the attorney or the authorization as see appropriate.
9. To carry out any operations according to the assignment from the Board of Directors from time to time.

Nevertheless, the delegation of the authorization and responsibilities of the Executive Board shall not appear to be the authorization or the Sub-authorization to an attorney that may have conflict of interests or gain with the Company and/or its subsidiaries and/or related companies (As defined by the Notification of the Capital Market and/or related organization). The Executive Committee has no power to authorize such action on the matter and it has to be submitted to the Board of Directors and/or shareholders' Meeting (as applicable) for approval. Unless the approval is in accordance with normal business and normal commercial terms which is required by the Capital Market Supervisory Board and or SET and /or the relevant organizations.

Authorities and responsibilities of the Risk Management Committee

The resolution of the Meeting of the Board of Directors No. 1/2019 on February 26, 2019 determines the scope of authority of the Risk Management Committee as follows.

1. To assess any potential risks and effects trends to have on the organization.
2. To determine risk management policies to cover any risks in administration to present to the Board of Directors.
3. To have the power to appoint a risk management team as necessary.
4. To monitor the implementation of risk management as well as analyze, evaluate, track and report systematically.
5. To report risks and suggestions for risks managing to the Board of Directors.
6. To perform other duties assigned by the Board of Directors from time to time.

Authorities and responsibilities of the Nomination and Remuneration Committee

It was deemed appropriate by the Board of Directors to set up Charter of the Nomination and Remuneration Committee for I) shaping committee component, responsibility and guidelines procedures based on the Board of Director's assignment II) being fair value arm's length performance as appropriated and transparent and complied with Corporate Good Governance Principles and III) concreting confident and trustworthy to relevant stakeholders.

The resolution of the Board of Directors' Meeting No. 1/2019 on February 26, 2019 defining the scope of authority of the Nomination and Remuneration Committee and considering 2 times a year meeting attendance are as follows.

Nomination

1. Setting guidelines of nominating Board of Directors and other Committee members by considering what would be the appropriate structure, number and composition of members and outlining recruitment method from relevant business experience and industry knowledge and using Board Skill Matrix to help in director recruitment and conform to corporate strategy as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's Directors, Executive Directors, Senior Executive of the Company and its subsidiaries using source of information from Director Pool or Professional Search firm to recruit new director or top management
3. Scrutinizing the name list of nominators and checking personal information and qualifications of the nominators according to the laws and the regulations of the organization the nominator is from and present to the Board for consideration.
4. Approaching and interviewing the nominators who are selected by the Board of Directors to ensure that such individuals are willing to accept the position.
5. Considering the performance, qualifications and suitability of directors who retired as the term has ended and deserves the re-election and present to the Board of Directors to consider the approval, and present at a meeting of shareholders to appoint for the re-election as Directors.
6. Considering the appropriateness to be directors of the company in case there are any changes associated with the qualifications of Directors.
7. Providing orientation for new directors and develop knowledge to current directors.
8. Planning for succession of senior management and preparing the readiness of next potential generation to be successor in case of retirement of Managing Director and Top Management or unable to perform their positions
9. Performing other duties assigned by the Board of Directors.

Remuneration

1. Formulating and preparing of the remuneration policy in written format.
2. Proposing guidelines and procedures for the payment of remuneration to the Board of Directors and other sub-committees in which the Board of Directors appointed.
3. Approving compensation form, criteria and the value of compensation for both salary and other benefits paid to Directors, Executive Committee, senior management and consultants for Executive level of the Company and its subsidiaries individually.
4. Defining criteria for evaluation of the Managing Director and presenting to the Board for consideration and approval.

Therefore, the Board of Directors is currently accounted for Corporate Governance or CG, segregation of CG responsibility will assist the Board to oversight CG effectively so the Board resolved with principle in the Board of Directors Meeting No. 1/2019 held on February 26, 2019 that the Nomination and Remuneration Committee (NRC) will take charge of CG without having separate CG Committee. Current NRC are well-qualified with Board Level for being as CG oversight then NRC will rename to Nomination, Remuneration and Corporate

Governance Committee: NRCG after the Board of Directors approved NRCG charter with recently effective in May 2019 onwards.

2. Management

As of December 31, 2018, the management comprises 6 members as follows:

Name	Position ^{1/}
1. Mr. Jane Wongisariyakul	President & CEO
2. Mrs. Vannaporn Wongisariyakul	Executive Director / VP-Production (Acting)
3. Ms. Kanokpan Kreangkraikrissada	Executive Director
4. Ms. Kanollas Wongisariyakul	EVP-Finance & Accounting / VP-Supply Chain Management (Acting) / VP-Corporate Services (Acting)
5. Mrs. Suwannee Kongkitkul	VP-Sales & Marketing
6. Ms. Prapasiri Pisitsangkakan	VP-Finance & Accounting

^{1/} The Company re-designed organization chart to support future business growth and improve operations flow effectively by Change of Department Managers to be Vice President, with effective on February 1, 2018

Authorities and responsibilities of the President & CEO

The resolutions of the Board of Directors Meeting No. 1/2019 on February 26, 2019 determine the scope of authority of the President & CEO as follows.

1. Taking care, managing, and operating normal business operations for the benefit of the Company according to its objectives and articles of association including regulations, resolutions, policies, plans and budgets approved by the Board of Directors and/or the general meeting of shareholders under related laws and the authority assigned by the Board of Directors.
2. Supervising the operations and/or daily administration of the Company.
3. Preparing and presenting business policy, business plans, goals, operational plans, business strategy, annual budget, and annual report and setting the management authority to present to the Executive Committee and the Board of Directors of the Company.
4. Adopting the policies of the Board of Directors to determine the direction, methods, strategies and business goals to define the core mission for management to implement.
5. Monitoring the implementation of the management and offer guidance to fix their problems for the management and operations team to implement according to strategic and business plans in order to comply with company policy.
6. Monitoring and evaluating the implementation of the management and reporting of management performance, implementation progress to the Board of Directors, the Audit Committee and the Board of Directors regularly.
7. Having the authority to approve the cost of the Company's normal business day-to-day operations, following by policy and company's guideline on authority level which newly set each item shall unlimited to be

approved and aligned with organization re-structuring on February 1, 2018. Significant approvals shall propose to the Board of Directors for approval such as Procurement, Investment, Assets Impairment, Bank Limit, Financial Supports (with interest loan), Credit Limit for customers, Pricing Structures, Sales Order and Connected Transaction as well other trade investment for the Company's benefits which are entitled to normal business and followed by authority level from the organization re-structuring on February 1, 2018 which divided into 2 criteria; 1) unlimited authority and 2) no authority. In case of consideration as significant transaction shall propose to the Board of Directors for approval

8. Performing other duties as assigned by the Executive Committee or Board of Directors.

For any action that the President & CEO or appointee of the President & CEO or individuals who may have a conflict (As defined by the Notification of the Capital Market and/or SET and/or associated entities) or have interest or a conflict of interest with the Company and/or its subsidiaries and/or related company, The CEO has no authority to act in the matter. The matter will be submitted to the meeting of the Board of Directors and/or shareholder (as applicable) for approval, unless the approval is in accordance with normal business and normal commercial terms which are required by the Capital Market Supervisory Board and/or SET and/or the relevant regulations.

3. Authority Level

As at February 1, 2018, the Company re-designed business organization chart and change position of management to increase effective flow on day-to-day operation and centralize authority level efficiently. Authority level will start from Section Manager, Department Manager, Vice President, Executive Vice President, President & CEO, Executive Committee and the Board of Directors which will comply with SEC's definition of management.

Nevertheless, such authority centralization will lead to review with business context and business process which currently indicated 2 criteria of authority for day-to-day operation ;1) unlimited authority and 2) no authority such as Procurement, Investment, Assets Impairment, Bank Limit, Financial Supports (with interest loan), Credit Limit for customers, Pricing Structures, Sales Order and Connected Transaction.

4. Company Secretary

The Board of Directors has appointed Ms. Kavida Wassanaruangdej as the Company Secretary since August 13, 2015. The qualification of the position of Company Secretary is in Enclosure 1 of Form 56-1.

Duties and responsibilities of company secretary

The company secretary shall perform his or her duties in accordance with section 89/15 and section 89/16 of Securities and Exchange Act (No.4) B.E. 2551, which come into force on August 31, 2008. The company secretary shall perform his or her duties with responsibilities, care, honesty and in compliance with laws, Article of Association and Objective of the Company, resolution of the Board of Director, and resolution of the shareholders' meeting. In performing this duty, the Company Secretary has the following duties and responsibilities:

1. Preparing and keeping the following documents of the Company:
 - A. Register of the Company's directors
 - B. Meeting notification letter and minutes of the Board of Directors meeting including annual report
 - C. Meeting notification letter and minutes of the shareholders meeting
2. Keep reports on stake holding submitted by directors or executives according to section 89/14 and submit to the chairman of the board and chairman of Audit Committee within 7 working days from the date receiving such report by the Company.
3. Perform other duties as specified by the Capital Markets Supervisory Board.

Additionally, the company secretary has duties assigned by the Company (or the board) as follows:

- Provide preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board and Board Committees.
- Organize the meetings of Shareholders, the Board of Directors.
- Liaise with regulatory agencies such as the Stock Exchange of Thailand and be responsible for the disclosure and report information to the public and regulatory agencies with accuracy, complete and in accordance with laws.
- Arrange new director orientation.
- Perform other duties as assigned by the Company.

5. Remuneration of Directors and Executives

1) Monetary remuneration

The Nomination and Remuneration Committee has considered the remuneration of directors and sub-committees to ensure that it is commensurate with each member's responsibility and aligned with the same industry and companies of a similar size. The remuneration of directors and sub-committees shall be proposed the Shareholders to consider and approve every year.

- **Directors' remuneration**

In 2016 and 2017, the Company paid remuneration to 4 directors as the meeting attendance allowance for the total amount of Baht 688,500 and Baht 817,500 respectively.

In 2018, the Company has paid remuneration to Directors and sub-committees with a total amount of Baht 867,500 to non-executive directors only (excluded remuneration of executive directors in the form of salary), which is not exceeding Baht 2,000,000 as per approval by the Annual General Meeting of Shareholders 2018 comprising annual remuneration and meeting allowance as per the following details:

Structure of 2018 remuneration of directors

Director	Monetary Remuneration (Baht)	
	Annual Remuneration (Baht/person)	Meeting Allowance (Baht/person)
Board of Director		
- Chairman	-	17,000
- Executive Director	-	-
- Non-Executive Director	-	10,000
- Independent Director	-	10,000
Audit Committee		
- Chairman	150,000	15,000
- Member	120,000	12,000
Nomination and Remuneration Committee		
- Chairman	-	15,000
- Member	-	10,000

Details of 2018 remuneration of directors and sub-committees

Name	Position	Remuneration (Baht) ^{1/}			
		Board of Directors	Audit Committee	NRC ^{2/}	Total
1. Mr. Prakarn Tawisuwan	Chairman of the Board Chairman of the Audit Committee	81,000	250,000	-	331,000
2. Mr. Jane Wongisariyakul	Executive Director	-	-	-	-
3. Mrs. Vannaporn Wongisariyakul	Executive Director	-	-	-	-
4. Miss Kanokpan Kreangkraikrissada	Executive Director	-	-	-	-
5. Miss Kanollas Wongisariyakul	Executive Director	-	-	-	-
6. Mr. Surapat Rojchanavisart	Non-Executive Director	45,000	-	7,500	52,500
7. Dr. Warunee Varanyanond	Independent Director Member of the Audit Committee Member of NRC ^{2/}	43,500	186,000	7,500	237,000
8. Miss Thipawan Uthaisang	Independent Director Member of the Audit Committee Chairman of NRC ^{2/}	45,000	192,000	10,000	247,000
Total		214,500	628,000	25,000	867,500

Remark: ^{1/} Sub-committees refer to Audit Committee and Nomination and Remuneration Committee which are only applicable to have Remuneration

^{2/} NRC refers to Nomination and Remuneration Committee

- **Executives and Management's remuneration**

In 2016 and 2017, the Company has paid remuneration to President & CEO and Executives with a total amount of Baht 23.2 million and Baht 25.7 million respectively. In 2018, the Company paid such remuneration to 6 persons with a total amount of Baht 15.9 million. The remuneration was paid by monthly salary, bonus and monthly fuel costs.

In 2017, the subsidiary has paid remuneration to CEO and Executives with a total amount of Baht 3.7 million. In 2018, the subsidiary paid such remuneration to 3 persons with the amount of Baht 6.9 million. The remuneration was paid by monthly salary, bonus and monthly fuel costs.

2) Other Remuneration

- **Other Remuneration for Directors**

-None-

- **Other Remuneration for Executives**

Executives can attend provident fund that the Company established. The Company shall contribute 3-5 percent of salaries of executives into the fund, and the executive shall pay contributions into a fund at the rate of 3-15 percent of the salary of the individual executive. Additionally, the Company offers other benefits to management positions, such as Social Security Fund, vehicles, life insurance premium and phone fee, etc.

Executive from subsidiary company can attend provident fund and contribute 2-5 percent of salaries of executives into the fund, and the executive shall pay contribution into a fund at the rate of 2-15 percent of the salary of the individual executive. Additionally, the Company offers other benefits to management positions, such as Social Security Fund, vehicles, life insurance premium and phone fee, etc.

6. Personnel and Training

1) Number of employees (excluding executives)

As of December 2016 to 2018, the Company's staff are in the total of 247 persons, 252 persons and 259 persons respectively. The deployment can be defined as follows:

Division ^{1/}	No. of employees		
	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018
Executive Management	2	3	3
Finance and Accounting	24	25	22
Supply Chain Management	51	53	51
Corporate Services	10	12	16
Production	57	53	56
Sales	32	35	90
Marketing	71	71	21
Total	247	252	259

Remark: ^{1/} The Company re-designed organization chart with effective on February 1, 2018 onwards and merge important divisions into:-

- Accounting Division, Finance Division to Finance and Accounting Division
- Personnel and Administration Division to Corporate Services Division
- Food Industry Division, Food Service Division, Modern Trade Section to Sales Division
- Consumer Division to Marketing Division

2) Major labor dispute in the past 3 years

-None-

7. Remuneration of Employees (excluding executives)

1) Monetary remuneration

In 2016, 2017 and 2018, the Company has paid remuneration of employees in the total amount of Baht 92.8 million, Baht 91.1 million and Baht 103.8 million respectively by salaries, bonuses, incentives, overtime payment, diligence allowance, field trip allowance and monthly fuel costs.

In 2017 and 2018, the subsidiary has paid remuneration of employee in the total amount of Baht 44.5 million and Baht 51.2 million respectively by salaries, bonuses, incentives, overtime payment, diligence allowance, field trip allowance and monthly fuel costs.

2) Other Remuneration

Employees can attend provident fund that the Company established. The Company shall contribute 3-5 percent of salaries of employees into the fund, and the employees shall pay contributions into a fund at the

rate of 3-15 percent of the salary of the individual employee. Additionally, the Company offers other benefits to employees such as Social Security Fund and phone fee, etc.

Employees from subsidiary company can attend provident fund and contribute 2-5 percent of salaries of employees into the fund, and the executive shall pay contribution into a fund at the rate of 2-15 percent of the salary of the individual employee. Additionally, the Company offers other benefits to employees such as Social Security Fund and phone fee, etc.

3) Human Resources Development Policy

The Company and its subsidiary recognize that efficient workforce is a key factor to the success of the organization according to the Company's goals that focus on the human resources development which are our Company's significant resources. The Company has dedicated to promote the continuous development of human resources for their employees to create knowledge, expertise and maximized ability to work, so their employees can maintain and improve their ability to develop the necessary capabilities to create a higher level of performance continuously.

To support employees to be most efficient, the Company and its subsidiary have been planning the annual training and field trips (both domestic and international) to employees as necessary and appropriate to enhance job skills to meet the responsibility of each employee level. The Company added extra curriculum to maximize their potential. The managers of each division shall propose the training plans and budgets to the responsible executive line of command which shall be Deputy Managing Director. The training that the Company prepares for the employee shall focus on developing their performance effectively and helps encourage employees to have advance opportunity for their career path and continuously grow with the organization in the future.

In 2018, Executives and employees from the Company and its subsidiary participated in total of 201 curriculums which classified internal training for 139 curriculums and external training for 62 curriculums.

2018 Training	Type of Training ^{1/}			Total Staff (staff)	Average no. hours (hr/head/year)
	Internal (course)	External (course)	Total (course)		
Company	86	60	146	259	15.84
Subsidiary	53	2	55	186	3.40
Grand Total	139	62	201	445	-

Remark: ^{1/} Courses exclude OJT, which is required for new staff induction or staff transfer into other division based on Training Needs

Good Corporate Governance

The Company, through its directors, executives, and staff, commits and adheres to good corporate governance principles in operating the Company, and regards good corporate governance principles as an important factor in promoting the overall success of the Company as a social responsibility organization.

Good Corporate Governance Policy

The Board of Directors has adopted the good corporate governance policy since 2012 and reviews the policy and practice annually. During 2014-2016, the Board of Directors revised the policy to comply with the “Principles of Good Corporate Governance for Listed Companies (2012)” by the Stock Exchange of Thailand and criteria of the Thai Institute of Directors Survey.

In 2015, “Chapter 2: Business ethics” is out from “Code of conduct” as the reason of creating more clear description into one book of Code of Conduct. In 2016, the Board of Directors reviewed the context of both Good corporate governance policy and Code of Conduct to be complied with Principles of Good Corporate Governance for Listed Companies by the Stock Exchange of Thailand, criteria of the Thai Institute of Directors and ASEAN CG Scorecard. Interest persons are able to view full version of Good Corporate Governance Policy at www.winnergroup.co.th.

In March 2017, the Securities and Exchange Commission Thailand (SEC) released the importance of issuing Corporate Governance Code for Listed Companies 2017 or “CG Code”, which combined with rules, procedures and reinforces likewise CG Principles 2012 to be guideline for best practice for Board of Directors in listed companies to create key matter on good corporate governance. The Company recorded CG Code as agenda item in the Board of Directors’ Meeting no. 4/2017 on August 10, 2017 and it resolved that the Board of Directors is to acknowledge the role of governing body as sustainable value creation and apply into the context of organization as appropriated. Therefore, the Company was in between preliminary processing to apply CG Code into its organization context as appropriated.

In 2018, the resolution of the Board of Directors’ Meeting No. 4/2018 held on August 9, 2018 resolved the Company to deploy and apply CG Code based on the Company’s business context by Apply or Explain. However, the adjustment of Company’s related policies will disclose and comply with CG Code, propose to the Board of Directors to review with minimum once a year and record as part of Board’s resolutions.

For subsidiary in OEM business, the Company is in between setting communication panel and creating understanding of CG Code to all concerned then will apply as appropriate as its subsidiary business.

The Company refers to CG Code and interested persons can view full version CG Policy and Code of Conduct through our website at www.winnergroup.co.th (Investor Relations page>> Corporate Governance >>Corporate Good Governance Policy or (Investor Relations page >> Corporate Governance >> Code of Conduct)

The policy has been communicated to directors, executives and employees to create awareness of good corporate governance principle and practice. The Board of Directors has also introduced report channels to receive complaints in case of any violation of the laws, regulations, code of conduct and practices of the Company including protective measure for the whistleblower (Whistleblower Policy). In 2017 the Company has implemented and complied with the policy as follows:

Rights of shareholders

- ✓ There was no action taken that may deprive the rights of shareholders either majority and minority shareholders or both Thai and foreign shareholders.
- ✓ The Company complied with the policy on promoting and facilitating the exercise of shareholders' rights as follows.

Before the meeting date

- The Company allowed the shareholders to propose meeting agenda in advance before the annual general meeting specifying the clear rules and procedures disclosed on the website of the Company and notifying to the Stock Exchange of Thailand from December 21, 2017 to February 11, 2018. but none of the agenda was proposed by a shareholder.
- The Company disclosed notice of the Shareholders' Meeting and related documents onto the Company's website 32 days prior to the meeting date and delivered the notification to the shareholders 22 days prior to the meeting date.
- The invitation letter and meeting agenda contain sufficient details, including proxy forms.

On the meeting date

- For the convenience of the shareholders, the Annual General Meeting of Shareholders 2018 held on Thursday, April 26, 2018 at 10.00 hours at the Lotus Room, Queen Sirikit National Convention Center, 60 New Ratchadapisek Road, Klongtoey, Bangkok 10110. The Company also provided adequate staff and technology during barcode registration at 08.00 hours.
- At the beginning of the meeting, the Company explained rules of procedure for the meeting as well as voting process. The registration and vote counting was made by barcode system using ballot tickets in all agenda items. For the appointment of directors, the shareholders can cast their votes for any particular director or for all directors proposed. There was representative from Well-Versed Law Office Limited attended as independent inspectors who observed vote counting, which were announced to the meeting and recorded in the minutes of the meeting.
- The Company conducted the meeting by each agenda in order as notified in the notice of the meeting without any additional agenda.
- The Company allowed shareholders to fully make inquiries, express opinions and give recommendations. In this respect, the chairman of the Board, the chairman of the subcommittee and top managements attended the meeting to answer any shareholders' questions.
- The Company allowed shareholders to appoint an independent director or a person as proxy for the meeting

After the meeting

- The Company disclosed the resolution of the shareholders with voting results in the evening on April 26, 2018 by informing news to the Stock Exchange of Thailand via setportal system and disclosed onto the Company's website.
- The minutes of the meeting recorded complete information were prepared within 14 days from the meeting date and submitted to the relevant authorities within a time limited and published on the Company's website, to allow shareholder and persons involved to examine.

Equitable treatment of shareholders

- ✓ The Company complied with the policy to promote meeting agenda for shareholders and to protect minority shareholders' rights
 - Take opportunity to shareholders to propose meeting agenda in advance, clarify on relevant meeting regulation, disclose news to the Stock Exchange of Thailand and post on Company's website.
 - Produce notification letters for an invitation to Annual General Meeting of Shareholders (AGM) in Thai and English versions to facilitate foreign shareholders by scheduling meeting date, meeting agenda, Board of Directors' opinions as well as disclosure news to the Stock Exchange of Thailand and post on Company's website at least 30 days prior to the AGM meeting date.
 - Inform shareholders for the meeting procedures and regulation including registration process, proxy and voting. By the agenda of nomination of directors, the Company opens shareholders to nominate each director.
 - Arrange AGM meeting by agenda as informed in the AGM notification letters and no additional agenda to propose in the meeting without informing shareholders in advance, the Company is aware of shareholders to study information prior to making vote decision in the meeting.
- ✓ The Company establishes policy to protect and take care of all shareholders on fundamental equity rights strictly such as Policy on the Use of inside Information, policy on conflicts of interest, policy on related party transaction, internal control and internal audit. In 2018, there was no action taken that may violate or not comply with to law and the policies. For full version of Corporate Good Governance Policy, interested person can view on *"Good Corporate Governance Policy", Principle 8: Ensure Engagement and Communication with Shareholders.*

The role of stakeholders

- ✓ The Board of Directors gives importance to the rights of all stakeholders which are covered by law and under the provision of the agreement such as shareholders, customers, business partners, creditors, competitors, employees, communities, societies and government which can view details in "Code of Conduct". In 2017, the Company has no significant dispute with stakeholders.

Treatment of shareholders

- All staff shall have the duty to maintain the Company's intellectual property works and shall not use or allow any third parties to use the Company's intellectual property without permission.
- Prohibit from any act that may cause a conflict of interest.
- Prohibit from misuse of position, inside information for the personal benefit of oneself or one's related persons.

Treatment of customers

- Comply with the terms and conditions regarding customers fairly. In case the Company cannot compliance with the terms and conditions, it must immediately notify the customer to mutually search for solutions and prevent any damage.
- Satisfying our customers and providing quality service and standards, seeking ways to meet customer needs effectively and efficiently.
- Revealing news and information of products and services so they are correct and completed.
- Allowing customers to complain about the imperfections of goods and services and offer a prompt response to rectify the situation.
- Treating customers fairly for their products and services without any discrimination.
- Prohibiting the disclosure of customers' information that the Company has known in which under normal business circumstance The information shall usually be reserved, unless the disclosure as required by law.
- Not asking for, accepting or offering any benefits which are dishonest with customers.

Treatment of trade partners/suppliers

- Comply with the terms and conditions set out in supplier agreements. In the event that the Company is not able to comply with a condition, the Company must inform the supplier in advance in order to mutually search for solutions and prevent any damage.
- Procurement process must be conduct transparently to prevent disloyalty and corruption behavior at all ended stage of procurement process, especially selection of trade partners and suppliers.
- Treat partners equally and on the basis of obtaining a fair return to both parties.
- Prohibit from asking for, accepting or offering any benefits which are dishonest with trade partners.

Treatment of creditors

- Strictly comply with the terms and conditions set out in creditor agreements, such as condition of guarantee, quality of the mortgage securities, money management, default and financial ratios etc. Prohibit from misuse the loans for other purposes other than what have been stipulated in the loan agreements and notify the creditors in advance should the Company fail to comply with the loan terms in order to acquire solutions.
- Maintain financial status and debt repayment ability to build confidence among creditors.
- Regularly report the accurate Company's financial status to the creditors.

Treatment of competitors

- Practicing under the rules of fair competition.

- Prohibit from seeking confidential information of the competitors in dishonest or inappropriate ways.
- Prohibit from destroying the reputation of competitors by a false accusation
- Associate with trade competitors to create consumers' benefits but not create monopolistic market share, sales revenues, devalued products and services and setting price of products and services may result benefit loss of consumers.

Treatment of employees

- Strictly comply with employment-related laws, rules and regulations.
- Provide employees a suitable compensation, welfare and other benefits such as salary, overtime payment, social security fund etc. for their knowledge, capability, and responsibility together with performance of individuals and operating results of the company both short term and long term which can be benchmarked with other relevant industries and aligned with corporate strategy and objectives.
- Treat all employees with kindness and fair both appointment and removal. Employees are given reward or imposed penalty equality and honestly.
- Maintain the working environment consistently in such conditions so as not to pose any danger to life and health or cause any bodily harm or damage the property of employees.
- Promote participation of employees in determining the direction of work and solving problems of the Company.
- Treat all employees with politeness and respect their human dignity.
- Facilitate enough equipment and utilities during employees' work hours in the Office /Warehouse/ Plant such as hot-cold water cooler in the above-mentioned areas.
- Maximize employees' knowledge as part of corporate mission and objectives by: I) prioritizing on employees' development constantly, II) enhancing their work performance and future career path, and III) disclosure on corporate trainings/curriculums which includes both in-house and out-house, seminar, workshop and activities to promote understanding of code of conduct. In 2018, there were 146 curriculums from in-out house staff training. Average staff training equaled to 15.84 hour per head per year.

Treatment of community, society and government

- Conduct the business which brings benefits to the economy and to society.
- Promote employee awareness and responsibility to environment and society, as well as support the creative activities for society. In 2018, the Company recognized and tried to instill social consciousness as follows.
 - Social activities: Charity donation to children in need from Mercy Centre and donation used staples, aluminum loops, used CDs, computer equipment or broken electronic to Association of Persons with Physical Disability International
 - Budget support in producing DAISY audio books and texts for TAB Association
- Reserve no any action that may result bad reputation in country, society and commonwealth
- Responsible to preserving local culture and tradition in the area that the Company is located.

- Strictly practice or comply with rules and regulations issued by regulatory authorities in accordance with the intent of the law.
- ✓ The Company operated business under environmental quality standards, anti-corruption, non-infringement of intellectual property and noninvolvement in human rights violation (view full version in Code of Conduct) as well as communicated with staff to perform and acknowledge on such practice from verbal punishment to law enforcement.

Environmental quality standards

- Operate the business by taking into consideration of environmental conservation and security standard, and also comply with follow the law and regulations related to environmental.
- Promote natural resource using effectively such as reduce water, electricity and papers consumption etc., which was set as one of key performance indicators (KPIs).
- Promote environmental activities and training to raise awareness, knowledge and right understanding of environmental conservation among the Company the employees.
- In 2018, the Company sent its employees to attend training course regarding environment as follows

No.	Course	Training Duration	No. of Participants
1	ISO 9001: 2015 (Sales and Finance)	6 hours	41
2	Practical TQM	6 hours	3
3	Innovation for waste management by One Stop Service	2 hours	2
4	Environment control and infrastructure	1 hour	6
5	Food Allergen Management	1 hour	21

Anti-corruption

- The Company conducts risk management plan 2018 comprising compliance risk assessment regarding "operations that do not comply with the law on bribery or support corruption". The result has been reported to the Board of Directors at least once every quarter that none of the violation of laws has been founded in 2018.
- Staffs are prohibited from granting or offering any items or any other benefits to third parties, such as, government officials, agents, representatives, trading partner etc., with the intention of misleading such third parties to take or omit to take any acts in violation of laws or contrary to their positions or functions or in exchange for undue privileges.
- Staffs are prohibited from demanding or receiving any items or any other benefits for personal gains or others in a manner that persuades them to abuse their duties or neglect to perform their duties.
- Any business dealings in association with various agencies, such as, government agencies, state enterprises or private sector both local and international, must be transparent, fair and lawful in Thailand and foreign countries where such dealings take place.

Non-infringement of intellectual property

- All staffs shall prohibit from using any information, documents, computer applications, software, books, articles, video tapes, audio records, and works of any other persons in a manner that infringes their intellectual property, regardless of whether such rights are reserved by the owners or rightful beneficiaries of such works.
- All staff shall have the duty to maintain the Company's intellectual property works and shall not use or allow any third parties to use the Company's intellectual property without permission.
- Any of work created by staff shall be reserved as corporate proprietary and intellectual property such as masterpiece, invention and so on. Staff shall be responsible for a return of proprietary information when no longer working with the Company.

Non-involvement in human rights violation

- Human rights
Respect employees for their honor, privacy and rights of individuals to be treat on performing their jobs and that no action will be taken to violate or diminish the human rights. The Company adhered complied to The Labour Protection Act B.E. 2541 as amended by the Labour Protection Act (No.2) B.E. 2551 and Labour Relations Act B.E. 2518. In addition, the Company determined that maintain zero case of litigation or dispute is one of its key performance indicators (KPIs).
 - Occupational health and safety
Maintain health, safety and security of employees to promote occupational health and safety work environment. Diminish harmful and take steps to prevent accident and occupational disease. The Company has established a policy on occupational health and safety as published onto the website: www.winnergroup.co.th. In 2018, staff in the production line were 2 times minor injured at work, the Company efforts to prevent the incident recurrence.
- ✓ The Board established communication channels for all stakeholders to submit questions, suggestions, complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations. In 2018, there was no report on violation of law unless approximately 30 shareholders/investors requesting information through our website and all those questions were responded by an investor relation officer.
- ✓ The Company sets up an employee's suggestion box called "WINNER BOX" situated at comfortable location for an anonymous employee wishing to submit information or suggestion useful to the Company. In 2018, no staff conflict in the workplace.

Contact

The stakeholders can communicate to the Board of Directors by sending a letter indicating name, address, telephone number, facsimile number and e-mail (if any) and specifying the relation with the Company to executives@winnergroup.co.th or by giving a call at (66) 2 675 6525 ext. 106 or faxing at (66) 2675 6533 or directly send to the Audit Committee at the address below

Audit Committee

Winner Group Enterprise Plc.

43 Thai CC Tower, 21st Floor, 214-219 Room,

South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

Disclosure and transparency

- ✓ The Company established a disclosure policy, appointed an authorized spokesperson having authority to disclose or disseminate significant information of the Company. During the past year, there was not any action violation or not comply with laws or any established policies.
- ✓ The Company disclosed material information accurately, completely and timely through the website of the Stock Exchange of Thailand, annual registration statement, annual report, and the Company's website both in Thai and English version.
- ✓ The Company has appointed Ms. Kavida Wassanaruangdej Company Secretary to be responsible for the data service and the disclosure of important information of the Company and its subsidiary who she reports to Ms. Kanollas Wongisariyakul, EVP-Finance & Accounting, IR Management function. The contact information is as per the following.

Telephone: (66) 2675 6525 extension 106

Facsimile: (66) 2675 6533

Email: ir@winnergroup.co.th

Website: <http://www.winnergroup.co.th>

- ✓ In 2018, the Company participated in investor relations activities as follows:
 1. Made quarterly Company Snapshot to give information to shareholders, analysts and investors
 2. Participated in MAI Forum 2018 organized by the Stock Market Alternatives Investment (MAI) and MAI Listed Companies Association
 3. Welcomed analysts and investors to the Company Visit twice in July and December.
 4. Participated in IR Workshop No. 1/2018: "Beyond regulations: Tips for effective MD&A reporting" by Thai Listed Companies Association.
 5. Giving interview, giving information and answering question post by shareholders, new reporters, interested persons via email and telephone.

The responsibility of the Board of Directors

- ✓ The Board is composed of 8 directors with diversity of qualification in term of age, gender, experience education, professional skills and board diversity.
- ✓ The Board of Director and all sub-committees performed their duties in compliance with laws, relevant regulations, charters, policies, good corporate governance policy and code of conduct.

- ✓ In the year 2018, the Board of Directors totally held 5 meetings and scheduled meeting in advance. The Board of Directors Meetings is reserved 95% of the meeting quorum while all directors are individually reserved more than 95% of Board of Directors meetings and sub-committee meetings.
- ✓ There was a meeting held without participation from executive directors and management in October 25, 2018.
- ✓ The Company has set the meeting schedule of the Board and sub-committee of entire year in advance. The meeting invitation together with agenda and supporting documents were sent to all members at least 7 days prior to the meeting date.
- ✓ The Board rendered the internal control, internal audit, risk management systems and regularly review the efficiency at the Board of Directors' meeting.
- ✓ The Audit Committee expressed an opinion on the sufficient of the Company's internal control in the report of audit committee.
- ✓ The Board regularly reviews the operating results of the management at the Board of Directors' meeting.
- ✓ Annual Board Assessment: The Board of Directors established a policy on conducting board self-assessment at least once a year to provide a time for the board to review the past year performance, issues, problems and area to improve. In 2017 onwards, scoring criteria was made change and calculated into percentage to compare the continuous development scores of each year self-assessment.

Scoring criteria: calculated from a total of sub scale scores from each assessment category in percentage by:

Score	Level
Above 85	Excellent
75-85	Good
65-75	Moderate
50-65	Average
Below 50	Need improvement

a. Results of the Board of Directors' self-assessment:

Assessment Category	Average Score %
1. Structure and qualifications of the Board of Directors	100
2. Roles and responsibilities of the Board of Directors	100
3. Board of Directors Meeting	86
4. Performance as a director	100
5. Relationship with the management team	100
6. Director's personal development and development of the management	83
Total	95

b. Results of individual directors' self-assessment:

Assessment Category	Average Score %
1. Qualifications	100
2. Performance as a director	93
3. Director's personal development	97
Total	97

- ✓ The Sub-committee's self-assessment: The Company establishes a policy that its sub-committees conduct self-assessment of their performance at least once a year as a monitoring framework to improve their performance during the past year and present the results to the board meeting for acknowledgement

a. Results of the Audit Committee:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Auditor and financial report	100
5. Internal Control	100
6. Compliance	100
Total	100

b. Results of the Nomination and Remuneration Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	67
2. Role, duty and responsibility	100
3. Meetings	100
4. Nomination	75
5. Remuneration	73
Total	82

c. Results of the Executive Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Management	100
Total	100

d. Results of the Risk Management Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Risk Management	100
Total	100

- ✓ The Company establishes a policy to conduct assessment of CEO's Performance at least once a year as monitoring framework to improve the CEO performance during the past year and report the results to the board meeting for acknowledgement.

Assessment Category	Average Score %
1. Leadership	100
2. Strategy setting	100
3. Strategy undertaking	100
4. Planning for financial operation	83
5. Relationship with the Board of Directors	83
6. External engagement	80
7. Management and Staff engagement	67
8. Succession	100
9. Products and Service knowledge	75
10. Individual Characteristics	67
Total	86

- ✓ Training and development for directors, executives and company secretary were provided to ensure that they can perform their duties efficiently. The details of training and development programs taken were as follows.

Mth / Year	Program	Facilitator
Executive Committee		
Jan' 18	e-Tax Invoice & e-Receipt Batch#14	Dharmniti Seminar and Training
Jun' 18	(Draft) TFRS 15 Revenues from contracts customers (Principle and Accounting standards)	NYC Management Co., Ltd.
Sep' 18	CSR value-add to HRD to create human capital and co-creation of organization	Thai Health Promotion Foundation (ThaiHealth)
Sep' 18	Practical TQM	KX Knowledge Exchange Center
Oct' 18	Happy Ambassador Development Program Batch#1	Thai Health Promotion Foundation (ThaiHealth)
Nov' 18	"Synergy for Success" Workshop: Better Together by World Café Method	Internal Training

Mth / Year	Program	Facilitator
Risk Management Committee		
Apr'18	PwC Forensics Seminar on Procurement Fraud	PwC Thailand
Jun'18	(Draft) TFRS 15 Revenues from contracts customers (Principle and Accounting standards)	NYC Management Co., Ltd.
Nov'18	"Synergy for Success" Workshop: Better Together by World Café Method	Internal Training
Company Secretary		
Jan'18	Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance	The Stock Exchange of Thailand (SET) in collaboration with PwC Thailand
May'18	Disclosures on New CG Code	The Securities and Exchange Commission of Thailand (SEC)
Jun'18	Disclosure framework of CG Code by apply or explain and expectation from institution investors to listed information disclosures	The Securities and Exchange Commission of Thailand (SEC)
Sep'18	CGR Workshop No.3/2018 "Enhancing Good Corporate Governance based on CGR Scorecard"	Thailand Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET)
Nov'18	"Synergy for Success" Workshop: Better Together by World Café Method	Internal Training
Dec'18	Submission Annual Report by QR Code and Listed Company Solution	Thai Listed Companies Association in collaboration with Thailand Securities Depository (TSD)

The Company has been complying with "Good Corporate Governance" practices during the past year; as a result, the Company has been assessed by various institutions as follows:



Corporate Governance Report of Thai Listed Companies 2018

According to the corporate Governance Report (CGR) 2018 by the Thai Institute of Directors, with support from the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) reported the Company was scored "Excellent" with scores 90% or 5 stars. According to the 2018 report, the (657 listed companies made and average score of 81).



Annual General Meeting Checklist Assessment 2018

According to the Annual General Meeting Checklist Assessment Report by the Thai Investors Association, the Company was scored 100. While the average scores of the total 657 listed companies were 92.42.



Environmental, Social and Governance (ESG 100 listed companies) 2018

According to the evaluation of Environmental, Social and Governance: ESG from the 100 listed companies in 2018 by Thaipat Institute, the Company was one of ESG 100 outstanding listed companies (2 years continuance since 2017) from total 683 listed companies.

Sub-committee

The Company has established a sub-committee which has been appointed by the Board of Directors to assist in the management and supervision of the administration of companies, including 4 committees as follows: (1) Executive Committee (2) Audit Committee (3) Risk Management Committee, and (4) Nomination and Remuneration Committee. The information of name list, duties and responsibilities of the mentioned committees are provided in the section of “Management” under the title “Management Structure”

Selection and appointment of directors and executives

(1) Independent director

The independent directors are individuals who are qualified in accordance with the Notification of the Capital Market Supervisory Board and related SET's announcements, as follows;

1. Holding less than 1.0 percent of the total shares with voting rights of the Company, parent company, subsidiaries, associates, major shareholders, or controlling persons of the Company, including the shares held by related persons of the independent director as well.
2. Not being or not having been a director, officer, employee, part-time employee, consultant that receives a salary or controlling person of the Company, parent company, subsidiaries, affiliate, subsidiaries in same tier, major shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
3. Not being a person who has a relation by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of the children of directors, executives, major shareholders, Control authority or persons to be nominated as executive or controlling person of the Company or its subsidiaries.
4. Not having or not having had a business relationship with the Company, Parent company, subsidiaries or associated companies, major shareholders or controlling persons of the Company in a manner that

might interfere with his/her independent judgment. Not being or having been a shareholder or authority having control of the business relationship with the Company, parent company, subsidiaries, affiliates, shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.

5. Not being or not having been an auditor of the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company and not as a significant shareholder, control authority or partner of the audit company which is the auditor of the Company, parent company, subsidiaries, associates, major shareholders or authorized under the control of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
6. Not being or not having been a provider of any professional includes serving as legal counsel or financial advisor which has been paid more than 2 million Baht per year from the Company, parent company, subsidiaries, associates, major shareholders or controlling person of the Company, and not as a significant shareholder, control authority or partner of such professional services, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
7. Not being a director who has been appointed as a representative of the Board, Major shareholders or shareholders who are related to the major shareholders of the Company.
8. Not having or not having had a business with the same nature and in competition to the business of the Company, subsidiaries or not be a partner in a partnership company or director, employee, advisor who receives a regular salary or holds more than 1 percent of the total shares with voting rights of another company which has the same nature and in competition to the business of the Company or its subsidiaries.
9. Not having any other characteristic which make him/her incapable of expressing independent opinions, such as business partners, creditors and suppliers, etc. that may cause any conflict of interest.
10. Having knowledge and understanding of the nature of business of the Company as well as the knowledge that is beneficial to business operations of the Company.
11. Independent directors shall report to the Board of Directors immediately if see any incidents that might make them ineligible to independence as independent directors.
12. The Independent Directors shall serve for a term of not exceeding 9 years
13. The Independent directors should not hold directorship in other listed companies more than 5 listed companies.

After an independent director has been appointed in accordance with the characteristics mentioned above, the independent director may be assigned by the Board of Directors to determine on the operation of the Company, its subsidiaries, affiliates, subsidiaries in same tier, major shareholders or controlling person of the Company. The decision shall be made in the form of collective decision.

(2) Selection and appointment of directors and management

In appointment of directors, the Nomination and Remuneration committee, which consists of three directors and two of whom must be independent directors, is taking into account the diversity in term of structure, size and composition when selecting and screening the candidates who are qualified under the Article of

Association, considering with knowledge, experience, board diversity, business relevant experience and using Board Skill Matrix to assist in selection of directors to be aligned with corporate strategy by the following database from Director Pool or Professional Search Firm as necessary for new directors selection. These will be used to select potential candidates who are well-qualified, had disqualification by law. Then, prior to present a number of candidates, it must be equaled to a number of retiring directors and should be proposed to the Board of Directors for consideration and the Board of Director then nominated such candidates as directors in the Shareholders' meeting.

In recruiting senior executives of the Company, the Executive Committee preliminary seek and screen the qualified persons who have skills, useful experiences for the business operation, well understanding the nature of business, be able to achieve the objective and target set by the board using the same above-mentioned director database for recruiting Company's senior executives and new directors. Then, the committee will propose the suitable candidates to the nomination and remuneration committee for consideration before present to the Board of Directors' meeting for approval.

Policy on inside information

The Company has adopted the following policies and practices that prohibit its directors, executive officers and employees and subsidiaries who access to material inside information to use such undisclosed inside information for personal gain:

- Inform directors and executives concerning their responsibilities to declare the securities holding of themselves, their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to SEC under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act 1992 (include the amendment).
- Ensure the directors and executive officers of the Company including their spouse and minor children report the holding of securities and report the changes in the Company's securities holdings to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment), send copies of this report to the Company the same day that the reports are submitted to SEC and report to the Board every quarter.
- The Directors, executives and employees of the Company and subsidiaries that received inside information which may affect the stock price are prohibited to trade securities of the Company in the last month before the financial statements or internal information is disclosed to the public. And during 24 hours after the information of the company has disclosed to the public those related to inside information must not disclose it to anyone unless they have indicated that data to the stock market. The penalties for the violation are regarded as a disciplinary offense under the regulations of the Company and the Company will consider sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.

- The Directors, executives and management in accordance with the definition of SEC, shall report the Board of Directors or responsible person on their Change of Management's Securities Holding (Form 59-2) at least one (1) day prior to the trading day.
- Prohibit directors, executives and employees of the Company to use the information that hasn't been disclosed of the Company that have or may have an impact on the price of the securities of the Company, which they have learned by their positions or statuses to purchase, sell, offer to buy or sell, persuade others to buy or sell, offer to buy or sell shares or other securities of the Company (if any), whether directly or indirectly, in a manner that is likely to cause damage to the company whether directly or indirectly. And whether such action would benefit themselves or others or would not benefit themselves or others.

Remuneration of Auditor

Remuneration of Auditor in 2018 is as follows:

(1) Audit Fee

For the Financial Statements year-ended December 31, 2018 audited by EY Office Limited as Company's Auditor, the Audit Fee is Baht 1,800,000.

(2) Non-Audit Fee

- None -

The incompliance matters

As for the incompliance matters, the Board of Directors has considered and stipulated the appropriate and sufficient method that is also in alignment with the Company's business and corporate culture, details of which are as follows: -

➤ CG Committee

Due to the Board of Directors account for oversight corporate governance to be alignment with CG Code with Duty of loyalty, Duty of care and Duty of good faith, the Board's resolution not resolved yet to set up for CG Committee.

➤ All members of Nomination and Remuneration Committee should be Independent Director

The Nomination and Remuneration Committee consists of 3 members, 2 of which, including the Chairman of Committee are Independent Directors. As the current structure of the Nomination and Remuneration, all 3 members are qualified to perform the duties effectively and appropriately.

➤ The Nomination and remuneration Committee shall hold a meeting at least twice a year

To increase directors' accountability of the Nomination and remuneration Committee, the Board of Directors' resolution that it is important to review the Nomination and remuneration Committee charter to hold a meeting at least twice a year which will be started and effective in 2019 year onwards.

➤ **More than 50 percent of the Board members should be independent director**

The Board of Directors consists of 8 directors of experts with diverse qualification, capability and experience (Board Diversity). 3 out of the total of 8 directors or 38 percent, including the Chairman of the Board of Director, are Independent Directors with expertise of food technology, finance & accounting and legal.

➤ **The Company's free float portion of the share should be larger than 40 percent**

As at March 12, 2018, the Company's free float portion of the share was at 39.3 percent, which is in alignment with the SET's rules and regulations.

Corporate Social Responsibility (CSR)

Winner Group Enterprise Public Company Limited is aware that the Company is being part of Thai society to perform the utmost support, create, drive and conduct responsibility in social development, community and environment. The Company set out Corporate Social Responsibility (CSR) policy to be one of the key policies to create CSR understanding and consciousness to the Management and staff by encouraging all to be taking part in proposing corporate projects, volunteering champion and cultivating perception when the Company organized set of activities.

Policy Overview

The Board of Directors established policy related to corporate social responsibility and focused on business results based on corporate Vision and Mission as follows;

Vision: To become the leading company expertise in integrated food business in all distribution channels

Commitment: Commit to delivering quality products and providing reliable service, to meet the needs and satisfaction of customers. Strengthen company's human resources to have expertise in food industry and maintain good relationships with suppliers.

The Company committed to produce and distribute quality and safety products to our customers and aware of social responsibility to society, community and environment together with doing transparent, integrity and auditable business operating and equitable treatment of stakeholders, especially staff who play important role as human capital. In 2015, the Company set supplemental Core Competency to be fundamental understanding to all staff to achieve corporate vision as follows.

Accountability: Take personal responsibility and commit to work achievement or above expectation and well-planned performance assessment

Customer Focus: Concentrate on customers, being positive attitude to both internal and external customers, illustrate customers service-minded and work proactive to develop masterpiece to customers

Teamwork: Able to manage conflict resolution in between team members, encourage team to achieve corporate objective, convince team to share knowledge and work experience, manage team and problem-solving team

1. Business Ethics

Provided business integrity, ethics and full of knowledge and ability, the Company considers of the utmost benefits to all of corporate stakeholders. In addition, the Company has "Policy on Communication with the Board of Directors and Whistle-Blowing" to request information, submit complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the

Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations.

2. Anti-Corruption

By the adoption of the Philosophy of Sufficiency Economy, the Company recognizes to use that philosophy leading to the sustainable growth and adhering business operating ideal in integrity, ethics, social responsibility to all relevant stakeholders following by the Good Corporate Governance Principle.

Being part of Code of Conduct, the Company made “Policy on Anti-Corruption” as communication tool to communicate with all employees and create understanding on anti-corruption consciousness because fraud corruption becomes to pressure and interference business, society, and nation. To prevent on anti-corruption is based on collaboration from all sectors to drive and cultivate Thai society about say no to corruption.

In 2015, the Company received the evaluation result in developing the Anti-Corruption Progress Indicator of listed companies, which organized by Thaipat Institute in the support of the Securities Exchange Commission (SEC) and rated level “3” (Established), indicating policy to oppose bribing government officials and those related to corruption as well as policy to communicate and educate employees regarding anti-corruption policy and practices at least once a year.

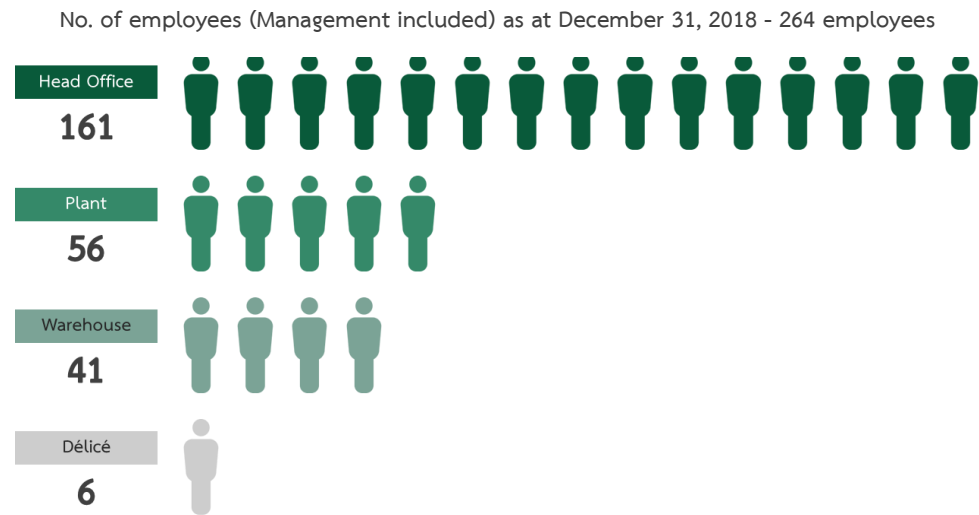
In 201-2018 the Company continuously communicated “Policy on Anti-Corruption” consistently to the board of directors, management, employee and relevant stakeholders to understand their roles, responsibilities and disciplinary violation. On July 2017, the Company was selected by Thaipat Institute as one of Environmental, Social and Governance or ESG 100 publicly listed companies in 2017 which one of such ESG100 list criteria, it monitored including companies’ involvement in and response to violations, law suits and controversies while during the evaluation period, there were no Company’s directors and management involved with law suits or received any penalty /punishment from the Securities and Exchange Commission (SEC) during the evaluation period. It can represent that a good start to reflect the consciousness of Company’s directors and management to deploy the “Policy on Anti-Corruption” as a guideline to perform their fiduciary duties and create strong commitment to staff and other stakeholders on sustainability performance.

The Company also made “Policy on Whistle Blowing” for all concerned stakeholders such as employees, shareholders, investors, suppliers, partners, customers, creditors, government sectors and authorities or relevant persons as a channel to inform, report, and audit when having seen any action or violation support or non-compliance anti-corruption policy and measurement, including protection and liability measures to stakeholders. By such channel, the Company created opportunity to stakeholders to inquire, recommend and whistle or file complaint on illegal action, accuracy of financial statements, deficiency of internal control or unethical business ethics and code of conduct so the Company can receive faster information and provide problem-solving immediately.

In addition, Honor Audit and Advisory Company Limited, as a SEC approved auditor, was appointed by the Audit Committee to perform company internal auditor and provide audit and review on internal control and work process to be complied with relevant rules and regulation of responsible authorities as well as provided effective audit to prevent gap in any related corruption action. In 2017, there were no issues or no significant mistakes on corruption and non-compliance with policy, legal, regulation requirements and misconduct.

3. Personnel Development

The Company recognizes that efficient workforce is a key factor to the success of the organization according to the goals of the Company. To promote the development of human resources for employees is to develop their expertise and work experience together with work ethics, integrity, personal and stakeholder responsibility and expect employees to utilize their knowledge in service excellence, response to customers’ needs, think initiatives and brave to present creative ideas for sustainable business expansion growth and maximize long-term value-added equity to relevant stakeholders.



➤ Respect to Human Rights

The Company adheres with business ethics and respects significance on human right and dignity which is fundamental right for equitable right and freedom treatment to employees and stakeholders without any policy to limit fundamental rights of race, religion, political opinion, gender, child or disable. Moreover, the Company open-minds to employees and stakeholder to share their opinions thru suggestion channels autonomously.

Employees are respected to treat equitability following by the Company’s policy, all shall:

- reserve clearly access corporate welfares;
- have no discrimination on direct and indirect human rights, genderless and mentality such as social security, annual medical check-up, healthcare, eligibility to participate in training to maximize their knowledge and experience, job fit and equivalent beneficiary reserve.

Health Check Up
26 February 2018



► Fair treatment to Employees

Key factor driving Company to construct long-term growth is ‘employee’, the Company emphasizes on fair treatment to employees by providing clear policy to cover employees’ remunerations such as income, salary, bonus, social security, provident fund, OPD, uniform, holidays, workplace health safety and environment and encouraging employee to maximize their knowledge by participating in seminars or in-house or out-house trainings as follows.

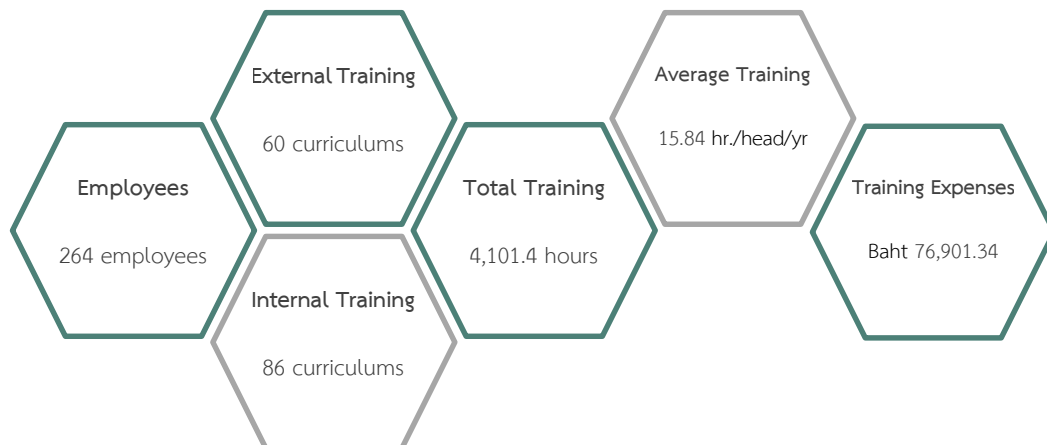
- Open-mind to employees to develop skills and maximize ability to promote for their future career path, if necessary. The Company provides annual training for all employees and all positions both internal and external trainings or continuous encouragement all of them for external seminars as considered as part of Human Resources functions to provide sufficient curriculums to all employees.
- Encourage women into middle and executive positions and manage gender balancing of executive positions between men and women with same rankings. Compared with executive positions, the Company has women in executive positions at 60 percent per men in executive positions at 40 percent.
- Develop policy regarding to occupational health and safety in the workplace to prevent unsafely incidents in such workplace without health risk. The Occupational Safety, Health, and Environment (OSH&E) sub-committee, our Company production line which is located in Bangpa-in industrial estate, Ayutthaya province, is established policy on safety aiming to monitor and analyze protection measures on all ended safety work-in-process and usually held meeting on regular basis under the oversight of the Safety Committee.
- Building good workplace, equitable employment, no direct and indirect discrimination of any kind, such as race, color, gender, sexual orientation, age, disables, religion and political or other opinions, the Company is entitled occupation opportunity for alien employment in accordance with Alien Employment Act by Department of Employment, Ministry of Labour.
- No lay off policy or termination employment based on management decision or discrimination decision, the Company has no discrimination that may result unfair termination.
- Respect to other opinions and freedom of thought without interference, the Company provides communication channel to open employee feedbacks such as work process improvement, workplace development, comments and suggestions thru “Winner Box”.

- Empower of fragile employment and persons with disabilities, in 2018 the Company hired hearing and body impaired 3 persons in total

On December 13, 2018, the SEC, in cooperation with the SET, the Association of Investment Management Companies and the Association of Provident Fund, welcomed 175 employer's commitment to Happy PVD Company Initiative". The Company participated in the initiative and declared intention with objective of financial stability to retired employees by encouraging the employees to save money in Company's provident fund and motivating them save fully rate of benefit.



➤ Policy on Personnel Development



The Company emphasizes on how to apply knowledge, skill and expertise to be integrated for work efficiency efforts, provided quality of service and best result for work processing. Provided policy on personnel development is encouraged employee to self-improvement, practical development in their work field as regular basis for both executives and practitioners.

In 2018, the Company invited experienced and knowledgeable lecturers and encouraged Management and employees go training with other institutions which were 146 training curriculums in total; consisting of 86 internal training curriculums such as Synergy for Success, Management and Organizational strategy, ISO 9001:2015, HALAL food knowledge, Internal control and new vendor selection for factory system /

purchase order and purchase requisition (PR), New products plan, Production delivery order for staff and supervisors while 60 external training curriculums from other institutions. Total training expenses is Baht 76,901.34. Average training is 15.84 hours/head/year.

The Company encourages staff for training in ISO 9001:2015 and product knowledge to maximize knowledge on product selling and increase sale volume in each market channel.

The Company encourages staff for organizational development, conducts training workshop “Synergy for Success” to be a stage of exchange knowledge and experience from the aspect of staff and management and aims with corporate process improvement plan to be aligned with corporate objective and disruptive technology change in current situation.

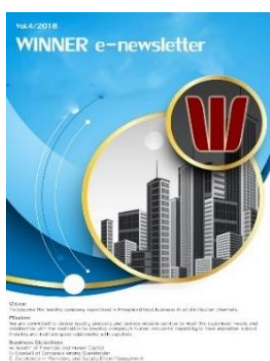
Pictures from 2018 Annual Training Workshop



➤ Staff communication

The Company significantly communicates to all staff using staff communication channel as a tool to give corporate information, provide acknowledgment on corporate policy and create understanding on work procedure thru email, bulletin, company website and a 2-month distribution E-newsletter (Winner News and Monday DD) to create self-development and corporate knowledge culture continuously. In addition, the Company provides mentor-coaching for staff on the job training (OJT) and communication development tools via social media community such as Facebook.

In addition, the Company opens opportunity for staff to meet and greet with management in annual seminar, annual company activities and raise opinions when taking part in sub-committee meetings.



4. Responsibility to Consumers

As an importer, manufacturer and distributor raw material, ingredients and food additives for food industry, the Company shall provide strictly measures on getting rid of unsafe products and best delivery quality, safe and hygienic package to our consumers. Starting from the process of selecting and sourcing products, product development for distribution and products delivery to our target customers based on the following responsibilities to: -

- take any action and think of safe and hygienic products as important concerns
- disclose accuracy of news and information of products and services
- take no action that will make unclear, distort information on products and services, exaggerated advertisement, ignore significant information that may lead into misunderstanding
- research and develop products and services innovation consistently
- emphasize on business processes and activities that bring the utmost profits to society, community and environment for sustainable consumption.
- welcome to customers' complaints thru Company's website

The Company recently granted Direct Marketing Certification from the Office of the Consumer Protection Board (OCPB), which comply with corporate good governance, transparent business, non-hype advertising, products and services quality and responsibility to consumers While the OCPB Direct Marketing Certification mark is used as registered document to certify the online business registration the Company's online website.

Direct Marketing Certification



Duration:	3 years (August 29,2018-August 28, 2021)
Regulator:	Office of the Consumer Protection Board (OCPB)
Related Law:	Direct Sales and Direct Marketing Act

5. Care for environment and community development

The Company is not only operated business for sustainable growth but also aware of environmental concerns and community development. Company staff get involve with proposing CSR projects and CSR concerns by giving back activities to community that is part of our production base for example; support academic equipment and scholarship to school that located nearby the area of our plant location in Bangpa-in industrial estate, Ayutthaya province as well as consistently support budget on flood prone areas in Ayutthaya province.

The Company cares for environment and participates in “Carbon Neutral Event” in mai Forum 2018 held on July 1, 2018 to promote corporate business information / investor relations booth for interested investors who would like to Q&A closely with Company’s management, this event organized in collaboration with mai Association and mai Stock Exchange. All activities in mai Forum 2018 is as a prototype of reduce global warming by promoting campaign that participants and organizers reduce private car use and use public transportation instead such as BTS skytrain to reduce travel demand energy as well as using QR Code for paperless registration. All these include the reduce from adjusting temperature of air-conditioning system and promote buying carbon credit of 24 tons in total which certified by Thailand Greenhouse Gas Management Organization (Public Organization) on Carbon Neutral Event



The Company focuses on resource efficiency concept as corporate KPI for environmental care such as water, electricity, and paper during 2018 year.

- Head Office with the increase electricity consumed 9% or 8,345 Baht due to change of 95 LED light bulbs
- Plant with the decrease electricity consumed 9 % or 15,418 Baht
- Bangna Warehouse with increase electricity consumed 8% or 8,947 Baht

Moreover, our plant established policy on wastewater control which the water analysis result for past 5 years shown that the Company passed wastewater test in accordance with Bangpa-in industrial estate rules and regulations indicated BOD in 20 Celsius within 5 days and not exceed to 500 miligram/litre.

6. Innovation and disseminating innovation from CSR-in-Process to environment and stakeholders

The Company develops corporate information technology system under “Enterprise Resources Planning project” (ERP) aiming to reduce complicated work problems and manage corporate business resources efficiently and effectively. As one of stakeholders, staff can experience ERP knowledge sharing both knowledge exchange, development of learning curve, mutual-working across business units and playing key

roles in designing their own responsibilities for ERP project as Project Leader, Functional Manager and Functional Team Leader via the intensive working group sessions. As considered by such corporate project, it creates the tailor-made answer for corporate users and maximizes utmost benefits for organization.

CSR activities (after process)

The Company participated in the role-play of social works, community, and environmental development consistently, by the Company's policy, taking place of relevant activities and taking care of social communities are being part of our CSR Activities for example CSR-after-Process; activities related to social support while CSR-in-Process related to corporate responsibility in business operating process.

In 2018, the Company participated in CSR Activities as follows.

- **Philanthropy activity**
 - Donation to the blinds for Audio books production
 - Budget support educational medias for schools in rural areas under “the initiative of H.M. King Bhumibol Adulyadej as education compass to Thai students” to Than CSR Business for Social Company Limited.
- **Contributions activity**
 - Donation used staples, aluminum loops, CDs, computer equipments and broken electronics to Association of Persons with Physical Disability International.
 - Product donation to Human Development Foundation (Mercy Centre)

Internal Control and Risk Management

Comments from the Board of Directors towards the Company's Internal Control

Regarding to the Board of Directors' Meeting No. 1/2019 on February 26, 2019, which the Audit Committee also attended, the Board assessed the internal control systems by asking information from managements and considering the internal control evaluation report for the year 2018 on the adequacy of internal control systems of the Company. In accordance with International Standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), the Board of Directors, the Audit Committee and internal auditors concluded that the Company's internal control systems were adequate and appropriate to business, as follows:

1. Internal Environment

The Company set clear and measurable business targets and reviewed periodically. The Company's organization chart showed lines of duties; authority tables in written format; and key business processes manual, which were updated in line with the laws and regulations.

2. Risk Assessment

The Audit Committee and the Risk Management Committee assessed both internal and external risk factors which would affect each business processes in order to analyze and prioritize the impacts and the probabilities of occurrence; and established the appropriate risk management measures.

3. Control Activities

The Company policies were used as guidelines systematically and effectively in order to achieve the business objectives and business targets. The authority tables clearly defined the authority level and the approval limit for each level of management. Besides, the Company policies were: segregation of duty; the duties of recording and custodian of fixed assets were also segregated; and laws and regulations compliance.

4. Information and Communication

The Company properly operated the information systems and channels of communication both internal and external to provide accurate, complete and timely information for business decisions.

5. Monitoring

The Company evaluated and communicated internal control deficiencies in a timely manner. Staff reported any issue of concern to their immediate supervisor or manager including the responsible person, including senior management or the Board of Directors as required for taking corrective action.

Risk Management

The Company had annual review development on risk management framework as used in management tool to achieve corporate's objectives and in accordance with International Standards of COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management) which current organizations worldwide use will be consisted of 1) Internal Environment 2) Objective Setting 3) Risk Identification 4) Risk Assessment 5) Risk Response 6) Control Activity 7) Information and Communication and 8) Monitoring.

The Company regularly reported on risk monitoring progress thru Risk Management Committee and Board of Directors by quarter to manage risk appetite, evaluated Control Self-Assessment from bottom up approach and reviewed on self-related risk activity to staff, if any then reported to their immediate supervisors and Management in Department/Division Meeting by monthly and by each sub-group meetings as well as recorded risk activities in Risk Register for monitoring risk issues systematically.

Related Party Transaction

Related transactions with persons who have relationship with the Management and may have conflicts of interest

1. Company and Person that may have conflicts of interest

Company / Person that may have conflicts of interest	Relationship
Aesthetic Zecret (AT-ZE) Co., Ltd.	<ul style="list-style-type: none"> - AT-ZE, a subsidiary company, has the following directors same as the Company ; Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul, Miss Kanokpan Kreangkraikrissada and Miss Kanollas Wongisariyakul - As at April 2, 2018, the Company became a major shareholder of AT-ZE with 100% shareholding of registered and paid-up capital.

2. Related party transaction of the Company and its subsidiary

The transaction of the Company and its subsidiary with persons who have relationship with the Management and may have conflicts for the year ended December 31, 2018 can be summarized as follows.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Baht)	Necessity / Reason
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	The Company purchased product samples from the subsidiary	Company's subsidiary	3,738.32	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	The Company provided long-term loan to the subsidiary borrowing in order to settle loans from its former director (interest rate at 4.75 % per annum)	Company's subsidiary	<u>Loan</u> 89,420,100 <u>Interest receivable</u> 2,141,180.28	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.

Procedure for approval of related party transaction

The resolution of the meeting of the Board of Directors No. 4/2013 on May 28, 2013 states that in the case of transactions of the Company with persons who may have conflicts of interest, gain or loss, or may have any conflict of interest in the future, The Audit Committee shall consider and comment on the necessity and reasonableness of the transaction and the suitability of the price and conditions of entry to be according to the characteristics of normal business practices in the industry and the price shall be compared with the third party or the market price prior to submission to the Board of Directors or the meeting of the shareholders, as the case may be. If the Audit Committee has no expertise in considering transactions that may occur, the Company will arrange for an independent expert or auditor of the Company to give comments on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be. The Directors or executives that are stakeholders will not be entitled to vote on such transaction. The Company will disclose in its annual statement, annual report and notes to the financial statements audited or reviewed by the auditors of the Company.

In addition, the Company will comply with the law related to the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Securities and Exchange Commission in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand.

Policy on future transactions

The resolution from the Board of Directors' Meeting No. 4/2013 dated May 28, 2013 has set a policy of making related party transaction that for any transactions that may occur in the future, the Company shall comply with the laws regarding the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand. The Company has the policy on related party transactions as follows:

- In the case of commercial transactions with general trade conditions, the Company has set the framework for such transactions which was considered and agreed by the Audit Committee prior to submission to the Board of Directors to approve as principle. The management can approve the transaction if the transaction has commercial agreements in the same way that persons of ordinary prudence should be agreed with general contractors in the same situation and with the bargaining power of trade without the influence of their status as directors, management, related parties of the Company or individuals associated with the company. However, the Company shall prepare a report summarizing related party transactions to report at a meeting of the Audit Committee and the Board of Directors on a quarterly basis. In the case of the Audit Committee and the Board of Directors found

that the conduct did not meet the defined policy, the Audit Committee and Board of Directors shall work jointly to find solutions.

- The commercial transactions with general trade conditions must be commercial transactions that the Company normally operates or commercial transactions that similar business to the Company does to support their regular business. The transactions shall have commercial terms and pricing conditions that are fair and do not cause any transfer of interests. The terms and conditions are as follows.
 1. Prices and terms that the Company receives or offers to the public
 2. Prices and terms that related party receives or offers to the public
 3. Prices and terms that the Company can clarify as the price and terms that similar business offers to the public
- If there is any other transaction disassociated with the mentioned terms and conditions, the Company shall present such transactions to the Audit Committee to consider and comment prior to submission to the meetings of the Board of Directors and/or the shareholders to approve. If the committee does not have the expertise to consider the potential transaction, the Company will arrange for an independent expert or auditor to comment on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be, to ensure that the transaction will not migrate or transfer of interests between the Company and individuals who may have conflicts of interest, and the transaction has been done for the optimum benefits of all shareholders.

Tendency of future transaction

The Company, subsidiary company, joint-venture company and the associated company may have tendency on conflicts of interest in the near future, especially inter-transactions which are categorized by normal business operation and supporting business operation under the in-general trade terms with persons or entities from the Company and its subsidiary can account for buy-sell products and service, purchase of raw material, OEM production, rental warehouse, car leasing, employees discount on products, etc. These purchase prices are same as the market price of the Company and its subsidiary provided to third parties.

Management Discussion and Analysis (MD&A)

Analysis of Overall Operating Results for the Company and its subsidiary

1. Important circumstance during the year

In April 2018, the Company acquired 800,000 ordinary shares of Aesthetic Zecret (AT-ZE) Company Limited at a price of Baht 200.725 each, or for a total of Baht 160.58 million (excluding share purchase fee of Baht 3.27 million). The investment represents 100% of all issued shares of this company, which is principally engaged in the manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases. The Company paid 20 million to the seller in December 2017 and the remaining amount of Baht 135.58 million (after deduct a guarantee deposit of Baht 5 million) was paid in April 2018.

Moreover, the Company agreed to Aesthetic Zecret (AT-ZE) Company Limited borrowing Baht 89.42 million in order to settle loans from its former director.

The Company assessed the fair values of identifiable assets acquired and liabilities assume at the acquisition date in the amount of Baht 66.14 million while investment capital is at Baht 160.58 million then the goodwill is in the amount of Baht 99.44 million recorded into the consolidated financial statements in 2018.

2. Analysis of Operating Results for the Company and its subsidiary

Table 1: Overall Annual Operating Results for the year of 2018 and 2017

(Unit: Thousand Baht)

	Consolidated Financial Statements	Separate Financial Statements		Increase (Decrease)	%
	2018	2018	2017		
Total revenues	1,626,468	1,544,670	1,644,433	(17,965)	(1.1)
Sales and service income	1,614,607	1,531,983	1,637,162	(22,555)	(1.4)
Cost of sales and service	1,207,557	1,172,803	1,270,906	(63,349)	(5.0)
Gross Profit	407,050	359,180	366,256	40,794	11.1
Other incomes	11,861	12,687	7,271	4,590	63.1
Profit before expenses	418,911	371,867	373,527	45,384	12.2
Selling expenses	123,647	111,008	110,247	13,400	12.2
Administrative expenses	175,335	124,442	126,591	48,744	38.5
Other expenses	-	-	5,225	(5,225)	(100.0)
Profit before finance cost and income tax expenses	119,929	136,417	131,464	(11,535)	(8.8)

(Unit: Thousand Baht)

	Consolidate d Financial Statements	Separate Financial Statements		Increase (Decrease)	%
	2018	2018	2017		
Finance cost	(7,435)	(7,331)	(929)	(6,506)	700.3
Profit before income tax expenses	112,494	129,086	130,535	(18,041)	(13.8)
Income tax expenses	(23,657)	(26,080)	(26,141)	2,484	(9.5)
Profit for the year	88,837	103,006	104,394	(15,557)	(14.9)
Profit or loss in subsequent period-net of income tax					
Actuarial loss-net of income tax	(354)	(1,088)	-	(354)	(100.0)
Total comprehensive income for the year	88,483	101,918	104,394	(15,911)	(15.2)
Gross Profit Margin	25.2%	23.4%	22.4%	2.8%	-
Basic earnings per share (Baht/Share)	0.22	0.26	0.26	(0.04)	(14.9)
Net Profit Margin	5.5%	6.7%	6.3%	-0.9%	-

The total revenues from the Company and its subsidiary is Baht 1,626.5 million which decreased from the previous year Baht 18.0 million or decreased at 1.1 percent, consisting of sale and service revenue at Baht 1,614.6 million and other income at Baht 11.9 million. The decrease of sale and service revenue at Baht 22.6 million when comparing with the previous year or decreased at 1.4 percent while increase of other income at Baht 4.6 million.

2.1 Sales and service revenue

Table 2: Sales by Product Type for the year-ended December 31, 2018 and December 31, 2017

(Unit : Thousand Baht)

Product Type	2018		2017		Increase (Decrease)	%
	Thousand Baht	%	Thousand Baht	%		
Consumer Products	854,950	53.0	965,475	59.0	(110,525)	(11.4)
Industry Products	677,033	41.9	671,687	41.0	5,346	0.8
Manufacturer and sales of medicine, medical supplies and cosmetics segment	82,624	5.1	-	-	82,624	100.0
Total	1,614,607	100	1,637,162	100	(22,555)	(1.4)

In 2018, Sales and service revenue from the Company and its subsidiary totaled Baht 1,614.6 million, decreased from the previous year Baht 22.6 million or decreased at 1.4 percent. Considering to Consumer Products still decreased at Baht 110.5 million or decreased at 11.4 percent. The mainly caused the high of competitive pricing in the market, especially decrease from the following product groups in snack and confectionary, bakery mix, frozen products as well as beverages and refreshment products.

The revenue from Industry Product slightly increased Baht 5.3 million or increased 0.8 percent. The new business from the acquisition in April 2018, Manufacture and sale of medicines, medical supplies and cosmetics segment represented Baht 82.6 million.

2.2 Cost of sales and service

Cost of sales and service amounted to Baht 1,207.6 million, decreased from the previous year Baht 63.4 million or decreased 5.0 percent when comparing with the previous year.

2.3 Gross Profit

For the year-ended December 31, 2018, the Gross Profit from Company and its subsidiary is Baht 407.1 million which increased from previous year Baht 40.8 million. The Company's gross profit is Baht 359.2 million which decreased from the previous year Baht 7.1 million while the subsidiary's gross profit is Baht 47.9 million increased from acquisition during the year.

The gross profit margin from the Company and its subsidiary is 25.2 percent or increased against the previous year at 2.8 percent while last year's gross profit margin is at 22.4 percent. The Company's gross profit margin is at 23.4 percent, increased 1.0 percent from the previous year. The subsidiary's gross profit margin is 58.0 percent.

The gross profit margin for the Company increased from the previous year 1.0 percent. As dollar is the Company's major currency when buying imported goods, dollars reflected weaken than previous year as well as better cost management. Current Baht to Dollar in this year is around 31.3-33.6 Baht. In addition, Baht to Dollar in previous year is around 32.7-36.1 Baht.

2.4 Other incomes

For the year-ended December 31, 2018 The other incomes for the Company and its subsidiary totaled Baht 11.9 million and increased from the previous year Baht 4.6 million. The main reason resulted from gains on exchange rate increased Baht 3.1 million against the previous year's loss income was Baht 4.8 million which classified into administrative expenses. Any other incomes increased Baht 1.5 million.

2.5 Selling and Administrative expenses

- Selling expenses

Selling expenses for the year-ended December 31, 2018 totaled Baht 123.6 million, increased from the previous year Baht 13.4 million or increased 12.2 percent, which mainly due to the consolidated financial

statements included marketing expenses from the subsidiary Baht 12.6 million. The selling expenses of the Company are slightly the same as the previous year and also slightly increased Baht 0.8 million or 0.7 percent.

- Administrative expenses

Administrative expenses for the year-ended December 31, 2018 totaled Baht 175.3 million, increased Baht 48.7 million or increased 38.5 percent, which mainly due to the Consolidated Financial Statements included administrative expenses from subsidiary company Baht 47.6 million, included share purchase fee of Baht 3.27 million. Such share purchase fee recorded into the separate financial statements as investment in subsidiary while represented in the consolidated financial statements as administrative expenses in accordance with financial reporting standards. The administrative expenses from the Company are slightly decreased Baht 2.1 million or decreased 1.7 percent due to loss on exchanged rate decreased Baht 4.8 million from the previous year which profit for the year is at Baht 3.1 million, re-classified into other incomes and reflected increase of employees expenses at Baht 2.2 million.

- Finance cost

Finance cost for the year-ended December 31, 2018 increased from the previous year Baht 6.5 million. It was mainly due to long term loans with commercial bank amounted Baht 250 million for acquisition the subsidiary business. Such loan calculated fixed interest rate at 3.75 per year for the first-five year loans and after that will be calculated MLR rate at 2.1 which the due payment for the principle is 7 years starting from the loan date. However, as at December 31, 2018 such loan balance at around Baht 225 million.

- Other expenses

Other expenses for the year-ended December 31, 2018 decreased Baht 5.2 million due to last year consultation fees on Transforming organization towards sustainability while no other expense incurred in this year.

2.6 Profit for the period

The Company and its subsidiary's profit for the period year-ended 2018 totaled Baht 88.8 million, decreased from the past year Baht 15.6 million or decreased 14.9 percent. The main reason was due to an increase of Gross Profit Baht from the Company and its subsidiary Baht 40.8 million and other incomes also increased Baht 4.6 million while both other expenses and tax expenses decreased Baht 5.2 million and Baht 2.5 million respectively. However, these expense items consist of selling expenses, administrative expenses and finance cost are increased Baht 13.4 million, Baht 48.7 million and Baht 6.5 million.

2.7 Other comprehensive income for the year-net from income tax

Other comprehensive income for the year-net from income tax for the year-ended December 31, 2018 totaled Baht 0.35 million. Loss comprehensive-net from income tax amounted to Baht 1.08 million while profit comprehensive-net from income tax of the subsidiary company amounted to Baht 0.73 million. During

Q4/2018, the Company and its subsidiary had independent specialist to evaluate and reclassified employee expenses payables after separation to be compiled with the financial reporting standards as well as recognized loss from actuary into other profit and loss comprehensive at Baht 0.44 million deductible deferred tax is at Baht 0.09 million. However, no this item incurred last year.

Therefore, the Company evaluated provision of employee expenses payables by actuary principle by the independent specialist in accordance with financial reporting standards in every 3 years or significant changes on loans of post-employee benefits

2.8 Total comprehensive income

Total comprehensive income for the year-ended December 31, 2018 totaled Baht 88.5 million or decreased Baht 15.9 million or decreased 15.2 percent against same previous period due to a decreased of profit for the year Baht 15.6 million and other comprehensive income for the year-net from income tax increased Baht 0.35 million.

3. Financial Position Analysis

Table 3: Overall Financial Position as at December 31, 2018 and December 31, 2017

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements				Consolidated Financial Statement Increase (Decrease)	
	Dec 31, 2018	%	Dec 31, 2018	%	Dec 31, 2017	%	Thousand Baht	%
Current Assets	670,482	58.0	646,293	57.0	669,961	71.9	521	0.1
Non-Current Assets	485,566	42.0	486,917	43.0	261,621	28.1	223,945	85.6
Total Assets	1,156,048	100.0	1,133,210	100.0	931,582	100.0	224,466	24.1
Current Liabilities	324,846	28.1	294,933	26.0	303,603	32.6	21,243	7.0
Non-Current Liabilities	214,509	18.6	208,149	18.4	11,770	1.3	202,739	1,722.5
Total Liabilities	539,355	46.7	503,082	44.4	315,373	33.9	223,982	71.0
Shareholders' Equity	616,693	53.3	630,128	55.6	616,209	66.1	484	0.1
Total Liabilities and Shareholders' Equity	1,156,048	100.0	1,133,210	100.0	931,582	100.0	224,466	24.1

3.1 Assets

As at December 31, 2018, the total assets of the Company and its subsidiary amounted Baht 1,156.0 million. Current assets were slightly increased from the past year-ended Baht 0.5 million or increased 0.1 percent. Non-current assets amounted Baht 485.6 million or increased from the past year-ended Baht 223.9 million or increased 85.6 percent. During the year, the main causes increased from acquisition of its subsidiary such as a bank deposit guarantee Baht 0.9 million, Goodwill is Baht 94.4 million and Property, Plant and

Equipment (PP&E) increased Baht 154 million. However, deposit for subsidiary investment decreased Baht 20 million due to the Company already acquired its subsidiary in the year.

3.2 Liabilities

As at December 31, 2018, the total liabilities of Company and its subsidiary amounted Baht 539.4 million. The main liabilities were current liabilities totaled Baht 324.8 million or 60.2 percent of total liabilities while non-current liabilities amounted to Baht 214.5 million or 39.8 percent of total liabilities.

Most of current liabilities were trade payables and other payables amounted to Baht 209.7 million or 38.9 percent of total liabilities as well as short-term loan from financial institution amounted to 44.4 million or 8.2 percent of total liabilities while long-term loans from financial institution was payment due by one year amounted to Baht 32.8 million or 6.1 of total liabilities.

Current liabilities as at December 31, 2018 increased from previous year amounted to Baht 21.2 million or 7.0 percent were mainly resulted from short-term loan increased Baht 7.8 million or 21.3 percent while long-term loan was payment due by one year also increased Baht 32.8 million. This is because during the year, the Company had loan payment with commercial bank for subsidiary investment. Unearned incomes increased Baht 6.1 million due to unearned incomes from subsidiary's customers. Therefore, trade payables and other payables decreased Baht 26.5 million or decreased 11.2 percent.

Non-current liabilities increased from the previous year significantly in the amount of Baht 202.7 million due to long-term loan from financial institution-net of current portion increased Baht 192.4 million from the previous year, which derived from the Company entered into a loan agreement with bank granting a facility of Baht 250 million for subsidiary investment, which is subject to interest rate at 3.75 percent per annum for the first 5 years and thereafter at the minimum loan rate at (MLR) minus 2.1 percent and within 7 years from the drawdown date starting from the year-ended December 31, 2018. However, such long term loan from financial institution-net is in the amount of Baht 192.4 million. Additionally, deferred liabilities also increased Baht 4.5 million based on the consolidated financial statements, which mainly came from the increase of the Company's deferred liabilities in fair value higher than its subsidiary fair value as at acquisition date in accordance financial reporting standards.

3.3 Shareholder's Equity

The shareholder's equity as at December 31, 2018 amounted to Baht 616.7 million and increased Baht 0.5 million from the profit for the year 2018 which derived from the Company and its subsidiary amounted to Baht 88.8 million deductible with the provision of employee benefits which calculated by actuary method-net income tax and represented in other profit and loss comprehensive income Baht 0.3 million while interim dividend payment period amounted Baht 88 million.

4. Financial Ratio Analysis

Table 4 : Financial Ratio

อัตราส่วนทางการเงินที่สำคัญ	Separate Financial Statements			Consolidated Financial Statements
	2016	2017	2018	2018
Gross Profit Margin %	20.9	22.4	23.4	25.2
Net Profit Margin %	6.1	6.3	6.7	5.5
ROE %	17.7	17.1	16.5	14.4
ROA %	11.4	11.3	10.0	8.5
D/E ratio time	0.5	0.5	0.8	0.9

The Company and its subsidiary have ability to make profitability in a good level. In 2018, the gross profit margin of Company and its subsidiary equaled to 25.2 percent and increased from the prior year at 2.8 percent. Therefore, the Company's gross profit margin equaled to 23.4 percent, which increased from the prior year 1.0 percent. The net profit margin of the Company and its subsidiary in 2018 equaled to 5.5 percent while ROE represented 14.4 percent, ROA at 8.5 percent decreased from the prior year due to decreased of profit and D/E ratio equaled to 0.9 time, which was slightly increased from the prior year at 0.4 time.

Factors that might have impacts on financial status or future operating results

The Company is an importer and distributor of raw materials, ingredients and food chemicals and also consumer products. More than 90% of the Company's products are imported products and most of product cost is depend on the exchange rate. In 2018, gross profit margin was 23.4 percent which increased 1.0 percent from year 2016. The main causes resulted from imported product cost related to the weaken US currency which is Company's main exchange rate; in 2017 was 32.7-36.1 THB/USD then in 2018 was 31.3-33.6 THB/USD. In addition, small lot selling from SME customers is better than previous year and more increased gross profit margin than key account customers.

In 2018, Industry Product for distribution to the food processing industry was not likely to increase due to sale volume from key account customers are not met. However, its gross profit margin is positive increase. Price competition from Industry Products manufacturers and distributors is still high both domestics and international market during the year, that subject to change as usual in distribution business depending on product volume and sometimes order time. However, the Company considers maintaining gross profit of key product items and developing strategy to present not only product quality to meet customers' needs or source any other substitute products but also always building long-term customer relationship and treating customers as part of corporate growth strategy.

Consumer products were distributed through service customers (HoReCa) - including hotels, restaurants, bakeries and airline caterings and end consumers through modern trade and traditional trade. In 2018, consumer products sales decreased at 11.4%. The growth of sales in this distribution channel mainly resulted from the slowdown of private consumption during September to October plus internal factors such as dissatisfaction spending less on shopping, tourism and events. However, the Company had a proactive marketing strategy to increase in the variety of products by selecting new high-quality products to meet the needs of customers, organizing marketing activities and roadshows such as PR advertising to create brand awareness together with continuously expand distribution channel.

Manufacturer and sales of medicine, medical supplies and cosmetics segment which is newly business segment from acquisition as Company's subsidiary on April 2018. It generated revenue in the amount of Baht 82.6 million, gross profit margin is at 58% which mainly comes from Skincare and Cosmetics as a bestselling products for OEM customers who wants to have their own brands. Therefore, the subsidiary continuously conducted research and development to sustain current customers-base and extend for new customers. The subsidiary works closely monitoring beauty trend and improve of marketing activities to be consistent with market current situation, develop online distribution channel, search for business partner to co-development and being beneficial for business to create products value in the new future.

Report of the Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the financial statements of Winner Group Enterprise Public Company Limited as well as financial information presented in the Annual Reports. The said financial statements were prepared in accordance with the financial reporting standards, where an appropriate accounting policy has been selected and implemented on a regular basis and that important information is adequately disclosed in notes to the financial statements.

The Board of Directors appointed the Audit Committee consisting of independent directors to take responsibility for the quality of financial statements and assessment of the internal control system to ensure that the record of accounting is sufficiently accurate, complete and timely, and also to prevent the occurrence of corruption or irregular operations. The Audit Committee's opinion on these matters has been stated in the Audit Committee's report published in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system on the whole is satisfactory and able to ensure that the Company's financial statements as of December 31, 2018 present fairly, in all material aspects and in accordance with Thai Financial Reporting Standards, all applicable laws and regulations.



(Mr. Prakarn Tawisuwan)
Chairman of the Board of Directors



(Mr. Jane Wongisariyakul)
Chairman of Executive Committee
President & CEO

Report of the Audit Committee

The Board of Directors of Winner Group Enterprise Public Company Limited consists of 3 independent directors. The qualifications of all the three members meet with the regulations of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand, one of which is competent and has experience in accounting.

The Audit Committee has performed duties as assigned by the Board of Directors, which is in accordance with the Charter and in accordance with the Notification of the Stock Exchange of Thailand. In 2018, the Audit Committee held a total 6 meetings, each committee member attended the meetings as shown in the following details.

1. Mr. Prakarn Tawisuwan	Chairman of Audit Committee	attended 6/6 meetings
2. Miss Thipawan Uthaisang	Member of Audit Committee	attended 6/6 meetings
3. Dr. Warunee Varayanond	Member of Audit Committee	attended 6/6 meetings

The Audit Committee also has meetings with the Company's management and both external and internal auditors, which could be summarized as the followings.

1. Quarterly reviewed the financial statements and annual financial statements already examined and verified by the external auditor, by reviewing them together with the executives and external auditor regarding the accuracy and completeness of the documents as well as the sufficiency of disclosure. For 2018, the Audit Committee members gave their opinions in compliance with the external auditor that the Company's financial statements were appropriately accurate according to Thai Financial Reporting Standards. The Committee also met among themselves without the management team once this year.
2. Considered the connected transactions and transactions which may cause conflicts of interest, in compliance with the laws and regulations of the Stock Exchange of Thailand. The external auditor reviewed these items and found that they had all been sufficiently disclosed in the Company's financial statements. The Audit Committee was of the opinion with the external auditor, and agreed that the disclosures were reasonable and benefit to the Company.
3. Reviewed the Company's internal audit and internal control to ensure the independency and efficiency. joint-reviewed annual internal audit plan as well as joined meeting with Company's auditor and/or Company's internal audit without Management at least once a year which will be held on Quarter 4 of the year, advised and followed up corrective action on significant audit findings so as to improve good governance and adequate internal control. The Audit Committee's opinions were consistent with the internal audit; that the Company has adequate internal control and appropriate to the nature of the Company's business.
4. Reviewed and monitored the Company's corporate governance policy, charter of the Board of Director, charters of sub-committees and code of conduct as well as performing duties assigned by the Board regarding the policy on communication with the board of directors and whistle-blowing.

5. Reviewed the appropriateness and adequacy of risk management, by monitoring the risk management plans of 2018 and evaluating the risk management measures.
6. Considered, selected and recommended the nomination of external auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements of the Stock Exchange of Thailand.
7. Considered, selected and recommended the nomination of internal auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements.
8. Reported the committee's performance to the Board every quarter and made recommendations beneficial for the administration of the management.

The Audit Committee is of the opinion that the Company had proper risk management, internal control system under good corporate governance abiding to all related laws and regulations. The Company's financial reports and disclosure of information were complete and reliable according to Thai Financial Reporting Standards.



(Mr. Prakarn Tawisuwan)

Chairman of the Audit Committee

February 26, 2019

Winner Group Enterprise Public Company Limited and its subsidiary

Consolidated Financial Statements and Independent Auditor's Report

January 1, 2018 to December 31, 2018

Independent Auditor's Report

To the Shareholders of Winner Group Enterprise Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Winner Group Enterprise Public Company Limited and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Winner Group Enterprise Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Winner Group Enterprise Public Company Limited and its subsidiary and of Winner Group Enterprise Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Sales income

Sales income is significant to the Group's financial statements and directly impacts the Group's annual operating results. I therefore focused on the recognition of sales income, especially the timing of revenue recognition.

I assessed the Group's internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period-end. I also reviewed credit notes issued by the Group to customers after the end of the reporting period and performed an analytical review on the sales accounts.

Allowance for diminution in inventory value

Estimating the net realisable value of inventory, as disclosed in Note 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete inventory. This requires analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. Moreover, the Group's inventory mainly consists of food products with a finite life cycle which may cause a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the methods and the assumptions applied by the management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis. I also performed an analytical review on the inventory holding periods and inventory movements to identify product group with indicators of lower than normal inventory turnover and compared proceeds from sales transactions occurring after the date of the financial statements to the costs of inventory by product group.

Business combination

As discussed in Note 12 to the financial statements, in April 2018 the Company invested in Aesthetic Zecret (AT-ZE) Co., Ltd. which is engaged in the manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases. As at the date of acquisition, the Company recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair value of the assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including recognised goodwill.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (revised 2016) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the

independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the expertise, ability and integrity of the independent valuation specialist. I also assessed the rationale of goodwill recognised from the business combination, and reviewing the disclosures related to the business combination in the notes to financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be

communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 26 February 2019

Financial Statements

Statement of financial position

As at 31 December 2018

Assets

(Unit: Baht)

	Note	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Current assets				
Cash and cash equivalents	7	41,796,242	39,652,102	49,339,127
Current investments	8	30,352,230	30,352,230	30,648,394
Trade and other receivables	9	291,558,292	282,175,103	311,789,189
Inventories	10	294,606,915	283,951,310	271,473,954
Other current assets		12,168,406	10,162,544	6,710,488
Total current assets		670,482,085	646,293,289	669,961,152
Non-current assets				
Restricted bank deposits	11	936,433	-	-
Long-term loan to subsidiary and interest receivable	6	-	91,561,180	-
Deposit	12	-	-	20,000,000
Investment in subsidiary	12	-	163,851,028	-
Goodwill	12	94,446,319	-	-
Property, plant and equipment	13	371,287,169	217,017,813	224,322,074
Intangible assets	14	9,730,403	9,307,920	11,527,193
Prepaid rental		2,572,565	-	-
Deferred tax assets	22	2,739,509	2,739,509	2,852,324
Other non-current assets		3,853,133	2,439,292	2,919,394
Total non-current assets		485,565,531	486,916,742	261,620,985
Total assets		1,156,047,616	1,133,210,031	931,582,137

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

Statement of financial position (continued)

As at 31 December 2018

Liabilities and shareholders' equity

(Unit: Baht)

	Note	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Current liabilities				
Bank overdrafts and short-term loans from financial institutions	15	44,411,065	33,519,347	36,614,287
Trade and other payables	16	209,714,938	197,120,019	236,198,359
Advances received from customers		6,148,582	-	-
Current portion of liabilities under finance lease agreements		1,125,779	1,125,779	745,975
Current portion of long-term loan from financial institution	17	32,755,179	32,755,179	-
Income tax payable		14,040,072	14,040,072	15,328,944
Provision for goods return	18	5,517,444	5,517,444	6,145,360
Other current liabilities		11,132,546	10,855,417	8,569,909
Total current liabilities		324,845,605	294,933,257	303,602,834
Non-current liabilities				
Liabilities under finance lease agreements - net of current portion		2,626,100	2,626,100	2,339,399
Long-term loan from financial institution - net of current portion	17	192,364,837	192,364,837	-
Provision for long-term employee benefits	19	13,996,260	13,001,940	9,275,210
Deferred tax liabilities	22	4,510,746	-	-
Other non-current liabilities		1,011,510	156,167	155,255
Total non-current liabilities		214,509,453	208,149,044	11,769,864
Total liabilities		539,355,058	503,082,301	315,372,698

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

Statement of financial position (continued)

As at 31 December 2018

Liabilities and shareholders' equity (continued)

(Unit: Baht)

	Note	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Shareholders' equity				
Share capital				
Registered				
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000	100,000,000
Issued and fully paid-up				
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000	100,000,000
Premium on ordinary shares		147,706,160	147,706,160	147,706,160
Retained earnings				
Appropriated - statutory reserve	20	10,000,000	10,000,000	10,000,000
Unappropriated		358,986,398	372,421,570	358,503,279
Total shareholders' equity		616,692,558	630,127,730	616,209,439
Total liabilities and shareholders' equity		1,156,047,616	1,133,210,031	931,582,137

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

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements	Separate financial statements	
		2018	2018	2017
Profit or loss:				
Revenues				
Sales and service income	24	1,614,607,125	1,531,982,561	1,637,162,408
Other income		11,861,656	12,687,376	7,271,028
Total revenues		1,626,468,781	1,544,669,937	1,644,433,436
Expenses				
Cost of sales and service		1,207,556,943	1,172,802,503	1,270,905,687
Selling and distribution expenses		123,646,439	111,007,657	110,247,528
Administrative expenses		175,335,461	124,442,114	126,591,146
Other expenses		-	-	5,225,000
Total expenses		1,506,538,843	1,408,252,274	1,512,969,361
Profit before finance cost and income tax expenses		119,929,938	136,417,663	131,464,075
Finance cost		(7,435,213)	(7,331,094)	(928,744)
Profit before income tax expenses		112,494,725	129,086,569	130,535,331
Income tax expenses	22	(23,657,325)	(26,080,000)	(26,141,066)
Profit for the year		88,837,400	103,006,569	104,394,265
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss - net of income tax		(354,281)	(1,088,278)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(354,281)	(1,088,278)	-
Other comprehensive income for the year		(354,281)	(1,088,278)	-
Total comprehensive income for the year		88,483,119	101,918,291	104,394,265
Earnings per share	23			
Basic earnings per share		0.22	0.26	0.26

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

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements				
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	100,000,000	147,706,160	10,000,000	358,503,279	616,209,439
Profit for the year	-	-	-	88,837,400	88,837,400
Other comprehensive income for the year	-	-	-	(354,281)	(354,281)
Total comprehensive income for the year	-	-	-	88,483,119	88,483,119
Dividend paid (Note 26)	-	-	-	(88,000,000)	(88,000,000)
Balance as at 31 December 2018	100,000,000	147,706,160	10,000,000	358,986,398	616,692,558

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	100,000,000	147,706,160	10,000,000	346,109,014	603,815,174
Profit for the year	-	-	-	104,394,265	104,394,265
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	104,394,265	104,394,265
Dividend paid (<i>Note 26</i>)	-	-	-	(92,000,000)	(92,000,000)
Balance as at 31 December 2017	100,000,000	147,706,160	10,000,000	358,503,279	616,209,439
Balance as at 1 January 2018	100,000,000	147,706,160	10,000,000	358,503,279	616,209,439
Profit for the year				103,006,569	103,006,569
Other comprehensive income for the year				(1,088,278)	(1,088,278)
Total comprehensive income for the year				101,918,291	101,918,291
Dividend paid (<i>Note 26</i>)				(88,000,000)	(88,000,000)
Balance as at 31 December 2018	100,000,000	147,706,160	10,000,000	372,421,570	630,127,730

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

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Cash flows from operating activities			
Profit before tax	112,494,725	129,086,569	130,535,331
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation	29,120,203	14,300,175	15,802,880
Amortization	2,951,233	2,802,972	1,376,423
Reversal of allowance for doubtful accounts	(48,490)	(19,975)	(199,418)
Recovery of bad debts	(140,000)	(140,000)	(61,000)
Bad debts	988,604	978,693	219,968
Reduction of inventory cost to net realisable value (Reversal)	(1,444,852)	333,049	1,732,557
Loss from written-off obsoleted inventory	6,097,434	4,313,731	3,621,678
Provision for goods return (Reversal)	(627,916)	(627,916)	69,572
Loss (gain) on sale of equipment	(20,874)	(20,874)	697,286
Loss from written-off assets	281,891	281,891	477,815
Allowance for impairment of assets (Reversal)	(33,167)	(33,167)	44,001
Loss (gain) on valuation of current investments	(53,214)	(53,214)	23,448
Gain on sales of current investments	(396,618)	(396,618)	(788,430)
Provision for long-term employee benefits	3,072,708	2,642,382	2,084,059
Unrealised loss (gain) on exchange	(904,331)	(904,331)	1,744,603
Interest income	(141,479)	(3,307,673)	-
Interest expenses	7,435,213	7,331,094	928,744
Profit from operating activities before changes in operating assets and liabilities	158,631,070	156,566,788	158,309,517
Operating assets (increase) decrease			
Current investments	745,996	745,996	20,290,764
Trade and other receivables	30,420,626	28,796,506	(4,612,867)
Inventories	(15,465,374)	(17,124,136)	(2,342,699)
Other current assets	(2,351,786)	(3,452,056)	8,084,317
Other non-current assets	(85,010)	480,102	(264,727)
Operating liabilities increase (decrease)			
Trade and other payables	(40,578,150)	(38,708,081)	25,586,748
Other current liabilities	(14,998,404)	(2,424,001)	(7,958,954)
Other non-current liabilities	257,256	912	(15,437)
Cash flows from operating activities	116,576,224	124,882,030	197,076,662
Cash paid for interest expenses	(6,962,824)	(6,861,754)	(914,451)
Cash paid for corporate income tax	(26,992,979)	(26,983,986)	(27,289,051)
Cash paid for employee benefits	(276,000)	(276,000)	-
Net cash flows from operating activities	82,344,421	90,760,290	168,873,160

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

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Cash flows from investing activities			
Proceeds from sales of equipment	78,972	78,972	564,953
Deposit paid for investment	-	-	(20,000,000)
Acquisition of equipment	(10,835,733)	(5,358,043)	(4,443,081)
Acquisition of intangible assets	(1,124,878)	(965,277)	(4,871,263)
Acquisition of investment in subsidiary	(132,520,433)	(138,851,028)	-
Increase in long-term loan to subsidiary	-	(89,420,000)	-
Interest income	141,479	1,166,492	-
Net cash flows used in investing activities	(144,260,593)	(233,348,884)	(28,749,391)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	7,796,778	(3,094,940)	(26,334,158)
Increase in long-term loan from financial institution	250,000,000	250,000,000	-
Repayment of long-term loan from financial institution	(24,042,943)	(24,042,943)	-
Cash paid for prepaid loan fees	(937,500)	(937,500)	-
Repayment of loan from former director of subsidiary	(89,420,000)	-	-
Dividend paid	(88,000,000)	(88,000,000)	(92,000,000)
Cash paid for liabilities under finance lease agreements	(1,023,048)	(1,023,048)	(908,628)
Net cash flows from (used in) financing activities	54,373,287	132,901,569	(119,242,786)
Net increase (decrease) in cash and cash equivalents	(7,542,885)	(9,687,025)	20,880,983
Cash and cash equivalents at beginning of year	49,339,127	49,339,127	28,458,144
Cash and cash equivalents at end of year	41,796,242	39,652,102	49,339,127
Supplemental cash flow information:			
Non-cash transactions			
Increase (decrease) in accounts payable - purchase of assets	(1,292,042)	64,009	212,185
Assets acquired under finance lease agreement	1,499,106	1,499,106	2,415,240

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

Winner Group Enterprise Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Winner Group Enterprise Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture, import and distributor of raw material, ingredient, chemicals food and consumer product. The registered address of the Company’s head office and branches is as follows:

Head Office:	43 THAI CC TOWER, 21st floor, room no. 214 - 219, South Sathorn Road, Yannawa, Sathorn, Bangkok
Plant location:	259 Bang-Pa-In Industrial Estate, Moo 2, Klong-Jik, Bang-Pa-In, Ayuthaya
Warehouse:	Warehouse 1 is at 60, Soi Bangna-Trad 26, Bangna, Bangkok. Warehouse 2 is at 23, Soi Bangna-Trad 26, Bangna, Bangkok.
Delice:	43 THAI CC TOWER, G floor, unit 2, South Sathorn Road, Yannawa, Sathorn, Bangkok

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Winner Group Enterprise Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”).

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
Aesthetic Zecret (AT-ZE) Company Limited	Manufacturing of skincare products, cosmetics, food supplements and medicines used to treat skin diseases	Thailand	100	-

- b) The Company is deemed to have control over investees or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investees, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

As discussed in Note 12 to the financial statements, during the current year, the Company acquired ordinary shares of the subsidiary. Therefore the Company prepared consolidated financial statements for the current year, comprising the consolidated statement of financial position as at 31 December 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended.

2.3 The separate financial statements present investments in the subsidiary under the cost method.

3. New financial reporting standards

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

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

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

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding

International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of

instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods-purchase of merchandise are valued at the lower of cost (under the first-in, first-out method) and net realisable value.

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value and includes all production costs and attributable factory overheads.

Raw materials and packaging supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost.
- c) Investments in subsidiary are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

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

4.6 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Land improvements, buildings, building improvement and leasehold improvement	-	5 - 30 years
Machinery and equipment	-	2 - 10 years
Tools and equipment	-	5 - 10 years
Furniture and fixtures	-	5 years
Vehicles and labor-saving equipment	-	5 - 7 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

4.7 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	5 years
Copyright	5 years

No amortisation is provided on computer software under installation.

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases of property, plant 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 assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over their useful life.

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

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Derivatives

Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrealised gain or loss from the forward contracts is recorded in profit or loss.

4.17 Fair value measurement

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

using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property plant and equipment/Depreciation

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

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

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for goods return

The Company recognised a provision for claims for expired goods on products sold during the year, based on past experience of the level of returns. The Company expects most of these costs to be incurred within next year of the reporting date.

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements		
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>Pricing policy</u>
<u>Transactions with subsidiary</u>				
(eliminated from the consolidated financial statements)				
Interest income	-	3.2	-	4.75% per annum

As at 31 December 2018 and 2017, the balances of the accounts between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payables - related parties</u>			
(Note 16)			
Subsidiary			
Aesthetic Zecret (AT-ZE) Company Limited	-	4	-
Director	25	-	-
Total	<u>25</u>	<u>4</u>	<u>-</u>

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<u>Long-term loan to subsidiary and interest receivable</u>			
Aesthetic Zecret (AT-ZE) Company Limited			
Loan	-	89,420	-
Interest receivable	-	2,141	-
Total	-	91,561	-

During the year ended 31 December 2018, movement of loan to subsidiary are as below:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2018	Increase	Decrease	31 December 2018
<u>Long-term loan</u>				
Aesthetic Zecret (AT-ZE)				
Company Limited	-	89,420	-	89,420

Long-term loan to subsidiary is an unsecured loan, carrying interest at 4.75 percent per annum and is to be repaid within 7 years from the drawdown date.

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiary had employee benefit expenses of their directors and managements as below:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Short-term employee benefits	25,744	18,716	27,672
Post-employment benefits	992	793	779
Total	26,736	19,509	28,451

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Cash	148	103	93
Bank deposits	41,648	39,549	49,246
Total	41,796	39,652	49,339

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.13 and 0.40 percent per annum (2017: between 0.05 and 0.40 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Investments in trading security - unit trust of open-ended fund, fair value	30,352	30,352	10,648
Investments in debt securities, expected to be held to maturity - short-term debentures	-	-	20,000
Total	30,352	30,352	30,648

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Trade receivables			
Aged on the basis of due dates			
Not yet due	213,541	208,425	241,468
Past due			
Up to 3 months	70,804	70,187	65,803
3 - 6 months	63	-	690
6 - 12 months	708	54	74
Over 12 months	1,062	476	476
Total	286,178	279,142	308,511
Less: Allowance for doubtful accounts	(1,152)	(530)	(550)
Total trade receivables - net	285,026	278,612	307,961

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Other receivables			
Other receivables	3,542	573	489
Accrued income	2,990	2,990	3,339
Total other receivables	6,532	3,563	3,828
Total trade and other receivables - net	291,558	282,175	311,789

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		
	Cost	Reduce cost to net realisable value	Inventories-net
	2018	2018	2018
Finished goods	203,414	(4,304)	199,110
Work in process	2,398	(166)	2,232
Raw materials	8,210	(770)	7,440
Packaging supplies	2,707	-	2,707
Goods in transits	83,118	-	83,118
Total	299,847	(5,240)	294,607

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	201,159	179,895	(4,297)	(3,942)	196,862	175,953
Work in process	32	132	(8)	(63)	24	69
Raw materials	2,963	1,980	(467)	(434)	2,496	1,546
Packaging supplies	1,451	1,583	-	-	1,451	1,583
Goods in transits	83,118	92,323	-	-	83,118	92,323
Total	288,723	275,913	(4,772)	(4,439)	283,951	271,474

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 1.4 million (The Company only: Baht 0.3 million, 2017: Baht 1.7 million), to reflect the net realisable value. This was included in cost of sales and administrative expenses. In addition, the Company and its subsidiary reduced the write-down of cost of inventories by Baht 2.8 million (The Company only: Nil) and reduced the cost of sales during the year.

11. Restricted bank deposits

These represent subsidiary's fixed deposits pledged with the banks to secure bank guarantees.

12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
	Cost					
	2018	2017	2018	2017	2018	2017
			(%)	(%)		
Aesthetic Zecret (AT-ZE)						
Company Limited	80,000	-	100	-	163,851	-

In April 2018, the Company acquired 800,000 ordinary shares of Aesthetic Zecret (AT-ZE) Company Limited at a price of Baht 200.725 each, or for a total of Baht 160.58 million (excluding share purchase fee of Baht 3.27 million). The investment represents 100% of all issued shares of this company, which is principally engaged in the manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases. The Company paid a deposit of Baht 20 million to the seller in December 2017 and the remaining amount of Baht 135.58 million (after deduct a guarantee deposit of Baht 5 million) was paid in April 2018.

Moreover, the Company agreed to Aesthetic Zecret (AT-ZE) Company Limited borrowing Baht 89.42 million in order to settle loans from its former director. Details of loan was disclosed in Note 6 to the financial statements.

The Company assessed the fair values of identifiable assets acquired and liabilities assumed at the acquisition dates of Aesthetic Zecret (AT-ZE) Company Limited. The assessments were completed in the current year and within the measurement period of 12 months from the acquisition dates pursuant to the year allowed by Thai Financial Reporting Standard No. 3 (revised 2016).

The fair values of identified assets and liabilities, of Aesthetic Zecret (AT-ZE) Company Limited as at the acquisition date were as follow:

	(Unit: Million Baht)
Cash and cash equivalents	3.1
Trade and other receivables	11.0
Inventories	12.3
Other current assets	3.1
Restricted bank deposits	0.9
Property, plant and equipments	165.0
Other non - current assets	3.8
Total assets	199.2
Trade and other payables	15.8
Other current liabilities	19.0
Loan	89.4
Provision for long-term employee benefits	1.5
Other non - current liabilities	7.3
Total liabilities	133.0
Total assets - net	66.2
Cash paid for acquisition of investment in subsidiary	160.6
Goodwill	94.4
Reconcile net cash paid during the year	
Cash paid for acquisition of investment in subsidiary (net of deposit and guarantee)	135.6
Less: Cash and cash equivalent of subsidiary	(3.1)
Net cash paid for acquisition of investment in subsidiary	132.5

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
Cost:								
1 January 2018	114,250	109,527	36,851	14,918	30,042	31,265	1,073	337,926
Additions	-	31	28	1,480	2,232	2,104	5,269	11,144
Disposals/written-off	-	-	-	(356)	(393)	(407)	-	(1,156)
Transfers in (out)	-	-	831	-	2,806	-	(3,637)	-
Acquisitions of subsidiary during the year	34,310	99,904	23,789	5,887	12,612	2,802	570	179,874
31 December 2018	148,560	209,462	61,499	21,929	47,299	35,764	3,275	527,788
Accumulated depreciation:								
1 January 2018	-	46,527	19,003	9,668	24,496	13,877	-	113,571
Depreciation for the year	-	14,589	4,791	2,698	4,936	2,106	-	29,120
Depreciation on disposals/written-off	-	-	-	(340)	(390)	(367)	-	(1,097)
Acquisitions of subsidiary during the year	-	2,351	2,177	1,557	6,605	2,217	-	14,907
31 December 2018	-	63,467	25,971	13,583	35,647	17,833	-	156,501
Allowance for impairment loss:								
1 January 2018	-	-	-	13	20	-	-	33
Decrease during the year	-	-	-	(13)	(20)	-	-	(33)
31 December 2018	-	-	-	-	-	-	-	-
Net book value:								
31 December 2018	148,560	145,995	35,528	8,346	11,652	17,931	3,275	371,287
Depreciation for the year								
2018 (Baht 5.8 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								29,120

Separate financial statements

	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
Cost:								
1 January 2017	114,250	109,379	36,779	14,413	31,853	29,821	48	336,543
Additions	-	140	62	592	746	3,537	1,167	6,244
Disposals/written-off	-	-	(20)	(184)	(2,564)	(2,093)	-	(4,861)
Transfers in (out)	-	8	30	97	7	-	(142)	-
31 December 2017	114,250	109,527	36,851	14,918	30,042	31,265	1,073	337,926
Additions	-	31	28	103	1,982	2,104	2,774	7,022
Disposals/written-off	-	-	-	(356)	(393)	(407)	-	(1,156)
Transfers in (out)	-	-	831	-	2,806	-	(3,637)	-
31 December 2018	114,250	109,558	37,710	14,665	34,437	32,962	210	343,792
Accumulated depreciation:								
1 January 2017	-	42,181	15,736	7,568	22,912	12,925	-	101,322
Depreciation for the year	-	4,346	3,280	2,190	4,142	1,845	-	15,803
Depreciation on disposals/written-off	-	-	(13)	(90)	(2,558)	(893)	-	(3,554)
31 December 2017	-	46,527	19,003	9,668	24,496	13,877	-	113,571
Depreciation for the year	-	4,354	3,242	1,986	3,012	1,706	-	14,300
Depreciation on disposals/written-off	-	-	-	(340)	(390)	(367)	-	(1,097)
31 December 2018	-	50,881	22,245	11,314	27,118	15,216	-	126,774
Allowance for impairment loss:								
1 January 2017	-	-	4	26	92	-	-	122
Increase during the year	-	-	-	10	3	-	-	13
Decrease during the year	-	-	(4)	(23)	(75)	-	-	(102)
31 December 2017	-	-	-	13	20	-	-	33
Decrease during the year	-	-	-	(13)	(20)	-	-	(33)
31 December 2018	-	-	-	-	-	-	-	-
Net book value:								
31 December 2017	114,250	63,000	17,848	5,237	5,526	17,388	1,073	224,322
31 December 2018	114,250	58,677	15,465	3,351	7,319	17,746	210	217,018
Depreciation for the year								
2017 (Baht 5.7 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								15,803
2018 (Baht 5.5 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								14,300

As at 31 December 2018, the Company had vehicles with net book value of Baht 6.9 million (2017: Baht 5.6 million) which were acquired under finance lease agreements.

As at 31 December 2018, the Company and its subsidiary had certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 72 million (2017: Baht 52 million).

14. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Copyright	Computer software under installation	Total
As at 31 December 2018				
Cost	16,767	1,000	684	18,451
<u>Less</u> Accumulated amortisation	(7,721)	(433)	-	(8,154)
Accumulated allowance for impairment loss	-	(567)	-	(567)
Net book value	9,046	-	684	9,730

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Copyright	Computer software under installation	Total
As at 31 December 2018				
Cost	15,727	1,000	684	17,411
<u>Less</u> Accumulated amortisation	(7,103)	(433)	-	(7,536)
Accumulated allowance for impairment loss	-	(567)	-	(567)
Net book value	8,624	-	684	9,308
As at 31 December 2017				
Cost	14,114	1,000	1,713	16,827
<u>Less</u> Accumulated amortisation	(4,300)	(433)	-	(4,733)
Accumulated allowance for impairment loss	-	(567)	-	(567)
Net book value	9,814	-	1,713	11,527

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

	(Unit: Thousand Baht)		
	Consolidated financial	Separate	
	statements	financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	11,527	11,527	7,772
Acquisition of computer software	1,023	864	5,698
Written-off	(280)	(280)	-
Amortisation	(2,951)	(2,803)	(1,376)
Loss from impairment	-	-	(567)
Acquisition of subsidiary during the year	411	-	-
Net book value at end of year	<u>9,730</u>	<u>9,308</u>	<u>11,527</u>

15. Bank overdrafts and short-term loans from financial institutions

	Interest rate (percent per annum)	(Unit: Thousand Baht)		
		Consolidated	Separate	
		financial statements	financial statements	
		<u>2018</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	0.60	892	-	-
Short-term loans from financial institutions	2.47 - 2.60	10,000	-	-
Trust receipts	1.80 - 2.05	33,519	33,519	36,614
Total		<u>44,411</u>	<u>33,519</u>	<u>36,614</u>

The bank credit facilities of a subsidiary are guaranteed by the Company.

As at 31 December 2018, the bank overdrafts and short-term loan from financial institutions credit facilities of the Company and its subsidiary which have not yet been drawn down amounted to Baht 480 million (2017: Baht 475 million).

16. Trade and other payables

	(Unit: Thousand Baht)		
	Consolidated financial	Separate	
	statements	financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Trade accounts payable - related party	-	4	-
Trade accounts payable - unrelated parties	155,898	152,401	178,369
Other payables	15,682	10,478	30,885
Accrued expenses - related person	25	-	-
Accrued expenses - unrelated parties	38,110	34,237	26,944
Total	<u>209,715</u>	<u>197,120</u>	<u>236,198</u>

17. Long-term loan from financial institution

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Long-term loan from financial institution	225,120	225,120	-
Less: Current portion	(32,755)	(32,755)	-
Long-term loan from financial institution - net	192,365	192,365	-

Movement of long-term loan from financial institution for the year ended 31 December 2018 are as below.

	(Unit: Thousand Baht)	
	Consolidated financial statements /	Separate financial statements
Balance as at 1 January 2018	-	-
Borrowing during the year	250,000	250,000
Prepaid loan fees	(938)	(938)
Repayment during the year	(24,043)	(24,043)
Amortizations of prepaid loan fees	101	101
Balance as at 31 December 2018	225,120	225,120

In March 2018, the Company entered into a loan agreement with a bank granting a facility of Baht 250 million, which is subject to fixed interest rate at 3.75 percent per annum for the first 5 years and thereafter at the minimum loan rate (MLR) minus 2.1 percent per annum. The loan is to be repaid for every 3 months within 7 years from the drawdown date.

Under the loan agreement, the Company is required to comply with some financial conditions stated in the agreement including maintenance of debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreement.

18. Provision for goods return

	(Unit: Thousand Baht)	
	Consolidated financial statements /	Separate financial statements
At 1 January 2017	6,076	6,076
Increase during the year	16,668	16,668
Utilised	(16,599)	(16,599)
At 31 December 2017	6,145	6,145
Increase during the year	16,599	16,599
Utilised	(17,227)	(17,227)
At 31 December 2018	5,517	5,517

19. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	9,275	9,275	7,191
Included in profit or loss:			
Current service cost	2,801	2,400	1,896
Interest cost	271	242	188
Included in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumptions changes	2,566	2,697	-
Financial assumptions changes	312	327	-
Experience adjustments	(2,434)	(1,663)	-
Benefits paid during the year	(276)	(276)	-
Acquisition of subsidiary during the year	1,481	-	-
Provision for long-term employee benefits at end of year	<u>13,996</u>	<u>13,002</u>	<u>9,275</u>

The Company and its subsidiary expect to pay Baht 2.7 million of long-term employee benefits during the next year (The Company only: Baht 2.7 million, 2017: Nil)

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 16 years (The Company only: 16 years, 2017: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)		
	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.13 - 3.17	3.13	2.61
Salary increase rate	6.00	6.00	5.00
Turnover rate	2.87 - 40.11	2.87 - 34.38	0 - 26.00

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

(Unit: Million Baht)

	Consolidated financial statements	
	As at 31 December 2018	
	Increase 1%	Decrease 1%
Discount rate	(1.4)	1.7
Salary increase rate	1.5	(1.3)
Turnover rate	(1.4)	1.7

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018		As at 31 December 2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.3)	1.5	(1.0)	1.2
Salary increase rate	1.4	(1.2)	1.3	(1.1)
Turnover rate	(1.2)	1.5	(1.1)	0.4

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional liabilities for long-term employee benefits of Baht 4.7 million (The Company only: Baht 3 million). The Company and its subsidiary will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

20. Statutory reserve

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

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	188,077	138,426	135,850
Depreciation	29,120	14,300	15,803
Amortisation	2,951	2,803	1,376
Marketing expenses	36,258	34,144	36,645
Purchases for finished goods	1,123,526	1,120,726	1,112,128
Raw materials and packaging supplies used	76,702	64,100	73,400
Changes in inventories of finished goods and work in process	(18,705)	(21,164)	15,525

22. Income tax

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

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Current income tax:			
Current income tax charge	25,695	25,695	26,320
Deferred tax:			
Relating to origination and reversal of temporary differences	(2,038)	385	(179)
Income tax expense reported in the statement of comprehensive income	<u>23,657</u>	<u>26,080</u>	<u>26,141</u>

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

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial loss	89	272	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	112,495	129,086	130,535
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	22,499	25,817	26,107
Effects of:			
Non-deductible expenses	974	731	341
Additional expense deductions allowed	(779)	(779)	(661)
Others	963	311	354
Total	1,158	263	34
Income tax expense reported in the statement of comprehensive income	23,657	26,080	26,141

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

	(Unit: Thousand Baht)		
	Statements of financial position		
	Consolidated	Separate	
	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets			
Allowance for doubtful accounts	230	106	110
Allowance for diminution in value of inventories	1,048	955	888
Allowance for impairment of assets	103	103	120
Provision for goods return	1,104	1,104	1,229
Accumulated depreciation - leasehold improvement	1,015	-	-
Unused tax loss	574	-	-
Provision for long-term employee benefits	2,800	2,600	1,855
Total	6,874	4,868	4,202
Deferred tax liabilities			
Unrealised gain on changes in values of investments	41	41	30
Accumulated depreciation - Plant and equipment	1,426	1,426	1,084
Finance lease	662	662	236
Fair value of property, plant and equipment through business combination	6,516	-	-
Total	8,645	2,129	1,350

23. Earnings per share

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

24. Segment information

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

For management purposes, the Company and its subsidiary is organised into business units based on its products and services, the distribution channel and management factors and have three reportable segments as follows:

- (a) Industrial food product Segment
- (b) Consumer food product Segment
- (c) Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases Segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit (loss) information regarding the Company and its subsidiary's operating segments for the years ended 31 December 2018 and 2017.

(Unit: Thousand Baht)

	Industrial food product Segment		Consumer food product Segment		Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases Segment		Adjustments and eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	677,033	671,687	854,950	965,475	82,628	-	(4)	-	1,614,607	1,637,162
Segment profit (loss)	138,419	117,500	104,574	125,050	(13,465)	-	1	-	229,529	242,550
Unallocated expenses									(117,035)	(112,015)
Income tax expenses									(23,657)	(26,141)
Profit for the year									88,837	104,394

Geographic information

The Company and its subsidiary operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2018, the Company and its subsidiary has revenue from a major customer in amount of Baht 337 million, arising from consumer food product segment (2017: Baht 416 million derived from a major customer, arising from consumer food product segment).

25. Provident fund

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiary contribute to the fund monthly at the rate of 3 or 5 percent of basic salary. And employees contribute to the fund monthly at the rate of 3 to 15 percent of basic salary. The fund, which is managed by UOB Asset Management (Thailand) Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 3 million (2017: Baht 3 million) were recognised as expenses.

26. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 25 April 2017	52	0.13
Interim dividends for 2017	Board of director's meeting on 10 August 2017	40	0.10
Total		92	
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	52	0.13
Interim dividends for 2018	Board of director's meeting on 9 August 2018	36	0.09
Total		88	

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2018, the Company and its subsidiary had capital commitments of approximately Baht 0.3 million (The Company only: Baht 0.1 million, 2017: Baht 1.7 million), relating to building improvement and acquisition of computer software.

27.2 Operating lease commitments

The Company and its subsidiary has entered into several lease agreements in respect of office building, warehouse and related services and office equipment rental. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Payable:			
In up to 1 year	12.5	8.0	9.4
In over 1 and up to 5 years	11.0	3.5	6.3

27.3 Royalty agreements

On 4 May 1993, the Company entered into an agreement with a supplier in the US, under which the Company was granted the right to be an exclusive independent sales distributor in the Territory of Thailand. Under the agreement, the Company has to pay royalty fees to the supplier at the rates stipulated in the agreement, based on purchases of product, for a period of 5 years. After that initial term and in the absence of any notice of termination, the agreement will automatically extend on a year to year basis.

During the year 2018, the Company recorded royalty fees under the above agreement amounting to Baht 12 million (2017: Baht 15 million).

27.4 Guarantees

- a) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 4.3 million (The Company only: Baht 3.7 million, 2017: Baht 3.7 million) issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 3 million (The Company only: Baht 3 million, 2017: Baht 3 million) to guarantee trade contractual performance and Baht 1.3 million (The Company only: Baht 0.7 million, 2017: Baht 0.7 million) to guarantee electricity use, among others.
- b) As at 31 December 2018, credit facilities of subsidiary are guaranteed by the Company amounting to Baht 37.5 million.

27.5 Other commitments

As at 31 December 2018, the Company and its subsidiary had obligations under outstanding letters of credit to overseas vendors of USD 0.1 million (The Company only: USD 0.1 million, 2017: USD 0.1 million).

28. Fair value hierarchy

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

		(Unit: Thousand Baht)	
		Consolidated financial statements / Separate financial statements	
		2018	2017
		<u>Level 2</u>	<u>Level 2</u>
Assets measured at fair value			
Investments in unit trusts of open-ended fund			
- Debt instruments		30,352	10,648
Liabilities measured at fair value			
Foreign currency forward contracts		1,254	1,544

The method and assumptions used in estimating the fair value of financial instruments are as follows:

- The fair value of investment in debt instruments-unit trust has been determined by using the net asset value as published by asset management companies.
- The fair value of forward foreign exchange contracts have been determined using rates that are calculated by the commercial bank. The input data in its valuation is mostly extracted from observable market data such as spot rate, future rate and yield curves.

During the current year, there were no transfers within the fair value hierarchy.

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans to, loans from financial institutions, trade and other payables, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans to, loans from financial institutions and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate	
Within 1 year	1-7 years					
(% per annum)						
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	36	6	42	0.13 - 0.40
Current investments	-	-	-	30	30	-
Trade and other receivables	-	-	-	292	292	-
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans						
from financial institutions	43	-	1	-	44	1.80 - 2.60, MOR
Trade and other payables	-	-	-	210	210	-
Liabilities under finance lease agreements	1	3	-	-	4	3.03 - 3.82
Long-term loan from financial institution	33	119	73	-	225	3.75, MLR-2.1

(Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-7 years				
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	33	6	39	0.13 - 0.40
Current investments	-	-	-	30	30	-
Trade and other receivables	-	-	-	282	282	-
Long-term loans to subsidiary and interest receivable	-	90	-	2	92	4.75

Financial liabilities

Bank overdrafts and short-term loans from financial institutions	34	-	-	-	34	1.80 - 2.05
Trade and other payables	-	-	-	197	197	-
Liabilities under finance lease agreements	1	3	-	-	4	3.03 - 3.82
Long-term loan from financial institution	33	119	73	-	225	3.75, MLR-2.1

(Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-7 years				
<u>Financial Assets</u>						
Cash and cash equivalent	-	-	46	3	49	0.05 - 0.40
Current investments	20	-	-	11	31	1.35
Trade and other receivables	-	-	-	312	312	-
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	-	-	37	-	37	2.03 - 2.05
Trade and other payables	-	-	-	236	236	-
Liabilities under finance lease agreements	1	2	-	-	3	3.03 - 3.35

Foreign currency risk

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

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	4.7	5.1	31.26	32.68
Euro	-	-	0.2	0.3	35.43	39.03
AUD dollar	-	-	0.2	-	22.84	-
Japanese yen	-	-	0.5	-	0.29	-

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018			
Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<u>Bought amount</u>			
US dollar	4.7	32.08 - 32.82	27/02/19 - 26/06/19

As at 31 December 2017			
Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<u>Bought amount</u>			
US dollar	6.7	32.38 - 33.23	09/02/18 - 05/07/18

29.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature, deposits at financial institutions and loans from financial institutions bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.9:1 and the Company's debt-to-equity ratio was 0.8:1 (2017: 0.5:1).

31. Events after the reporting period

On 26 February 2019, the Board of directors meeting passed the resolution to raise the agenda to Annual General Meeting for approval to pay a dividend for the year 2018 to the shareholders of Baht 0.22 per share, a total of Baht 88 million. The Company has already paid an interim dividend of Baht 0.09 per share, a total of Baht 36 million. The remaining dividend is Baht 0.13 per share, a total of Baht 52 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2019.



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