

Annual Report

2019

Winner Group Enterprise PLC.
รายงานประจำปี 2562

Message from the Board of Directors



A handwritten signature in black ink, reading "P. Tawisuwan". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

Dear Shareholders,

Global economy throughout the year 2019 still faced challenges and changes in deceleration of economy arising from trade wars between USA and China which created pressure in global trading and industry. This has reflected through the decline in growth of gross domestic product (GDP) in many countries. From the conflicts of trade between the two economics of the world, resulting in fluctuations in the global financial market. As the Chinese economy is in state of trade protectionism and rapidly changing which affects the economy in the euro-area, resulting in the growth of the growth of gross domestic product (GDP) of euro-area also decreased.

For Thailand economy, there are still challenges and changes from variation in decline economy which stemmed from shrinking exports, downsizing employment, trend in increasing bad debt and decline in tourism sector mainly from mainland China, and strong Baht currency when compared to other currencies. While measures from the government by taking care of lower income people for spending in domestic consumption, resulting in overall domestic spending including consumption and investment from private sector that made Thai economy growth remained positive.

However, during the downturn economic situation casing unsupportive in business expansion, Winner Group Enterprise Plc. (the Company) was still able to maintain its total revenue in 2019. The total revenue from the Company and its subsidiary was Baht 1,648 million which increased from previous year by Baht 37 million, from which Baht 34 million came from sales and services income and Baht 3 million from other income. The group's profitability, net profit was Baht 84 million although a Baht 4.5 million decreased from previous year., mainly from subsidiary's operating. The Company and its subsidiary have continually put full efforts in product development and finding new distribution channels focusing on enhancement of customer base in order to be competitive in the market and for the future.

Lastly, we, on behalf of the Board of Directors, Executives and all employees, would like to express our appreciation thank to shareholders, distributors, customers, business partners, investors, analysts, financial institution public-private sectors and all relevant as well as stakeholders who trust, confident and support us throughout the year. We will fully be immersed in creativity work, sustainability and profitability to all of you.

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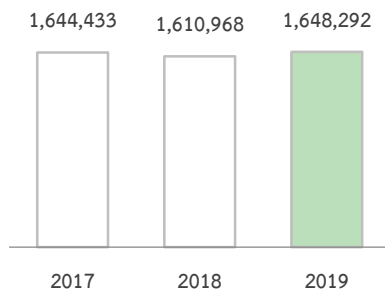
Winner Group Enterprise Public Company Limited

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Financial Highlights

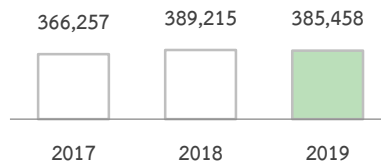
Total Revenue

(Unit: Thousand Baht)



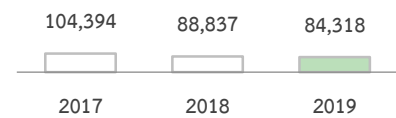
Gross Profit

(Unit: Thousand Baht)



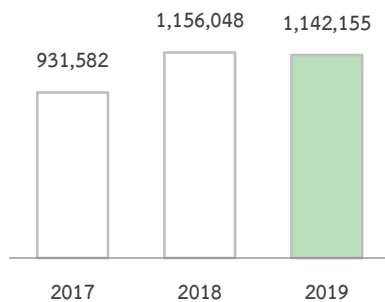
Net Profit

(Unit: Thousand Baht)



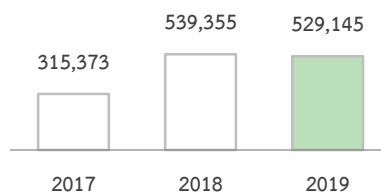
Total Assets

(Unit: Thousand Baht)



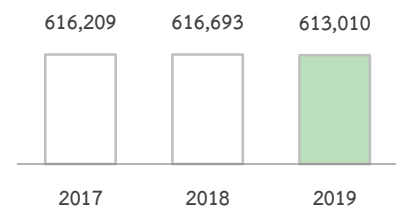
Total Liabilities

(Unit: Thousand Baht)



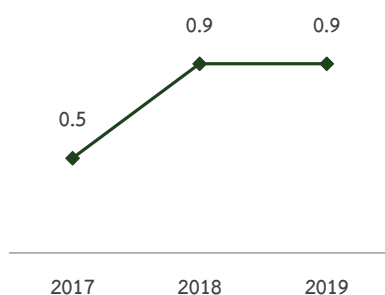
Shareholders' Equity

(Unit: Thousand Baht)



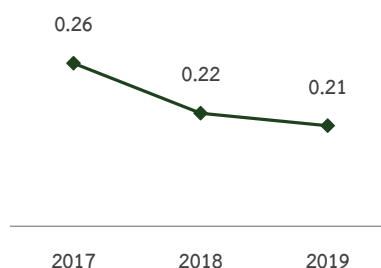
Debt to Equity Ratio

(Unit: Times)



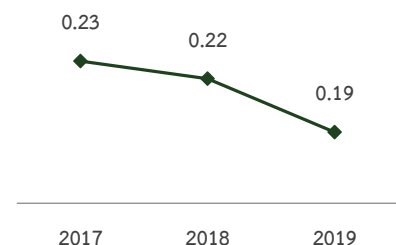
Earnings per share

(Unit: Baht per share)



Dividend

(Unit: Baht per share)



Remark: Financial information of 2017 based on Separate Financial Statements while 2018-2019 based on Consolidated Financial Statements

The Board of Directors and Executives



Mr. Prakarn Tawisuwan

Age (Years): 73

Chairman of the Board of Director / Independent Director /
Chairman of the Audit Committee

No. of shares held (as at August 27, 2019)

- None -

Relationship with Directors and Management

- None -

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

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 and Vice Chairman - M.R. Rosalins Gagananga Foundation Under the Royal Patronage
of HRH Princess Maha Chakri Sirindhorn
- 2013 - 2014 Advisor - CIMB-Principal Asset Management Co., Ltd.

The Board of Directors and Executives



Mr. Jane Wongisariyakul

Age (years): 67

Director / Chairman of Executive Committee / Chairman of Risk Management Committee / President & CEO
(Authorized Director)

No. of shares held (as at August 27, 2019)

34.56%

Relationship with Directors and Management

Spouse of Mrs. Vannaporn Wongisariyakul / Father of Ms. Kanollas Wongisariyakul

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
- Thai - Chinese Leadership Studies#2, Huachiew Chalermprakiet University

Work Experiences (last 5 years)

Listed Companies

- | | |
|----------------|---|
| 2018 - 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. |
| 2013 - 2018 | Director / Chairman of Executive Committee / Chairman of Risk Management Committee / Managing Director - Winner Group Enterprise Plc. |

Non-Listed Companies

- | | |
|----------------|---|
| 2019 - Present | Director / Independent Director - CU Enterprise Company Limited |
| 2018 - Present | Director - Aesthetic Zecret (AT-ZE) Co., Ltd. |
| 2017 - Present | Director - Winner Fam Ltd. |
| 2012 - Present | Director - Jamjuree Innovations Ltd. |
| 2010 - Present | Vice Chairman - Faculty of Science Foundation, Chulalongkorn University |
| 2012 - Present | Director - Jamjuree Innovations Products Ltd. |
| 2011 - 2017 | Director - Jamchuri Testing Laboratory Ltd. |

The Board of Directors and Executives



Mrs. Vannaporn Wongisariyakul

Age (years): 64

Director / Member of Executive Committee /

Member of Risk Management Committee

(Authorized Director)

No. of shares held (as at August 27, 2019)

8.78%

Relationship with Directors and Management

Spouse of Mr. Jane Wongisariyakul / Mother of Ms. Kanollas Wongisariyakul

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

Work Experiences (last 5 years)

Listed Companies

- 2018 - Present Director / Executive Committee Member / Risk Management Committee Member
- Winner Group Enterprise Plc.
- 2013 - 2018 Director / Executive Committee Member / Risk Management Committee Member /
Deputy Managing Director - Winner Group Enterprise Plc.

Non-Listed Companies

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

The Board of Directors and Executives



Miss Kanokpan Kreangkraikrissada

Age (years): 50

Director / Member of Executive Committee / Member of Risk Management Committee (*Authorized Director*)

No. of shares held (as at August 27, 2019)

2.83%

Relationship with Directors and Management

- None -

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

Work Experiences (last 5 years)

Listed Companies

- 2018 - Present Director / Executive Committee Member / Risk Management Committee Member
- Winner Group Enterprise Plc.
- 2013 - 2018 Director / Executive Committee Member / Risk Management Committee Member /
Deputy Managing Director - Winner Group Enterprise Plc.

Non-Listed Companies

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

The Board of Directors and Executives



Miss Kanollas Wongisariyakul

Age (years): 37

Director / Member of Executive Committee / Member of Risk Management Committee / EVP / VP-Supply Chain Management (Acting) / VP-Business Development (Acting) (*Authorized Director*)

No. of shares held (as at August 27, 2019)

3.90%

Relationship with Directors and Management

Daughter of Mr. Jane and Mrs. Vannaporn Wongisariyakul

Starting Date of Directorship

April 10, 2013

Education

- Master of Executive Master of Business Administration, Sasin 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

Work Experiences (last 5 years)

Listed Companies

- 2018 - Present Director / Member of Executive Committee / Member of Risk Management Committee / EVP / VP-Supply Chain Management (Acting) / VP-Business Development (Acting)
- Winner Group Enterprise Plc.
- 2015 - 2018 Director / Executive Committee Member / Risk Management Committee Member / Deputy Managing Director - Winner Group Enterprise Plc.
- 2013 - 2015 Assistant Managing Director - Winner Group Enterprise Plc.

Non-Listed Companies

- 2018 - Present Director / Managing Director - Aesthetic Zecret (AT-ZE) Co., Ltd.
- 2017 - Present Director - Winner Fam Ltd.

The Board of Directors and Executives



Miss Thipawan Uthaisang

Age (years): 62

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

No. of shares held (as at August 27, 2019)

- None -

Relationship with Directors and Management

- None -

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
- The Joint State - Private Sector Course Class 23/2010, Thailand National Defence College

Work Experiences (last 5 years)

Listed Companies

- | | |
|----------------|--|
| 2013 - Present | Independent Director / Member of Audit Committee / Chairman of Nomination Remuneration and Corporate Governance 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. |

The Board of Directors and Executives



Dr. Warunee Varanyanond

Age (years): 70

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

No. of shares held (as at August 27, 2019)

- None -

Relationship with Directors and Management

- None -

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

Work Experiences (last 5 years)

Listed Companies

- 2013 - Present Independent Director / Audit Committee Member / Nomination Remuneration and Corporate Governance 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



Mr. Surapat Rojchanavisart

Age (years): 67

Director / Member of Nomination Remuneration and Corporate Governance Committee

No. of shares held (as at August 27, 2019)

2.81%

Relationship with Directors and Management

- None -

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

Work Experiences (last 5 years)

Listed Companies

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

Business Overview

Vision, Mission 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 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, baking powder and wheat flour 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 & Cosmeceutical
- Makeup
- Food Supplement
- Pharmaceutical

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 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 with fully-paid registered capital of 1 million baht. 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.

In 2018, The company acquired the business Aesthetic Zecret (AT-ZE) Company Limited which is an OEM business for skincare and cosmetic, makeup, supplementary food and pharmaceutical. The propose is to strengthen the business expansion from food distributors to the OEM business for skincare and cosmetic, makeup, supplementary food and pharmaceutical.

Key Milestones in 2019

1. In 2019, the Company selected new products from various sources including to develop product for requirement of customer and expand customer base both industry food and food service provider which import and distribution new products as follows:

Industry Products

Alba	Mozzarella Cheese
	Cheddar Cheese
	Parmesan Cheese
Pakmaya	Frozen Fresh Yeast
Master Martini	Chocolate Coating
JB Cocoa	Alkalized Cocoa Powder
Osterberg	Mango Fruit Crush
Austral Granos	Instant Rolled Oat
Others	Chocolate Donut Sugar
	Frozen Chicken Nugget
	Frozen Chicken Karaage
	Pumpkin Powder (Feed Grade)

Consumer Products

Castella	Champignon Mushroom in Brine Crushed Tomatoes
El Avion	Pink Peppercorn Natural Mix Paella
Golden Chopsticks	Riceberry Rice
Pons	Extra Virgin Olive Oil - Green Oil Edition Arbequina Extra Virgin Olive Oil - Early Harvest Arbequina Extra Virgin Olive Oil - Classic Arbequina Extra Virgin Olive Oil - Organic
Woeber	Organic Apple Cider Vinegar
Le Sang Des Seigneurs	Red Wine and White Wine
Gemez Suki	Noodle Snack
Fruit By The Foot	Fruit Flavored Snack
Solar-C	Vitamin C Candy

2. On May 30, 2019, Thaipat Institute announced that “WINNER” is one of the 2019 ESG 100 listed companies with having outstanding in Environmental, Social and Governance (3-year continuance since 2017).
3. On July 15, 2019, Thai Investors Association announced Annual General Meeting of Shareholders in 2019 that resulted the AGM Level 100 scores (2-year continuance since 2017). The propose is to increase awareness of the AGM as essential leverage element of good corporate governance.
4. On October 16 2019, the company received to “Happy PVD Company Initiative” Awards form the SEC, in cooperation with the SET which objective is campaign for employers to recognize the importance and prepare financial model for employees’ retirement. In 2019, there were 77 employers receiving awards form the Association of Provident Fund which divided into 28 gold medals, 37 silver medals and 12 bronze medals.
5. On October 28 2019, the Stock Exchange of Thailand and Thai Institute of Directors announced “the examination result on Corporate Governance Report of Thai Listed in 2019”. The Company was classified into “excellent” or CG 5-star score range of 90-100 scores (2 consecutive years since 2017) which was higher than the average scores of all Thai Listed in 2019.

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 and cosmetic, makeup, supplementary food and pharmaceutical 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, GMP-PIC/S, HACCP and HALAL



Revenue Structure

The Company and its subsidiary's revenue structure were divided into product group in 2017 - 2019 as follows.

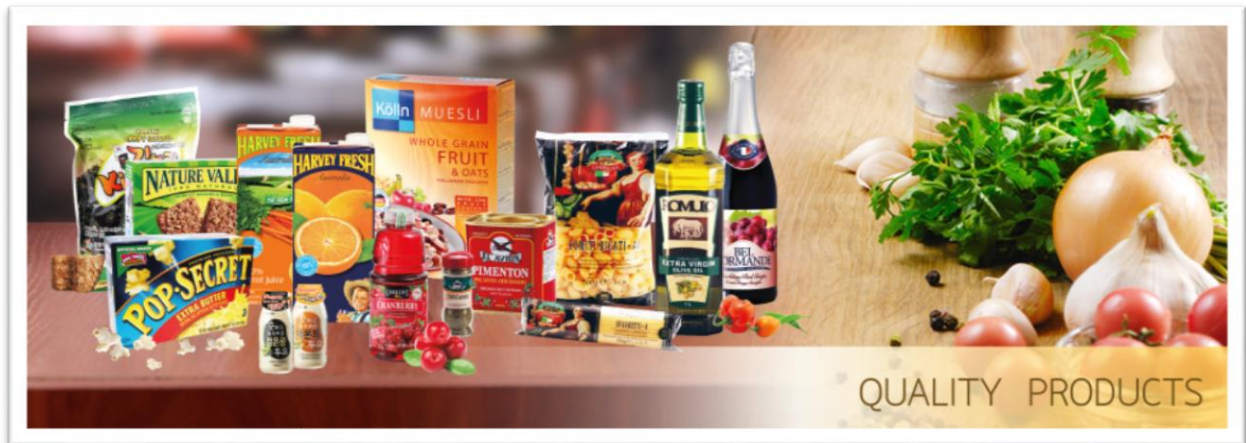
Type of Revenue	By	2017		2018 ^{3/}		2019	
		MB	%	MB	%	MB	%
1. Sale Revenue							
1.1 Industry Products	The Company	671.7	40.9	676.3	42.0	646.4	39.2
1.2 Consumer Products	The Company	965.4	58.7	840.2	52.2	942.1	57.2
1.3 Manufacture of skincare, cosmetic, food supplement and pharmaceuticals ^{1/}	The Subsidiary	-	-	82.6	5.1	44.6	2.7
2. Other Income^{2/}	The Company and The Subsidiary	7.3	0.4	11.9	0.7	15.2	0.9
รวม		1,644.4	100.0	1,611.0	100.0	1,648.3	100.0

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

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

^{3/} Financial Statements 2018 (Restated)

Importing, manufacturing and distributing business



Product

The Winner Group Enterprise Public Company Limited's products are divided into two groups which are industry products and consumer food products. In 2019, The proportion of revenue from industry products was 39.2 percent of total revenues and the proportion of revenue from consumer food products was 57.2 percent of total revenues 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

Marketing and Competition

Marketing Strategies and Distributing Products

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 importers, 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 and success in operating business 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

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

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, restaurants and chained bakery shops.

3) Consumer

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, 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, Gifts & Hampers and Health & Personal Care

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

In 2019, Thailand economy, there are still in deceleration as the result of effect from US and China which affect world trade value and Thailand's export was decreased. In present, Thailand is stepping into aged society which resulting increased in private consumption expenditure to compensate for the decrease in exports coupled with political stability problem and increase in wages including labor limited to the aged society. As resulting of, private investment continued to expand low level. Additionally, the cash giveaway measures have attention but don't affect with private consumption expenditure. For the tourism, there are still in low expansion mainly, Global economy has still in the deceleration and strong Baht which effect on the decision of foreign tourism to travel in Thailand. However, the competition of entrepreneurs in the present, resulting 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 3,000 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 thru 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 92.7 percent of the total purchase value in 2019 and the local order represented 7.3 percent of the total purchase value in 2019.

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

Purchase Value	2017		2018		2019	
	MB	%	MB	%	MB	%
Import	1,050.1	91.9	991.3	92.3	1,011.1	92.7
Local	92.0	8.1	82.8	7.7	79.3	7.3
Total	1,142.1	100.0	1,074.1	100.0	1,090.4	100.0

In 2019, the Company purchased from 10 major suppliers representing for approximately 65.9 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 93.6 percent of the total sales and service income in 2019 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

In 2019, maximum capacity was 9,492 tonnes with equivalent to the previous year meanwhile, the actual utilization in year 2019 was 4,286 tonnes, which increased from year 2018 by 234 tonnes when comparing with the previous years as follows.

		2017	2018	2019
Maximum Capacity	Tonne	9,492	9,492	9,492
Actual Utilization	Tonne	4,350	4,052	4,286
Utilization Rate	Percent	45.8	42.7	45.2

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 3 years the Company has been certified by the following institutions:

Standard		2017	2018	2019
	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 " 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 3 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	21 Feb 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
2	29 Apr 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	17	mg/l	500	Passed
3	19 Jun 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	19	mg/l	500	Passed
4	15 Aug 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4	mg/l	500	Passed
5	24 Oct 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not detected ^{2/}	mg/l	500	Passed
6	6 Dec 2017	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
7	7 Feb 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	7	mg/l	500	Passed
8	4 Apr 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
9	6 Jun 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
10	1 Aug 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed
11	3 Oct 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
12	1 Dec 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed
13	6 Feb 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
14	6 Apr 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed
15	5 Jun 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
16	7 Aug 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
17	2 Oct 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected ^{2/}	mg/l	500	Passed
18	4 Dec 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3.2	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 Cosmeceutical and Pharmaceutical Business

AT-ZE
AESTHETIC ZEGRET
(AT-ZE) CO., LTD.

รับผลิตสินค้า OEM
เครื่องสำอาง เวชสำอาง
ยา อาหารเสริม

ด้วยระบบการผลิตที่มีความปลอดภัย
สะอาด ได้คุณภาพและมาตรฐานทุกขั้นตอน
โดยโรงงานมาตรฐาน และวัตถุดิบระดับพรีเมียม
ในราคาย่อมเยา

OEM Registered FDA GMP PIC/S

ISO 9001:2015 ISO 13485:2012

Product

The Aesthetic Zecret (AT-ZE) Company Limited's products are divided into 4 groups: Skincare and Cosmeceutical, Make up, Food Supplement and Pharmaceutical which 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, GMP/PICs, HACCP and HALAL.

Marketing and Competition

Marketing Strategies and Distributing Products

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 Channels

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 Q4/2018 and in 2019, still affected from trade wars of international by affects the economy of Thailand which expected to continue to until 2020.

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 keep 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.

Source of Supply

1) 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 & Cosmeceutical, Make up, Food Supplement and Cosmeceutical.

Production Capacity and Utilization Rate

		2017	2018	2019
Skincare and Cosmeceutical				
Maximum Capacity	Tonne	560.40	560.40	560.40
Actual Utilization	Tonne	150.00	74.60	38.55
Utilization Rate	Percent	26.77	13.31	6.88
Make up				
Maximum Capacity	Tonne	81.60	81.60	81.60
Actual Utilization	Tonne	0.50	0.30	0.10
Utilization Rate	Percent	0.61	0.37	0.12
Food Supplement and Pharmaceutical				
Maximum Capacity	Tonne	177.60	177.60	321.60
Actual Utilization	Tonne	0.70	0.45	0.04
Utilization Rate	Percent	0.39	0.25	0.01

a) 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.

Description		2017	2018	2019
	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 cosmetic 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.

Business Risk

1. 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.

2. 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 32.0 percent from sales revenue in 2019. cocoa powder is the best seller of processed agricultural products with 4.9 percent of sales revenue in year 2019. The second-best seller of processed agricultural products is wheat starch which representing 4.3 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 2019, the Company has 41 percent market share of raw materials, ingredients and industrial food chemicals, and has 59 percent share of consumer food products.

3. Risk of imported product cost uncertainty

In 2019, the Company imported products represented 92.7 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.

4. 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 2019, the Company's revenue generated from sales of the products that the Company has been appointed as a distributor in Thailand represents 57.1 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 2019, the Company purchased goods from approximate 85 foreign manufacturers. The order from one major foreign manufacturer was 22.5 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 2019 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.

5. 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.

6. 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 2019, the Company recorded a loss on expired goods of Baht 3.7 million or 0.2 percent of revenue from sales in 2019, reflecting the effectiveness of product management and the risk of such effect was low during these 3 years.

7. 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, 2019, the Company's investment in subsidiary company is Baht 150 million in the separate financial statements are accounted for under cost method less allowance for impairment loss (if any).

8. 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 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.

Financial Risk

1. Risk of exchange rates fluctuations

The main products of the Company are imported from overseas manufacturer. The total imported order was 92.7 percent of the total purchase value in 2019. The main currency for payment is US Dollar which represented 91.1 percent of total imports in 2019, 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. 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.

Forward exchange contract will help the Company determine the exact cost of goods sold and lower the impact of fluctuations in foreign currency exchange. However, the Company has no policy to speculate on the exchange rate.

In 2017, the Company recognized loss on currency exchange rate of Baht 4.8 million while in 2018, the Company recorded exchange rate currency gains of Baht 3.1 million. In 2019, the Company recorded exchange rate currency gains of Baht 5.3 million

2. 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, 2019, the total outstanding balance of trust receipts was Baht 17.2 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 2019, the cash flow from operations was Baht 155.6 million.

Investment Risk and Shareholders' rights

1. 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.

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

At August 27, 2019, 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 Dharmniti Internal Audit Co.,Ltd by Miss Lapasrada Lertpanurot, 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.

3. Risk from Company's Free Float less than 40 percent

As at March 12, 2019, the Company has free float of 39.27 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 Link 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 Rd., 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 Pannita Kanchanaharuthai

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 and cosmetic, makeup, supplementary food and pharmaceutical



Head Office

43 Thai CC Tower, 17th Floor, Room 175-178, South Sathorn Rd., 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 9001:2015, 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, 2019, 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

As at August 27, 2019, the company has the top 10 of the shareholders list and shareholding proportion as follows:

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	11,250,000	2.81%
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	28,136,000	7.03%
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	4,390,500	1.10%
3.5 Miss Pattarawadee Manatsathit	35,000	0.01%
3.6 Mrs. Malipa Manatsathit	14,000	0.00%
Total	18,143,900	4.54%

Shareholders	No. of share	Percentage
4. Kreangkraikrissada Family^{1/}		
4.1 Miss Kanokpan Kreangkraikrissada	11,300,000	2.83%
4.2 Miss Wipada Kreangkraikrissada	2,000	0.00%
Total	11,302,000	2.83%
5. Miss Pecharat Wareelerksap	8,350,000	2.09%
6. Pusayapaibul Family^{1/}		
6.1 Mr. Pure Pusayapaibul	7,620,000	1.91%
6.2 Mrs. Paradee Pusayapaibul	500,000	0.13%
6.3 Mr. Prapan Pusayapaibul	125,000	0.03%
Total	8,245,000	2.07%
7. Mr. Weerachai Dejamorntan	7,971,300	1.99%
8. Tantanavivat Family^{1/}		
8.1 Mrs. Wilaiporn Tantanavivat	5,500,000	1.38%
8.2 Miss Wiphawee Tantanavivat	1,200,000	0.30%
8.3 Miss Innapha Tantanavivat	1,200,000	0.30%
Total	7,900,000	1.98%
9. Thai NVDR Company Limited^{2/}	7,194,748	1.80%
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	307,466,448	76.87%
11. Others	92,533,552	23.13%
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 27, 2019 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, 2019 there are 1,790 Free float shareholders, or 39.27%

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.

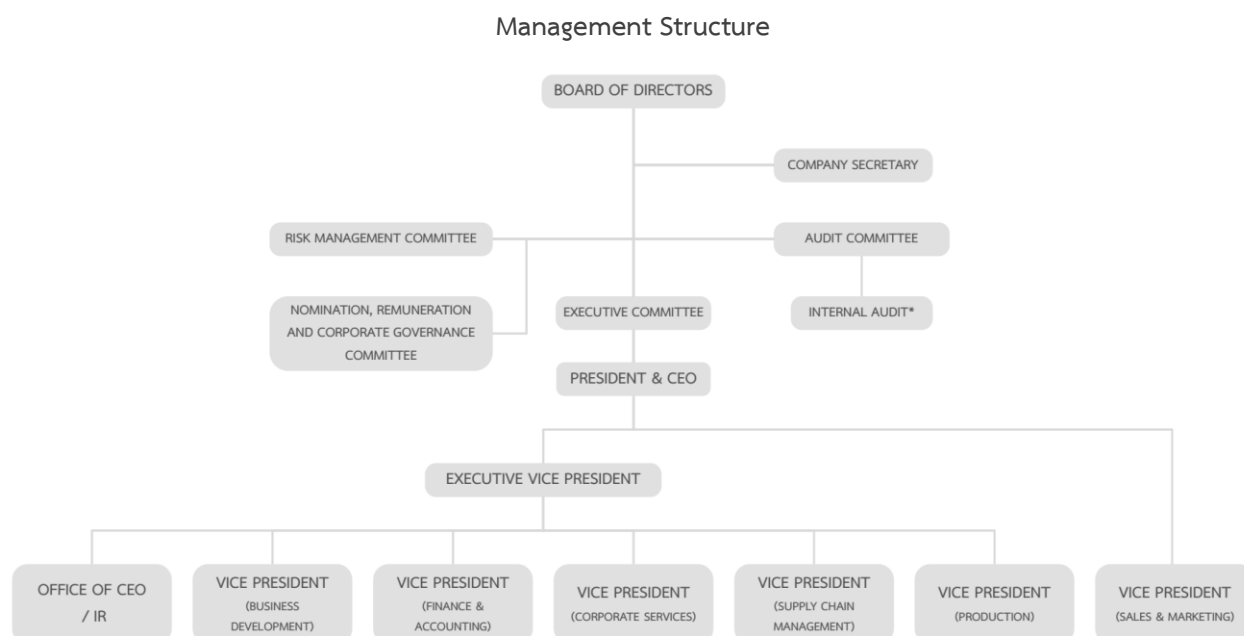
Dividend Payment from the Company's operating results during past 5 years

Description	2015	2016	2017	2018	2019
Dividend Payment (Baht per share)	0.20	0.23	0.23	0.22	0.19
- Interim Dividend	0.08	0.10	0.10	0.09	0.09
- Annual Dividend	0.12	0.13	0.13	0.13	0.10 ^{1/}
Dividend Payout (DPS/EPS)^{2/}	89.91%	87.34%	88.13%	85.43%	68.42%

Remark: ^{1/} The Board of Directors Meeting No. 1/2020 on February 27, 2020 resolved to propose agenda of Dividend payment for 2019 to Annual General Meeting of Shareholders on April 29, 2020 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 11, 2019, of which 0.09 Baht per share. Total dividend payout for 2019 will be 0.19 Baht per share.

^{2/} Percentage of dividend payment/share calculated from the Company only's net profit.

Management Structure



Remark: Management structure with effective on Nov 14, 2019 and resolved by the Board of Directors 'Meeting No. 4/2019, held on November 14, 2019 regarding to the change position of management following by the re-designed organization structure.

Board and Committee

The Company has Board of Directors and Sub-committees 4 committees comprises of Executive Committee, Audit Committee, Risk Management Committee and Nomination Remuneration and Corporate Governance Committee.

Board of Directors

As of December 31, 2019, the Board of Directors comprised 8 directors. The names and meeting attendance of each member in 2019 were noted as follows:

Name	Type of Directors	Position	Meeting attendance in 2019	
			Board of Directors	Shareholders
1. Mr. Prakarn Tawisuwan	Independent Director	Chairman	3/4	1/1
2. Mr. Jane Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1
3. Mrs. Vannaporn Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1
4. Ms. Kanokpan Kreangkraikrissada	Authorized Director Executive Director	Director	4/4	1/1
5. Ms. Kanollas Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1

Name	Type of Directors	Position	Meeting attendance in 2019	
			Board of Directors	Shareholders
6. Mr. Surapat Rojchanavisart	Non-Executive Director	Director	4/4	1/1
7. Dr. Warunee Varanyanond	Independent Director	Director	4/4	1/1
8. Ms. Thipawan Uthaisang	Independent Director	Director	4/4	1/1

Table of securities holding of Directors and Management^{1/}

Name	Position	Common shares (no. of shares)		
		Aug 24, 2018	Aug 27, 2019	Increase (Decrease)
1. Mr. Prakarn Tawisuwan Spouse and underage children	Chairman and Independent Director	-	-	-
2. Mr. Jane Wongisariyakul Spouse and underage children	Director	138,223,500	138,223,500	-
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	11,600,000	11,250,000	(350,000)
7. Dr. Warunee Varanyanond 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	-	-	-
11. Mr. Banjongsin Wong-Ngern Spouse and underage children	VP-Production	-	-	-
12. Mrs. Nuttamon Theppitak Spouse and underage children	VP-Corporate Services	-	-	-
13. Mr. Komson Srevattanangkul ^{2/} Spouse and underage children	VP-Supply Chain Management	-	-	-

^{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/} Mr. Komson Srevattanangkul (VP-Supply Chain Management) with effective from Aug 19,2019 to Dec 31,2019.

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

Sub-Committee

As of December 31, 2019, the Company comprised 4 committees. The names and meeting attendance of each member in 2019 were noted as follows:

Name	Position	Meeting Attendance in 2019			
		Audit Committee	Executive Committee	RMC	NRCG ^{1/}
1. Mr. Prakarn Tawisuwan	Chairman of the Audit Committee	6/7	-	-	-
2. Mr. Jane Wongisariyakul	Chairman of Executive Committee / Chairman of RMC	-	9/9	4/4	-
3. Mrs. Vannaporn Wongisariyakul	Member of Executive Committee Member of RMC	-	9/9	4/4	-
4. Ms. Kanokpan Kreangkraikrissada	Member of Executive Committee Member of RMC	-	9/9	4/4	-
5. Ms. Kanollas Wongisariyakul	Member of Executive Committee Member of RMC	-	8/9	4/4	-
6. Ms. Thipawan Uthaisang ^{2/}	Member of Audit Committee Chairman of NRCG ^{1/}	7/7	-	-	2/2
7. Dr. Warunee Varayanond	Member of Audit Committee Member of NRCG ^{1/}	6/7	-	-	2/2
8. Mr. Surapat Rojchanavisart	Member of NRCG ^{1/}	-	-	-	2/2
9. Ms. Prapasiri Pisitsangkakan	Member of RMC	-	-	4/4	-

Remark: ^{1/} NRCG refers to Nomination Remuneration Corporate Governance Committee

^{2/} 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. consider and approve risk management policies, objective and Enterprise Risk Management Framework for as framework for the organization's risk management processes. To be in the same direction and in accordance with the company's goal and strategies, with policies, objective and risk management framework being reviewed annually. Or when there are new risk that are signification to the determination of the company's goal and strategic for presentation to the Board of Directors.

2. To monitor risk identification which consider both external and internal factor which affect to the company about no able achieve objectives and risk assessment both impact and likelihood of the identified risk. In order to prioritize risks and select appropriate risk treatment methods including analysis, following and reporting systematic.
3. To have the power to appoint a risk management team as necessary.
4. 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

The resolution of the Board of Directors' Meeting No. 2/2019 on May 13, 2019 adding the scope of authority of the Nomination Remuneration Corporate Governance Committee for delegates responsibility of sub-committees about good corporate governance including the corporate social responsibility 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.

Corporate Governance

1. Defining good corporate governance policy and code of conduct for Board of Directors and Executive to follow SEC's definition including the corporate social responsibility for present to the Board of Director agreed.
2. To oversee the Board of Directors, sub committees and executives for good corporate governance and code of conduct.
3. To review good corporate governance of the company to compare with international standards and The Stock Exchange of Thailand and present to the Board of Directors for consideration of improvement regularly.

Management

As of December 31, 2019, the management comprises of 9 members as follows:

Name	Position
1. Mr. Jane Wongisariyakul	President & CEO
2. Mrs. Vannaporn Wongisariyakul	Executive Director
3. Ms. Kanokpan Kreangkraikrissada	Executive Director
4. Ms. Kanollas Wongisariyakul	EVP / VP-Business Development (Acting)
5. Mrs. Suwannee Kongkitkul	VP-Sales & Marketing
6. Ms. Prapasiri Pisitsangkakan	VP-Finance & Accounting
7. Mrs. Nuttamon Theppitak	VP-Corporate Services
8. Mr. Banjongsin Wong-Ngern	VP-Production
9. Mr. Komson Srevattanangkul	VP-Supply Chain Management

Remark: ^{1/} Mr. Komson Srevattanangkul (VP-Supply Chain Management) with effective from Aug 19, 2019 to Dec 31, 2019.

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.

Company Secretary

The Board of Directors has appointed Ms. Kavida Wassanaruangdej as the Company Secretary since August 13, 2015 to November 18, 2019. However, Miss Kanollas Wongisariyakul will be acting for the position until the new company secretary is appointed from the Board of Directors. 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.

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 2017 and 2018, the Company paid remuneration to 4 directors as the meeting attendance allowance for the total amount of Baht 817,500 and Baht 867,500 respectively.

In 2019, the Company has paid remuneration to Directors and sub-committees with a total amount of Baht 889,000 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 2019 comprising annual remuneration and meeting allowance as per the following details:

Structure of 2019 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	17,000
- Member	120,000	12,000
Nomination Remuneration and Corporate Governance Committee		
- Chairman	-	15,000
- Member	-	10,000

Details of 2019 remuneration of directors and sub-committees

Name	Position	Remuneration (Baht) ^{1/}			
		Board of Directors	Audit Committee	NRCG ^{2/}	Total
1. Mr. Prakarn Tawisuwan	Chairman of the Board Chairman of the Audit Committee	51,000	252,000	-	303,000
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	40,000	-	20,000	60,000
7. Dr. Warunee Varayanond	Independent Director Member of the Audit Committee Member of NRCG ^{2/}	40,000	192,000	20,000	252,000
8. Miss Thipawan Uthaisang	Independent Director Member of the Audit Committee Chairman of NRCG ^{2/}	40,000	204,000	30,000	274,000
Total		171,000	648,000	70,000	889,000

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

^{2/} NRCG refers to Nomination Remuneration and Corporate Governance Committee

• Executives and Management's remuneration

In 2017 and 2018, the Company has paid remuneration to President & CEO and Executives with a total amount of Baht 25.7 million and Baht 15.9 million respectively. In 2019, the Company paid such remuneration to 8 persons with a total amount of Baht 18.2 million. The remuneration was paid by monthly salary, bonus and monthly fuel costs.

In 2018, the subsidiary has paid remuneration to CEO and Executives with a total amount of Baht 6.9 million. In 2019, the subsidiary paid such remuneration to 9 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.

Personnel and Training

1) Number of employees (excluding executives)

As of December 2017, to 2019, the Company's staff are in the total of 252 persons, 259 persons and 258 persons respectively. The deployment can be defined as follows:

Division ^{1/}	No. of employees		
	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019
Executive Management	3	3	3
Finance and Accounting	25	22	24
Supply Chain Management	53	51	52
Corporate Services	12	16	14
Production	53	56	54
Sales	35	90	88
Marketing	71	21	23
Total	252	259	258

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 |

As of December 2017, to 2019, the its subsidiary's staff are in the total of 260 persons, 186 persons and 136 persons respectively. The deployment can be defined as follows:

Division ^{1/}	No. of employees		
	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019
Executive Management	5	3	6
HR & General Administration	30	20	14
Finance and Accounting	14	6	6
Sales and Marketing	39	17	20
Business Development	38	35	27
Factory	134	105	63
Total	260	186	136

2) Major labor dispute in the past 3 years

-None-

Remuneration of Employees (excluding executives)

1) Monetary remuneration

In 2017, 2018 and 2019, the Company has paid remuneration of employees in the total amount of Baht 91.1 million, Baht 103.8 million and Baht 107.1 million respectively by salaries, bonuses, incentives, overtime payment, diligence allowance, field trip allowance and monthly fuel costs.

In 2018 and 2019, the subsidiary has paid remuneration of employee in the total amount of Baht 51.2 million and Baht 41.8 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 2019, Executives and employees from the Company and its subsidiary participated in total of 200 curriculums which classified internal training for 120 curriculums and external training for 80 curriculums.

2019 Training	Type of Training ^{1/}			Total Staff (staff)	Average no. hours (hr/head/year)
	Internal (course)	External (course)	Total (course)		
Company	27	71	98	266	16.93
Subsidiary	93	9	102	107	4.06
Total	120	80	200	373	

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 whistle blower (Whistle Blower Policy). In 2019 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, 2018 to February 11, 2019. 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 33 days prior to the meeting date and delivered the notification to the shareholders 21 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 2019 held on Thursday, April 25, 2019 at 10.00 hours at the Ballroom 3, Ah Yat Abalone Convention Hall, 12th Floor (Parking Building), 43 Thai CC Tower, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120. The company also provided adequate staff and technology during barcode registration at 8.00 a.m.
- ▶ 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 25, 2019 by informing news to the Stock Exchange of Thailand via Set Link 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 2019, 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 2019, 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 2019, there were 98 curriculums from in-out house staff training. Average staff training equaled to 16.93 hours 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 2019, the Company recognized and tried to instill social consciousness as follows.
 - Organize activity about donation to TAB Foundation for support braille cards to the TAB Foundation.

- Organize activity about donation to the book at Wat Yai Rom school, Wat Kamphaeng school and library for education.
 - Organize activity about donation to the things at the Lat Lum Kaeo temple.
 - Organize activity about donation to the toys and dolls at the Baannokkamin Foundation.
 - ▶ 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 2019, the Company sent its employees to attend training course regarding environment 4 curriculums as follows

No.	Course	Training Duration	No. of Participants
1	Waste management	1 hours	6
2	Food Allergen Control	1.2 hours	25
3	Hazard Analysis Critical Control Point (HACCP) / GMP / Codex	6 hours	18
4	CCP (Critical Control Point)	2 hours	13

Anti-corruption

- ▶ The Company conducts risk management plan 2019 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 2019.
- ▶ 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 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 treated 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 2019, the staff was 1 minor injury at work, the Company made 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 2019, 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 2019, no staff had 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 assigns Company Secretary to be responsible for the data service and the disclosure of important information of the Company and its subsidiary and shall reports to Ms. Kanollas Wongisariyakul, EVP, 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 2019, 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 2019 organized by the Stock Market Alternatives Investment (MAI) and MAI Listed Companies Association
 3. Participated in IR Workshop No. 1/2019: "Beyond regulations: Tips for effective MD&A reporting" by Thai Listed Companies Association.
 4. 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 2019, the Board of Directors totally held 4 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 75% of Board of Directors meetings and sub-committee meetings.
- ✓ There was a meeting held without participation from executive directors and management in October 24, 2019.
- ✓ 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.

Evaluation Process: The Company secretary will send evaluation form to directors every year and then collect evaluation results and present to the Board of Directors for improving performance.

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

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	100
Total	98

b. Results of individual directors' self-assessment:

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

- ✓ 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	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Nomination	100
5. Remuneration	100
Total	100

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	100
6. External engagement	80
7. Management and Staff engagement	100
8. Succession	100
9. Products and Service knowledge	100
10. Individual Characteristics	100
Total	96.33

- ✓ 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		
Mar'19	Balance to Success	AKD Solution Co.,Ltd.
Jul'19	Workshop: Process Innovation Management and Industry Transformation	The Stock Exchange of Thailand (SET) in collaboration with FTPI
Sep'19	Strategic Business Development Analysis	Nation Multimedia Group
Nov'19	TFRS15, TFRS16, (Draft)TFRS9 effective in 2019 and 2020	Dharmniti Seminar and Training Co., Ltd.

Mth / Year	Program	Facilitator
Risk Management Committee		
Mar'19	Strategic People Management	HERO Consulting
Jul'19	TAX law (2019) with check back tax issues	Dharmniti Seminar and Training Co., Ltd.
Aug'19	TFRS 9 (Fundamental of TFRS 9)	Dharmniti Seminar and Training Co., Ltd.
	TFRS 16-Lease	Dharmniti Seminar and Training Co., Ltd.
Sep'19	TFRS 9 - Hedge Accounting	Dharmniti Seminar and Training Co., Ltd.
Nov'19	Subsidiary's tax burden, Branch and service with Transfer Pricing issues	Dharmniti Seminar and Training Co., Ltd.
	TFRS15, TFRS16, TFRS9 (Draft) effective in 2019 and 2020	Dharmniti Seminar and Training Co., Ltd.
	The similarity and difference between accounting principles and TAX of the new TFRS	Dharmniti Seminar and Training Co., Ltd.
Dec'19	Complete with non-deductible with techniques about record expenses	Dharmniti Seminar and Training Co., Ltd.
Company Secretary		
Jan'18	Issuer Portal System (Documentary Request)	The Stock Exchange of Thailand (SET)
Feb'19	Board Reporting Program (BRP 28/2019)	Thailand Institute of Directors (IOD)
Mar'19	Strategic People Management	HERO Consulting
	Balance to Success	AKD Solution Co., Ltd.
May'19	Happy PVD Company Initiative #6	The Securities and Exchange Commission of Thailand (SEC)
Jun'19	Enhancing the efficiency of collaboration between In-house lawyer and Law firm	The Stock Exchange of Thailand (SET)
	Compliance Management and Rules	NIDA
Jul'19	IR Sharing 1/2019 "How to make the most of your IRO function"	Thai Listed Companies Association
Aug'19	Acquisition and Disposition of Asset System (Form 246)	The Securities and Exchange Commission of Thailand (SEC)
Aug'19	SET Link (Listed Company Solution)	The Stock Exchange of Thailand (SET)
Sep'19	Enhancing Good Corporate Governance based on CGR Scorecard	Thailand Institute of Directors (IOD)
	SET Link	The Stock Exchange of Thailand (SET)
Oct'19	Being Open-minded about 56-1 and Annual Report	The Securities and Exchange Commission of Thailand (SEC)

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 2019

According to the corporate Governance Report (CGR) 2019 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 2019 report, the (677 listed companies made and average score of 82).



Annual General Meeting Checklist Assessment 2019

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 672 listed companies were 93.70.



Environmental, Social and Governance (ESG 100 listed companies) 2019

According to the evaluation of Environmental, Social and Governance: ESG from the 100 listed companies in 2019 by Thaipat Institute, the Company was one of ESG 100 outstanding listed companies (3 years continuance since 2017) from total 771 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 Remuneration and Corporate Governance 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.

Administration of Subsidiaries and Associates

In order to meet the Corporate Governance, Winner Group Enterprise Public Company Limited, holding 100% shares, has appointed a representative of Winner Group Enterprise Public Company Limited to the authorized directors of its subsidiary companies that includes but not limited to establish policies, manage, supervise, and oversee the benefits of the companies. In addition, the Company assign to it subsidiary in a procedure of monthly performance report for submitted to the representative of Winner Group Enterprise Public Company Limited. In case the Company sets up the Shareholders' Meeting, the Board of directors of Winner Group Enterprise Public Company Limited shall consider the voting on each agenda as well as appointing proxy for meeting attendance.

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, 2019 audited by EY Office Limited as Company's Auditor, the Audit Fee is Baht 1,690,000.

(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: -

- ▶ **All members of Nomination Remuneration and Corporate Governance Committee should be Independent Director**

The Nomination Remuneration and Corporate Governance 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.

- ▶ **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, 2019, 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. 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

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.

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.

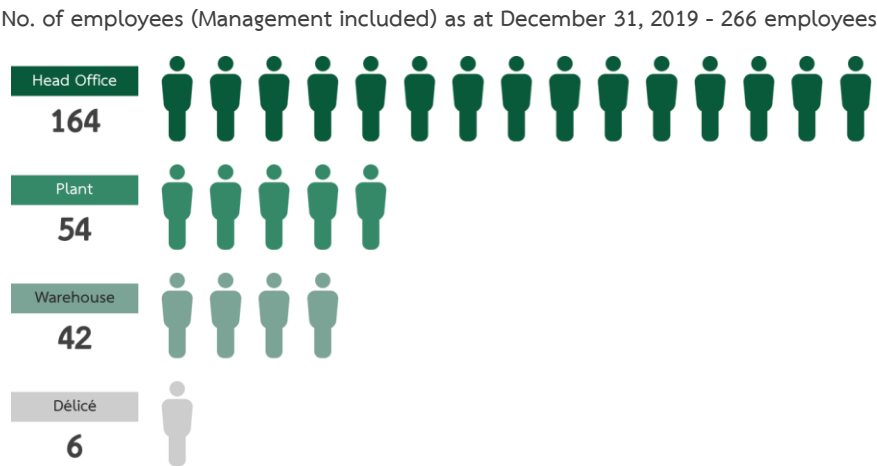
During 2016-2019 the Company continuously communicated “Policy on Anti-Corruption” consistently to the board of directors, management, employee and relevant stakeholders to understand their roles, responsibilities and disciplinary violation. On June 2019, the Company was selected by Thaipat Institute as one of Environmental, Social and Governance or ESG 100 publicly listed companies in 2019 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, Dharmniti Internal Audit CO., LTD 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 2019, there were no issues or no significant mistakes on corruption and non-compliance with policy, legal, regulation requirements and misconduct.

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.

➤ 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.

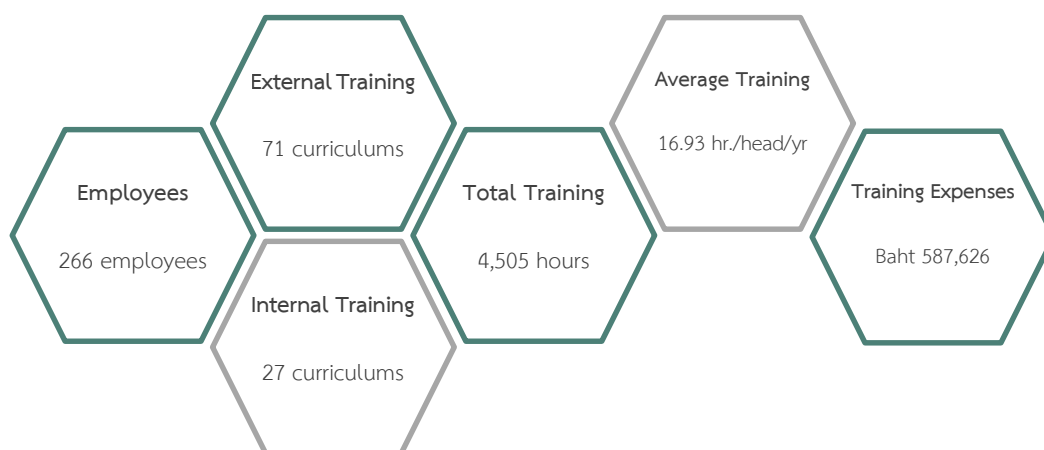
- Open-mind to employees to develop skills and maximize ability to promote for their future career path, if necessary. The Company provides annual training for all employees and all positions both internal and external trainings or continuous encouragement all of them for external seminars as considered 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 2019 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. As on October 16, 2019, the company received to "Happy PVD Company Initiative" Awards (Silver medal).



➤ 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 2019, the Company invited experienced and knowledgeable lecturers and encouraged Management and employees go training with other institutions which were 98 training curriculums in total; consisting of 27 internal training curriculums such as Competency Base Interview, 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. In 2019, there are 71 external training curriculums from other institutions. Total training expenses is Baht 587,626. Average training is 16.93 hours/head/year.

The Company encourages staff for organizational development, conducts training workshop “Balance to Success” to be encourage competitive organization and cooperation including manage to the goals efficiently.



➤ Staff communication

The Company give importance to all staff using staff communication for acknowledgment on corporate policy activities and other information same direction by email, bulletin, company website as well as E-newsletter which are published on monthly. In addition, the company inform 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.



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

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.

In 2019, the company launched campaign to reduce paper used including improving system to replace papers such as employee's leave system, OT, salary slip, printing system, and disbursed equipment system which the employees are aware to use papers efficiently.

Additionally, The Company focuses on resource efficiency for environmental care such as water, electricity, and paper during 2019 year.

- Head Office with the decrease electricity consumption by 1.5% for the prior year or 20,295 Baht due to change of 95 LED light bulbs
- Plant with the decrease electricity consumption by 5.1% or 101,905 Baht
- Bangna Warehouse with increase electricity consumption by 14.3% or 216,836 Baht due to its subsidiary lease warehouse for keeping product.

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.

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 2019, the Company participated in CSR Activities as follows.

- Donation and support to make the daisy system books for the TAB Foundation.
- Support to Phrabatnampu Temple about sickbed and equipment.
- Donation to TAB Foundation for support braille cards.
- Donation to the book at Wat Yai Rom school, Wat Kamphaeng school and library for education.
- Donation to the things at the Lat Lum Kaeo temple.
- Donation to the toys and dolls at the Baannokkamin Foundation.

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. 1/2020 on February 27, 2020, 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 2019 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

In 2017-2019, Company, its Subsidiary and Person that may have conflicts of interest

Year	Company, its subsidiary and Person that may have conflicts of interest	Relationship
2017	- None -	- The company and its subsidiary had no related party transactions which have been entered into during the year with persons who have relationship/conflict with the Management. -
2018	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 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.
2019	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 Miss Kanollas Wongisariyakul - The Company became a major shareholder of AT-ZE with 100% shareholding of registered and paid-up capital.

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 2017 - 2019 can be summarized as follows.

- As on December 31, 2017, the company and its subsidiary had no related party transactions which have been entered into during the year with persons who have relationship/conflict with the Management.

- 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> 89,420,000 <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.

- 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, 2019 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	610,783.13	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Its subsidiary lease warehouse from the company for keep products.	Company's subsidiary	63,505	<u>Audit Committee's Opinion</u> The trade price is the market price which sells same to third parties.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Its subsidiary purchased product from the company for entertaining customers	Company's subsidiary	24,434.58	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Its subsidiary is account receivable of the company	Company's subsidiary	9,450	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Baht)	Necessity / Reason
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Its subsidiary is account payable of the company	Company's subsidiary	581,784.86	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	The Company provided short-term loan to the subsidiary borrowing in order to management (interest rate at 2.40-2.55% per annum)	Company's subsidiary	<u>Loan</u> 14,300,000 <u>Interest receivable</u> 16,915.88	<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.
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> 89,420,000 <u>Interest receivable</u> 5,318,040.15	<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 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
- The Financial Support in the future will be personal guarantee by major shareholder and/or the Board of Directors in load of the company and its subsidiary with financial institution (No guarantee fee) including the company provided load to the its subsidiary.

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. Analysis of Operating Results for the Company and its subsidiary

Table 1: Overall operating results for the year 2019

(Unit: Thousand Baht)

	Consolidated Financial Statements		Increase (Decrease)			Separate Financial Statements		Increase (Decrease)	
	2019	2018	thousand	%		2019	2018	thousand	%
Total revenues	1,648,292	1,610,968	37,324	2.3		1,606,649	1,529,168	77,481	5.1
Sales and service income	1,633,055	1,599,106	33,949	2.1		1,588,543	1,516,481	72,062	4.8
Cost of sales and service	1,247,598	1,209,891	37,707	3.1		1,214,419	1,175,136	39,283	3.3
Gross profit	385,457	389,215	(3,758)	(1.0)		374,124	341,345	32,779	9.6
Other income	15,237	11,862	3,375	28.5		18,106	12,687	5,419	42.7
Profit before selling and administrative expenses	400,694	401,077	(383)	(0.1)		392,230	354,032	38,198	10.8
Selling and distribution expenses	104,588	106,427	(1,839)	(1.7)		95,785	93,788	1,997	2.1
Administrative expenses	180,753	174,720	6,033	3.5		131,619	123,826	7,793	6.3
Loss on impairment of investment in a subsidiary	-	-	-			13,850	-	13,850	100.0
Total Expenses	285,341	281,147	4,194	1.5		241,254	217,614	23,640	10.9
Profit before finance cost and income tax expenses	115,353	119,930	(4,577)	(3.8)		150,976	136,418	14,558	10.7
Finance cost	(9,725)	(7,435)	2,290	30.8		(8,792)	(7,331)	1,461	19.9
Profit before income tax expenses	105,628	112,495	(6,867)	(6.1)		142,184	129,087	13,097	10.1
Income tax expenses	(21,310)	(23,658)	(2,348)	(9.9)		(31,110)	(26,080)	5,030	19.3
Profit for the year	84,318	88,837	(4,519)	(5.1)		111,074	103,007	8,067	7.8
Other comprehensive income									
Actuarial loss-net of income tax	-	(354)	(354)	(100.0)		-	(1,089)	(1,089)	(100.0)
Total comprehensive income for the year	84,318	88,483	(4,165)	(4.7)		111,074	101,918	9,156	9.0
Gross profit margin	23.6%	24.3%	(0.7%)			23.6%	22.5%	1.1%	
Selling & Distribution Expenses per net sales	6.4%	6.7%	(0.3%)			6.0%	6.2%	(0.2%)	
Administrative Expense per net sales	11.1%	10.9%	0.2%			8.3%	8.2%	0.1%	
Net profit margin	5.1%	5.5%	(0.4%)			6.9%	6.7%	0.2%	-
Basic earnings per share (Baht/Share)	0.21	0.22	(0.01)	(5.1)		0.28	0.26	0.02	7.8

In the year 2019, The total revenue from the Company and its subsidiary was Baht 1,648 million which increased from the previous year Baht 1,611 million or 2.3 percent. Sales and service income increased at Baht 34 million or 2.1 percent and other income increased at Baht 3 million.

For the Company only, total revenue was Baht 1,607 million which increased from the previous year Baht 1,529 million or 5.1 percent. Sales and service income increased at Baht 72 million or 4.8 percent and other income increased at Baht 5 million.

1.1 Sales and service income

Table 2: Sales by Product Type for the year-ended December 31, 2019 and December 31, 2018

(Unit: Thousand Baht)

Product Type	2019		2018		Increase (Decrease)	%
	thousand	%	thousand	%		
Consumer Products	942,079	57.7	840,164	52.5	101,915	12.1
Industry Products	646,375	39.6	676,318	42.3	(29,943)	(4.4)
Manufacture of skincare, cosmetics , food supplement and pharmaceuticals	44,601	2.7	82,624	5.2	(38,023)	(46.0)
Total	1,633,055	100.0	1,599,106	100.0	33,949	2.1

In the year 2019, total sales and service income from the Company and its subsidiary (“the Group”) was at Baht 1,633 million; Baht 34 million increased from the prior year or 2.1 percent. The sales of Consumer Products comparing with the previous year increased at Baht 102 million or 12.1 percent as a result of promotion and new products such as Cashew Nut and Frozen & Chilled products. The sales of Industry Products comparing with the previous year decreased Baht 30 million or 4.4 percent, mainly from potato starch, egg powder, wheat flour and cocoa powder due to price competition. In April 2018, the sales of manufacture of skincare products, cosmetics, food supplements and medical used to treat skin disease, decreased at Baht 38 million or 46.0 percent.

1.2 Gross Profit

In the year 2019, the Group’s gross profit was Baht 385 million; Baht 4 million decrease when comparing with the prior year. For the Company only, the gross profit was Baht 374 million which increased from the prior year at Baht 33 million while for the subsidiary company’s gross profit was Baht 11 million which decreased from the prior year at Baht 36 million due to high fixed cost.

The Group’s gross profit margin was 23.6 percent which decreased by 0.7 percent. For the company only, gross profit margin was 23.6 percent which increased from the prior year by 1.1 percent due to effective in cost management and currency appreciation than the previous year resulting in lower product costs. In the year 2019, the exchange rate was between 30.33 - 32.53 Baht per 1 US dollar while in the previous year was between 31.31 - 33.64 Baht per 1 US dollar.

1.3 Other Income

In the year 2019, The Group’s other income was at Baht 15 million which increased from the prior year Baht 3 million which mainly increased by gain on exchange rate Baht 2 million and commission income Baht 1 million.

1.4 Expenses

- Selling and distribution expenses

In the year 2019, selling and distribution expenses was Baht 105 million which decreased from prior year Baht 2 million or 1.7 percent. Mainly, the expenses in subsidiary company decreased at Baht 4 million or 30.4 percent especially in selling employees Baht 3.5 million.

For the Company only, selling and distribution expenses increased Baht 2 million or 2.1 percent due to salary increased Baht 1 million and post-employment benefit expenses increased Baht 1 million due to the new labor law effective in the second quarter of 2019. As a result, it stipulated compensation for employees who have worked continuously for 20 years with their rights to receive compensation not less than the final rate of 400 days instead of 300 days in which the company had recorded differently in past accumulated expenses impacted income statement Baht 3 million (classified as cost of sales at Baht 0.4 million, selling and distribution expenses at Baht 1 million and administrative expenses Baht 1.6 million). For the subsidiary company, the expenses from the changes in the provision for employee benefits increased Baht 0.1 million.

- Administrative expenses

The Group's administrative expenses were 181 million Baht, increase of 6 million Baht from the previous year, or 3.5 percent. The Company's expenses increased by 8 million baht consists of warehouse rental and services 2 million Baht, in line with the sales increased, personnel expenses and staff expenses such as salary, bonus and overtime 4 million Baht and post-employment benefit; 1.6 million Baht due to the new labor law described above.

In addition, the administrative expenses in its subsidiary company increased by 2 million Baht. because consolidated financial statement for the year 2019 was including the expenses of the year 2019 from subsidiary company while the previous year included the subsidiary's expenses for nine-month (April to September 2018). The company acquired the subsidiary company in Q2/2018.

In the previous year, consolidate financial statement included commission expenses for the acquisition of 3.27 million Baht which was one-time expense whereas there was no the expense in this year.

- Finance Cost

Financial cost increased by 2 million Baht; 1 million Baht from the Company. In the previous year was only 8 months due to long-term loan 250 million Baht used for the business acquisition in April 2018 (the loan amount balance was around 192 million Baht as of 31 December 2019). This year financial cost was calculated based on whole year. Subsidiary company's finance cost increased by 1 million Baht. Subsidiary company had loan increased 28 million Baht; short-term loan 18 million Baht and long-term loan 10 million Baht (the long-term loan was 7 million Baht as of 31 December 2019) resulting financial expenses increased.

- Loss on impairment of investment in subsidiary

The subsidiary company loss on operating and negative equity. Then, the Company had tested impairment of investment in subsidiary by assessed the recoverable amount of cash generating units by Value-in-use method and found that the value of the investment in the subsidiary company was lower than its carrying amount approximately 14 million Baht. Therefore, the Company had recorded the estimated loss from the investment in its subsidiary company approximately 14 million Baht. The Group's management is currently implementing financial and operational measures to improve the subsidiary's future performance.

1.5 Profit for the Year

Profit for the year 2019 of the Company and its subsidiaries amounted to 84 million Baht, Baht 5 million or 5.1 percent decreased from the previous year. The Company's profit was Baht 111 million, increased Baht 8 million or 7.8 percent while the subsidiary company loss Baht 40 million, Baht 29 million increased in loss from the previous year while loss on impairment of investment in subsidiary approximately 14 million Baht was eliminated for the consolidated financial statements and there was no acquisition expenses Baht 3.27 million for this year.

Profit for the year 2019 of the company and its subsidiaries decreased by Baht 5 million from the previous year due to gross profit decreased Baht 4 million, administrative expenses increased Baht 6 million, financial expenses Baht 2 million, selling and distributing expenses Baht 2 million, other income Baht 3 million while income tax expenses decreased Baht 2 million.

1.6 Other comprehensive income

Other comprehensive income - net of income tax of the Company and subsidiary for the year 2019 was Baht 0.35 million, which was actuarial loss- net of income tax the Company Baht 1.09 million and actuarial gain from subsidiary-net of tax Baht 0.74 million. Q4/2018, the Company and its subsidiary had independent specialist to evaluate and reclassified employee benefit payables as well as recognised actuarial loss Baht 0.44 million deductible deferred tax Baht 0.09 million.

1.7 Total Comprehensive Income

The Company's and its subsidiary comprehensive income in 2019 was Baht 84 million, decreased Baht 4 million or 4.0 percent from the previous year. Net profit decreased Baht 5 million from previous year and no any comprehensive income transactions in this year while there was actuarial loss-net of income tax Baht 0.35 million.

2. Financial Position Analysis

Table 3: Overall Financial Position for the ended December 31, 2019

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	2019	%	2018	%	thousand	%	2019	%	2018	%	thousand	%
Current Assets	667,437	58.4	670,482	58.0	(3,045)	(0.5)	664,175	58.6	646,293	57.0	17,882	2.8
Non-Current Assets	474,717	41.6	485,565	42.0	(10,848)	(2.2)	468,789	41.4	486,917	43.0	(18,128)	(3.7)
Total Assets	1,142,154	100.0	1,156,047	100.0	(13,893)	(1.2)	1,132,964	100.0	1,133,210	100.0	(246)	(0.0)
Current Liabilities	345,037	30.2	324,846	28.1	20,191	6.2	302,080	26.7	294,933	26.0	7,147	2.4
Non-Current Liabilities	184,107	16.1	214,509	18.6	(30,402)	(14.2)	177,682	15.7	208,149	18.4	(30,467)	(14.6)
Total Liabilities	529,144	46.3	539,355	46.7	(10,211)	(1.9)	479,762	42.3	503,082	44.4	(23,320)	(4.6)
Shareholders' equity	613,010	53.7	616,692	53.3	(3,682)	(0.6)	653,202	57.7	630,128	55.6	23,074	3.7
Total liabilities and shareholders' equity	1,142,154	100.0	1,156,047	100.0	(13,893)	(1.2)	1,132,964	100.0	1,133,210	100.0	(246)	(0.0)

2.1 Assets

As at December 31, 2019, the total assets of the Group amounted to Baht 1,142 million, consisting of current assets Baht 667 million or 58.4 percent of total assets and non-current assets amounted to Baht 475 million or 41.6 percent of total assets.

- **Current assets** slightly decreased from prior year by Baht 3 million or 0.5 percent mainly due to decrease in cash, cash equivalent, temporary investment and inventories at Baht 4 million, Baht 4 million and Baht 12 million consequently while trade receivables and other receivables and other assets were increased by Baht 16 million and Baht 1 million respectively.
- **Non-current assets** amounted to Baht 475 million and decreased from the prior year at Baht 11 million or 2.2 percent mainly, decrease in PP&E at Baht 17 million due to purchase of equipment at Baht 11 million and building improvement at Baht 4 million while the depreciation for the period was at Baht 28 million. However, the deferred income tax asset was increased at Baht 5 million which mainly due to the accumulated loss of its subsidiary.

2.2 Liabilities

As at December 31, 2019, the Group's total liabilities amounted to Baht 529 million, consisting of current liabilities at Baht 345 million or 65.2 percent of total liabilities and non-current liabilities was at Baht 184 million or 34.8 percent of total liabilities.

- **Current liabilities'** increase of 20 million baht from the end of last year or 6.2 percent increase.
 - Trade payables and other trade payables increased by Baht 18 million consist of long-term deposits from financial institutions which were due to be paid within one year, income tax payable, and short-term deposits Baht 5 million, Baht 1 million, and Baht 1 million consequently. Trust receipts

of the Company decreased Baht 16 million while short-term deposits of subsidiary increased Baht 18 million and repaid during the year Baht 1 million.

- Current liabilities decreased from the previous year Baht 4 million, consist of advance received from customers and other current liabilities decreased by Baht 2 million and Baht 2 million consequently.
- **Non- current liabilities** decreased from the end of last year Baht 30 million or 14.2 percent.
 - Long-term deposit from financial institutions - the remaining payment due within one year decreased by Baht 30 million as part of the company which decreased by Baht 34 million from the repayment during the year of the Company during the year while the subsidiary, long-term bank deposits increased Baht 10 million, less the portion due in one year by Baht 3 million and repayments Baht 3 million. In addition, subsidiary's deferred income tax liabilities decreased Baht 5 million because this year deferred tax assets was more than deferred income tax liabilities, then there were no deferred income tax liabilities.
 - However, Long-term employee benefit reserve liabilities increased by Baht 6 million, due to the Labor Protection Act (No.7) B.E. 2562 was announced in the Royal Gazette. This change was considered a post-employment benefits plan amendment and the Group had additional long-term employee benefit liabilities of Baht 3 million.

2.3 Shareholders' equity

As at December 31, 2019, shareholders' equity amounted to Baht 613 million and decreased from the prior year at Baht 4 million which derived from the year's profit of the Group at Baht 84 million and interim dividend payment at Baht 88 million.

3. Cash flows Analysis

Table 4: Overall Cash flows for year 2019

(Unit: Thousand)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash flows from operating activities	122,737	77,367	155,634	90,500
Cash flows used in investing activities	(13,208)	(139,283)	(21,044)	(233,088)
Cash flows from (used in) financing activities	(113,998)	54,373	(138,518)	132,901
Net decrease in cash and cash equivalents	(4,469)	(7,543)	(3,928)	(9,687)
Cash and cash equivalents at beginning of the year	41,796	49,339	39,652	49,339
Cash and cash equivalents at end of the year	37,327	41,796	35,724	39,652

In the year 2019, the Group's cash flows from operating activities amounted to Baht 123 million.

3.1 Cash flows used in investing activities

In the year 2019, the Group's cash flows from investing activities amounted to Baht 13 million which mainly due to purchase of equipment at Baht 9 million and intangible asset during the year at Baht 4 million.

For last year, cash flows used in investing activities amounted to Baht 139 million which mainly due to invest in subsidiary investment at Baht 133 million (Net commission at Bath 3 million and its subsidiary cash at Bath 3 million), purchase of equipment at Baht 6 million and intangible asset during the year at Bath 1 million.

3.2 Cash flows from (used in) financing activities

Net Cash for year 2019, The Group's cash flows used in financing activities amounted to Baht 114 million, which mainly due to dividend payment to shareholders paid at Baht 88 million and long-term loan repayment paid Baht 35 million and finance lease liabilities repayment Baht 1 million while Cash received from long-term loan with financial institution of subsidiary at Baht 10 million. Short-term loans from financial institution and trust receipts were increased at Baht 1 million.

For last year, the Group's cash flows from financing activities amounted to Baht 54 million, which mainly due to short-term loans from financial institution and trust was increased at Baht 8 million and long-term loan with financial institution of subsidiary company at Baht 250 million while the Company granted its subsidiary company to borrow at Baht 89 million to settle loans from its former subsidiary director, dividend payment paid Baht 88 million, repayment long-term loan to financial institutions Baht 24 million, front end fee paid Baht 1 million and finance lease liabilities repayment paid Baht 1 million.

As the above-mentioned, the Company and its subsidiary ("the Group") had cash flows and cash equivalents for year 2019 decreased at Baht 5 million. By including cash and cash equivalents as at December 31, 2018 in the amount of Baht 42 million, therefore total cash flows and cash equivalents of the Group for ended December 31, 2019 equaled to Baht 37 million.

4. Financial Ratio Analysis

Table 5: Financial Ratio

Financial Ratio		Consolidated Financial Statements		Separate Financial Statements		
		2019	2018	2019	2018	2017
Gross Profit Margin	%	23.6	24.3	23.6	22.5	22.4
Net Profit Margin	%	5.1	5.5	6.9	6.7	6.3
ROE	%	13.7	14.4	17.3	16.5	17.1
ROA	%	7.3	8.5	9.8	10.0	11.3
D/E ratio	time	0.9	0.9	0.7	0.8	0.5

In 2019, The Group's gross profit margin was 23.6 percent which decreased by 0.7 percent from the prior year. The company's gross profit margin in good level was 23.6 percent which increased from the prior year. In 2019, its subsidiary's gross profit margin equaled 5.1 percent which decreased from the prior year while ROE represented 13.7 percent, ROA at 7.3 percent decreased from the prior year due to decreased of profit and D/E ratio equaled to 0.9 time which equal the prior year.

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 2019, gross profit margin was 23.6 percent which increased 1.1 percent from year 2018. The main causes resulted from imported product cost related to the weaken US currency which is Company's main exchange rate; in 2019 was 30.33-32.53 THB/USD then in 2018 was 31.31-33.64 THB/USD due to effective in cost management.

In 2019, The sale income of Industry Product for distribution to the food processing industry was 4.4 percent which decreased from the prior year. 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 2019, consumer products sales increased at 12.1%. 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. In 2019, It generated revenue in the amount of Baht 44.6 million which mainly comes from Skincare and Cosmetics as a bestselling product 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, 2019 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 2019, the Audit Committee held a total 7 meetings, each committee member attended the meetings as shown in the following details.

1. Mr. Prakarn Tawisuwan	Chairman of Audit Committee	attended 6/7 meetings
2. Miss Thipawan Uthaisang	Member of Audit Committee	attended 7/7 meetings
3. Dr. Warunee Varanyanond	Member of Audit Committee	attended 6/7 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 2019, 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 2019 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 27, 2020

Winner Group Enterprise Public Company Limited and its subsidiary

Consolidated Financial Statements and Independent Auditor's Report

January 1, 2019 to December 31, 2019

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 2019, and the related consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent 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 11 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.

Impairment of goodwill and investment in a subsidiary

As disclosed in Note 13 and 14 to the financial statements, a subsidiary has operating loss and a capital deficit which the Group's management is implementing financial and operational measures to improve the subsidiary's future performance. As at 31 December 2019, the Group's consolidated financial statements included goodwill from purchase of investment in subsidiary of Baht 94 million and the Company's separate financial statements included net investment in this subsidiary of Baht 150 million (net of allowance for impairment). I have paid particular attention to the determination of impairment loss on goodwill and investment in subsidiary since these accounts required the exercise of significant management judgement with respect to projections of the future operating performance of the subsidiary, and the determination of an appropriate discount rate and key assumptions, there is thus a risk with respect to the amount of impairment loss.

I assessed the management's identification of cash-generating units. I also gained an understanding of and assessed the cash flow projections of the subsidiary, based on the understanding I gained of the process by which management arrived at the figures, comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections, comparison of the long-term growth rate with economic and industry forecasts and assessment of the discount rate based on comparison of the average cost of capital and other data with those used by comparable organisations in the same industry.

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: 27 February 2020

Financial Statements

Statement of financial position

As at 31 December 2019

Assets

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Current assets					
Cash and cash equivalents	8	37,327,021	41,796,242	35,724,259	39,652,102
Current investments	9	25,891,702	30,352,230	25,891,702	30,352,230
Trade and other receivables	10	307,422,132	291,558,292	302,041,471	282,175,103
Short-term loan to subsidiary and interest receivable	7	-	-	14,316,916	-
Inventories	11	282,945,871	294,606,915	273,612,461	283,951,310
Other current assets		13,850,984	12,168,406	12,587,741	10,162,544
Total current assets		667,437,710	670,482,085	664,174,550	646,293,289
Non-current assets					
Restricted bank deposits	12	944,777	936,433	-	-
Long-term loan to subsidiary and interest receivable	7	-	-	94,738,040	91,561,180
Investment in subsidiary	13	-	-	150,001,028	163,851,028
Goodwill	14	94,446,319	94,446,319	-	-
Property, plant and equipment	15	354,116,206	371,287,169	208,991,245	217,017,813
Intangible assets	16	11,162,944	9,730,403	9,550,005	9,307,920
Prepaid rental		2,299,372	2,572,565	-	-
Deferred tax assets	24	8,209,068	2,739,509	2,920,143	2,739,509
Other non-current assets		3,538,476	3,853,133	2,589,116	2,439,292
Total non-current assets		474,717,162	485,565,531	468,789,577	486,916,742
Total assets		1,142,154,872	1,156,047,616	1,132,964,127	1,133,210,031

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

Statement of financial position (continued)

As at 31 December 2019

Liabilities and shareholders' equity

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	45,235,797	44,411,065	17,235,797	33,519,347
Trade and other payables	18	227,889,844	209,714,938	220,765,034	197,120,019
Advances received from customers		4,068,188	6,148,582	-	-
Current portion of liabilities under finance lease agreements		1,165,731	1,125,779	1,165,731	1,125,779
Current portion of long-term loans from financial institution	19	37,377,523	32,755,179	33,989,755	32,755,179
Income tax payable		15,064,173	14,040,072	15,064,173	14,040,072
Provision for goods return	20	5,417,628	5,517,444	5,417,628	5,517,444
Other current liabilities		8,818,555	11,132,546	8,442,158	10,855,417
Total current liabilities		345,037,439	324,845,605	302,080,276	294,933,257
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		1,460,368	2,626,100	1,460,368	2,626,100
Long-term loans from financial institution - net of current portion	19	162,411,186	192,364,837	158,376,193	192,364,837
Provision for long-term employee benefits	21	19,587,241	13,996,260	17,686,414	13,001,940
Deferred tax liabilities	24	-	4,510,746	-	-
Other non-current liabilities		648,328	1,011,510	159,087	156,167
Total non-current liabilities		184,107,123	214,509,453	177,682,062	208,149,044
Total liabilities		529,144,562	539,355,058	479,762,338	503,082,301

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

Statement of financial position (continued)

As at 31 December 2019

Liabilities and shareholders' equity (continued)

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	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	100,000,000
Premium on ordinary shares		147,706,160	147,706,160	147,706,160	147,706,160
Retained earnings					
Appropriated - statutory reserve	22	10,000,000	10,000,000	10,000,000	10,000,000
Unappropriated		355,304,150	358,986,398	395,495,629	372,421,570
Total shareholders' equity		613,010,310	616,692,558	653,201,789	630,127,730
Total liabilities and shareholders' equity		1,142,154,872	1,156,047,616	1,132,964,127	1,133,210,031

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

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales and service income	26	1,633,055,334	1,599,105,881	1,588,543,653	1,516,481,317
Other income		15,237,159	11,861,657	18,105,786	12,687,377
Total revenues		1,648,292,493	1,610,967,538	1,606,649,439	1,529,168,694
Expenses					
Cost of sales and service		1,247,597,716	1,209,890,778	1,214,418,661	1,175,136,338
Selling and distribution expenses		104,587,571	106,426,965	95,785,435	93,788,183
Administrative expenses		180,753,560	174,719,857	131,619,148	123,826,510
Loss on impairment of investment in a subsidiary	13	-	-	13,850,000	-
Total expenses		1,532,938,847	1,491,037,600	1,455,673,244	1,392,751,031
Profit before finance cost and income tax expenses		115,353,646	119,929,938	150,976,195	136,417,663
Finance cost		(9,725,221)	(7,435,213)	(8,791,792)	(7,331,094)
Profit before income tax expenses		105,628,425	112,494,725	142,184,403	129,086,569
Income tax expenses	24	(21,310,673)	(23,657,325)	(31,110,344)	(26,080,000)
Profit for the year		84,317,752	88,837,400	111,074,059	103,006,569
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		84,317,752	88,483,119	111,074,059	101,918,291
Earnings per share	25				
Basic earnings per share		0.21	0.22	0.28	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 2019

(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 (<i>Note 28</i>)	-	-	-	(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
Balance as at 1 January 2019	100,000,000	147,706,160	10,000,000	358,986,398	616,692,558
Profit for the year	-	-	-	84,317,752	84,317,752
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	84,317,752	84,317,752
Dividend paid (<i>Note 28</i>)	-	-	-	(88,000,000)	(88,000,000)
Balance as at 31 December 2019	100,000,000	147,706,160	10,000,000	355,304,150	613,010,310

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(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 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 28</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
Balance as at 1 January 2019	100,000,000	147,706,160	10,000,000	372,421,570	630,127,730
Profit for the year	-	-	-	111,074,059	111,074,059
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	111,074,059	111,074,059
Dividend paid (<i>Note 28</i>)	-	-	-	(88,000,000)	(88,000,000)
Balance as at 31 December 2019	100,000,000	147,706,160	10,000,000	395,495,629	653,201,789

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

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from (used in) operating activities				
Profit before tax	105,628,425	112,494,725	142,184,403	129,086,569
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	27,794,458	29,120,203	13,993,958	14,300,175
Amortization	3,068,109	2,951,233	2,930,565	2,802,972
Reversal of allowance for doubtful accounts	(1,059,950)	(48,490)	(438,869)	(19,975)
Recovery of bad debts	(330,000)	(140,000)	(330,000)	(140,000)
Bad debts	1,138,224	988,604	545,841	978,693
Reduction of inventory cost to net realisable value (Reversal)	354,455	(1,444,852)	(1,267,352)	333,049
Loss from written-off obsoleted inventories	4,506,777	6,097,434	4,506,777	4,313,731
Reversal of provision for goods return	(99,816)	(627,916)	(99,816)	(627,916)
Loss on impairment of investment in subsidiary	-	-	13,850,000	-
Loss (gain) on sale of equipment	10,734	(20,874)	10,734	(20,874)
Loss from written-off assets	1,971	281,891	1,971	281,891
Reversal of allowance for impairment of assets	-	(33,167)	-	(33,167)
Gain on valuation of current investments	(239,279)	(53,214)	(239,279)	(53,214)
Gain on sales of current investments	(300,193)	(396,618)	(300,193)	(396,618)
Provision for long-term employee benefits	5,924,313	3,072,708	5,017,806	2,642,382
Unrealised loss (gain) on exchanges	163,043	(904,331)	163,043	(904,331)
Interest income	(216,401)	(141,479)	(4,516,434)	(3,307,673)
Interest expenses	9,725,221	7,435,213	8,791,792	7,331,094
Profit from operating activities before changes in operating assets and liabilities	156,070,091	158,631,070	184,804,947	156,566,788
Operating assets (increase) decrease				
Current investments - trading securities	5,000,000	745,996	5,000,000	745,996
Trade and other receivables	(15,601,163)	30,420,626	(19,632,388)	28,796,506
Inventories	6,799,812	(15,465,374)	7,099,424	(17,124,136)
Other current assets	(1,669,050)	(2,351,786)	(2,425,197)	(3,452,056)
Other non-current assets	587,850	(85,010)	(149,824)	480,102
Operating liabilities increase (decrease)				
Trade and other payables	15,409,482	(45,555,256)	21,518,885	(38,968,587)
Other current liabilities	(3,481,635)	(14,998,404)	(1,500,509)	(2,424,001)
Other non-current liabilities	(363,182)	257,256	2,920	912
Cash flows from operating activities	162,752,205	111,599,118	194,718,258	124,621,524
Cash paid for interest expenses	(9,402,234)	(6,962,824)	(8,483,850)	(6,861,754)
Cash paid for corporate income tax	(30,279,660)	(26,992,979)	(30,266,877)	(26,983,986)
Cash paid for employee benefits	(333,332)	(276,000)	(333,332)	(276,000)
Net cash flows from operating activities	122,736,979	77,367,315	155,634,199	90,499,784

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

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from (used in) investing activities				
Increase in restricted bank deposits	(8,344)	-	-	-
Proceeds from sales of equipment	2,803	78,972	2,803	78,972
Acquisition of equipment	(9,285,301)	(5,960,204)	(4,908,466)	(5,199,114)
Acquisition of intangible assets	(4,133,306)	(1,023,301)	(3,160,546)	(863,700)
Acquisition of investment in subsidiary	-	(132,520,433)	-	(138,851,028)
Increase in short-term loan to subsidiary	-	-	(14,300,000)	-
Increase in long-term loan to subsidiary	-	-	-	(89,420,000)
Interest income	215,656	141,479	1,322,657	1,166,492
Net cash flows used in investing activities	(13,208,492)	(139,283,487)	(21,043,552)	(233,088,378)
Cash flows from (used in) financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	824,732	7,796,778	(16,283,550)	(3,094,940)
Cash received from long-term loans from financial institution	10,000,000	250,000,000	-	250,000,000
Repayment of long-term loans from financial institution	(35,437,891)	(24,042,943)	(32,887,891)	(24,042,943)
Cash paid for prepaid loan fees	(37,500)	(937,500)	-	(937,500)
Repayment of loan from former shareholder of subsidiary	-	(89,420,000)	-	-
Dividend paid	(88,000,000)	(88,000,000)	(88,000,000)	(88,000,000)
Payment of liabilities under finance lease agreements	(1,347,049)	(1,023,048)	(1,347,049)	(1,023,048)
Net cash flows from (used in) financing activities	(113,997,708)	54,373,287	(138,518,490)	132,901,569
Net decrease in cash and cash equivalents	(4,469,221)	(7,542,885)	(3,927,843)	(9,687,025)
Cash and cash equivalents at beginning of year	41,796,242	49,339,127	39,652,102	49,339,127
Cash and cash equivalents at end of year	37,327,021	41,796,242	35,724,259	39,652,102
Supplemental disclosures of cash flows information:				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	1,353,287	3,685,064	1,074,017	324,515
Purchase of intangible assets for which no cash has been paid	367,759	-	12,519	-
Acquisition of motor vehicle under finance lease agreement	-	1,499,106	-	1,499,106

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 2019

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, 21 st 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, Ayutthaya
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	
			2019	2018
			Percent	Percent
Aesthetic Zecret (AT-ZE) Company Limited	Manufacturing of skincare products, cosmetics, food supplements and medicines used to treat skin diseases	Thailand	100	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 Group have been eliminated from the consolidated financial statements.

The Company acquired ordinary shares of the subsidiary during the second quarter of 2018. Therefore, the Company prepared consolidated financial statements since that period.

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

TFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services

TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

The Group adopted TFRS 15 using the full retrospective method of adoption.

The effect of the change is described in Note 4 to the consolidated financial statements.

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include

stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

TFRS 16 Leases

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

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

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

4. Effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the consolidated financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. There are no effects to the statement of financial position and statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of comprehensive income are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
	Increase (decrease) in profit for the year ended 31 December 2018
Statement of comprehensive income	
Profit or loss:	
Sales and service income	(15,501)
Cost of sales and service	(2,334)
Selling and distribution expenses	17,219
Administrative expenses	616

The nature of these significant adjustments are described below:

- Consideration payable to customers - The Group has determined that consideration payable to customers which can be identified the consideration should be recognised as expenses. The consideration payable to customers which cannot be identified the consideration should be recognised as net to sales.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

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

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

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

5.2 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.

5.3 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.

5.4 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.

5.5 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 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.

On disposal of investments, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.6 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	3 - 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.

5.7 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:

Computer software	3 - 10 years
Copyright	5 years

No amortisation is provided on computer software under installation.

5.8 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.

5.9 Related party transactions

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

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

5.10 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.

5.11 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.

5.12 Impairment of assets

At the end of each reporting period, the Group 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 Group 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 Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

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

Defined benefit plans

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

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

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

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

5.14 Provisions

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

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

At each reporting date, the Group reviews and reduce 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 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.

5.17 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

- Level 1 - Use of quoted market prices in an 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. 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.

Impairment of assets

The Group performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that 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 (calculated from the estimated future discounted cash flows) is less than the carrying amount.

The preparation of the estimated future discounted cash flows requires the management to make forecasts of future revenues and expenses, and appropriate discount rates and other assumptions.

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.

Deferred tax assets

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

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.

7. 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		Separate		Pricing policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	-	-	0.6	-	Cost plus margin
Rental and service income	-	-	0.1	-	Contract price
Interest income	-	-	4.3	3.2	2.40%, 2.55% and 4.75% per annum

As at 31 December 2019 and 2018, the balances of the accounts between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade and other receivables - related party (Note 10)</u>				
Subsidiary				
Aesthetic Zecret (AT-ZE)				
Company Limited	-	-	9	-
Total	-	-	9	-
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiary				
Aesthetic Zecret (AT-ZE)				
Company Limited	-	-	582	4
Director	-	25	-	-
Total	-	25	582	4
<u>Short-term loan to subsidiary and interest receivable</u>				
Aesthetic Zecret (AT-ZE)				
Company Limited				
Loan	-	-	14,300	-
Interest receivable	-	-	17	-
Total	-	-	14,317	-
<u>Long-term loan to subsidiary and interest receivable</u>				
Aesthetic Zecret (AT-ZE)				
Company Limited				
Loan	-	-	89,420	89,420
Interest receivable	-	-	5,318	2,141
Total	-	-	94,738	91,561

During the year ended 31 December 2019, movement of loans to subsidiary are as below:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loan to subsidiary				
Aesthetic Zecret (AT-ZE)				
Company Limited	-	14,300	-	14,300
Long-term loan to subsidiary				
Aesthetic Zecret (AT-ZE)				
Company Limited	89,420	-	-	89,420

Short-term loan to subsidiary is unsecured promissory notes, carrying interest at 2.40 and 2.55 percent per annum and is to be repaid within 3 months from the drawdown date.

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 2019 and 2018, the Group had employee benefit expenses payable to their directors and managements as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	28,346	25,744	21,237	18,716
Post-employment benefits	581	992	241	793
Total	28,927	26,736	21,478	19,509

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	145	148	95	103
Bank deposits	37,182	41,648	35,629	39,549
Total	37,327	41,796	35,724	39,652

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.13 and 0.38 percent per annum (2018: between 0.13 and 0.40 percent per annum).

9. Current investments

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2019</u>	<u>2018</u>
Investments in trading security - unit trust of open-ended fund, fair value	25,892	30,352
Total	25,892	30,352

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	9	-
Total trade receivables - related party	-	-	9	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	237,245	213,541	232,984	208,425
Past due				
Up to 3 months	66,091	70,804	65,162	70,187
3 - 6 months	260	63	60	-
6 - 12 months	92	708	92	54
Over 12 months	-	1,062	-	476
Total	303,688	286,178	298,298	279,142
Less: Allowance for doubtful accounts	(92)	(1,152)	(92)	(530)
Total trade receivables - unrelated parties - net	303,596	285,026	298,206	278,612
Total trade receivables - net	303,596	285,026	298,215	278,612
<u>Other receivables</u>				
Other receivables - unrelated parties	221	3,542	221	573
Accrued income	3,605	2,990	3,605	2,990
Total other receivables	3,826	6,532	3,826	3,563
Total trade and other receivables - net	307,422	291,558	302,041	282,175

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	187,645	203,414	(4,496)	(4,304)	183,149	199,110
Work in process	1,905	2,398	(821)	(166)	1,084	2,232
Raw materials	10,510	8,210	(277)	(770)	10,233	7,440
Packaging supplies	3,461	2,707	-	-	3,461	2,707
Goods in transit	85,019	83,118	-	-	85,019	83,118
Total	288,540	299,847	(5,594)	(5,240)	282,946	294,607

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	185,188	201,159	(3,322)	(4,297)	181,866	196,862
Work in process	88	32	-	(8)	88	24
Raw materials	4,736	2,963	(183)	(467)	4,553	2,496
Packaging supplies	2,086	1,451	-	-	2,086	1,451
Goods in transit	85,019	83,118	-	-	85,019	83,118
Total	277,117	288,723	(3,505)	(4,772)	273,612	283,951

During the current year, the Group reduced cost of inventories by Baht 5.1 million (2018: Baht 1.4 million) (The Company only: Baht 3.5 million, 2018: Baht 0.3 million), to reflect the net realisable value. This was included in cost of sales and administrative expenses. In addition, the Group reduced the write-down of cost of inventories by Baht 4.8 million (2018: Baht 2.8 million) (The Company only: Baht 4.8 million, 2018: Nil) and reduced the cost of sales during the year.

12. Restricted bank deposits

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

13. Investment in subsidiary

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding		Cost		Allowance for		Carrying amounts	
			percentage				impairment		based on	
	2019	2018	2019	2018	2019	2018	2019	2018	cost method - net	
				(%)	(%)					2019
Aesthetic Zecret (AT-ZE)										
Company Limited	80,000	80,000	100	100	163,851	163,851	(13,850)	-	150,001	163,851

Aesthetic Zecret (AT-ZE) Company Limited (the subsidiary) had operating loss and a capital deficit. During the current year, the Company recorded losses from impairment of investment in a subsidiary of approximately Baht 14 million based on its review of the carrying amount of the investment in the subsidiary through the comparison of the net book value and the recoverable value of the cash generating unit, determined using the value-in-use method.

The Group's management is currently implementing financial and operational measures to improve the subsidiary's future performance.

14. Goodwill

The net book values of goodwill as at 31 December 2019 and 2018 represent goodwill from purchase of investment in Aesthetic Zecret (AT-ZE) Company Limited (the subsidiary).

For the purpose of impairment testing of goodwill, the Company determines the recoverable amount of the cash generating unit from the value in use of assets by estimating future cash flow expected to receive based on the financial plan approved by the management which covers a five-year period.

Key assumptions used in value in use calculation are summarised below.

(Unit: Percent per annum)

Long-term growth rate	2.0
Pre-tax discount rate	11.1

The management determined growth rates based on expected market growth in the industry and economic growth. Pre-tax discount rate reflects the risk specific to each cash generating unit.

The management believes that there is no impairment loss for goodwill.

15. 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	-	35	28	1,480	2,228	2,104	5,269	11,144
Disposals/written-off	-	-	-	(356)	(393)	(407)	-	(1,156)
Transfers in (out)	-	-	680	151	2,806	-	(3,637)	-
Reclassification	-	(4)	430	3,568	4	(3,998)	-	-
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	61,778	25,648	47,299	31,766	3,275	527,788
Additions	-	360	593	2,584	2,207	-	4,895	10,639
Disposals/written-off	-	-	-	(748)	(4,564)	-	-	(5,312)
Transfers in (out)	-	6,476	25	778	385	-	(7,664)	-
31 December 2019	148,560	216,298	62,396	28,262	45,327	31,766	506	533,115

(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
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)
Reclassification	-	-	452	3,109	-	(3,561)	-	-
Acquisitions of subsidiary during the year	-	2,351	2,177	1,557	6,605	2,217	-	14,907
31 December 2018	-	63,467	26,423	16,692	35,647	14,272	-	156,501
Depreciation for the year	-	12,554	5,277	2,974	5,231	1,758	-	27,794
Depreciation on disposals/ written-off	-	-	-	(736)	(4,560)	-	-	(5,296)
31 December 2019	-	76,021	31,700	18,930	36,318	16,030	-	178,999
Allowance for impairment loss:								
1 January 2018	-	-	-	13	20	-	-	33
Decrease during the year	-	-	-	(13)	(20)	-	-	(33)
31 December 2018	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Net book value:								
31 December 2018	148,560	145,995	35,355	8,956	11,652	17,494	3,275	371,287
31 December 2019	148,560	140,277	30,696	9,332	9,009	15,736	506	354,116
Depreciation for the year								
2018 (Baht 9.9 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								29,120
2019 (Baht 11.1 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								27,794

(Unit: Thousand Baht)

	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 2018	114,250	109,527	36,851	14,918	30,042	31,265	1,073	337,926
Additions	-	35	28	103	1,978	2,104	2,774	7,022
Disposals/written-off	-	-	-	(356)	(393)	(407)	-	(1,156)
Transfers in (out)	-	-	680	151	2,806	-	(3,637)	-
Reclassification	-	(4)	430	3,568	4	(3,998)	-	-
31 December 2018	114,250	109,558	37,989	18,384	34,437	28,964	210	343,792
Additions	-	-	271	2,266	1,861	-	1,585	5,983
Disposals/written-off	-	-	-	(748)	(4,564)	-	-	(5,312)
Transfers in (out)	-	101	25	778	385	-	(1,289)	-
31 December 2019	114,250	109,659	38,285	20,680	32,119	28,964	506	344,463
Accumulated depreciation:								
1 January 2018	-	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)
Reclassification	-	-	452	3,109	-	(3,561)	-	-
31 December 2018	-	50,881	22,697	14,423	27,118	11,655	-	126,774
Depreciation for the year	-	4,226	3,207	1,997	2,966	1,598	-	13,994
Depreciation on disposals/written-off	-	-	-	(736)	(4,560)	-	-	(5,296)
31 December 2019	-	55,107	25,904	15,684	25,524	13,253	-	135,472

(Unit: Thousand Baht)

	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
Allowance for impairment loss:								
1 January 2018	-	-	-	13	20	-	-	33
Decrease during the year	-	-	-	(13)	(20)	-	-	(33)
31 December 2018	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Net book value:								
31 December 2018	114,250	58,677	15,292	3,961	7,319	17,309	210	217,018
31 December 2019	114,250	54,552	12,381	4,996	6,595	15,711	506	208,991
Depreciation for the year								
2018 (Baht 5.5 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								14,300
2019 (Baht 5.3 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								13,994

As at 31 December 2019, the Company had motor vehicles with net book value of Baht 5.8 million (2018: Baht 6.9 million) which were acquired under finance lease agreements.

As at 31 December 2019, the Group 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 86 million (2018: Baht 72 million).

16. Intangible assets

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

(Unit: Thousand Baht)

Consolidated financial statements				
	Computer software	Copyright	Computer software under installation	Total
As at 31 December 2019				
Cost	14,182	1,000	4,335	19,517
<u>Less</u> Accumulated amortisation	(7,354)	(433)	-	(7,787)
Accumulated allowance for impairment loss	-	(567)	-	(567)
Net book value	6,828	-	4,335	11,163
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 2019				
Cost	13,142	1,000	3,007	17,149
<u>Less</u> Accumulated amortisation	(6,599)	(433)	-	(7,032)
Accumulated allowance for impairment loss	-	(567)	-	(567)
Net book value	6,543	-	3,007	9,550
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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	9,730	11,527	9,308	11,527
Acquisition of computer software	4,501	1,023	3,173	864
Written-off	-	(280)	-	(280)
Amortisation	(3,068)	(2,951)	(2,931)	(2,803)
Acquisition of subsidiary during the year	-	411	-	-
Net book value at end of year	11,163	9,730	9,550	9,308

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Bank overdrafts	11.37	-	892	-	-
Short-term loans from financial institutions	2.40 - 2.60	28,000	10,000	-	-
Trust receipts	1.77 - 2.05	17,236	33,519	17,236	33,519
Total		45,236	44,411	17,236	33,519

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

As at 31 December 2019, the remaining bank overdrafts and short-term credit facilities of the Group available to be drawn down amounting to Baht 494 million (2018: Baht 497 million).

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - related party (Note 7)	-	-	582	4
Trade payables - unrelated parties	167,128	155,898	163,674	152,401
Other payables - unrelated parties	16,011	15,682	14,388	10,478
Accrued expenses - director (Note 7)	-	25	-	-
Accrued expenses - unrelated parties	44,751	38,110	42,121	34,237
Total	227,890	209,715	220,765	197,120

19. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (Percent per annum)	Repayment schedule	Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2019	2018	2019	2018
1	3.75 for the first 5 years and thereafter at MLR - 2.1	Repaid for every 3 months within 7 years from the drawdown date	192,366	225,120	192,366	225,120
2	4.75	Repaid for every 3 months within 3 years from the drawdown date	7,423	-	-	-
Total			199,789	225,120	192,366	225,120
Less: Current portion			(37,378)	(32,755)	(33,990)	(32,755)
Long-term loans from financial institution - net of current portion			162,411	192,365	158,376	192,365

Movement of long-term loans from financial institution for the year ended 31 December 2019 are as below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	225,120	225,120
Addition during the year	10,000	-
Prepaid loan fees	(38)	-
Repayment during the year	(35,438)	(32,888)
Amortisations of prepaid loan fees	145	134
Balance as at 31 December 2019	199,789	192,366

The loan credit facility of the subsidiary is guaranteed by the Company.

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.

20. Provision for goods return

	(Unit: Thousand Baht)
	Consolidated financial statements/Separate financial statements
At 1 January 2018	6,145
Increase during the year	16,599
Utilised	(17,227)
At 31 December 2018	5,517
Increase during the year	9,462
Utilised	(9,561)
At 31 December 2019	5,418

21. 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	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	13,996	9,275	13,002	9,275
Included in profit or loss:				
Current service cost	2,375	2,801	1,622	2,400
Interest cost	457	271	421	242
Past service costs	3,092	-	2,974	-
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	(333)	(276)	(333)	(276)
Acquisition of subsidiary during the year	-	1,481	-	-
Provision for long-term employee benefits at end of year	19,587	13,996	17,686	13,002

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment

benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 3.1 million (The Company only: Baht 3.0 million). The Group recognised the effect of the change by recognising past service costs as expenses in the profit or loss of the current year.

The Group expects to pay Baht 0.6 million of long-term employee benefits during the next year (2018: Baht 2.7 million) (The Company only: Baht 0.5 million, 2018: Baht 2.7 million)

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 18 years (2018: 16 years) (The Company only: 17 years, 2018: 16 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	3.17 - 3.19	3.13 - 3.17	3.17	3.13
Salary increase rate	6.00	6.00	6.00	6.00
Turnover rate	2.87 - 40.11	2.87 - 40.11	2.87 - 34.38	2.87 - 34.38

(Unit: percent per annum)

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

	Consolidated financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2.1)	2.4	(1.4)	1.7
Salary increase rate	2.4	(2.1)	1.5	(1.3)
Turnover rate	(2.2)	2.8	(1.4)	1.7

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.8)	2.2	(1.3)	1.5
Salary increase rate	2.1	(1.8)	1.4	(1.2)
Turnover rate	(1.9)	2.4	(1.2)	1.5

(Unit: Million Baht)

22. 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.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	194,552	188,077	147,013	138,426
Depreciation	27,794	29,120	13,994	14,300
Amortisation	3,068	2,951	2,931	2,803
Marketing expenses	18,586	19,039	16,510	16,925
Purchases for finished goods	1,123,600	1,123,526	1,124,084	1,120,726
Raw materials and packaging supplies used	63,573	76,702	51,611	64,100
Changes in finished goods and work in process	16,262	(18,705)	15,915	(21,164)

24. Income tax

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	31,254	25,695	31,254	25,695
Adjustment in respect of income tax of previous year	37	-	37	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,980)	(2,038)	(181)	385
Income tax expense reported in profit or loss	<u>21,311</u>	<u>23,657</u>	<u>31,110</u>	<u>26,080</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	105,628	112,495	142,184	129,086
Applicable tax rate (percent)	20	20	20	20
Accounting profit before tax multiplied by income tax rate	21,126	22,499	28,437	25,817
Adjustment in respect of income tax of previous year	37	-	37	-
Temporary difference which deferred tax assets has not been recognised	-	-	2,770	-
Effects of:				
Non-deductible expenses	574	974	317	731
Additional expense deductions allowed	(478)	(779)	(478)	(779)
Others	52	963	27	311
Total	148	1,158	(134)	263
Income tax expense reported in profit or loss	21,311	23,657	31,110	26,080

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	18	230	18	106
Allowance for diminution in value of inventories	1,119	1,048	701	955
Allowance for impairment of assets	103	103	103	103
Provision for goods return	1,084	1,104	1,084	1,104
Accumulated depreciation - leasehold improvement	1,146	1,015	-	-
Unused tax loss	9,857	574	-	-
Provision for long-term employee benefits	3,917	2,800	3,537	2,600
Deferred revenue	6	-	6	-
Total	17,250	6,874	5,449	4,868
Deferred tax liabilities				
Unrealised gain on changes in values of investments	88	41	88	41
Accumulated depreciation - Plant and equipment	1,773	1,426	1,773	1,426
Finance lease	668	662	668	662
Fair value of property, plant and equipment through business combination	6,512	6,516	-	-
Total	9,041	8,645	2,529	2,129

25. 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.

26. 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 Group 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 Group's operating segments for the years ended 31 December 2019 and 2018.

(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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	646,375	676,318	942,168	840,164	45,147	82,628	(635)	(4)	1,633,055	1,599,106
Segment profit (loss)	145,646	138,419	133,326	104,574	(50,257)	(13,465)	(149)	1	228,566	229,529
Unallocated expenses									(122,937)	(117,035)
Income tax expenses									(21,311)	(23,657)
Profit for the year									84,318	88,837

Geographic information

The Group operates 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 2019, the Group has revenue from a major customer in amount of Baht 362 million, arising from consumer food product segment (2018: Baht 337 million derived from a major customer, arising from consumer food product segment).

27. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributes 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 BCAP Asset Management (Thailand) Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to

approximately Baht 3 million (2018: Baht 3 million) (the Company only: Baht 3 million, 2018: Baht 3 million) were recognised as expenses.

28. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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	
Final dividends for 2018	Annual General Meeting of the shareholders on 25 April 2019	52	0.13
Interim dividends for 2019	Board of director's meeting on 13 August 2019	36	0.09
Total		88	

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2019, the Group had capital commitments of approximately Baht 2.4 million (2018: Baht 0.3 million) (The Company only: Baht 0.9 million, 2018: Baht 0.1 million), relating to building improvement and acquisition of computer software.

29.2 Operating lease and service commitments

The Group 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.

As at 31 December 2019 and 2018, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable:				
In up to 1 year	11.5	12.5	7.3	8.0
In over 1 and up to 5 years	9.9	11.0	6.2	3.5

(Unit: Million Baht)

29.3 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 2019, the Company recorded royalty fees under the above agreement amounting to Baht 14.2 million (2018: Baht 12.7 million).

29.4 Guarantees

- a) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 3.2 million (2018: Baht 4.3 million) (The Company only: Baht 2.6 million, 2018: Baht 3.7 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 1.9 million (2018: Baht 3.0 million) (The Company only: Baht 1.9 million, 2018: Baht 3.0 million) to guarantee trade contractual performance and Baht 1.3 million (2018: Baht 1.3 million) (The Company only: Baht 0.7 million, 2018: Baht 0.7 million) to guarantee electricity use, among others.
- b) As at 31 December 2019, credit facilities of the subsidiary are guaranteed by the Company amounting to Baht 47.5 million (2018: Baht 37.5 million).

29.5 Other commitments

As at 31 December 2019, the Company had obligations under outstanding letters of credit to overseas vendors of USD 0.2 million (2018: USD 0.1 million)

30. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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	
		2019	2018
		<u>Level 2</u>	<u>Level 2</u>
Assets measured at fair value			
Investments in unit trusts of open-ended fund			
- Debt instruments		25,892	30,352
Liabilities measured at fair value			
Foreign currency forward contracts		341	1,254

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

- a) 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.
- b) 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.

31. Financial instruments

31.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans to, bank overdrafts and 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 Group is exposed to credit risk primarily with respect to trade and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

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

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

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2019					
	Fixed interest rates					
	Within	1-5	Floating	Non - interest		
	1 year	years	interest rate	bearing	Total	Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	23	14	37	0.13 - 0.38
Current investments	-	-	-	26	26	-
Trade and other receivables	-	-	-	307	307	-
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	45	-	-	-	45	1.77 - 2.55
Trade and other payables	-	-	-	228	228	-
Liabilities under finance lease agreements	1	2	-	-	3	3.03 - 3.82
Long-term loans from financial institution	37	86	77	-	200	3.75, 4.75 and MLR-2.1

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2018					
	Fixed interest rates					
	Within	1-5	Floating	Non - interest		
	1 year	years	interest rate	bearing	Total	Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	36	6	42	0.13 - 0.40
Current investments	-	-	-	30	30	-
Trade and other receivables	-	-	-	292	292	-
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	43	-	1	-	44	1.80 - 11.37
Trade and other payables	-	-	-	210	210	-
Liabilities under finance lease						
agreements	1	3	-	-	4	3.03 - 3.82
Long-term loan from financial						3.75, MLR-2.1
institution	33	119	73	-	225	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2019					
	Fixed interest rates					
	Within	1-5	Floating	Non - interest		
	1 year	years	interest rate	bearing	Total	Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	22	14	36	0.13 - 0.38
Current investments	-	-	-	26	26	-
Trade and other receivables	-	-	-	302	302	-
Short-term loans to subsidiary and interest receivable	14	-	-	-	14	2.40, 2.55
Long-term loan to subsidiary and interest receivable	-	90	-	5	95	4.75
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	17	-	-	-	17	1.77
Trade and other payables	-	-	-	221	221	-
Liabilities under finance lease agreements	1	2	-	-	3	3.03 - 3.82
Long-term loan from financial institution	34	81	77	-	192	3.75, MLR-2.1

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2018					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non - interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	33	6	39	0.13 - 0.40
Current investments	-	-	-	30	30	-
Trade and other receivables	-	-	-	282	282	-
Long-term loan to subsidiary and interest receivable	-	90	-	2	92	4.75

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
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

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019 (Million)	2018 (Million)	2019 (Million)	2018 (Million)	2019 (Baht per 1 foreign currency unit)	2018 (Baht per 1 foreign currency unit)
US dollar	-	-	3.8	4.7	30.05	31.26
Euro	-	-	-	0.2	-	35.43
AUD dollar	-	-	-	0.2	-	22.84
Japanese yen	-	-	-	0.5	-	0.29

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below.

2019			
Foreign currency	Amount (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<u>Bought amount</u>			
US dollar	3.8	30.03 - 30.29	21/04/20 - 03/07/20
2018			
Foreign currency	Amount (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<u>Bought amount</u>			
US dollar	4.7	32.08 - 32.82	27/02/19 - 26/06/19

31.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates which are close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

32. 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 2019, the Group's debt-to-equity ratio was 0.9:1 (2018: 0.9:1) and the Company's debt-to-equity ratio was 0.7:1 (2018: 0.8:1).

33. Events after the reporting period

On 27 February 2020, 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 2019 to the shareholders of Baht 0.19 per share, a total of Baht 76 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 0.10 per share, a total of Baht 40 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.

