



THAI WAH  
PUBLIC COMPANY LIMITED

# 2019 Annual Report



## Vision

To be a regional leader in starch  
and starch-related food products

## Mission

We are a regional leader in starch and starch-related food products,  
a pioneer in Thailand for tapioca starch, vermicelli and noodles with  
a commitment to innovation and operation excellence.

## Core Value

Integrity | Pride | Consistency



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# Message from the Chief Executive Officer



As we end 2019 and look towards the decade ahead, Thai Wah Public Company Limited remains focused on serving our customers consistently and diligently. Amidst a volatile global environment, we continue to build our vision to create value from Farm to Shelf and solidify our aspiration to be a regional leader in starch and starch-based solutions, now with 14 operations located across Asia-Pacific.

2019 was a challenging year for our starch business due primarily to external macro factors such as the Drought, Cassava Mosaic Virus and significant Baht appreciation. We expect the drought situation in Thailand to persist in the medium term and will prepare mitigation and operational plans to address this issue. In 2019 these macro pressures caused significant price and raw material

volatility, resulting in a drop in earnings compared to previous years. Although Thailand export volume dropped 2 percent, Thai Wah's export increased by 18% driven by our key markets China and Taiwan and we continue to gain market share from our competitors and build customer loyalty in our key markets.

To ease these pressures, we have strengthened our supply chain through strategic farm development, building partnerships and collaboration with local governments and industry experts. We support a few thousand Thai Wah farmers by piloting and scaling farm technology and building bio-factories to multiply health stems for distribution. Our farm development platform has expanded to Myanmar, Cambodia and Laos as alternative sources of raw materials. In 2019 we made 2 strategic acquisitions - one in Maesot and another in Tapioca Development Corporation Limited "TDC" - as part of our overall investment and corporate strategy to move towards higher value-added products. Management and operational integration of these acquisitions have been smooth and successful, and we continue to grow these businesses.

We continue to aspire to be the leading tapioca brand in the world. Our Rose brand is the preferred brand for food-grade tapioca starch in China, Taiwan and ASEAN markets. Through several exhibitions and key market channels this year such as FIC in China, Thai Fex and FIA, we continue to build our evolution to become a starch-solutions provider and have made strong momentum in gaining market share and better distribution in markets such as Vietnam, Japan and Indonesia. To address a rising middle class in Asia, we aim to serve our customers with better innovative starch solutions and will continue to do so in increasing the variety of our starch solutions such as cassava flour, rice flour, organic tapioca starch and pre-mixes.



Our Food business delivered stable growth for both exports and domestic sales largely driven by Modern Trade, Van Sales and Exports. Food Business profit improved year on year by 22% driven by factory automation and innovation programs as well as operational improvement in our production costs. Participation in international food trade shows have allowed us to reach new customers and expanded our partnership with global FMCG and Retailers, as some of our key products have gained traction in North America, Europe and the Middle East. Expansion efforts in Rice Noodle and expanding into the Vietnam market have registered continuous double-digit growth and we will continue to strengthen these foundations as we seek to build our consumer business across the region with stronger sales and distribution.

Agriculture and Food is one of Southeast Asia's most important exports and we are committed to serving our consumers and customers better by putting innovation and sustainability at the core of our long-term vision. In 2019, we continued our research with leading local and overseas research institutions to new plant-based ingredients, bioplastic and protein technology, new processing and new formulations. These efforts were enabled by a new R&D hub based at Chulalongkorn University in Thailand. We launched more than 10 new products for both starch and food business and will continue to invest in its growth and innovate for the future, developing a more open innovation ecosystem for partnership and breakthrough technologies in areas of food modification, fermentation, bioplastics and polymer-science.

Although the net profit decreased in 2019 compared to previous year, we remain in a strong cash position with a strong balance sheet. We continue to invest with discipline by measuring Returns on Invested Capital and our policy on generating long term equity value for shareholders, focusing on improving operating cash flow as one of our key performance metrics. This filters down to the way we manage supply chain, working capital, maintenance and renovation and new capital expenditure.

All-in-all, the Company's net profit for the period from 1 January to 31 December 2019 based on its consolidated financial statements amounted to Baht 68 million (Baht 0.08 / share). On this note, the Board of Directors has resolved to recommend a dividend payment of THB 0.134 per share in respect of the full financial year ended December 31, 2019 which is subjected to shareholder's approval at the Company's Annual General Meeting on 27 April 2020.

We are also proud to announce that Thai Wah was selected to list on the "Thailand Sustainability Investment (THSI)" in 2019 by the Stock Exchange of Thailand (SET). This is driven by how we embed sustainability targets in farming, environment, safety and health standards and strive to operationalize our sustainability framework. In addition, we were awarded the ESG 100 for the second consecutive year as well and received the First Sustainability Disclosure Award by Thaipat. We are proud to have received "Very Good CG Scoring" rating in 2019 for our corporate governance from IOD. These awards are testament of our passion to drive change, accountability and transparency across our entire value chain.

Looking forward to the next decade, the Thai Wah family remains focused and committed to deliver our vision in creating Innovation and Sustainability from Farm to Shelf. We thank you for your feedback and encouragement as we embark on our next lap into 2020 and beyond.



Mr. Ho Ren Hua  
Chief Executive Officer





# Overview



# Financial Highlights

(Unit : Million Baht)

	2019	2018	2017
Total current assets	3,243	3,158	3,148
Total non-current assets	4,626	3,914	3,968
Total Assets	7,869	7,072	7,116
Total current liabilities	987	794	808
Total non-current liabilities	1,586	412	402
Total Liabilities	2,573	1,206	1,210
Total Shareholders' equity	5,295	5,866	5,906
Sales	7,323	7,248	6,265
Dividend income	33	1	1
Share of gain from investments in associated companies	(5)	(2)	3
Total revenues	7,419	7,327	6,475
Cost of sales	6,133	6,063	4,881
Total expenses	7,246	7,047	5,820
Operating profit	133	288	513
EBITDA	526	559	855
Earnings before finance cost and income tax expense	173	280	655
Finance cost	48	7	8
Income tax expense	32	58	106
Net profit for the year	94	214	541
Net profit attributable to non-controlling interest	26	17	48
Net profit attributable to equity holders of the Company	68	197	493
<b>Other information</b>			
Earnings Per Share (Baht)	0.08	0.22	0.56
Dividend Per Share (Baht)	*0.134	0.32	0.32
Book Value Per Share (Baht)	6.01	6.66	6.71

**Note :** \* At the time of printing this report, a Baht 0.134 per share dividend had been proposed by the Board of Directors but had not been approved by the Annual General Meeting.

# Financial Ratios

	2019	2018	2017
<b>Profitability ratio</b>			
Gross profit margin (%)	16	16	22
Operating profit ratio (%)	2	4	8
Other income ratio (%)	0.38	(0.01)	0.06
Cash to operating profit ratio (%)	351	71	128
Return on Total Revenue (%)	1	3	8
Return on Total Equity (%)	2	4	10
<b>Efficiency ratio</b>			
Return on Total Assets (%)	1	3	8
Return on fixed assets ratio (%)	13	17	31
Assets turnover ratio (times)	0.99	1.03	0.96
<b>Liquidity ratio</b>			
Liquidity ratio (times)	3	4	4
Quick liquidity ratio (times)	2	3	3
Cash flow liquidity ratio (times)	0.52	0.26	0.84
Average collection period (day)	35	37	39
Average Sale period (day)	43	35	28
Average payment period (day)	20	20	20
Cash cycle (day)	59	52	46
<b>Financial policy ratio</b>			
Debts to equity ratio (times)	0.49	0.21	0.20
Interest coverage ratio (times)	11	41	97
Repayment ability ratio (cash basis) (times)	0.12	0.09	0.28
Dividend payout ratio (%)	414	143	54



# Management Discussion and Analysis

## Business Overall

The year 2019 was a challenging year for cassava industry due to the spread of Cassava Mosaic Disease (CMD) from Vietnam and Cambodia into Thailand. Although CMD outbreak has not had much effect over the volume of cassava and starch industry in Thailand, Thai Wah has prepared and taken several preventive measures to ensure prompt control of the disease. Besides, drought disaster occurred in several areas, and the continuously diminishing water level in many dams and reservoirs since 2018, especially in the lower Northern and the Northeastern parts of the country, have had significant impact over fresh cassava yields and quality.

An increasing price of cassava in 2019 had prompted some farmers to harvest the products before their maturity. This affected yield quantity and quality of cassava root and resulted in weak and prone to disease stems. Spread of Cassava Mosaic Disease (CMD) from Vietnam and Cambodia into Thailand has made it even more challenging. Although the CMD outbreak has not had much effect over the volume of cassava and starch industry in Thailand, Thai Wah has prepared and taken preventive measures to ensure prompt control of the disease.

With all the incidents above, some farmers decided to harvest the products before their maturity, resulting in the lower yield quantity and quality with rather low percentage of starch. Damage, which occurred at the beginning of cassava cultivation due to water shortage, has prompted an increasing demand for cassava stems among farmers. Consequently, the price of cassava stem increased to 2-3 Baht per stem in 2019. This also affected cassava yield on a short-term basis, with the volume of fresh cassava roots for harvesting year 2018-2019 only at 28,859,005 tons, which was not sufficient for the domestic demand.

The tension of US-China Trade War and global economic recession have impacted Thailand's overall export in 2019, the export of starch product was slightly decrease. With the Baht appreciation, comparing to US dollars and Chinese Yuan together with volume of tapioca starch that China imported from Vietnam increase as the Vietnam price was cheaper, Thailand Export tapioca starch price reduced from USD 500-550 per ton in 2018 to USD 420-450 per ton in 2019. As a result, in 2019, starch export volume was 2.84 million tons, decreased by 3 percent from the year 2018 with the volume of 2.94 million tons and the amount of tapioca starch exports in 2019 was 38,500 million baht. Decrease about 14 percent compared to the year 2018, with the export value about 44,590 million baht.

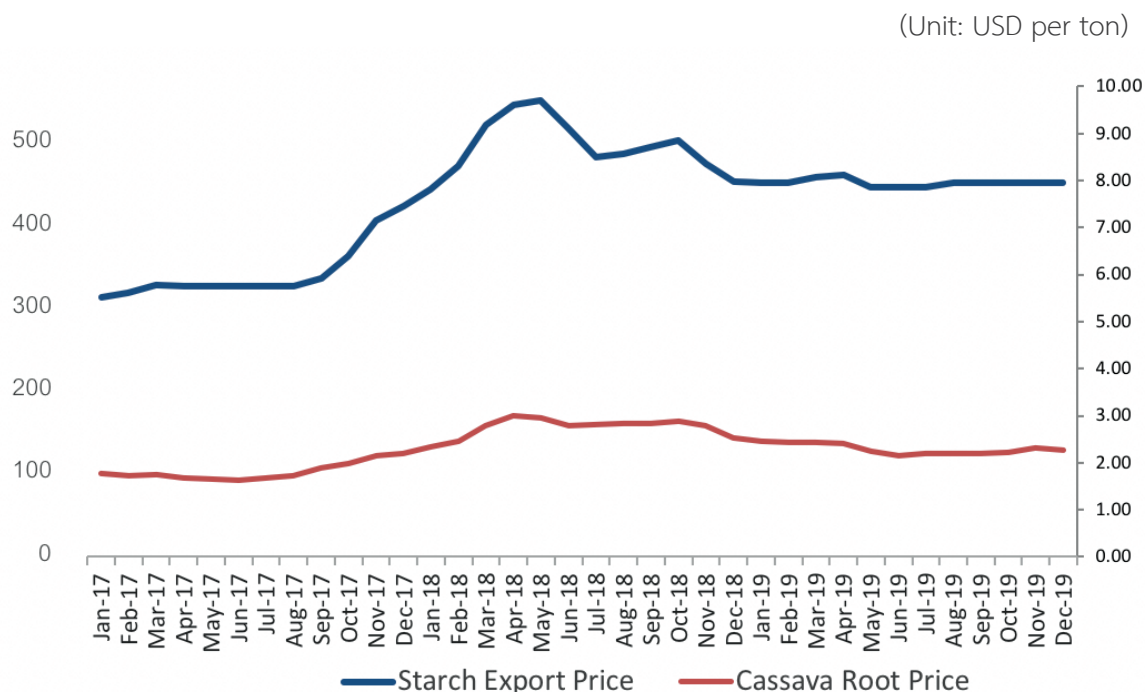
Although cassava starch industry has continuously faced a number of challenges in the past several years, which included spread of Cassava Mosaic Disease, and drought impact in several areas which decrease of water level in dams and reservoirs, the Government has implemented a number of countermeasures, i.e., price guarantee scheme for cassava farmers, and other parallel measures, to sustain cassava price stability. In addition, Thai starch products are still in high demand in the global markets especially China. It is expected that the 2020 Thailand starch export volume this year will be close to 2019 level.

However, in 2019 the gross profit margin of the cassava starch business declined mainly resulted from one-time (non-cash) provision for long-term employee benefits of 50 million baht and US dollar depreciated against Baht. The tapioca starch business was still the highest sales contribution to the Company, followed by food business. As a result, the net profit of the Company dropped by 65 percent from the previous year.

Important trends that fully impact the company's operations in the year 2019 as follows:

## 1. The decrease of tapioca starch export prices

Figure 1: Starch Export and Cassava Roots Prices over the Last Three Years



The average export prices of tapioca starch continued a downward trend, which aligned with the cost of cassava roots as the shortage situation of fresh cassava roots in Thailand was improving. The tapioca starch price decreased 9 percent from USD 498 in 2018 to USD 453 in 2019. In addition, cost of domestic cassava roots also decreased 17 percent from Baht 2.76/kg in 2018 to Baht 2.29/kg in 2019.

Amid the tensions of the trade war between China and the United States, as well as the overall global economic slowdown, resulted in the sales volume in Thailand reduced by 3 percent from 2.9 million tons in 2018 to 2.8 million tons in 2019. However, the Company was able to maintain sales volumes similar to last year. The Company's net sales volume reduced by only 2 percent while the sales volume of subsidiary in China has increased by 84 percent.

## 2. Acquisition of Tapioca Development Corporation Limited (TDC)

In March 2019, the Company's subsidiary acquired 33.33 percent of the total shares in Tapioca Development Corporation Limited (TDC) from Japan Corn Starch Co., Ltd. (JCS) in the total purchase price of 220 million baht. As a result of this acquisition, the Company held a total of 100 percent of the shares in TDC, consistent with the company strategy, which focuses on expanding the proportion of the high value-added products, which have a higher gross profit margin and less on price volatility when compared to tapioca starch products.



### 3. Acquisition of Maesot Starch Co., Ltd and Maesot Biogas Co., Ltd.

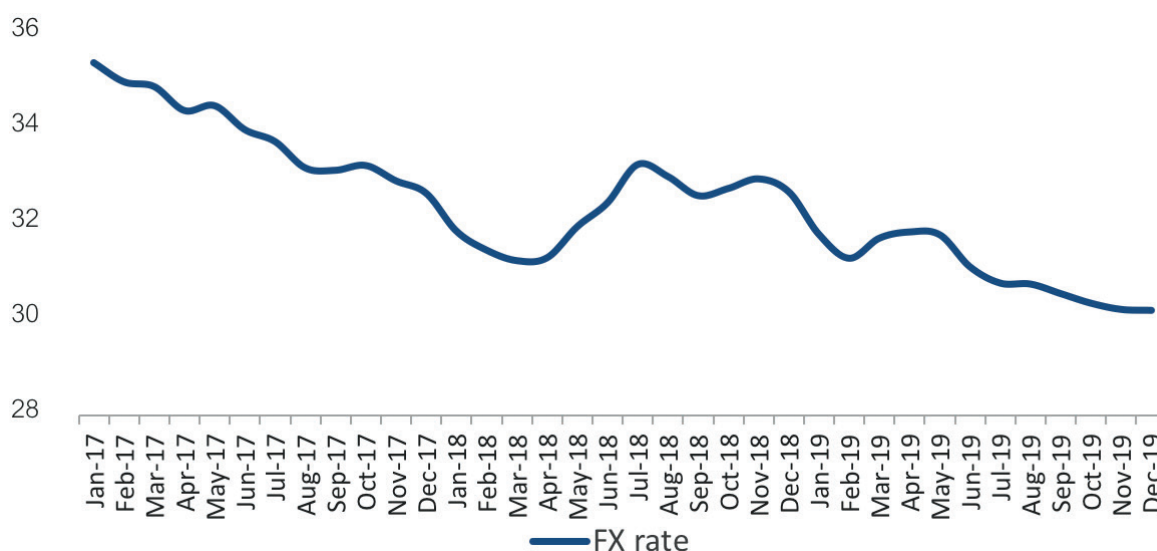
In January 2019, the Company acquired assets in Mae Sot Starch Company Limited and Mae Sot Biogas Company Limited, which consisted of land, buildings, machinery, and equipment with a total value of 548 million baht. The acquisition was in accordance with the Company's strategies to create positive synergies. This acquisition increased production capacity, by about 15 percent of the total capacity and diversify supply sources of cassava roots to other areas besides of main northeastern of Thailand.

### 4. Additional provision for long-term employee benefits

The Company had a one-time provision for long-term employee benefits about 50 million Baht, which was non-cash expense. This was effect from the amendment of labor laws relating to the legal severance compensation. The Company and its subsidiaries recognized past service cost as expenses in the income statement of the period in which the law has been effective.

### 5. The appreciation of the Baht against the US dollar and Yuan

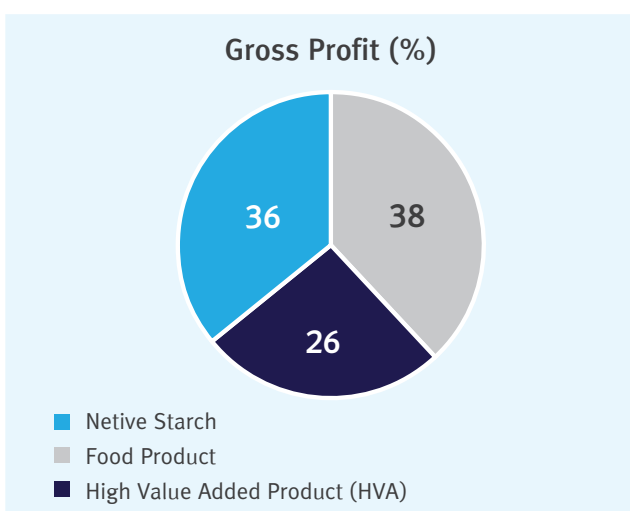
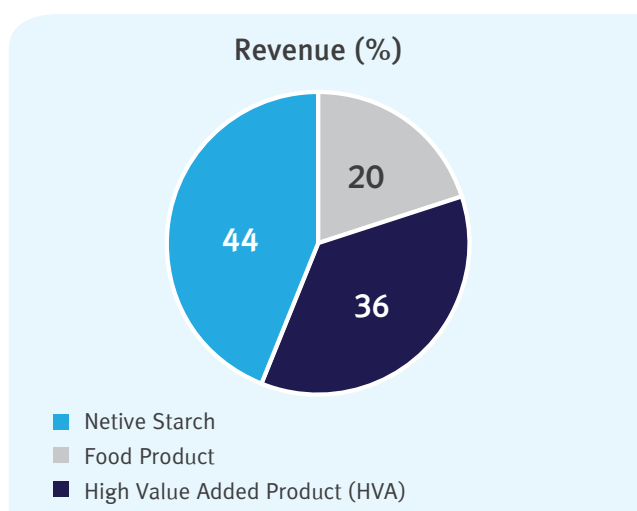
Figure 2: Exchange Rate for USD to THB over the Last Three Years



A Thai Baht to US Dollar currency exchange rate appreciates against the US dollar and Yuan, throughout the year 2019. Thai Baht appreciated from THB 32.12 per US Dollar in 2018 to THB 31.91 per US Dollar in 2019 or 4 percent, while Thai Baht appreciated from THB 4.89 per Yuan in 2018 to THB 4.49 per Yuan in 2019 or 8 percent. The Baht appreciation resulted in the average selling price of tapioca starch dropped in

the year 2019 when compared to the previous year. Since more than half of Thai Wah's sales revenue is denominated in US Dollar currencies, the Company has policy to mitigate the risk of foreign currency volatility by entering forward hedging at a certain level to mitigate this foreign currency risk.

## The Operating Results 2019



The year 2019 was another year where the Company set a new high sales record despite having faced numerous challenges such as a downward trend of average export prices of tapioca starch, the appreciation of the Baht against the US dollar and the Chinese Yuan, and an additional provision for long-term employee benefits. The total sales was THB 7,323 million, which increased by THB 75 million or 1 percent from the total sales last year. These sales comprised of the revenue from the starch business of THB 3,200 million or 44 percent; revenue from the high value-added products

business of THB 2,670 million or 36 percent; and revenue from the food business of THB 1,453 million or 20 percent. The Company recorded a net profit of THB 68 million, contributed from combined profit of the tapioca starch business and the high value-added products business, and 38 percent contributed from the food business. Although the decrease in tapioca starch selling price, the stronger Baht, and one-time provision for long-term employee benefits, the Company was able to maintain gross profit margin at 16 percent, same as previous year. The operating result was shown according to each business as follows:

	2017		2018		2019	
	M. Baht	%	M. Baht	%	M. Baht	%
<b>Thailand</b>						
Native Starch	2,283	36	1,838	25	1,615	22
High value-added product	1,054	17	2,016	28	1,905	26
Food	1,379	22	1,444	20	1,438	20
Other	13	0	84	1	72	1
Total revenue from Thailand	4,729	75	5,382	74	5,030	69
<b>International</b>						
Native Starch	625	10	1,026	14	1,473	20
High value-added product	886	14	821	11	765	10
Food	-	-	8	0	15	0
Other	25	0	11	0	40	1
Total revenue from International	1,536	25	1,866	26	2,293	31
<b>Total sales</b>	<b>6,265</b>	<b>100</b>	<b>7,248</b>	<b>100</b>	<b>7,323</b>	<b>100</b>

**Remark :** The revenue was shown by distribution channels, which had eliminated the transaction between the tapioca starch business and the food business



## Revenue from Starch Business

The tapioca starch business recorded total sales of THB 3,200 million, an increase of 8 percent from THB 2,959 million in the previous year, while the high value-added (HVA) products business recorded sales of THB 2,670 million, a decrease of 6 percent from THB 2,837 million in the previous year. These were mainly due to the appreciation of Baht against the US dollar that made the average selling price of tapioca starch in the year 2019 decreased significantly as described. In term of volume growth, Starch business was still able to grow at double-digit compared with the volume of previous year.

In the year 2019: the local selling price of native tapioca starch was THB 12.98-13.80 per kilogram and the export price was USD 448-460 per ton, while the local selling price was THB 13.40-16.50 per kilogram and the export price was USD 445-553 per ton in the year 2018. Moreover, Thai Baht to US Dollar currency exchange rate appreciated against the US dollar and the Chinese Yuan. However, China's demand for tapioca starch remains strong while China imported more tapioca starch from Vietnam, which price was more competitive than Thailand tapioca starch price. According to supply sourcing strategy, the Company plans to expand the cassava sourcing to Laos and Cambodia. The Company also plans to open the subsidiary in Indonesia in order to expand the customer bases in those countries that has high demand of tapioca starch.

In addition, the revenue of high value-added products (HVA) of the Company in 2019 decreased was also due to Baht appreciation that drove the price down, and high competition for glucose syrup in Vietnam market, while sales volume of other high value-added products (HVA), such as modified starch and pearl still growing at a high rate. Due to the needs of customers in the food grade segment continue to grow, the Company plans to continuously increase production in 2020 in order to support for those demand needs in the future.

## Revenue from Food Business

Despite the economic slowdown in recent years, the Company was able to increase its food business revenues. The Company recorded sales of the food business THB 1,453, an increase of 2 percent from THB 1,430 million recorded in the previous year. Domestic sales for the food business, contributed 91 percent of the total food business, while export sales accounted for 9 percent of food business. The Company remains one of the leaders in the Vermicelli market in Thailand. Domestic sales of rice noodle products grew by 29 percent as a result of the distribution expansion, especially through modern trade and van sales channels.

To promote sustainable growth along with increase profitability, the Company continuously develops new products through food innovations that would serve the need of consumers that changes in their lifestyle and more concern on healthy foods. The Company seeks to offer new product innovation, exploring opportunity to penetrate the new product segments, and continuously expand its customer base, both domestically and internationally.

## Financial Analysis

### Income Statements

	2017		2018		2019	
	M. Baht	%	M. Baht	%	M. Baht	%
Sales	6,265	100	7,226	100	7,323	100
Cost of Sales	4,874	78	6,069	84	6,082	83
<b>Gross profit</b>	<b>1,390</b>	<b>22</b>	<b>1,157</b>	<b>16</b>	<b>1,241</b>	<b>17</b>
<b>Selling and Admin Expense</b>	<b>916</b>	<b>15</b>	<b>901</b>	<b>12</b>	<b>1,056</b>	<b>14</b>
<b>Other Profit</b>	<b>22</b>	<b>0</b>	<b>39</b>	<b>1</b>	<b>32</b>	<b>0</b>
<b>Operayion Profit</b>	<b>496</b>	<b>8</b>	<b>295</b>	<b>4</b>	<b>217</b>	<b>3</b>
Other income not derived from the Ordinary Business	181	3	29	0	5	0
Share of profits from associates	3	0	(2)	0	(5)	0
<b>Earning before interest and tax</b>	<b>680</b>	<b>11</b>	<b>322</b>	<b>4</b>	<b>217</b>	<b>3</b>
Finance Cost	(8)	0	(7)	0	(48)	1
Tax expense	(112)	(2)	(66)	1	(42)	1
<b>Net profit</b>	<b>560</b>	<b>9</b>	<b>249</b>	<b>3</b>	<b>127</b>	<b>2</b>
Net Profit of Controlling Interests of Subsidiaries	(48)	(1)	(17)	0	(26)	0
Adjusted from non-cash items	(19)	0	(35)	0	(33)	0
<b>Net Profit Attributable to Shareholders</b>	<b>493</b>	<b>8</b>	<b>197</b>	<b>3</b>	<b>68</b>	<b>1</b>

### Sales

The Company recorded sales of THB 7,323 million in the year 2019, an increase of THB 97 million, or 1 percent, from THB 7,226 million in the previous year. The tapioca starch business accounted for the largest sales contribution at 43 percent, increased from 41 percent in 2018. The high value-added products business sales contribution decreased to 37 percent from 39 percent in 2018, while the food business sales contribution remained same level at 20 percent in 2019.

In the year 2019, the sales from subsidiary companies outside Thailand accounted for 31 percent of the total sales, increase from 26 percent in 2018, mainly due to the growth of subsidiary in China that was doing well on market expansion to capture more customer based in China.

### Gross Profit

The 2019 gross profit margin of the group was 17 percent, same as last year, even though the Company was pressured from various factors such as the Baht appreciation that resulted in average selling price decrease. However, the raw material costs reduced in the same trend of tapioca starch price. Also, there were improvement in supply sourcing strategies, enhancing in production efficiency, and the reversal of inventory revaluation provision that made the gross profit margin of the group remained at same level as last year.

In the year 2019, the gross profit margin of the tapioca starch business in Thailand remained at 13 percent, same level as in 2018, while the gross profit of the food business in 2019 increased to 32 percent from 28 percent in 2018. The gross profit increase for food business was mainly due to favorable material price of raw material and production efficiency improvement.

## Sales and Administrative Expenses

In 2019, the sales and administrative expenses increased by 17 percent or THB 155 million, driven mainly by the increase of transportation expense of THB 87 million resulted from sales volume growth, allowance for doubtful debts of THB 8 million, and people cost to support business expansion.

## Earnings before Interest and Tax

The profit margin before income tax and finance cost in 2019 was 3 percent, a decrease from 4 percent in 2018, mainly due to Baht appreciation that had negative impact on revenue, and other factors as described above.

## Net Profit Attributable to Shareholders

The net profit of the Company and its subsidiaries in 2019 was THB 68 million, a decrease by THB 129 million or 65 percent compared to 2018, mainly due to; a decrease in gross profit, an one-time non-cash provision for long-term employee benefits of THB 50 million, an increase in sales and administrative expenses as mentioned above, the Baht appreciation against the US dollar and the Chinese yuan, and an increase of financial cost by THB 41 million. As a result, the Company's profit margin before income tax and finance cost was 1 percent, a decrease from 3 percent from the year 2018.

## Financial Position

### Assets

Total assets as at 31 December 2019 was Baht 7,869 million, an increase of Baht 797 million. The main reasons for the increase were:

- Cash and cash equivalents decreased by THB 179 million, or 26 percent, from the previous year. The Company continued to reserve enough for working capital, especially for the high production season and expansion of production capacity.
- Short-term investments decreased by THB 227 million from maturing investment bonds and the sale of parts of investment for temporary working capital.
- Trade accounts receivable and other accounts receivable were recorded as THB 724 million, with a decrease of trade accounts receivable of THB 0.9 million from the previous year. The average debt collection period was 35 days, which had a shortened collection period than the previous year with an average debt collection period of 37 days. The Company had recorded the allowance for doubtful debts in compliance with the financial reporting standards.
- Net inventory increased by THB 159 million, or 16 percent, compared to the previous year, in line with a strategy of the Company produced to stockpiling during the harvesting season of cassava roots. For other key raw materials, Company has strategy to stock up at the certain level to reduce risks on price volatility. The average inventory turnover period was 43 days in 2019. To comply with the accounting standards, Company recorded an allowance for impairment of inventory when the net realizable value was less than its costs.
- Property, plant and equipment and land held for investment total THB 3,771 million, increased by THB 812 million from the previous year. This was due to the acquisition transaction, capacity expansion of the starch business, and the food business. Meanwhile, the Company has an existing property, plant and equipment, which have been fully depreciated.



## Sources of funds

Items	2017	2018	2019
Debt to equity ratio	0.20	0.21	0.49
Interest-bearing debts to equity ratio	0.03	0.04	0.27

Total liabilities as of 31 December 2019 amounted to Baht 2,573 million, an increase of Baht 1,367 million. the debt to equity ratio was 0.49, and the repayment ability ratio was 0.12, representing a strong financial performance. Moreover, interest-bearing debt to equity ratio was 0.27. The increase in total liabilities arose mainly due to the reasons below:

- Trade and other payables decreased by Baht 46 million or 9 percent from the previous year. As a result, outstanding creditors from Capital expenditure investment decreased from the previous year. The Company has an average payment period ratio in 2019 of 20 days. Noted that company bought the main material of starch production, the cassava roots, from the farmers on the cash terms.
- The provision for long-term employee benefits: the provision for compensation on employees' retirement increased by THB 87 million, and other provisions for compensation on employees increased by THB 10 million.
- Debentures increased by THB 997 million, long-term loans from financial institutions increased by THB 170 million, with the purpose of business expansion and working capital management.

## Shareholders' Equity

Equity attributable to shareholders of the Company as at 31 December 2019 amounted to Baht 5,295 million, a decrease of Baht 571 million, or 9.7

percent, from the previous year. The calculation of this decrease can be shown as:

- Retained earnings decreased from total comprehensive income for the year gained from profits for the year of THB 68 million baht and surplus from changes in shareholders' equity of subsidiaries of THB 67 million, with a deduction of the dividend payment of THB 282 million during the year 2019 and other comprehensive loss of THB 136 million.
- Decrease in non-controlling interests of the subsidiaries by THB 287 million, mainly due to acquisition transaction of an additional 33.33 percent of ordinary shares of Tapioca Development Corporation Limited.

## Liquidity

### Cash Flow

(Unit: Million Baht )

Items	2017	2018	2019
Cash flow from operating activities	655	205	466
Cash flow from investing activities	84	(57)	(1,157)
Cash flow from (used in) financing activities	(186)	(271)	928
Translation adjustments	(41)	(25)	(59)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>512</b>	<b>(148)</b>	<b>179</b>

Cash and cash equivalents as at 31 December 2019 of the Company amounted to THB 857 million, an increase from THB 679 million at 31 December 2018. The main reasons were as follows:

- Net cash flow from operating activities was THB 466 million from the profit before tax of the Company of THB 217 million.
- Net cash flow used for investing activities was THB 1,157 million, derived mainly from gain from trading current and long-term investments of THB 232 million, net with an increase in land, plant and equipment, mainly for acquisition transaction, totaling THB 1,189 million and payment for investment in a subsidiary company THB 220 million.
- Net cash flow used in financing activities was THB 928 million, mainly due to the debenture issuance of THB 1,000 million and long-term loans from Bank during the year THB 200 million, net with dividend payments THB 283 million.

### Key Liquidity Ratio

Total current assets of the Company as at 31 December 2019 were Baht 3,243 million, while total current liabilities were Baht 987 million. The liquidity ratio and the quick ratio was 3 times, almost unchanged from previous year. This indicated that the Company was able to maintain its high liquidity level cash, current investment, and debt instrument as well as a stable financial position.

### Commitments, Contingencies and Off-Balance Sheet Arrangements

The group had commitments and contingent liabilities. Please refer to the Notes to consolidated financial statements 2019, number 36.

## The main factors that can affect the cassava starch business in the future

Surveys on cassava cultivation by 4 Tapioca associations: the Thai Tapioca Trade Association, the Thai Tapioca Products Factory Association, the North Eastern Tapioca Trade Association and the Thai Tapioca Starch Association. This survey was conducted during the 4th quarter of 2019, reported that cassava yields in the 2019/2020 crop season would be around 28.75 million tons, decrease by 0.36 percent from the 2018/2019 crop season. However, cultivation areas would be rise from 8.56 million rai in the 2018/2019 crop season to 8.69 million rai due to government scheme for price guarantee to farmer at 2.50 baht per kilogram of fresh cassava roots at the starch content of 25 percent. However, the yield per rai would be expected to drop from 3.37 tons to 3.30 tons because of drought in many areas that might affect to the yield and quality of cassava root. As a result, those droughts might affect to cassava root shortage this year. The Company has implemented a program to encourage farmers to sell cassava roots directly to our factories by giving them incentives, as well as knowledge and equipment sharing on farming technology to help them raise their cassava output per rai.

Regarding the Cassava Mosaic Disease (CMD), its outbreak started in Vietnam and Cambodia in 2018 and spread to Thailand in 2019. The present outbreak has not affected cassava root quantity and cassava starch outputs in Thailand because the government and the private sector have joined to control disease effectively to not spread over to large areas. However, the Company built greenhouses to plant and propagate healthy and CMD-resistant cassava stems to distribute to our farmer network.

Regarding the export price of cassava, the export volume would likely be close to the same level of 2019 despite competition with Vietnam that raised its export volume. However, the government implemented measures to stabilize the cassava price

in a sustainable manner. The measures include 1) the Ministry of Commerce project to guarantee the cassava root price in the 2019/2020 season at 2.50 baht per kilogram; 2) The government promoted the use of cassava for biodegradable plastic to increase the demand of cassava; 3) Thailand's free trade negotiation with Turkey to reduce the tariff on tapioca starch to zero percent; 4) Incentive to delay cassava harvesting during low price period; 5) Efforts to control the Cassava Mosaic Disease transmitted by white flies and compensation scheme to farmers who are affected; and 6) the signing of a memorandum of understanding by four associations in the private sector to refrain from a price war for their tapioca starch export. Besides, Thai Wah secures cassava supply with a strong network of root agents to source the roots to factories from various areas. The Company also set up purchasing points nearby plantation area to facilitate farmers to sell directly to the company to help raise the income, save time and transportation costs to take their cassava on a long distance to the factories of the Company.

For drought situations in 2020, the Company is closely monitoring the amount of reserved water at the reservoirs of our factories and main water resources nearby to prepare relevant measures. Besides, we are under study of recycle wastewater, improving production process to reduce water consumption, and building more reservoirs to cope with water shortages in the future. Expected Baht depreciation in 2020 would be the factor to enhance the price competitiveness in the global market. However, foreign exchange rates volatility remains as a risk factor of the Company because more than half of revenue comes mainly from exports denominated in US dollars. The Company considers entering to heading contract at the certain level to mitigate this risk.



## Future Prospect and Action Plan of the Food Business in 2020

Regarding our long-term plan and business direction in 2020, the Company expects steady growth this year, which consists of these three main strategies: 1) the expansion of existing business, 2) product innovation and new markets expansion, and 3) business acquisition. All these factors should enable the Company to reach sales target. The Company expects that the profitability improves in 2020 because of 1) Market expansion to increase sales opportunities, 2) efficient raw material sourcing, 3) Effective cost control, 4) growth from new product innovations, and 5) merger and acquisition.

For sustainable growth and maintain leadership in the industry, the Company commits to source raw materials with fair trade price to the farmers. This is key fundamental to make sustainable growth for agro industry. The Company has various strategies to ensure efficient management of getting cassava roots to supply to our factories adequately. Although the prices of raw materials fluctuate and are influenced by adequately various factors including supply-demand changes at global level, weather conditions, the policy by the Ministry of Commerce, the Company is confident that we will be able to maintain our export growth as expected steady demand for cassava starch in global market continue increase continuously.

The Company growth majorly based on two key factors. One is the growth of our existing business through efficient execution of Sale, Marketing and Operations. The Company also applies technology to develop products to support the principle of circular economy. The other factor to drive the growth is the business acquisition, that the company carefully chooses the acquisition for the best interest of the shareholders. Regarding the acquisition

criteria, the Company acquires the businesses that are relevant to our own business that can create synergy with existing business.

In 2020, Thai Wah aims to become a business leader in Cambodia, Laos, Myanmar and Vietnam (CLMV) where economies are likely to grow steadily, and there are plenty of resources in those areas that can well serve the demand for raw materials of the Company need. The Company plans to expand cassava sources to Laos and Cambodia. Also, the Company will open new branches in Indonesia to expand sales and customer base in this high starch consumption country.

Regarding our two-year operating plan, the Company allocates about 1 billion baht for capital expenditure investment. It consists of an annual maintenance budget, investment in a power plant in Nakhon Ratchasima province and the second-phase cassava starch factory in Cambodia, capacity expansion for the value-added production lines. Also, this is included investment in business acquisition of local and overseas businesses that would create business synergy to our core business. All these investments would enable Thai Wah to grow in a sustainable manner and to become “A leader in tapioca starch and starchy foods businesses in Asia”.

# Board of Directors



## Mr. Ho KwonPing Chairman of the Board

Age 67 Years

- Appointed
- October 1, 2015,
  - April 26, 2016 (re-elected)
  - April 26, 2019 (re-elected)

Percentage of Shareholding in the Company : 6.50% (57,194,534 shares) (also including total no. of shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Honorary Doctorate of Business Administration in Hospitality Management, Johnson & Wales University, USA
- Honorary Doctorate of Business Administration, Hong Kong Polytechnic University
- Bachelor of Arts (Economics), University of Singapore (Currently known as National University of Singapore)

### Family Relation between Management

- Mr. Ho KwonPing's elder brother and Mr. Ho Ren Hua's father

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Chairman of the Board, Thai Wah Public Company Limited
- Chairman and Chief Executive Officer, Laguna Resorts & Hotels Public Company Limited
- Executive Chairman and Director, Banyan Tree Holdings Limited
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo plc

##### Jan 2000 - Sep 2015

- Chief Executive Officer, Thai Wah Food Products Public Company Limited

##### Aug 1997 - Sep 2015

- Chairman, Thai Wah Food Products Public Company Limited

### In Non-Listed Companies

##### Present

- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman / Director, Singapore Management University
- Chairman / Director, Tropical Resorts Limited
- Chairman / Director, Tropical Resorts Management Co Ltd.
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, RHYC Pte. Ltd.
- Director, Chang Fung Company Limited
- Director, Bibace Investments Ltd and certain related companies
- Director, Recourse Investments Ltd. and certain related companies
- Director, Freesia Investments Ltd
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, KAP Holdings Ltd. and certain related companies
- Director, Maypole Ltd. and certain related companies
- Director, Mae Samat Land Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Bibace Management Company Limited

##### 2000 - 2016

- Director, Asia Tapioca Products Company Limited



## Mr. Surapon Supratya Director

Age 67 Years

Appointed • October 1, 2015,  
• April 26, 2016 (re-elected)  
• April 26, 2019 (re-elected)

Percentage of Shareholding in the Company : None

### Highest Educational Background / Director Certificate Program

- Master of Accounting, Thammasat University
- Certified Public Accountant of Thailand
- Directors Accreditation Program (DAP 77/2009), Thai Institute of Directors Association

Family Relation between Management : No relation

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Independent Director, Laguna Resorts & Hotels Public Company Limited

Jun 2016 - Nov 2019

- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited

Feb 2013 - May 2016

- Deputy Chairman of the Board, Laguna Resorts & Hotels Public Company Limited

Feb 1996 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

2000 - 2016

- Director Asia, Tapioca Products Company Limited

2003 - 2016

- Director, Vietnam Tapioca Company Limited

1996 - 2016

- Director, Tay Ninh Tapioca Joint Stock Company



## Mr. Ariel P Vera Director

Age 67 Years

Appointed • October 1, 2015,  
• April 26, 2016 (re-elected)  
• April 26, 2019 (re-elected)

Percentage of Shareholding in the Company : 0.11%  
(926,105 shares)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, National University of Singapore
- Bachelor of Science in Business Administration, University of the East, Philippines
- Certified Public Accountant of Philippines

Family Relation between Management : No relation

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited
- Non-Independent and Non-Executive Director, Banyan Tree Holdings Limited

Aug 2013 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

Feb 2013 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

- Director, ICD (HK) Limited

1994 - 2014

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited

1995 - 2014

- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited





## Mr. Ho KwonCjan

### Director

Age 64 Years

Appointed • October 1, 2015,  
• April 20, 2017 (re-elected)  
• April 26, 2019 (re-elected)

Percentage of Shareholding in the Company : 3.91%  
(34,416,488 shares)

#### Highest Educational Background / Director Certificate Program

- Bachelor of Architecture (Hons), National University of Singapore

#### Family Relation between Management

- Mr. Ho KwonPing's younger brother and Mr. Ho Ren Hua's uncle

#### Working Experiences for the Past 5 Years

##### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited

##### Apr 1997 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

##### In Non-Listed Companies

##### Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Profit Chain Ltd.
- Director, Lanna Land Development Company Limited
- Director, Mae Malai Doi Resorts Company Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, Chang Fung Company Limited
- Director, PT Bintan Hotels
- Director, Vail Enterprises Group Corp.
- Director, Freesia Investments Ltd

##### 2006 - 2016

- Director, Bibace Investments Ltd

##### 2000 - 2016

- Director, Asia Tapioca Products Company Limited



## Dr. Sretsei Saittagaroon

### Deputy Chairman of the Board

Age 66 Years

Appointed • October 1, 2015,  
• April 20, 2017 (re-elected)

Percentage of Shareholding in the Company : 0.27%  
(2,344,029 Shares)

#### Highest Educational Background / Director Certificate Program

- Doctor in Agricultural Science (Food Chemistry), Nagoya University, Japan
- Directors Certification Program (DCP 10/2001), Thai Institute of Directors Association
- Finance Directors (1/2005), Thai Institute of Directors Association

#### Family Relation between Management : No relation

#### Working Experiences for the Past 5 Years

##### In Listed Companies

##### Present

- Deputy Chairman of the Board, Thai Wah Public Company Limited

##### Oct 2015 - Dec 2016

- Managing Director (Food Business), Thai Wah Public Company Limited

##### Aug 1998 - Sep 2015

- Managing Director, Thai Wah Food Products Public Company Limited

##### Feb 1995 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

##### In Non-Listed Companies

##### Present

- Director, Asia Tapioca Products Company Limited

##### Mar 2016 - Mar 2018

- Director, Thai Wah International Trade (Shanghai) Company Limited

##### Feb 2016 - Jan 2018

- Chairman, Thai Wah Vietnam Company Limited

##### Jan 2017 - Sep 2018

- Director, TWPC Investment (Cambodia) Co., Ltd.

##### Sep 2005 - Jul 2019

- Director, Tapioca Development Corporation Limited

##### Jun 2014 - Feb 2017

- Chairman, Vietnam Tapioca Company Limited

##### Mar 2014 - Feb 2017

- Director, Tay Ninh Tapioca Joint Stock Company

##### Jul 2007 - Feb 2014

- Chairman, Tay Ninh Tapioca Joint Stock Company

##### Oct 2000 - May 2014

- Director, Vietnam Tapioca Company Limited



## Mr. Ho Ren Hua \*

### Director

Age 37 Years

Appointed • October 1, 2015,  
• April 20, 2017 (re-elected)

Percentage of Shareholding in the Company : 0.66% (5,774,524 shares)

#### Highest Educational Background / Director Certificate Program

- Bachelor of Science in Economics with Honors, concentrating in Finance and Management, The Wharton School, University of Pennsylvania, USA
- Chartered Director Class (CDC 10/2015), Thai Institute of Directors Association
- Directors Certification Program (DCP 214/2015), Thai Institute of Directors Association
- Diploma Examination (47/2016), Thai Institute of Directors Association

#### Family Relation between Management

- Mr. Ho KwonPing's son and Mr. Ho KwonCjan's nephew

#### Working Experiences for the Past 5 Years

##### In Listed Companies

###### Present

- Director and Chief Executive Officer, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited

###### Aug 2015 - Sep 2015

- Chief Executive Officer, Thai Wah Starch Public Company Limited

###### Jun 2015 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

###### Nov 2011 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

###### Apr 2010 - May 2015

- Executive Director and Country Head China, Banyan Tree Holdings Limited

#### In Non-Listed Companies

###### Present

- Chairman, Thai Wah International Trade (Shanghai) Company Limited
- Director, Thai Wah Vietnam Company Limited
- Director, TWPC Investment (Cambodia) Co., Ltd.
- Director, Tapioca Development Corporation Limited
- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Bibace Investments Ltd
- Director, Maypole Ltd. and certain related companies
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, United Insulation Services Pte. Ltd.
- Director, Casita Holdings Ltd
- Director, Dawina Investments Ltd
- Director, Rocket International Investments Limited
- Director, Bibace Management Company Limited

###### Apr 2016 - May 2017

- Director, Asia Tapioca Products company Limited



## Mr. Umnad Sukprasongphol \*

### Director

Age 57 Years

Appointed • October 1, 2015,  
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company :  
0.01% (107,240 shares)

(also including total no. of shares held by spouse)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Central State University (Currently known as University of Central Oklahoma), USA
- Directors Certification Program (DCP 15/2011), Thai Institute of Directors Association
- Financial Statements for Directors (FSD 17/2012), Thai Institute of Directors Association
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association

**Family Relation between Management** : No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Director and Managing Director (Starch Business), Thai Wah Public Company Limited

##### Apr 2012 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

##### Jan 2009 - Sep 2015

- Joint Managing Director (Business Operation), Thai Wah Starch Public Company Limited

#### In Non-Listed Companies

##### Present

- Chairman / Director, Subsidiaries companies of Thai Wah Public Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Vietnam Tapioca Company Limited
- Board of Executive Committee, The Thai Tapioca Trade Association (TTTA)

##### Jan 2009 - Sep 2015

- Director, Subsidiaries and associated companies of Thai Wah Starch Public Company Limited

## Mr. Shankar Chandran

### Director

Age 57 Years

Appointed • December 25, 2016,  
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

### Highest Educational Background / Director Certificate Program

- Postgraduate Diploma in Management Studies, Kingston University, London, UK
- Higher National Diploma Finance, South West London College, UK

**Family Relation between Management** : No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Executive Vice President, Group Business Performance, Banyan Tree Holdings Limited

#### In Non-Listed Companies

##### Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Banyan Tree Hotels & Resorts (Thailand) Limited

##### Oct 2011 - Jan 2016

- Managing Director, Laguna Lang Co Vietnam





## Mr. Vudhiphol Suriyabhivadh

### Independent Director

Age 75 Years

Appointed • October 1, 2015,  
• April 26, 2016 (re-elected)  
• April 26, 2019 (re-elected)

Percentage of Shareholding in the Company : 0.02%  
(213,053 shares) (held by spouse)

#### Highest Educational Background / Director Certificate Program

- Bachelor of Commerce (Accountancy),  
University of New South Wales, Australia
- Bachelor of Law, Sukhothai Thammathirat University
- Directors Certification Program (DCP 36/2003),  
Thai Institute of Directors Association
- Audit Committee Program (ACP 7/2005),  
Thai Institute of Directors Association
- Executive Course, IMD Lausanne, Switzerland

Family Relation between Management : No relation

Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance  
Committee Chairman and Nomination and Remuneration  
Committee Member, Thai Wah Public Company
- Independent Director, Audit, Risk and Corporate Governance  
Committee Chairman and Nomination and Remuneration  
Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit Committee Chairman,  
Vice Chairman of the Board,  
L.P.N. Development Public Company Limited
- Independent Director and Audit Committee Chairman,  
Bangkok Ranch Public Company Limited

##### Aug 2003 - Sep 2015

- Nomination and Remuneration Committee Member,  
Thai Wah Food Products Public Company Limited

##### Nov 1999 - Sep 2015

- Audit and Risk Committee Member,  
Thai Wah Food Products Public Company Limited

##### Apr 1996 - Sep 2015

- Independent Director,  
Thai Wah Food Products Public Company Limited

##### 2010 - 2014

- Audit Committee Member,  
L.P.N. Development Public Company Limited

##### 2008 - 2014

- Nomination, Remuneration and Good Corporate Governance  
Committee Member,  
L.P.N. Development Public Company Limited

## Dr. Jingjai Hanchanlash

### Independent Director

Age 77 Years

Appointed • October 1, 2015, • April 20, 2017 (re-elected)  
Percentage of Shareholding in the Company : 0.30%  
(2,643,039 shares) (held by spouse)

#### Highest Educational Background / Director Certificate Program

- Doctorate University de Caen (Mention droit), France
- Certificate in Project Analysis, University of Connecticut, USA
- Certificate in Mid-Career Management training,  
University of Western Ontario, Canada
- Directors Accreditation Program (DAP 1/2003),  
Thai Institute of Directors Association
- Audit Committee Program (ACP 19/2007),  
Thai Institute of Directors Association

Family Relation between Management : No relation

Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Audit, Risk and Corporate Governance  
Committee Member and Nomination and Remuneration Committee  
Chairman, Thai Wah Public Company Limited
- Independent Director, Audit, Risk and Corporate Governance  
Committee Member and Nomination and Remuneration Committee  
Chairman, Laguna Resorts & Hotels Public Company Limited
- Vice Chairman, Muang Thai Insurance Public Company Limited
- Director and Executive Director,  
Asian Phytochemicals Public Company Limited
- Advisor the Executive Board, Loxley Public Company Limited

##### Jan 2017 - Dec 2019

- Vice Chairman of the Executive Board, Loxley Public Company Limited

##### May 2014 - Dec 2019

- Director, Loxley Public Company Limited

##### Nov 2013 - Sep 2015

- Nomination and Remuneration Committee Member,  
Thai Wah Food Products Public Company Limited

##### Oct 2000 - Sep 2015

- Independent Director and Audit and Risk Committee Member,  
Thai Wah Food Products Public Company Limited

#### In Non-Listed Companies

##### Present

- Honorary Chairman, Greater Mekong Sub-Region Business-Forum
- Chairman of the Executive Board,  
Rutnin-Gimbel Excimer Laser Eye Centre
- Vice Chairman, The Thai Chamber of Commerce
- Board Member, SPIE Oil & Gas Services (Thailand) Limited
- Board Member, King Prajadhipok's Institute



## Mr. Subhak Siwaraksa

### Independent Director

Age 63 Years

Appointed • February 21, 2017  
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

#### Highest Educational Background / Director Certificate Program

- Doctor of Philosophy in Economics, University of Pennsylvania, USA
- Master in Law and Diplomacy, Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- Bachelor in English Literature Honors Program and Economics, Georgetown University, Washington D.C., USA
- Advanced Audit Committee Program (AAP 26/2017), Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP 3/2011), Thai Institute of Directors Association
- Directors Certification Program (DCP 72/2006), Thai Institute of Directors Association
- Directors Accreditation Program (DAP 42/2005), Thai Institute of Directors Association

Family Relation between Management : No relation

#### Working Experiences for the Past 5 Years

##### In Listed Companies

###### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited
- Independent Director and Audit Committee Member, Samitivej Public Company Limited

###### 2009 - 2016

- President and Chief Executive Officer CIMB Thai Bank PCL.

##### In Non-Listed Companies

###### Present

- Monetary Policy Committee Member, Bank of Thailand
- Country Chairman, Jardine Matheson Group in Thailand
- Commissioner, The Securities and Exchange Commission, Thailand

###### 2016 - 2018

- Governor, Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand

###### 2013 - 2016

- Chairman, Sathorn Asset Management Co., Ltd.

## Mr. Chanin Archjananun

### Independent Director

Age 56 Years

Appointed • October 1, 2015  
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

#### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Western Illinois University, USA
- Directors Certification Program (DCP 231/2016), Thai Institute of Directors Association
- Advanced Audit Committee Program (AAP 34/2019), Thai Institute of Directors Association

Family Relation between Management : No relation

#### Working Experiences for the Past 5 Years

##### In Listed Companies

###### Present

- Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited

##### In Non-Listed Companies

###### Present

- Consultant, Masan Consumer (Thailand) Ltd.
- Director, Intermart (Thailand) Co., Ltd.
- Director, Wanli Packing Enterprise Co., Ltd.
- Director, Natura Harvest Co., Ltd.

###### Oct 2018 - Oct 2019

- Director, A-Best Co., Ltd.



## Ms. Parnsiree Amatayakul Independent Director

Age 50 Years

Appointed • April 27, 2018

Percentage of Shareholding in the Company : None

### Highest Educational Background / Director Certificate Program

- Master of Business Administration, Anderson School of Management at UCLA, Los Angeles
- Bachelor of Business Administration, Chulalongkorn University
- Directors Certification Program (DCP 99/2008), Thai Institute of Directors Association

Family Relation between Management : No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Independent Director, Thai Wah Public Company Limited
- Independent Director, Audit Committee Member and Remuneration Committee Member, Siam Cement Public Company Limited

#### In Non-Listed Companies

##### Present

- General Manager, Sales Enterprise and Commercial, IBM ASEAN

##### Sep 2018 - Dec 2018

- General Manager, Commercial and Digital Business Group, IBM ASEAN

##### Jan 2011 - Aug 2018

- Managing Director, IBM Thailand Company Limited

## Mr. Prateep Lertvatanakijkul\* Director

Age 56 Years

Appointed • April 27, 2018

Percentage of Shareholding in the Company : 0.01% (50,000 shares)

### Highest Educational Background / Director Certificate Program

- Master of Business Administration (Marketing), National Institute of Development Administration
- Bachelor of Agro - Industry, Kasetsart University
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association
- Directors Certification Program (DCP 267/2018), Thai Institute of Directors Association

Family Relation between Management : No relation

### Working Experiences for the Past 5 Years

#### In Listed Companies

##### Present

- Director and Managing Director (Food Business), Thai Wah Public Company Limited

##### Oct 2016 - Dec 2016

- Managing Director (Food Business) - Designate, Thai Wah Public Company Limited

#### In Non-Listed Companies

##### Present

- Director, Tay Ninh Tapioca Joint Stock Company
- Director, Vietnam Tapioca Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Tapioca Development Corporation Limited
- Director, Thai Wah International Trade (Shanghai) Company Limited
- Chairman, Thai Wah Vietnam Company Limited

##### Jan 2010 - Sep 2016

- Managing Director, Tapioca Development Corporation Limited

Remarks : No directors of the Company have any record of committing any illegal action

\* Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the Affidavit



# Management

Name	Position	Profile
<b>Management</b> 1. Mr. Ho Ren Hua Chief Executive Officer <b>Appointed</b> October 1, 2015		Profile as shown in the section of <b>“Board of Directors as at December 31, 2019”</b>
2. Mr. Umnad Sukprasongphol	Managing Director (Starch Business) <b>Appointed</b> October 1, 2015	
3. Mr. Prateep Lertvatanakijkul	Managing Director (Food Business) <b>Appointed</b> January 1, 2017	
4. Ms. Naruemon Srisuma	Vice President-Group Research and Development <b>Appointed</b> October 1, 2016	<b>Age 61 Years</b> <b>Highest Educational Background /</b> <b>Director Certificate Program</b> <ul style="list-style-type: none"> <li>Doctor of Philosophy (Food Science and Human Nutrition), Michigan State University, USA</li> </ul> <b>Percentage of Shareholding in the Company : None</b> <b>Family Relation between Management : No relation</b> <b>Working Experiences for the Past 5 Years</b> <b>In Listed Companies</b> <b>Present</b> <ul style="list-style-type: none"> <li>Vice President-Group Research and Development, Thai Wah Public Company Limited</li> </ul> <b>Oct 2015 - Sep 2016</b> <ul style="list-style-type: none"> <li>Assistant Vice President- Research &amp; Development and Quality System Thai Wah Public Company Limited</li> </ul> <b>Jan 1995 - Sep 2015</b> <ul style="list-style-type: none"> <li>Assistant Vice President- Research &amp; Development and Quality System, Thai Wah Food Products Public Company Limited</li> </ul> <b>In Non-Listed Companies</b> <b>Nov 2017 - Jul 2019</b> <ul style="list-style-type: none"> <li>Director, Tapioca Development Corporation Limited</li> </ul> <b>Jan 2017 - Nov 2019</b> <ul style="list-style-type: none"> <li>Director, Tay Ninh Tapioca Joint Stock Company</li> </ul>

Name	Position	Profile
5. Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer <b>Appointed</b> January 1, 2019	<p><b>Age 47 Years</b></p> <p><b>Highest Educational Background / Director Certificate Program</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, The American Graduate School of International Management (Thunderbird), Arizona, USA</li> <li>• Directors Certificate Program (DCP 224/2016), Thai Institute of Directors Association</li> <li>• Diploma Examination (52/2016), Thai Institute of Directors Association</li> <li>• Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association</li> <li>• CMA-GMS International Program (5/2019), Capital Market Academy</li> </ul> <p><b>Percentage of Shareholding in the Company :</b> (0.00%) (10,000 shares)</p> <p><b>Family Relation between Management :</b> No relation</p> <p><b>Working Experiences for the Past 5 Years In Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Group Chief Financial Officer Thai Wah Public Company Limited</li> </ul> <p><b>2017 - 2018</b></p> <ul style="list-style-type: none"> <li>• Chief Financial Officer, Thai Wah Public Company Limited</li> </ul> <p><b>2015 - 2017</b></p> <ul style="list-style-type: none"> <li>• Group Finance Director, Thai Wah Public Company Limited</li> </ul> <p><b>In Non-Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Director Subsidiaries companies of, Thai Wah Public Company Limited</li> <li>• Director, Asia Tapioca Products Company Limited</li> </ul> <p><b>2013 - 2015</b></p> <ul style="list-style-type: none"> <li>• Finance Director, Akzo Nobel Paints (Thailand) Limited</li> </ul>

Name	Position	Profile
<b>Company Secretary</b> Ms. Manee Lueprasert	Company Secretary Appointed October 1, 2015	<p><b>Age 54 Years</b></p> <p><b>Highest Educational Background / Director Certificate Program</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, Thammasat University</li> <li>• Anti-Corruption : The Practical Guide (ACPG 11/2014), Thai Institute of Directors Association</li> <li>• Corporate Secretary Development Program, Thai Listed Companies Association</li> <li>• Fundamental Practice for Corporate Secretary (FPCS 18), Thai Listed Companies Association and Thai Company Secretary Club</li> <li>• Corporate Governamce Code (CG Code), PWC Thailand</li> <li>• Enhancing Good Corporate Governamce based on CGR Score Card, Thai Institute of Directors Association</li> </ul> <p><b>Percentage of Shareholding in the Company :</b> 0.05% (479,409 shares)</p> <p><b>Family Relation between Management :</b> No relation</p> <p><b>Working Experiences for the Past 5 Years</b></p> <p><b>In Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Director of Corporate Affairs and Treasury and Company Secretary, Thai Wah Public Company Limited</li> </ul> <p><b>Apr 2012 - Sep 2015</b></p> <ul style="list-style-type: none"> <li>• Director, Thai Wah Starch Public Company Limited</li> </ul> <p><b>Jan 2008-Sep 2015</b></p> <ul style="list-style-type: none"> <li>• Senior Finance Manager, Thai Wah Starch Public Company Limited</li> </ul> <p><b>Aug 2008 - Sep 2015</b></p> <ul style="list-style-type: none"> <li>• Company Secretary, Thai Wah Starch Public Company Limited</li> </ul> <p><b>In Non-Listed Companies</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>• Director, Subsidiaries companies of Thai Wah Public Company Limited</li> </ul> <p><b>Feb 2012 - Sep 2015</b></p> <ul style="list-style-type: none"> <li>• Director, Subsidiaries and associated companies of Thai Wah Starch Public Company Limited</li> </ul>

**Remarks :** No management of the Company have any record of committing any illegal action

# Details of Position of Directors and Management

Name	TWPC	Subsidiaries																Associated Companies						
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL	TW6	TWAS	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Mr. Ho KwonPing	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surapon Supratya	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ariel P Vera	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho KwonCjan	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho Ren Hua	/, CEO,E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	/	-	-	-	-	-
Dr. Sretsei Saittagaroon	XX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-
Mr. Umnad Sukprasongphol	/, //,E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	X	/	/	/	/
Mr. Shankar Chandran	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Vudhiphol Suriyabhivadh	ID, ARCGC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jingjai Hanchanlash	ID, ARCG, NRCC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Subhak Siwaraksa	ID, ARCG, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chanin Archjananun	ID, ARCG, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Parnsiree Amatayaku	ID	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Prateep Lertvatanakijkul	/, //,E	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	/	-	X	/	/	/
Ms. Naruemon Srisuma	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Orn-A-Nong Witthucharn	E	/	/	/	/	/	/	/	/	/	/	X	/	/	/	/	/	/	/	/	/	/	/	/
Ms. Manee Lueprasert	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-	-
Mr. Nam Chitdeechai	-	-	-	-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Orawan Charoenpatchayakul	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Banda Janpirak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	GD
Mr. Chalermkeit Chalernpronkit	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	/	-	-	-	-
Mr. Sanya Prasertsak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Nguyen Quoc Viet	-	-	-	-	-	-	-	-	-	-	-	XX	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sorasak Thanadeecharoenchok	-	-	-	-	-	-	-	-	-	-	-	HSB	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Nguyen Thanh Ngu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	XX
Ms. Vo Thi Linh Phuong	-	-	-	-	-	-	-	-	-	-	-	/,GD	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Phu Thi Diem Chi	-	-	-	-	-	-	-	-	-	-	-	MSB	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Dao Duy Thi	-	-	-	-	-	-	-	-	-	-	-	MSB	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surachart Thananitayaudom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X



Name	TWPC	Subsidiaries														Associated Companies								
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL	TW6	TWAS	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Mr. Pinai Kiatteppawan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/
Mr. Phitak Boonpojanasoonorn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-
Ms. Attaya Pitawanich	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/
Mr. Suwit Chuensunthorn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
Mr. Vicharn Sriratanalai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
Mr. Viroon Supmaluang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-
Mr. Tanit Sriratanalai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-
Ms. Vilawan Sriratanalai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-
Mr. Pham Van Minh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/, DGD
Mr. Nguyen Phoung Phu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/

**Remarks :**

X	=	Chairman of the Board	ARCGC	=	Audit, Risk and Corporate Governance Committee Chairman	HSB	=	Head of Supervisory Board
XX	=	Deputy Chairman of the Board	ARCG	=	Audit, Risk and Corporate Governance Committee Member	MSB	=	Member of Supervisory Board
CEO	=	Chief Executive Officer	NRCC	=	Nomination and Remuneration Committee Chairman	DGD	=	Deputy General Director
/	=	Director	NRC	=	Nomination and Remuneration Committee Member	GD	=	General Director
//	=	Managing Director	E	=	Management according to the definition of the Securities Exchange Commission			
ID	=	Independent Director	-	=	None			

# Abbreviation

Abbreviation	Company Name in Full
ATP	Asia Tapioca Products Company Limited
BPT	Bangpakong Turakij Company Limited
BT5	Bang Thao (5) Company Limited
BT6	Bang Thao (6) Company Limited
CSL	Chiang Saen Land Company Limited
DI	DI Company Limited
LRH	Laguna Resorts & Hotels Public Company Limited
MHSL	Mae Hong Son Land Development Limited
MJ	Mae Joe Land Company Limited
PNR	Phang Nga Resorts Limited
TDC	Tapioca Development Corporation Limited
TMS	Thai Modified Starch Company Limited
TN	Thai Nam Tapioca Company Limited
TN1	Thai Nam Tapioca (1) Company Limited
TNT	Tay Ninh Tapioca Joint Stock Company
TRL	Tropical Resorts Limited
TS1989	Thai Sin Tapioca (1989) Company Limited
TTL	Tha Thungna Land Company Limited
TW6	Thai Wah (6) Company Limited
TWAS	Thai Wah Alpha Starch Company Limited
TWIC	TWPC Investment (Cambodia) Company Limited
TWBP	Thai Wah Bio Power Limited
TWPC	Thai Wah Public Company Limited
TWIT	Thai Wah International Trade (Shanghai) Company Limited
TWVC	Thai Wah Vietnam Company Limited
VTC	Vietnam Tapioca Company Limited

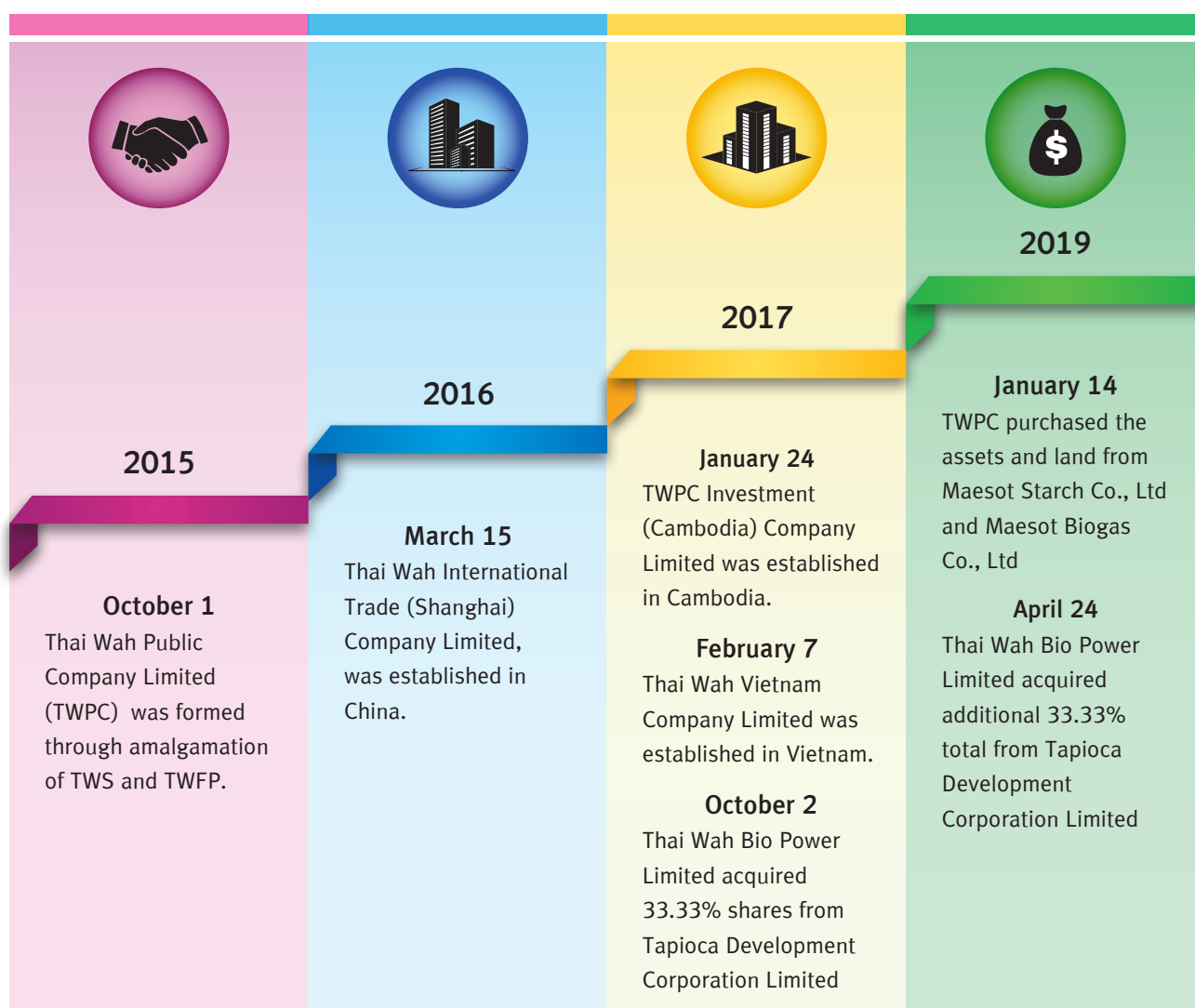
# Policy and Business Overview

## History

Thai Wah Public Company Limited (“TWPC” or the “Company”) has been formed by the amalgamation of Thai Wah Starch Public Company Limited (“TWS”) and Thai Wah Food Products Public Company Limited (“TWFP”), in order to manufacture and distribute

tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution. The registration of amalgamation was completed with the Department of Business Development, Ministry of Commerce on October 1, 2015.

## Milestones



The Company’s core business is to manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

Additionally, the Company has invested in the ordinary shares of other companies which conduct businesses other than the core business of the Company. The Company and its subsidiaries have invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand.

## Company's Vision and Mission

The Board of Directors' Meeting of the Company has approved the Company's vision and mission, which would be reviewed at least every 5 years as follows:

### **Vision :**

**To be a regional leader in starch and starch-related food products**

### **Mission :**

**We will produce premium quality products to satisfy our customers,  
and work with pride, integrity and consistency**

For the year 2019, the Board of Directors had reviewed and approved the Company's vision, missions, and business strategies. Moreover, this year, TWPC and subsidiaries remained committed to its vision in becoming a regional leader of starch and starch-related food products.

The Board of Directors regularly reviews and monitors the strategy and objectives of the Company and promote innovation to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities. The Board of Directors ensures that effective communication of the Company's vision, mission, strategy etc. are made throughout the Company and that the Company's business model can create value to the Company as well as the stakeholders.

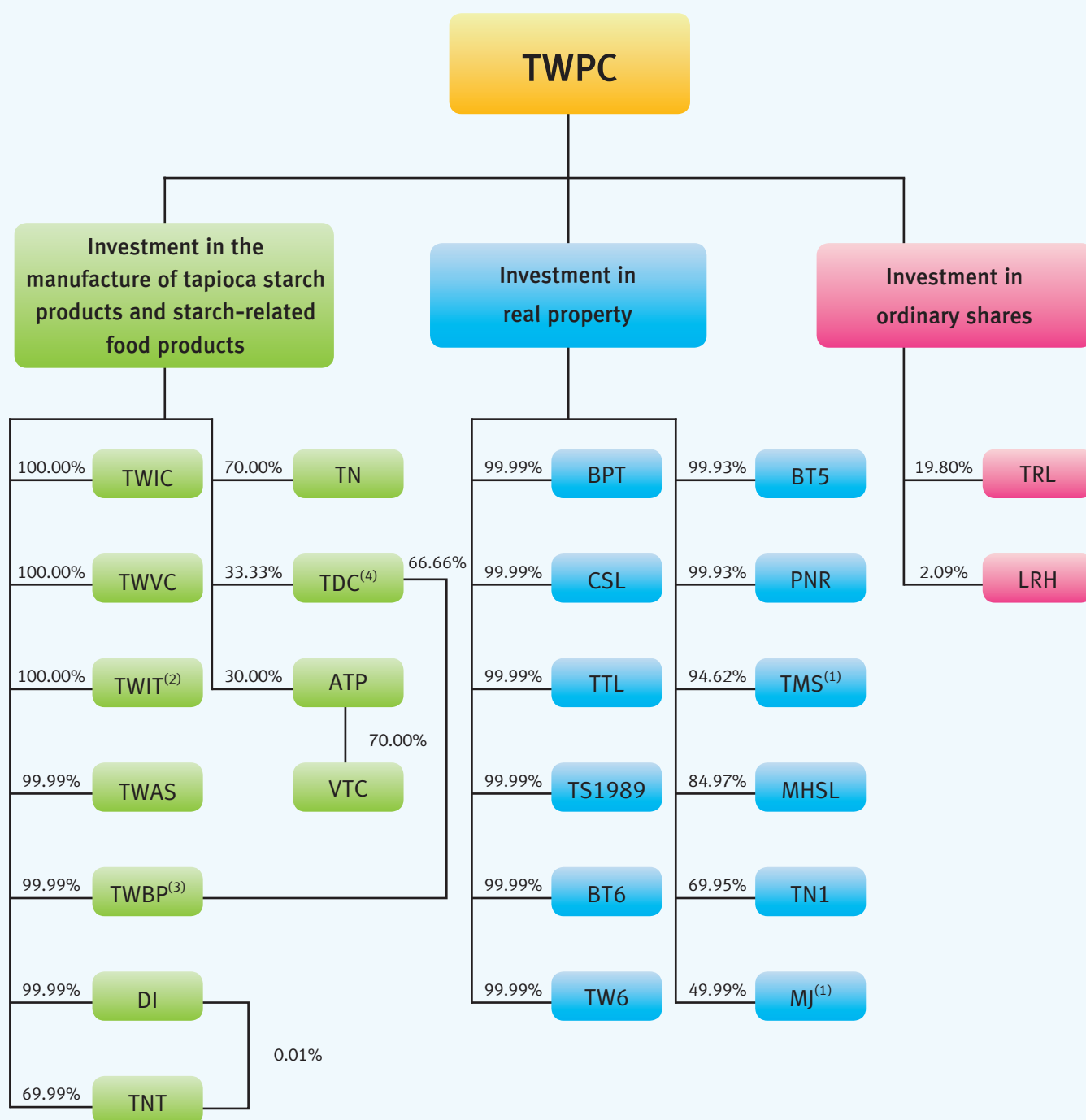
The Board of Directors ensures that the Company's business are conducted in a manner that creates value to the Company, the stakeholders and the society. During the previous year, management had developed a CSV (Creating shared value) framework where the main focus would be on creating shared value across the entire value chain of the Company starting from the farmers to manufacturing to the final consumers. The Company's goal is to deliver starch and starch related products for "modern life" while adding value to the agricultural sector with the ambition to create sustainable plant and raw material sources while helping in developing thriving, resilient communities with zero environmental impact in order to enable healthier modern life.

## Key Developments

-N/A-



## Shareholding Structure of the Company



Remarks : <sup>(1)</sup> = Dormant

<sup>(2)</sup> = Type of business : Trading of goods (Tapioca starch and related products)

<sup>(3)</sup> = Type of business : Manufacture, transmission and supply of electricity (Biogases system that are derived from the treatment ponds can be used as a substitute for furnace oil in the manufacturing procedure starch), Including investment in ordinary shares in TDC

<sup>(4)</sup> = Type of business : Manufacturer and distributor of modified tapioca starch

## Subsidiaries and related companies in which the Company has shareholding exceeding 10 percent

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Thai Wah Vietnam Company Limited</b> Lot C1-6 (Lo C1-6), Street N8, Zone C1, Tan Phu Trung Industrial Park, Tan Phu Trung commune, Cu Chi district, Ho Chi Minh city, Vietnam	Manufacturing and distributing of food products (Vermicelli and others)	VND 67,893,000,000	-	VND 67,893,000,000	100.00
<b>TWPC Investment (Cambodia) Company Limited</b> Osrâmâ Village, Trâpeang Tao Commune, Anlong Veng District, Oddar Meanchey Province, Kingdom of Cambodia	Manufacturing and distributing of starch products	KHR 4,000,000,000	-	KHR 4,000,000,000	100.00
<b>Thai Wah International Trade (Shanghai) Company Limited</b> Room 442, 4 <sup>th</sup> Floor, Building 1, No.458 East Fu Te No.1 Road, Pilot Free Trade Zone, Shanghai, China	Trading of goods	CNY 1,000,000	-	CNY 1,000,000	100.00
<b>Thai Wah Alpha Starch Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of alpha starch	18,000,000	100	18,000,000	99.99
<b>Bang Thao (6) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	21,500,000	100	21,500,000	99.99
<b>Chiang Saen Land Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	75,000,000	100	75,000,000	99.99

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Thai Sin Tapioca (1989) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	5,000,000	100	5,000,000	99.99
<b>Tha Thungna Land Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	15,000,000	100	15,000,000	99.99
<b>Bangpakong Turakij Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	91,000,000	100	91,000,000	99.99
<b>Thai Wah Bio Power Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture, transmission and supply of electricity	450,000,000	1,000	450,000,000	99.99
<b>Thai Wah (6) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	69,000,000	100	69,000,000	99.99
<b>Tapioca Development Corporation Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacturer and distributor of modified tapioca starch	50,000,400	100	50,000,400	99.99

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>D I Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of tapioca starch	10,000,000	1,000	10,000,000	99.93
<b>Bang Thao (5) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	1,000,000	100	250,000	99.93
<b>Phang Nga Resorts Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	1,000,000	100	1,000,000	99.93
<b>Thai Modified Starch Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Dormant	40,000,000	1,000	10,000,000	94.62
<b>Mae Hong Son Land Development Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	2,000,000	100	2,000,000	84.97
<b>Thai Nam Tapioca Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Manufacture of tapioca starch	86,600,000	100	86,600,000	70.00



Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
<b>Tay Ninh Tapioca Joint Stock Company</b> Tan Binh Hamlet, Hoa Thanh District, Tay Ninh Province, Vietnam	Manufacture of tapioca starch, glucose and candy	VND 112,081,200,000	VND 10,000	VND 112,081,200,000	69.99
<b>Thai Nam Tapioca (1) Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Landholding	1,000,000	100	1,000,000	69.95
<b>Mae Joe Land Company Limited</b> Thai Wah Tower 1, 6 <sup>th</sup> Floor, 21/11, 21/13 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel. +66 2 285 0040 Fax. +66 2 285 0255	Dormant	3,000,000	100	3,000,000	49.99
<b>Asia Tapioca Products Company Limited</b> Lumpini Tower, 13 <sup>th</sup> Floor, No. 1168/18, Rama 4 Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 286 8554 Fax. +66 2 286 3468	Holding company	140,000,000	100	105,250,000	30.00
<b>Vietnam Tapioca Company Limited</b> 043 Cau Hamlet, Tan Phong Commune, Tan Bien District, Tay Ninh Province, Vietnam	Manufacturer of tapioca starch	USD 5,000,000	-	USD 5,000,000	21.00
<b>Tropical Resorts Limited</b> 22 <sup>nd</sup> Floor, Man Hing Commercial Building, 79-83 Queen's Road, Central, Hong Kong Tel. +65 6849 5888 Fax. +65 6849 5713	Resort investment and development	USD 21,000,000	USD 1	USD 21,000,000	19.80



# Nature of Business



## Revenue Structure

The Company's revenue structure of the sale and services to the third party are described as follows:

Products/Services	2019 Revenue		2018 Revenue		2017 Revenue	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Starch business revenue</b>						
- Tapioca Starch	3,084	42	2,864	43	2,908	48
- High Value-added Starch	812	11	850	7	611	6
- Modified Starch	910	12	985	14	295	5
- Pearl	291	4	289	4	230	4
- Glucose	648	9	713	10	804	12
- By products and other	112	1	95	1	38	1
<b>Total Starch business revenue</b>	<b>5,858</b>	<b>79</b>	<b>5,796</b>	<b>79</b>	<b>4,886</b>	<b>76</b>
<b>Food business revenue</b>						
- Vermicelli and Bean Sheet	1,250	17	1,272	17	1,231	19
- Rice Noodle and Rice Vermicelli	151	2	123	2	97	1
- Mong starch and other starch	46	1	45	1	46	1
- By products and other	5	-	11	-	5	-
<b>Total Food business revenue</b>	<b>1,453</b>	<b>20</b>	<b>1,452</b>	<b>20</b>	<b>1,379</b>	<b>21</b>
<b>Investment in securities</b>						
- Dividend	33	-	-	-	-	-
- Share of gain from investments in associates	-	-	-	-	3	-
- Gain from business acquisition	-	-	-	-	118	2
<b>Investment properties</b>						
- Rental income	-	-	-	-	3	-
- Gain on sale of investment property	-	-	-	-	-	-
- Reversal of loss on devalue of investment property	-	-	-	-	13	-
<b>Other income</b>						
- Service income	13	-	-	-	-	-
- Claim refund from the fire	12	-	10	-	-	-
- Gain on exchange	6	-	11	-	-	-
- Interest income	17	-	20	-	24	-
- Other income	33	1	41	1	49	1
<b>Total</b>	<b>7,424</b>	<b>100</b>	<b>7,329</b>	<b>100</b>	<b>6,475</b>	<b>100</b>

## Type of Business

### Core Business

The core business of the Company is divided into two main categories: manufacture of tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

**a. Tapioca starch products** all of which are manufactured and sold by the Company and its subsidiaries, namely Thai Nam Tapioca Company Limited, D I Company Limited, Thai Wah Alpha Starch Company Limited, Tay Ninh Tapioca Joint Stock Company and Tapioca Development Corporation Limited. The Company's products in this category include tapioca starch, glucose syrup, modified starch, sago and alpha starch.

- **Tapioca starch**



Tapioca starch is a product derived from cassava roots. Apart from direct consumption, tapioca starch has many other uses in the food industry. Tapioca starch is an ingredient in seasoning powder (MSG) and sweetener products, and has many uses in other industries, including the paper and textile industries.

The Company and its subsidiaries have a total of 6 tapioca manufacturing plants in different regions of Thailand. Those plants have been awarded international certification standards under, ISO 9001: 2015, ISO 14000 : 2015, GMP (Good

Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points), USFDA (United States Food & Drug Administration), FSSC and the Halal and Kosher standards.

In addition to its local manufacturing business, the Company had jointly invested with Tay Ninh Sugar Joint Stock Company (originally known as Tay Ninh Tapioca Company Limited) (TNT) in Tay Ninh city - Socialist Republic of Vietnam, to manufacture tapioca starch, organic tapioca starch, glucose syrup, organic glucose syrup and rice flour, organic rice flour for organic products. These are all high value added products sold both locally and internationally. The Company has also been awarded FSSC2200, Kosher, Halal, NOP and EU. Furthermore the Company has invested in Vietnam Tapioca Company Limited through Asia Tapioca Products Company Limited, located in Tay Ninh province, Socialist Republic of Vietnam.

- **Glucose syrup**



Glucose syrup is made from hydrolysis of starch and its character is sticky viscous clear liquid, slightly sweet and colorless. It is used as an ingredient in many food products such as candy, toffees, jam, juice powder, ice cream, creamer and other beverages, which are manufactured by TNT, a subsidiary of the Company located in Tay Ninh, Socialist Republic of Vietnam. TNT's glucose syrup product are widely recognized and trusted by consumers for its quality and product

standard. Furthermore the factory has been awarded ISO 22000 VS9001:2005, GMP standards, HACCP, HALAL, KOSHER and FSSC 22000 (Food Safety System Certification 22000), which is the certification of food safety systems during the manufacturing process, including USDA, NOP and EU standards for organic products. Currently, organic glucose syrup is very popular in the European and American markets.

- **Modified starch**



Modified tapioca starches can be used for several industrial applications including food industry, paper industry and others. This is produced by Tapioca Development Corporation Limited, a subsidiary company located in at Baan Chang District Limited, Rayong Province, for both local and foreign markets. The key export markets are China, Japan, South Korea, Indonesia and other countries in East Asia and ASEAN region.

- **Sago**

Sago (or tapioca pearls) is another food product derived from tapioca starch. Sago is widely popular among consumers both locally and in other East Asian countries such as China and Taiwan and it is also exported to Europe and the United States of America because sago can be used in cooking savoury dishes as well as desserts, which underpin the upward trend of sago consumption.



Currently, the Company has further developed its sago product line to offer more variety, producing Roselle sago and Pandanus sago, allowing consumers the opportunity to select from products that are different and new. Furthermore, new recipes have been developed for both savoury dishes and desserts. The recipes are available to consumers as “recommended recipes” for greater variety, convenience, and speed. Examples of new recipes include boiled sago dumplings (in place of the traditional method of steaming), tapioca pearls mixed with coriander roots, garlic & pepper, the jade pearls, and the sea pearls, all of which use large tapioca pearls for preparation.

Additionally, a new product called Tiny Pearls has been developed for easy cooking, i.e. by pouring hot water into tiny pearls and leaving them for five minutes. This product can be served as an ingredient for breakfast or be mixed with sausages to add texture.

The Company’s manufacturing plant for sago products has been awarded international certification standards under the ISO 9001 : 2015, GMP (Good Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points) and Halal, which can assure customers of the Company’s product quality.



- **Alpha starch**



Alpha starch is a type of tapioca starch that is modified using a physical modification process. Alpha starch is widely used in the industries of aquatic animal feeds, mosquito repellents, and metal casting. Thai Wah Alpha Starch Company Limited (TWAS), a subsidiary of the Company, manufactures and distributes this product with the main markets being Japan and Taiwan.

TWAS currently focuses on the importance of improving product quality and is currently researching methods to manufacture new products to satisfy the market's needs. TWAS also has the capability to manufacture alpha starch according to the chemical formula requirements specific to each industry in keeping with recognized standards. This will enable increased exports, both in terms of volume and value. The alpha starch production factory also received ISO 9001: 2015 quality management system certification, GMP standard and HALAL mark.

- **Rice flour**

Rice flour is a product derived from rice using the water milling process which is a modern technology. Currently Tay Ninh Tapioca Joint Stock Company, located in Vietnam, produces both rice flour and sticky rice flour using good quality raw materials that produces high quality products that are pure, clean and sticky. At present bread, bakeries, noodle products and other types of desserts are mainly produced using wheat flour which has to be imported at a relatively high price. Therefore the development of rice flour in Vietnam is quite important because not only can it be exported, it is also a gluten-free product that can be used as a substitute for wheat flour and is suitable for further processing by the customers. Attention and control is given to each process so that the rice flour manufactured are safe, clean and has a natural Vietnamese rice smell. The same applies for organic rice flour, a flour processed from organic rice that has been field certified. Each production and processing step is handled with care to ensure that the organic products are in accordance with the required standards of USDA, NOP and EU. For the organic products produced by rice flour products, it has been certified by the food safety management system certification FSSC 22000 (ISO 22000, PAS220), Halal food standards (HALAL), Jewish food standards (KOSHER), making the Company's rice flour trustworthy and in demand amongst consumers around the world.

**b. Vermicelli and noodle products** are manufactured and sold by the Company, with vermicelli as the main product. The raw materials for vermicelli and the other noodle products are pea starch, potato starch, tapioca starch, and rice. The Company's products in this category include vermicelli, rice noodles, rice vermicelli, and mung bean starch noodles (Shanghai noodles).

- 1. Vermicelli or glass noodle** can be classified by quality, price and customer's group as follows:



- **“Double Dragon” brand:**  
a high premium product.



- **“Phoenix” brand:**  
a good quality product with standard pricing



- **“Double Kilin” brand:**  
a standard quality product that answers the requirement of street vendors.

**2. Rice noodle and rice vermicelli** - the Company produces and distributes rice noodle and rice vermicelli in both dry and fresh varieties under the “Double Kilin” brand which is positioned as a quality product with a medium price available in various forms such as small-strip rice noodle and rice vermicelli.



**3. Mung bean starch noodles (Shanghai noodle)** under “Double Dragon” brand are available in Cut sheet type: a high-quality product, convenient to use, Round sheet type: a high-quality product which can be used in various styles of cooking, and Seaweed Cut sheet type: a high-quality product offering seaweed taste and fragrance.



**4. Tapioca starch and Sago** under the ‘Double Kilin’ and ‘New Grade’ brand, packaged in a retail pack for household consumption or restaurant and packing sacks for sale to industrial plants and leading restaurants that uses in large quantities.



## Non-core business

### a. Investment in real property

The Company and its subsidiaries have invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand (i.e. in the north, upper part of the northeast, central, east, and west). Land investment represents less risk than investment in other assets because land in itself is unlikely to depreciate. The Company expects to derive returns from a higher selling price which is expected to increase in the future as Thailand's economy improves. Currently, the Company and its subsidiaries have no development plans for such properties.

### Investment in ordinary shares

The Company has invested in the ordinary shares of Laguna Resorts & Hotels Public Company Limited and Tropical Resort Limited and is currently holding 2.09 percent and 19.80 percent of the total paid-up capital of each company, respectively. The purpose of investing in these non-core businesses is to diversify the Company's business risks. By investing in such ordinary shares, the Company expects to derive returns in the form of dividends.

## Marketing and Competition

### Target Customers

**a. Products under tapioca starch category:** The Company distributes products under this category both locally, which accounts for approximately 20 percent, and internationally, which accounts for approximately 80 percent.

The classification of customers are as follows:

- **Tapioca starch**



The tapioca products are exported to many countries around the world, including China, Taiwan and the United States of America under the "Rose Brand" trademark. Some parts of this product line are also distributed locally.

- **Glucose syrup**

The Company has a factory producing glucose syrup products in Vietnam, most of which are distributed locally.

- **Modified starch**

Approximately 30 percent of the modified tapioca starch products are sold locally within the country and approximately 70 percent are exported to Asian countries, including Europe and America as well.

- **Sago (tapioca pearls)**

This product is mainly exported to East Asian countries such as China, Taiwan while some products are distributed to Europe and the United States, as well as distributed locally.

- **Alpha starch**

Alpha starch is exported internationally to Japan, Europe, and Taiwan. Some products are sold in the local market as well.

## **b. Products under the vermicelli and noodle**

category are distributed both locally and international and the sales ratio are as follows :

- **Local market**

The Company's local sales account for 91 percent of total sales for all the products under this category. Local customers mainly comprise of wholesale stores and the proportion of sales is 68 percent from the total sales.

- **Export market**

The Company's export sales account for 9 percent of total sales for all the products under this category. The Company exports to several countries such as Asia region countries, European Union, and the United States of America.

## **Distribution Channel**

**a. Marketing of tapioca starch products:** In the previous year, the Company's marketing activities focused on the food industry, instead of the paper and textile industries because of the higher pricing in the tapioca starch food industry.

Regarding distribution channels, the Company directly exports its products to food manufacturers. Some products were indirectly sold through local dealers in the importing countries. In addition, the company has established Thai Wah International Trade (Shanghai) Company Limited as the base for distribution of "Rose brand" products to customers in China.

## **b. Marketing of vermicelli and noodle products:**

Local market - The Company sells its products through various channels including: wholesalers, retailers, department stores, superstores, supermarkets, convenience stores, cash vans, restaurants nationwide and industrial clients.

As for international markets, the Company exports through local agents to several countries in the Asia regions, the European Union, and the United States of America.

## **Competition**

### **a. Tapioca starch products**

Competition in international markets is quite intense. In addition to local competitors, the Company has to compete with foreign manufacturers in ASEAN countries such as Vietnam and Cambodia which have the advantage of lower costs when compared to Thailand. The Company's strategy is to focus on selling products in markets which prefer consistent quality over prices. Competitive environment: In previous years, there were 4-5 competitors whose capacity was equal to or greater than the Company's. While competitors adopted a competitive low-price strategy, the Company pursued the strategy of quality and punctuality of delivery, which are very important in international markets. The Company's strengths include its reputation, quality, punctuality of delivery, and brands, including the "Rose brand" trademark which has been well recognized in the food industry particularly in China and Taiwan.

Even though there was trade war tension between China and USA and slow economic growth, the export of tapioca starch from Thailand decreased slightly in 2019. From the appreciation of the Thai Baht compared to the US dollar and Yuan, demand for flour in China continues to remain stable. China has increased its import of flour from Vietnam due to lower offering price than from Thailand.

In 2019, the price of tapioca starch decreased from approximately USD 460-555/ ton FOB Bangkok to approximately USD 420-470 / ton FOB Bangkok, at the same time the price of tapioca roots had decreased. China's continuous release of its corn starch stock at a lower price to the market in 2019, resulted in the export volume of Thai tapioca starch to decrease by 2.4 percent or 3.87 million tons from 2018 where the export volume was approximately 3.96 million tons. The export sale of tapioca starch in 2019 had decreased by approximately 9.7 percent compared to 2018.

**Remark :** The volume and value of tapioca export referred from Thai Tapioca Starch Association and customs department.

## **b. Vermicelli and noodle products**

### **• Vermicelli**

#### **Industry situation**

The Thai vermicelli industry in general is operating in a slight competitive market. Various vermicelli products often look similar but can be significantly different in terms of quality, texture and price. It is therefore important for manufacturers to differentiate their products by quality and brand image so as to gain recognition and acceptance by consumers. The local consumption of vermicelli is estimated to be 38,000 tons per year or Baht 3,400 Billion in value. In total, there are 3-4 large manufacturers and approximately 10-15 medium-to-small manufacturers in Thailand. The Company is the largest vermicelli

manufacturer in Thailand producing many different types of vermicelli with a total production capacity of 23,000 tons per year.

#### **Growth rate**

The vermicelli market have an average annual growth rate at approximately 3 - 5 percent. Restaurant owners' switch to fresh vermicelli due to the convenience in using, time saving and the lower price compared to dry vermicelli, resulting in flat growth of vermicelli in the year 2019.

#### **Competition**

Since production of vermicelli is rather simple, there are many major producers competing in the market. Competitions however are mainly on price and on distribution and product quality. Quality varies to suit different customer segments in different locations. Consumers generally trust a particular brand. Competition dimensions in the vermicelli industry can be summarized as follows:

##### **Price competition**

Each producer usually sets its selling price in line with market prices, marketing promotions, in order to be accepted by the consumers for capturing maximum market share.

##### **Creating new market segment**

New products such as fresh vermicelli, straight cut vermicelli, and instant vermicelli are introduced to give convenience and meet consumer demand.

##### **Substitute goods**

Currently, no product can directly substitute for vermicelli since it has its own unique characteristics but there are similar food products such as rice vermicelli, egg noodles, or rice noodles.



- **Noodles**

#### Industry situation and market share

Noodles are one of the most commonly favored dishes among Thais and other East Asian people following from rice. The Company estimates that the market size for rice noodles and rice vermicelli, including Thai rice noodle (Kanom Jeen), is approximately 350,000 - 370,000 tons per year or for value of approximately Baht 15 billion. This is 10 times more volume than vermicelli, and approximately 5 times more value. Given that the market for rice noodles and rice vermicelli including Thai rice noodle is growing both locally and overseas, and given the Company's existing large customer base in the vermicelli market, the Company decided to expand its business into the rice noodle and rice vermicelli market by manufacturing and distributing small-strip rice noodles and rice vermicelli on a trial basis in 2009 and in 2010 respectively with the total capacity of 2,000 tons per year. The Company was very successful in entering this market as evidenced by the continuous growth since the commencement of the operation which increased by over 100 percent per year since inception. As a result, the Company decided to expand the production of noodles and rice vermicelli by building a new factory in the same area as the vermicelli factory at the end of 2015, with the initial production capacity of 4,000 tons per year. The Company's rice noodle and rice vermicelli products comprised of both fresh and dry rice noodle and rice vermicelli. In 2019, the proportion of sales was approximately 58 percent for the local market and 42 percent for the international market.

## Marketing

- **Vermicelli**

The marketing strategy for vermicelli focuses on developing new products to meet the lifestyle of consumers from different age groups that have different consumption habits. At the same time maintaining brand recognition, to reach more, both existing customer base and new generation of customers via online media.

- **Rice noodle and rice vermicelli**

The focus is on research and development of products to meet the different eating habits and cultures in each region while maintaining the good quality production standard right from the raw materials to the production process that is clean and hygienic. The products are easily available at the leading supermarkets. Our products have been certified by BRC certification, making it the first Company to manufacture fresh noodles and fresh vermicelli in Thailand that meets the standard.

- **Mung bean starch noodle (Shanghai noodle)**

The selling point are the unique texture of mung bean starch noodles and beautifully-curved strips that result from being cooked. Moreover the Company is the first and only manufacturer of premium quality dried shanghai noodles in Thailand.

## Procurement

### a. Tapioca starch products

#### Production policy

The production process of the Company depends upon the availability of raw materials. The Company will maximize production capacity during the harvest season, which falls during the period of October through April every year. During the harvest period, the price of cassava roots are relatively low compared to other times of the year, so the Company would step up production in order to produce the maximum amount which can either be sold to customers or stored for future sales throughout the year. Towards the end of the harvest season, the price for fresh cassava roots would increase. But with the pending orders from the customers and the profit margin at a satisfactory level, the Company would continue with the production for as long as possible.

#### Production capacity and quantity

The Company and its subsidiaries have a total of 8 tapioca manufacturing plants, 6 of which are located in Thailand and 2 are located in Socialist Republic of Vietnam. The factories in Thailand are located in Nakhon Ratchasima, Kalasin, Udon Thani, Kamphaeng Phet and Tak with an aggregate production capacity of 438,000 tons per year for producing tapioca starch, coarse flour and tapioca pearls and the factory that produces modified starch, located in Rayong, has a production capacity of 60,000 tons per year. As for the factory that produces glucose syrup and rice flour, located in Socialist Republic of Vietnam, has a production capacity of 50,000 tons and 10,000 tons per year accordingly.

#### Procurement of products or services

The core element of raw materials used in the manufacturing process is the locally grown fresh cassava roots that are purchased directly from the farmers.

#### Raw materials and suppliers

Movement in the price of fresh cassava roots depends on the demand and supply, while the selling price of the finished goods increases or decreases depending on the cost of the raw materials. During the year 2019, the average purchase price of fresh cassava roots for the group in Thailand was Baht 1,940 - 2,750 per ton while the price paid by the group in Vietnam was Baht 3,300 - 3,750 per ton.

The Company will purchase the majority of its fresh cassava roots directly from farmers, while the remainder will be purchased from the secondary cassava markets. When the amount of cassava roots available within the areas close to the factory is not sufficient, the Company will purchase cassava roots from cassava markets in the nearby provinces in order to make up for the shortfall in the amount needed for production.

## b. Vermicelli and noodle products

### Production capacity

The Company has one factory for manufacturing vermicelli and other noodle products. The factory is located at Banglen district, Nakorn Pathom Province on a land plot of 230 rai 3 ngan and 50 square wah and it has a factory floor area of about 48,700 square meters. The total production capacity of vermicelli is approximately 23,000 tons per year and production capacity for the noodle and rice vermicelli is 4,000 tons per year. The production process employs a modern and efficient manufacturing technology which emphasizes quality and safety of the products for the consumer. The production policy is based on production plan which is mainly determined by customer's demand. At present the total capacity utilization rate is approximately 70 percent.

### Raw materials

The key raw materials are pea starch, potato starch, tapioca starch, and rice. Because they are agricultural products, raw material prices fluctuate according to season and demand and supply in the market. In some situations, the Company has to stock up on raw materials in order to have sufficient raw materials for production and to maintain the costs of raw materials.

The Company directly and indirectly imports pea starch and potato starch through distributors in the EU and China. As such, exchange rates have a direct impact on the cost of imported starch. The Company does not exclusively depend on any particular manufacturer or distributor, managing supply risk by purchasing raw materials from several local and overseas suppliers.

## Environmental Impacts

### a. Tapioca starch products

During the manufacturing of tapioca starch, waste water are resulted from the washing of the fresh cassava roots and starch. Discharge of these waste water has the potential to adversely impact the environment and disturb the surrounding local communities. With great concern over the impact this may cause, the Company established a waste water treatment system which uses the LAGOONING technique. The Company's lagooning system was designed by certified engineers and consists of an anaerobic pond and an oxidation pond. The Company continues developing and improving its waste water treatment system to make it better.

The Company's great concern for the environment resulted in the installation of a biogas system at the manufacturing plant of its subsidiary in Vietnam which was completed in 2011 and has developed the waste water treatment system to meet the high production standards. The factory also became a prototype for government agencies in Tay Ninh or private sector to use as a case study on the wastewater treatment system in a tapioca starch factory. As for the biogas system at the factories such as Kalasin province, Nakhon Ratchasima province and at a subsidiary's plant in Udon Thani province. In the system, biogases that are derived from the treatment ponds can be used as a substitute for furnace oil in the manufacturing procedure. Biogas is an energy-saving initiative and is effective in reducing the consumption of natural resources. Using biogas can reduce the amount of greenhouse gas emitted into the atmosphere and minimizes the unpleasant smell from waste water treatment ponds that could affect the environment of the surrounding local communities. The Company's and its subsidiaries' factories has been

improving the wastewater treatment system in order to achieve high production standard whereby the factory located in Nakhon Ratchasima, Kalasin and Udon Thani province had test run the system since October 2018, November 2018 and September 2019 accordingly.

The Company has begun using the remaining biogas from the production to generate electricity that can be used within the factories. The power plant in Udon Thani and Kalasin started operation since April 2018 and September 2019 accordingly.

#### **b. Vermicelli and noodle products**

Vermicelli and rice noodle production and their by-products can be sold entirely and hence there is no significant problem of waste in the production. The waste water from the production process are treated by the lagoon system which uses a natural treatment process and therefore its operating and maintenance costs are rather low.

### **Undelivered Projects**

-N/A-

# Risk Factors

## 1. Risk Relating to Operating Business

### Risk relating to the government policy

During the crop year 2019/2020, the Ministry of Commerce associated with Ministry of Agriculture and Cooperatives to provide the price guarantee scheme for the tapioca farmers by guaranting the price of fresh tapioca roots at 25 percent starch content (Baht 2.50 baht per kilogram). The objective was to help alleviate the suffering of tapioca farmers in accordance with government policy during the low price of tapioca roots. The farmers could have a higher earning which would strengthened them compared to growing other crops. The government would pay compensation for the difference between the guaranteed price and the market price to farmers through the Bank of Agriculture and Agricultural Cooperatives.

On the other hand, if this project was discontinued, it may impact the plantation which may result in the lower plantation area and production yield of the tapioca roots.

The Department of International Trade Promotion, Ministry of Commerce, cooperated with the related cassava association / the private sector of cassava business in order to push its members to set a price that reflects the real market's need and prevent the dumping of the

selling price which in turn would impact the price of fresh tapioca roots. They also cooperated in verifying rumors or faults information that may affect the prices as well as affect others.

Thus, strict regulations related to the quality and verified quantity measures had been issued on the importing of tapioca and tapioca related products from neighboring countries. And such measures had impact the prices of tapioca and tapioca related products even for the entrepreneurs.

The Company has carried out risk management initiatives to mitigate the impact of unforeseen government intervention by closely monitoring the market situation and the raw materials situation, exchanging information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This is the best way the Company can be prepared for any government intervention in the future and ensure that its finished products bear competitive costs and generate profits for the Company.

### Risk relating to an offshore investment

The Company has entered into a joint venture to conduct the tapioca business in Vietnam and Cambodia. Offshore investment is usually exposed to possible risks relating to changes in political conditions, laws, foreign exchange rates, and economy of the relevant country in which the investment has been made. An adverse significant change in any of these factors could adversely impact the Company's business in such country, and could result in the income and profits from the operation of its foreign business to miss the expected target.

The Company was aware of the above country risks and as a result closely monitors news information related to Vietnam and Cambodia and the areas nearby and also exchanges information on a timely basis about the market and economic conditions with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. Furthermore, the Company has embedded a team of its executives to oversee the operation at the subsidiary's plant in Vietnam and requires the team to submit a report on the operating results to the head office in Thailand on a monthly basis.



## Risk relating to climate change

In the past year, tapioca cultivated areas experienced minor epidemics of mealy bugs, pest or other plant diseases, while drought and flood affected only certain areas. Even though all of the mentioned risks had subsided compared to 2016, these were still risk factors affecting the quantity of cassava roots which was the Company's main raw material.

The Company has taken measures to reduce the impact of such risks by monitoring the drought situation including water ponds in the factory and the water resources on a weekly basis to assess and be well prepared. Moreover the Company has been conducting a study on recycling and reusing waste water from the production process and also improving the production system to reduce the amount of water used as well as storing water for the dry season in order to minimize the impact of droughts and water shortages. The Company works with the local authorities and others in factory locations in order to manage the water supply effectively for all users during water shortage periods.

## Risk from the spread of plant diseases and pests

During the previous year, areas cultivating tapioca roots experienced minor epidemics of mealybugs, pests or other plant diseases. However for Cassava Mosaic Virus (CMV) which had spread vigorously in Vietnam and Cambodia, a result of which impacted the tapioca industry as there was raw materials shortage and affected the occupation and income of the farmers. Thailand may experience major epidemics if the CMV is uncontrollable.

Ministry of Agriculture and Cooperatives, Ministry of Commerce, Thai Tapioca Development Institute, 4 Thai Tapioca Associations and the related private sector including the Company has co-operated by taking measures in preventing the epidemics of CMV

in Thailand such as area survey, outbreak surveillance, tracking and gathering outbreak data, publicity, dissemination of knowledge, supporting the farmers who were impacted by the disease, enforcement of relevant inspection and control laws in importing tapioca products, development of cooperation networks to prevent the outbreak including development of tapioca stems. In this regard, the Company collaborated with the Tapioca Development Institute of Thailand Foundation by building green houses to breed healthier stems 20-80 times faster that have good resistance to the CMV virus, including the Company's team attended the training seminars in order to disseminate the knowledge to farmers for them to monitor further.

## Risk from substitute products

Changes in the demand and supply of substitute products such as corn starch and potato starch will cause fluctuation in prices of such products, which in turn will fluctuate the price of tapioca starch as well. With the prices of corn starch increasing or decreasing in China, may affect the prices of tapioca starch as well.

In order to reduce the impact of the above mentioned risk, the Company closely monitors the market situation and production yields of substitute starches, exchanging of information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This helps the Company to assess likely price impacts and respond more effectively to any price movements in substitute starches

### Risk from the quantity of raw material (tapioca roots)

The survey results of cassava cultivation from 4 associations (The Thai Tapioca Trade Association, Thai Tapioca Products Factory Association, Northeastern Tapioca Trade Association and Thai Tapioca Starch Association) together with the Office of Agricultural Economics, Department of Agricultural Extension had forecasted that the output of tapioca roots in the year 2019/2020 would be approximately 28.75 million tons or 0.36 percent lower compared to 2018/2019. According to the monitoring data from the 4 associations, in January 2020, the total production and production yield per rai had decreased, compared to the prediction in September due to the drought and CMV outbreak. This may cause some entrepreneurs who use tapioca roots as raw materials in their factories to experience shortage during some months in 2020.

The Company has established measures to mitigate the risks in order to reduce the impact of such risks on the volume of tapioca that are released into the market. In the case where the volume of tapioca is either high or low and does not meet the requirement of the factory, the Company has implemented an

automatic queuing system for the farmer's convenience as it speeds up the sale of fresh tapioca roots to the factories. This system also assists the factory to estimate the output as well as manage the continuous supply of raw materials. The Company has set up the root station campaign in tapioca cultivated areas where the farmers can sell directly to the Company. This campaign is also for the convenience of the farmers as it saves time and the transportation cost. Moreover, the tapioca volume can be monitored via the online system at any time. The Company had implemented incentive programs for motivating the farmers to directly sell tapioca roots to the company with bonuses as a way of giving back the profits to the participating farmers as well as providing knowledge and supporting machineries and equipments necessary for cultivation factors, so that farmers can increase their crop output. Also, the Company has procured additional cassava plantation in Laos and Cambodia in order to increase the domestic source of tapioca roots. As a result, the Company can estimate the quantity of tapioca roots and production planning accordingly.

## 2. Risk Related to Manufacturing of Products

### Fluctuation in raw material prices

- **Tapioca starch products**

The Company is the manufacturer and distributor of tapioca starch products. Cassava roots are the key raw material and accounts for approximately 70-80 percent of the total production cost. The prices of fresh cassava roots fluctuate seasonally, depending on the demand & supply in the market, the climate, and the quantity of roots in each season. Because these factors are beyond the Company's control, the Company faces risk related to its projections of raw material costs and selling price of finished products, and risk related to its ability to manage inventory levels. These risks can directly impact the Company's financial position and operating results.

Therefore in order to mitigate these risks, the Company closely monitors the market situation for raw materials, surveying the cultivation sources in Thailand, Vietnam, Laos, and Cambodia, in order to exchange information and knowledge with other cassava manufacturers in Thailand and other countries as well as other organizations related to the cassava root industry etc., focusing mainly on procuring the raw materials during the peak harvest period when there is a large supply and prices are low. In order to guarantee the purchase price of cassava roots in the year 2019, the Company implemented contract farming with farmers who registered to sell cassava to the Company. The purpose of this project would be to create farmer's confidence that there certainly would be a market to purchase their roots. This would also enable the Company to do production planning, cost estimates, better pricing as well as cementing good relationships and exchanging knowledge, information, news with the local cassava root farmers. This way, the Company would be able to receive good information and forecast on the market trends of cassava roots which would be useful for further planning and managing sustainably.

- **Vermicelli and noodle products**

Raw material is the single highest cost component amounting to approximately 50 - 70 percent of total production cost. The fluctuation of raw material prices therefore has a large direct impact on the Company's performance. The key raw materials for manufacturing vermicelli and noodle are pea starch, potato starch and rice which are agricultural products whose prices fluctuate according to seasonal availability, and demand and supply in the market.

In view of the above factors, the Company closely monitors the market situation of its raw materials and has established good relationships with its suppliers in order to forecast market trends and be better able to plan and manage its inventories. If necessary, the Company may stock-up raw materials to ensure that there is adequate supply for production and cost stability throughout the year. When market conditions allow, the Company may also consider the option of passing on any unforeseen increase in raw material prices to its customers by increasing the selling price of its products. However, the Company is always very cautious of such a move due to the very competitive and price sensitive nature of the vermicelli market.

The Company directly and indirectly imports or buys pea starch and potato starch through distributors in the EU and China to be payable in both local and foreign currencies. The movement of foreign exchange rates has a direct impact on the cost of imported starch.

### Labour shortage

The vermicelli industry is labour intensive, especially in the packing process. Any shortage in the work force may adversely affect the Company's operations. To minimise with this risk, the Company offers competitive wages and attractive welfare benefits

to retain and motivate its workforce. As a long-term solution to labour shortage risk, the Company is continually automating its production facilities to reduce its dependence on labour and at the same time improving production capacity and efficiency

## 3. Risk Related to Finance

### Fluctuations in the foreign exchange rate

Since the Company's products are mainly exported to other countries, most of its income is principally linked to the US dollar. As such, the Company may face risk relating to the fluctuation in the foreign exchange rate, which is caused by the conversion of its sales income denominated in the US Dollar into the Thai Baht. The downside risk occurs when the US Dollar depreciates against the Thai Baht, resulting in a decrease in the income to be received in Thai Baht. On the contrary, the Company may obtain an increase in the value of income if the US Dollar appreciates against the Thai Baht. At present, the appreciation of Thai Baht against US Dollar is resulting in an disadvantage for the Thai exports over its significant international competitors, such as Vietnam, which the currency is weak and is relatively stable exchange rates against the US Dollar.

The Company can partially manage its foreign exchange risk through the natural hedge which means that the Company can reduce the risk of fluctuation in exchange rates by creating a balance between foreign-currency sales revenues and foreign-currency expenditures. In this regard, the Company's main foreign-currency sales revenues are from exported starch while the Company's main foreign-currency expenditures are from imported pea starch and potato starch, which are the main raw materials for producing vermicelli.

Since the portion of export proceeds is greater than that of import expenditures, the Company is required to manage the remaining exchange rate exposure by entering into foreign currency forward sales contracts and regularly monitoring the movement of the foreign exchange rate. Other appropriate financial instruments have also been used to mitigate this risk.

# General Information and Other Key Information

## General Information

The Issuing Company	:	Thai Wah Public Company Limited
Security Code	:	TWPC
Head Office	:	Thai Wah Tower I, 6 <sup>th</sup> Floor, No. 21/11, 21/13, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone	:	+66 2 285 0040
Facsimile	:	+66 2 285 0255
Website	:	www.thaiwah.com
Branch Office	:	

1 <sup>st</sup> Branch	Thai Wah Tower 1, 6 <sup>th</sup> Floor, No. 21/10, 21/12 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone +66 2 285 0031, Facsimile +66 2 285 0485
2 <sup>nd</sup> Branch	No. 76 Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 973, Facsimile +66 38 573 365
3 <sup>rd</sup> Branch	No. 87 Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 975-6, Facsimile +66 38 573 329
4 <sup>th</sup> Branch	No. 2, Moo 2, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 003
5 <sup>th</sup> Branch	No. 301, Moo 8, Pimai-Huay Thalaeng Road, Naimueang Sub-District, Pimai District, Nakhon Ratchasima Province 30110, Thailand, Telephone +66 44 471 368-9, Facsimile +66 44 471 789
6 <sup>th</sup> Branch	No. 136, Moo 12, Natal Sub-District, Thakhantho District, Kalasin Province 46190, Thailand, Telephone +66 43 877 087 and +66 43 877 053, Facsimile +66 43 877 032
7 <sup>th</sup> Branch	No. 2, Moo 1, Banglane-Dontoom Road, Banglane Sub-District, Banglane District, Nakorn Pathom Province 73130, Thailand, Telephone +66 34 391 011-4, Facsimile +66 34 391 015
8 <sup>th</sup> Branch	No. 222 Moo 5, Udon - Nong Bua Lam Phu Road, Nikhom Songkhro Sub-District, Mueang Udon Thani District, Udon Thani Province 41000, Thailand, Telephone +66 89 618 9083
9 <sup>th</sup> Branch	B Tower, 1 <sup>st</sup> Floor, No. 8 and 9, No. 308 Moo 1, Middle Ring Road, Nong Phueng Sub-District, Saraphi District, Chiang Mai Province 50140, Thailand, Telephone +66 91 778 7934
10 <sup>th</sup> Branch	No. 141, 142 Moo 16, Liang Mueang Road, Roab Mueang Sub-District, Mueang Roi Et District, Roi Et Province 45000, Thailand, Telephone +66 97 139 0691



11 <sup>th</sup> Branch	No. 999/96, 2 <sup>nd</sup> Floor, Mittraphap Road, Naimueang Sub-District, Mueang Phitsanulok District, Phitsanulok Province 65000, Thailand, Telephone +66 84 660 5725
12 <sup>th</sup> Branch	No. 45/95 North Bangsaen Sai 4 Road, Saen Suk Sub-District, Mueang Chon Buri District, Chon Buri Province 20000, Thailand, Telephone +66 91 824 8008
13 <sup>th</sup> Branch	No. 32/18, Warehouse (No.6), Moo 3, Watpradoo Sub-District, Mueang Surat Thani District, Surat Thani Province 84000, Thailand, Telephone +66 84 837 5405
14 <sup>th</sup> Branch	No. 2, Warehouse H, Village No. 5, Nongchabok Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima Province 84000, Thailand, Telephone +66 91 760 8029
15 <sup>th</sup> Branch	Thai Wah Tower 1, 5 <sup>th</sup> Floor, No. 21/74, 21/76-77 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone +66 2 285 0040
16 <sup>th</sup> Branch	No. 779/4, 1 <sup>st</sup> Floor, Charoen Nakhon Road, Bukkhalo, Thon Buri, Bangkok 10600, Thailand, Telephone +66 91 778 7934
17 <sup>th</sup> Branch*	No. 234, Moo 6, Tungkanaan Sub-District, Soidao District, Chanthaburi Province 22180, Thailand, Telephone +66 39 480 571-3
18 <sup>th</sup> Branch	No. 199, Moo 10, Hua Nakham Sub-District, Sithat District, Udon Thani Province 41230 Thailand, Telephone +66 83 812 6942
19 <sup>th</sup> Branch	No. 105, Moo 19, Nonrang Sub-District, Chumpuang District, Nakhon Ratchasima Province 30270 Thailand, Telephone +66 44 471 368
20 <sup>th</sup> Branch	No. 194, Moo 8, Mae Kasa Sub-District, Maesot District, Tak Province 36110 Thailand, Telephone +66 55 508 852
21 <sup>st</sup> Branch	No. 193, Moo 8, Mae Kasa Sub-District, Maesot District, Tak Province 36110 Thailand, Telephone +66 55 508 852

Remarks : \* Register for dissolution of the branch on January 13, 2020

Type of Major Business	: Manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago.
Corporate Registration Number	: 0107558000423
Registered Capital Baht:	: Baht 880,420,930
Issued and Paid-up Capital	: Baht 880,420,930
Divided into Ordinary Shares:	: 880,420,930 Shares
Par Value	: Baht 1
Foreign Limit	: Not exceeding 49 percent of total issued and paid-up shares of the Company
Percentage allowed for Thai	
Trust Fund	: -N/A-
No. of Employees	: 2,511 employees (Only employees employed by the Company as at December 31, 2019)

## References

### Regulator for Issuing Company

#### Securities and Exchange Commission, Thailand (SEC)

Securities and Exchange Commission Building,  
No. 333/3 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand  
Telephone : +66 2 033 9999 Facsimile : +66 2 033 9660  
SEC Help Center : 1207 Email : info@sec.or.th Website : www.sec.or.th

### Regulator for Listed Company

#### The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand Building,  
No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand  
Telephone : +66 2 009 9000 Facsimile : +66 2 009 9991  
SET Contact Center : +66 2 009 9000 Email : SETContactCenter@set.or.th Website : www.set.or.th

### Registrar

#### Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building,  
No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand  
Telephone : +66 2 009 9000 Facsimile : +66 2 009 9991  
SET Contact Center : +66 2 009 9000 Email : SETContactCenter@set.or.th Website : www.set.or.th/tsd

### Debenture Registrar

Debenture of Thai Wah Public Company Limited No. 1/2019 due 2022 (TWPC224A)  
Bank of Ayudhya Public Company Limited  
No. 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120, Thailand  
Telephone : +66 2 296 2000 Facsimile : +66 2 683 1389  
Website : www.krungsri.com

### Auditor

#### EY Office Limited by

Mr. Sophon Permsirivallop	Certified Public Accountant No. 3182 and/or
Ms. Runnapa Lertsuwankul	Certified Public Accountant No. 3516 and/or
Ms. Pimjai Manitkajohnkit	Certified Public Accountant No. 4521 and/or
Ms. Rosaporn Decharkom	Certified Public Accountant No. 5659 and/or
Ms. Sumana Punpongsanon	Certified Public Accountant No. 5872

Lake Rajada Office Complex, 33<sup>rd</sup> floor,  
No. 193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand  
Telephone : +66 2 264 0777 Facsimile : +66 2 264 0789-90

### Legal Counselor

#### **Weerawong, Chinnavat & Partners Ltd.**

Mercury Tower, 22<sup>nd</sup> floor,

No. 540 Ploenchit Road, Lumpini, Patumwan, Bangkok 10330, Thailand

Telephone : +66 2 264 8000 Facsimile : +66 2 657 2222

### Financial Institutions

United Overseas Bank (Thai) Public Company Limited, Thai Wah Tower Branch

Krung Thai Bank Public Company Limited, Surawongse Branch

CIMB Thai Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Silom Branch

Bangkok Bank Public Company Limited, Banglane Branch

Kasikorn Bank Public Company Limited, Silom Main Branch

The Siam Commercial Bank Public Company Limited, Thanon Sathorn Branch

TMB Bank Public Company Limited, Head Office

### Other Key Information

-N/A-

Additional information of the issuing company is available in the Form 56-1 which has been disclosed on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)).

# Shareholders

## Major Shareholders as at December 30, 2019\*

Name of Shareholders	No. of Shares Held	Total No. of Shares Held	% of Shareholding
1. Mr. Ho KwonPing Group		108,449,979	12.32
- Mr. Ho KwonPing	56,740,573		
- KAP Holdings Limited	45,976,945 <sup>(1)</sup>		
- Bibace Investments Ltd.	5,278,500 <sup>(2)</sup>		
- MDM. Chiang See Ngoh	453,961		
2. Chang Fung Company Limited <sup>(3)</sup>	89,093,634	89,093,634	10.12
3. Laguna Resorts & Hotels Public Company Limited <sup>(4)</sup>	88,347,051	88,347,051	10.03
4. Mr. Ho KwonCjan Group		63,755,859	7.24
- Mr. Ho KwonCjan	34,416,488		
- Li-Ho Holdings (Private) Limited	29,339,371		
5. International Commercial Development Company Limited Group		39,248,150	4.46
- International Commercial Development Company Limited <sup>(5)</sup>	34,708,545		
- ICD (HK) Limited	4,539,605		
6. Bualuang Basic Dividend LTF	37,260,200	37,260,200	4.23
7. Deutsche Bank AG, Singapore (DCS) A/C Pangolin Asia Fund <sup>(6)</sup>	36,813,316	36,813,316	4.18
8. Thai NVDR Company Limited	35,997,959	35,997,959	4.09
9. Bualuang Siriphol Corporate Governance Fund	14,776,000	14,776,000	1.68
10. Bualuang Basic RMF	14,712,400	14,712,400	1.67
Other Minority Shareholders	351,966,382	351,966,382	39.98
<b>Total</b>	<b>880,420,930</b>	<b>880,420,930</b>	<b>100.00</b>

Remarks : \* As at the latest book closing date

<sup>(1)</sup> Including 38,733,163 shares are being held by Credit Suisse AG. Singapore Branch on behalf of KAP Holdings Limited

<sup>(2)</sup> The Company's shares are being held by Credit Suisse AG. Singapore Branch

<sup>(3)</sup> Company registered overseas as general investment business

<sup>(4)</sup> Listed on the Stock Exchange of Thailand as a hotel and property development business

<sup>(5)</sup> Register in Thailand as property rental business

<sup>(6)</sup> Company registered overseas, contact address: Deutsche Bank AG, Bangkok, Athenee Tower, 27<sup>th</sup> floor, 63 Wireless Road, Lumpini, Pathumwan, Bangkok 10330

# Dividend Policy

## 1. The Company's Dividend Policy

The Company's Dividend Policy seeks to maximize shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's dividend policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability**

Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.

- **Predictability**

Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.

- **Managed growth**

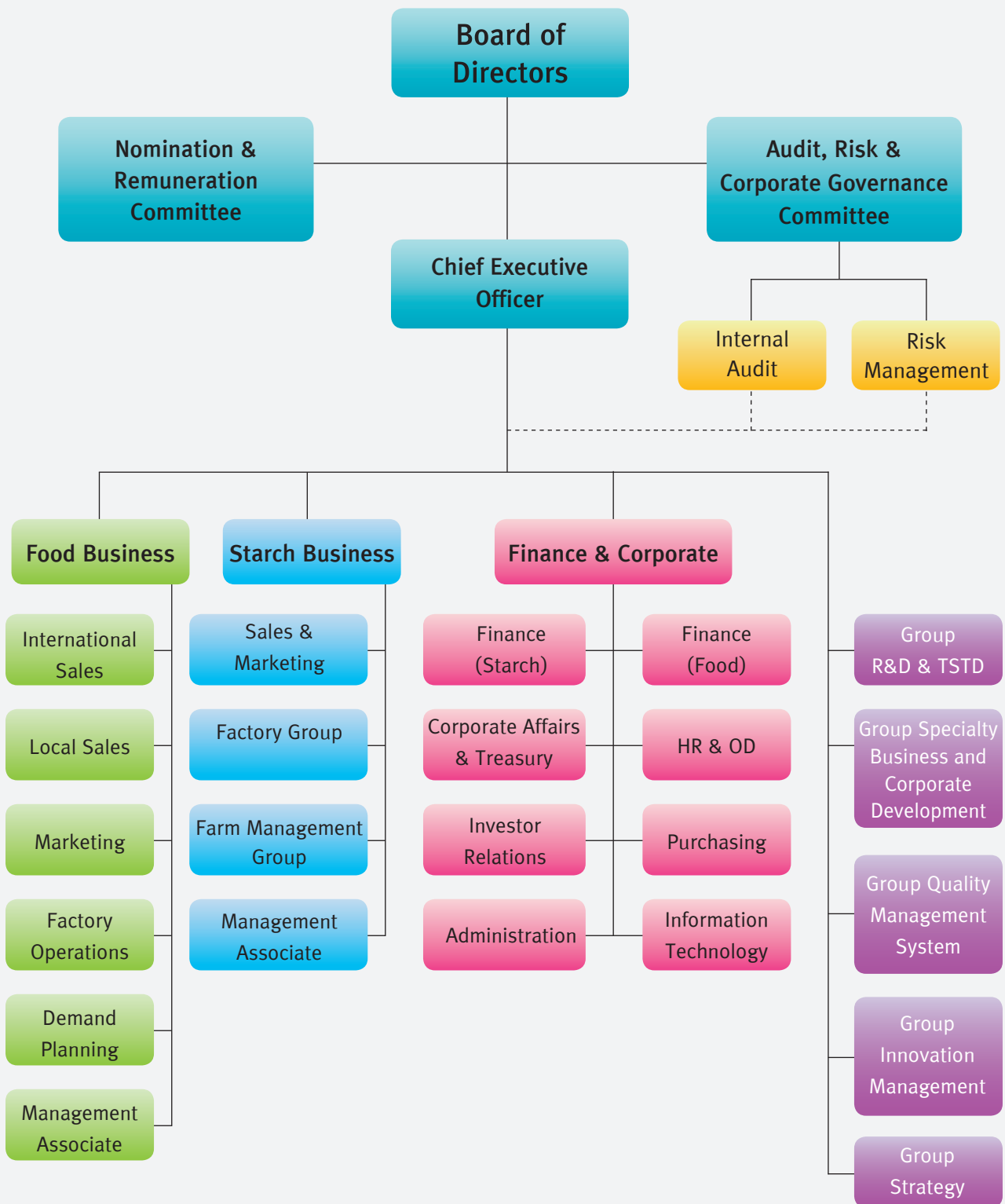
The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

## 2. The subsidiary's dividend policy

The subsidiary's dividend policy is subject to its Board of Directors' discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations in the following year.



# Management Structure



## Board of Directors

The Board of Directors comprises of directors who are knowledgeable and experienced in diverse fields relevant to Thai Wah's business. The Board of Directors consists of 14 directors, 5 independent directors or representing one-third of total Board members. The Independent Directors of the Company possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. 6 non-executive directors and 3 executive directors. Details of the Board members are as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2019/Meeting
1.	Mr. Ho KwonPing	• Chairman of the Board	October 1, 2015, April 26, 2016 (re-elected) April 26, 2019 (re-elected)	4/6
2.	Dr. Sretsei Saittagaroon	• Deputy Chairman of the Board	October 1, 2015, April 20, 2017 (re-elected) April 26, 2019 (re-elected)	6/6
3.	Mr. Surapon Supratya	• Director	October 1, 2015, April 26, 2016 (re-elected) April 26, 2019 (re-elected)	5/6
4.	Mr. Ariel P Vera	• Director	October 1, 2015, April 26, 2016 (re-elected) April 26, 2019 (re-elected)	4/6
5.	Mr. Ho KwonCjan	• Director	October 1, 2015, April 20, 2017 (re-elected)	5/6
6.	Mr. Ho Ren Hua <sup>(a)</sup>	• Director	October 1, 2015, April 20, 2017 (re-elected)	6/6
7.	Mr. Umnad Sukprasongphol <sup>(a)</sup>	• Director	October 1, 2015 April 27, 2018 (re-elected)	6/6
8.	Mr. Shankar Chandran	• Director	December 25, 2016 April 27, 2018 (re-elected)	4/6
9.	Mr. Vudhiphol Suriyabhivadh	• Independent Director, <sup>(b)</sup> • Audit, Risk and Corporate Governance Committee Chairman • Nomination and Remuneration Committee Member	October 1, 2015, April 26, 2016 (re-elected) April 26, 2019 (re-elected)	6/6

No.	Name	Position	Date of Appointment	Number of Attendances in 2019/Meeting
10.	Dr. Jingjai Hanchanlash	<ul style="list-style-type: none"> <li>Independent Director,<sup>(b)</sup></li> <li>Audit, Risk and Corporate Governance Committee Member</li> <li>Nomination and Remuneration Committee Chairman</li> </ul>	October 1, 2015, April 20, 2017 (re-elected)	6/6
11.	Mr. Subhak Siwaraksa	<ul style="list-style-type: none"> <li>Independent Director,<sup>(b)</sup></li> <li>Audit, Risk and Corporate Governance Committee Member</li> <li>Nomination and Remuneration Committee Member</li> </ul>	February 21, 2017 April 27, 2018 (re-elected)	5/6
12.	Mr. Chanin Archjananun <sup>(c)</sup>	<ul style="list-style-type: none"> <li>Independent Director<sup>(b)</sup></li> <li>Audit, Risk and Corporate Governance Committee Member</li> <li>Nomination and Remuneration Committee Member</li> </ul>	October 1, 2015 April 27, 2018 (re-elected)	5/6
13.	Ms. Parnsiree Amatayakul	<ul style="list-style-type: none"> <li>Independent Director<sup>(b)</sup></li> </ul>	April 27, 2018	4/6
14.	Mr. Prateep Lertvatanakijkul <sup>(a)</sup>	<ul style="list-style-type: none"> <li>Director</li> </ul>	April 27, 2018	6/6

**Remarks :** Profile is detailed in Attachment 1 to Form 56-1 and in the Company's annual report under the heading "Board of Directors"

<sup>(a)</sup> Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the Affidavit

<sup>(b)</sup> The definition of "Independent Director" is disclosed under the section of "Corporate Governance"

<sup>(c)</sup> The Board of Directors' Meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a new Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member of the Company

The Board of Directors is the driving force of the organization. Its roles and duties are to set strategies and policies pertaining to business operation for the Company. The Board of Directors must perform its duties responsibly, carefully and loyally in order to maximize the Company's benefits and act in fairness to all stakeholders, according to the principles of good corporate governance. In addition, the board plays an important role in overseeing and assessing the performance of the Management to ensure the accomplishment of the Company's action plan. The Board of Directors has thus resolved to adopt this Charter of the Board of Directors so that every director is aware of his/her duties and responsibilities and performs them correctly and completely.

#### Duties of the Board of Directors

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
  - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
  - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
  - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders' Meetings (Duty of Obedience).
  - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
2. Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
3. Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.
4. Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.
5. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.
6. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company's operations, relevant law and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
7. Ensuring that an appropriate compensation structure and performance evaluation are in place.
8. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
9. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.
10. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's operational plan in order to ensure that every department

and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.

11. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
12. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.
13. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
14. Establishing a clear anti-corruption policy and practices and disseminating to the Company's stakeholders for proper implementations.
15. Establishing a mechanism for handling complaints and whistleblowing.
16. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
17. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial difficulties are promptly identified, managed

and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

### Role of the Chairman of the Board

The Chairman of the Board is responsible for leading the Board with the following duties and responsibilities:

1. Summoning meeting for Board and presiding over the meeting. In making decision, the Chairman has a deciding or casting vote in the event of tied votes.
2. Setting Board meeting agenda in consultation with the Chief Executive Officer and Chairman of the Audit, Risk and Corporate Governance Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.
3. Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.
4. Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
5. Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
6. Ensure that all directors contribute to the Company's ethical culture and good corporate governance.



## Composition of the Board of Directors

The compositions of the Board of Directors are as follows:

1. The Board of Directors consist of members in the number that is suitable for the size and business strategy of the Company, but shall be no less than 5 members. At least half of the total directors shall reside in Thailand.
2. The Board of Directors consists of independent directors which shall not be less than one-third of the total number of the directors, with a minimum of 3 directors.
3. The Board of Directors shall elect one of the members to be the Chairman of the Board

## Term of Office

At each annual general meeting of shareholders, one-third of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third shall retire from office. The director who has held office the longest shall retire. Retiring directors are eligible for re-election.

## Meetings of the Board of Directors

The date and time for the Board meetings shall be planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant.

## The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's regulations, Articles of Association, the Board of Directors charter, and the resolutions at the shareholders' meeting.

## Remuneration of Directors

The Board of Directors assigns the Nomination and Remuneration Committee to review the policy and criteria for directors' remuneration and recommend the Board of Directors prior to proposing to the shareholders' meeting for approval. In determining the composition of the remuneration package, the nature of the role, duties and responsibilities performed and market practice are taken into consideration. The package shall also be competitive with the industry's benchmark.

## Development of Directors

1. When a person is appointed as a director of the Company, the Company shall provide him/her with the director orientation to introduce the Company's overview, operations, strategies and working plans and present to him/her the Charter of Board of Directors and various relevant information so that he/she acknowledges his/her roles and duties as a director of the Company.
2. Encouraging directors to be trained and developed in various ways such as seminars, lectures, and excursion trips to enhance up-to-date knowledge and new experience in line with the changing situations in order to benefit the operations of the Company.

## Review of the Charter

The Board of Directors shall review and evaluate the adequacy and appropriateness of the Charter on an annual basis.

Apart from this, the delegation of authority by the Board to the management is clear, details as disclosed under the section of "Corporate Governance".

## Sub-Committees

The Board approved the establishment of two sub-committees, namely the Audit, Risk and Corporate Governance Committee and the Nomination and Remuneration Committee in order to assist the Board to screen operations within certain limits of authority as stipulated in the charter and regularly report the outcome to the Board.

In order to perform their duties transparently and independently, all members of both sub-committees are Independent Directors. Additionally, the Chairman of the Board is neither a Chairman nor a member of both sub-committees.

### 1) Audit, Risk and Corporate Governance Committee

In order to enhance the Company's good corporate governance, the Board of Directors' Meeting dated August 6, 2019 approved the enlargement of the scope of duties and responsibilities of the Audit and Risk Committee to include corporate governance and renamed it to be read as "Audit, Risk and Corporate Governance Committee (ARCG)".

The Audit, Risk and Corporate Governance Committee comprises 4 Independent Directors of the Company as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2019/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	Chairman	October 1, 2015, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	4/4
2.	Dr. Jingjai Hanchanlash	Member	October 1, 2015, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	4/4
3.	Mr. Subhak Siwaraksa	Member	February 21, 2017, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	4/4
4.	Mr. Chanin Archjananun*	Member	May 9, 2019,	2/2

**Remarks:** \* The Board of Directors' Meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a new Audit, Risk and Corporate Governance Committee Member of the Company

All members of the Audit, Risk and Corporate Governance Committee possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Mr. Vudhiphol Suriyabhivadh and Mr. Subhak Siwaraksa, Chairman and member of the Audit, Risk and Corporate Governance Committee, have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol Suriyabhivadh gains his experience in reviewing the financial reports of some listed companies in the Stock Exchange of Thailand.

Audit, Risk and Corporate Governance Committee formally convened four meetings with the Company's external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. Including, the Audit, Risk and Corporate Governance Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

#### **Duties and Responsibilities of the Audit, Risk and Corporate Governance Committee**

1. To review the accuracy and adequacy of financial reporting of the Company;
2. To review the adequacy and effectiveness of internal control and internal audit systems of the Company as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
3. To consider, select and propose the appointment and termination of an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year;
4. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws relating to the business of the Company;
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws, regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company;
6. To report the activities of the Audit, Risk and Corporate Governance Committee to the Board;
7. To prepare and to disclose a report of the Audit, Risk and Corporate Governance Committee in the Company's Annual Report. The report must be signed by the Audit, Risk and Corporate Governance Committee Chairman, comprising at least the following information:
  - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - b. an opinion on the adequacy of the Company's internal control system,
  - c. an opinion on the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company,
  - d. an opinion on the suitability of an auditor,
  - e. an opinion on the transactions that may lead to conflicts of interests,

- f. the number of the Audit, Risk and Corporate Governance Committee meetings, and the attendance of such meetings by each Audit, Risk and Corporate Governance Committee member,
  - g. an opinion or overview comment received by the Audit, Risk and Corporate Governance Committee from its performance of duties in accordance with the charter, and
  - h. other transactions which, according to the Audit, Risk and Corporate Governance Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;
8. To review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee;
  9. In performing the duty of the Audit, Risk and Corporate Governance Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
    - a. a transaction which causes a conflict of interest;
    - b. any fraud, irregularity, or material defect in an internal control system; or
    - c. an infringement of the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company

the Audit, Risk and Corporate Governance Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit, Risk and Corporate Governance Committee thinks fit. If the Board or management fails to make a rectification within such period of time, any Audit, Risk and Corporate Governance Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;
  10. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within thirty days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on securities and exchange;
  11. To perform any other acts as assigned by the Board and accepted by the Audit, Risk and Corporate Governance Committee ;
  12. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.
  13. To supervise the performance of management to strictly comply with the Company's good corporate governance policy;
  14. To review the corporate governance policy and code of business conduct of the Company at least once a year;
  15. To oversee the anti-corruption policy to ensure it's sufficient and appropriate for the Company's business; and
  16. To supervise and offer advices related to the operation concerning the Company's sustainable development.

## Authority of the Audit, Risk and Corporate Governance Committee

In order that the objectives of performance of the duty by the Audit, Risk and Corporate Governance Committee be fulfilled, the Audit, Risk and Corporate Governance Committee shall have the following power:

### 1. Management power

The Audit, Risk and Corporate Governance Committee shall have the power to invite management, the internal audit, the working unit supervisor or the related staff of the Company to provide clarification, opinions, attend the meetings or submit documents as deemed relevant and necessary.

### 2. Power with respect to the Internal Auditor

- 2.1 To ensure that there exist a common objective and understanding amongst the internal auditor, external auditor and the Board in regard to internal control;
- 2.2 To approve the appointment, transfer, termination of employment of the chief of the internal audit unit;
- 2.3 To secure the independence of the internal auditor.

### 3. Power with respect to the External Auditor

- 3.1 To review and evaluate the work performance of the external auditor;
- 3.2 To propose the names and the termination of the external auditor and annual auditing fee to the Board of Directors of the Company for the purpose of obtaining approval at the Annual General Meeting of Shareholders;
- 3.3 To fix wage rate for audit services and other advisory services provided by the external auditor.

### 4. Other powers

The Audit, Risk and Corporate Governance Committee shall have the power to investigate related persons and matters within its scope of the authority and duty and shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit, Risk and Corporate Governance Committee.

### The Term of Office

The term of office of a member of the Audit, Risk and Corporate Governance Committee shall be 2 years. A member of the Audit, Risk and Corporate Governance Committee who vacates his/her office by rotation may be re-appointed.



## 2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 4 Independent Directors of the Company as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2019/Meeting
1.	Dr. Jingjai Hanchanlash	Chairman	October 1, 2015, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	5/5
2.	Mr. Vudhiphol Suriyabhivadh	Member	October 1, 2015, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	5/5
3.	Mr. Subhak Siwaraksa	Member	February 21, 2017, October 1, 2017 (re-elected) October 1, 2019 (re-elected)	5/5
4.	Mr. Chanin Archjananun*	Member	May 9, 2019,	1/1

**Remarks :** \* The Board of Directors' Meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a new Nomination and Remuneration Committee of the Company

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

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies of the Company;
2. To review and award the bonus, salary increment and incentives of the Company's Chief Executive Officer and his relatives who are employees of the Company;
3. To review and approve the expense claims of the Company's Chief Executive Officer;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors and sub-committees;
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;

9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members;
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed;
12. To report to the Board of Directors on the Committee's activities and findings;
13. To co-operate and consult with Board of Directors/ Management in selecting a candidate for the position of top executives (Managing Director/Chief Finance Officer) in accordance with the selection criteria of the Company;
14. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.

### Authority of the Nomination and Remuneration Committee

To assist the Nomination and Remuneration Committee in achieving its objectives, the Nomination and Remuneration Committee shall have the discretion to appoint appropriate third party consultants to review existing employee related policies, propose new employee benefit and welfare programs and/or undertake other human resource related research and studies.

### The Term of Office

The term of office of a member of the Nomination and Remuneration Committee shall be 2 years. A member of the Nomination and Remuneration Committee who vacates his/her office by rotation may be re-appointed.

## Management

Management of the Company comprises the Chief Executive Officer and other Management in accordance with the definition of the Securities and Exchange Commission, a total of 5 persons, details as follows:

No.	Name	Position
1.	Mr. Ho Ren Hua	Chief Executive Officer
2.	Mr. Umnad Sukprasongphol	Managing Director (Starch Business)
3.	Mr. Prateep Lertvatanakijkul	Managing Director (Food Business)
4.	Ms. Naruemon Srisuma	Vice President-Group Research and Development
5.	Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer

**Remarks :** Profile is detailed in Attachment 1 to Form 56-1 under the heading “Management and Company Secretary” in the Company’s Annual Report

### Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer has the following roles and responsibilities:

1. To be in charge of the daily business operations of the Company, supervise and manage the works and operations of the Company for complying with the policy, vision, mission, values, strategy and goals, both in terms of financial and non-financial, as well as to drive the business plan to be able to achieve financial budget as approved by the Board of Directors;
2. To employ, appoint, transfer, dismiss, and terminate employees in all levels, except the appointment, transfer and dismissal of the Head of Internal Audit, which shall also be approved by the Audit, Risk and Corporate Governance Committee;
3. To determine the salary and remuneration, adjust the salary, bonus, reward and welfare of all employees of the Company, including the senior executives in correspondence with the remuneration mechanism and welfare as approved by the Nomination and Remuneration Committee;
4. To issue internal order, policies, announcement and memo of the Company to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including to maintain the organizational disciplinary;
5. To perform other tasks as assigned by the Board of Directors and to perform any other acts as stipulated by laws and regulations of the authorities;

## Risk Management Committee

The Board of Directors assigned the Audit, Risk and Corporate Governance Committee to set up the Risk Management Committee in order to evaluate and determine measures to mitigate or prevent the risk of the Company.

The Risk Management Committee has a total of 10 members, comprising of Mr. Ho Ren Hua as the Chairman and other senior management of the Company as the Directors/Members of the Risk Management Committee.

## Company Secretary

The Board of Directors' meeting of the Company has approved the appointment of Ms. Manee Lueprasert, to be the Company Secretary of the Company effective October 1, 2015.

**Remarks :** Profile is detailed in Attachment 1 to Form 56-1 and in the Company's Annual Report under the heading "Management and Company Secretary"

## Duties and Responsibilities of the Company Secretary

The Company Secretary has to perform the duties in accordance with section 89/15 and 89/16 of the Securities and Exchange Act with responsibility, due care and loyalty, and in compliance with all laws, the objectives, the articles of association of the Company, the resolutions of the Board of Directors and the resolutions of the Shareholders' Meeting. The Company Secretary has the statutory duties and responsibilities as follows:

- (1) Preparing and keeping the following documents:
  - (a) a register of Director;
  - (b) a notice calling for the Board of Directors' Meeting, the minutes of the Board of Directors' Meeting and the Annual Report of the Company;
  - (c) a notice calling for Shareholders' Meeting and the minutes of the Shareholders' Meeting;
- (2) Keeping a report on interest filed by the Director or Executive and submit a copy of such report in accordance with section 89/14 to the Chairman and the Audit, Risk and Corporate Governance Committee Chairman within seven business days upon receipt;
- (3) Performing any other acts as specified in the notification of the Capital Market Supervisory Board. Apart from this, the Company Secretary has other duties as specified in the job descriptions and as assigned by the Company.

# Details of Securities held by Directors and Management in the Company

## Board of directors and management

No.	Name	Position	No. of shares held as at December 31, 2018	No. of shares changed in 2019 Increase / (Decrease)	No. of shares held as at December 31, 2019	Shareholding in the Company (%)
1.	Mr. Ho KwonPing	Chairman of the Board	56,740,573	-	56,740,573	6.45%
	Spouse and Minor child		453,961	-	453,961	0.05%
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	2,344,029	-	2,344,029	0.27%
	Spouse and Minor child		-	-	-	-
3.	Mr. Surapon Supratya	Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
4.	Mr. Ariel P Vera	Director	926,105	-	926,105	0.11%
	Spouse and Minor child		-	-	-	-
5.	Mr. Ho KwonCjan	Director	34,416,488	-	34,416,488	3.91%
	Spouse and Minor child		-	-	-	-
6.	Mr. Ho Ren Hua	Director and Chief Executive Officer	4,474,724	1,299,800	5,774,524	0.66%
	Spouse and Minor child		-	-	-	-
7.	Mr. Umnad Sukprasongphol	Director and Managing Director (Starch Business)	100,226	-	100,226	0.01%
	Spouse and Minor child		7,014	-	7,014	0.00%
8.	Mr. Shankar Chandran	Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
9.	Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit, Risk and Corporate Governance Committee Chairman and Nomination and Remuneration Committee Member	-	-	-	-
	Spouse and Minor child		213,053	-	213,053	0.02%

No	Name	Position	No. of shares held as at December 31, 2018	No. of shares changed in 2019 Increase / (Decrease)	No. of shares held as at December 31, 2019	Shareholding in the Company (%)
10.	Dr. Jingjai Hanchanlash	Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Chairman	-	-	-	-
	Spouse and Minor child		2,643,039	-	2,643,039	0.30%
11.	Mr. Subhak Siwaraksa	Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member	-	-	-	-
	Spouse and Minor child		-	-	-	-
12.	Mr. Chanin Archjananun*	Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member	-	-	-	-
	Spouse and Minor child		-	-	-	-
13.	Ms. Parnsiree Amatayakul	Independent Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
14.	Mr. Prateep Lertvatanakijkul	Director and Managing Director (Food Business)	50,000	-	50,000	0.01%
	Spouse and Minor child		-	-	-	-
15.	Ms. Naruemon Srisuma	Vice President-Group Research and Development	-	-	-	-
	Spouse and Minor child		-	-	-	-
16.	Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer	10,000	-	10,000	0.00%
	Spouse and Minor child		-	-	-	-

**Remarks :** \* The Board of Directors' Meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun, as a new Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member of the Company



# Method of Appointment and Removal of Directors as included in the Company's Articles of Association

## Appointment of the Directors

1. The Company shall have a Board of Directors comprising at least five (5) directors. At least half of the total directors shall reside in Thailand.
  2. The directors shall be elected at the Shareholders' Meeting in accordance with the following criteria and procedures:
    - (1) A shareholders shall have one (1) vote per share.
    - (2) Each shareholder may exercise all the votes he or she has to elect one or several persons as director(s), but the shareholder cannot allot his or her votes to any person in any number; and
    - (3) The candidates who received the highest votes in their respective order of the votes shall be elected as the directors until all of the director positions that the Company has, or are to be elected at such meeting, are filled. In the event the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.
  3. In the event of a vacancy on the Board of Directors for reasons other than by rotation, the Board of Directors shall elect any person who is qualified and who does not have any of the prohibited characteristics under the law on public limited companies and/or under the law governing securities and exchange as a substitute director at the subsequent Board of Directors' Meeting, unless the remaining term of office of the vacant directorship is less than two (2) months. The aforesaid substitute director shall retain office only for the remaining term of office of the replaced director.
- The resolution of the Board of Directors under the first paragraph shall be passed by a vote of not less than three-fourths (3/4) of the remaining directors.
- In the case where the directors' position is vacant and results in an insufficient number of directors to constitute a quorum, the remaining directors shall transact on behalf of the Board of Directors only to call a Shareholders' Meeting to elect the replacement of such vacant positions.
- The Shareholders' Meeting to elect new directors to fill the vacant positions shall be held within one (1) month from date on which the number of directors becomes insufficient to form a quorum.

## Removal of Directors

1. At each annual general meeting, one-third (1/3) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third (1/3) shall retire from office.  
  
Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.  
  
Retiring directors are eligible for re-election.
2. Besides retiring by rotation, the directors shall be vacated from office upon:
  - (1) death;
  - (2) resignation;
  - (3) a lack of qualifications or having prohibited characteristics under the law on public limited companies and the law governing securities and exchange;
  - (4) removal by a resolution of the Shareholders' Meeting; and
  - (5) removal by a court order.
3. A director may be removed from office prior to the end of his/her term of office by a resolution passed at the Shareholders' Meeting, by a vote of not less than three-fourths (3/4) of the total number of shareholders who are present at the meeting and are eligible to vote, holding together not less than one-half (1/2) of the total number of shares of the shareholders who are present at the meeting and are eligible to vote.

# Remuneration Policy

## 1. Employees' Remuneration

The Company's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset. The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality staff. The typical compensation package for employees comprises basic salary, variable performance bonus, allowances, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive with the industry's benchmark, the Company periodically reviews its base salary ranges and benefits package with comparative groups in the agribusiness and food sectors.

The remuneration for the Company's senior management and senior executives aims to motivate them to achieve the Company's annual and long-term goals to ensure that they are aligned with shareholders' interests. In addition to the above elements, performance-related elements therefore also form a part of senior management and senior executives' total remuneration.

The Company's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organization that will help attain the Company's financial objectives.

## 2. Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Executive Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the AGM.



# Remuneration for the Board of Directors and Management

The remuneration policy of the directors was established based on the scope and the extent of each director's responsibilities by measuring against industry benchmarks and are competitive. The

Nomination and Remuneration Committee will review the appropriateness and ensure that it is in accordance with the policy. Directors' fees are subject to the shareholders' approval at the AGM.

## Remuneration for the Board of Directors

The shareholders' meeting will approve the remuneration for the Board of Directors and sub-committee. For the year 2019, the Annual General Meeting held on April 26, 2019 had approved

the remuneration of the Board of Directors and sub-committees at the same rate as the remuneration for the year 2018, details as follows:

### Board of directors

Position	Remuneration/Meeting/Person (Baht)
Chairman	265,000
Independent Director	180,000
Non-Executive Director	180,000
Executive Director	159,000

The remuneration for executive directors are lower than the remuneration for non-executive directors because the executive directors receive a salary and also other benefits as part of their executive's duties and responsibilities.

In addition to the monetary remuneration, the Company does not provide any other benefits to its Board of directors.

## Remuneration for the sub-committee

### Audit, Risk and Corporate Governance Committee

Position	Remuneration/Meeting/Person (Baht)
Chairman	90,000
Member	48,000

### Nomination and Remuneration Committee

Position	Remuneration/Meeting/Person (Baht)
Chairman	90,000
Member	48,000

## Remuneration for Management

Monetary remuneration for 5 management in 2019 was in the total amount of Baht 50,200,119.73 consisting of salaries, bonus, social security payment, car allowance, provident fund payment, laptop allowance, telephone expenses, medical expenses, children education, etc.

The non-monetary remuneration given to management would be for their insurance in the amount of Baht 276,040.68.

## Remuneration and Other Benefits of the Directors during the Year 2019

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)			
			The Board	Audit, Risk and Corporate Governance Committee	Nomination and Remuneration Committee	Total (Baht/Year)
1.	Mr. Ho KwonPing	• Chariman of the Board	1,325,000 / -	- / -	- / -	1,325,000
2.	Dr. Sretsei Saittagaroon	• Deputy Chairman of the Board	900,000 / -	- / -	- / -	900,000
3.	Mr. Surapon Supratya	• Director	900,000 / -	- / -	- / -	900,000
4.	Mr. Ariel P Vera	• Director	900,000 / -	- / -	- / -	900,000
5.	Mr. Ho KwonCjan	• Director	900,000 / -	- / -	- / -	900,000
6.	Mr. Ho Ren Hua	• Director	795,000 / -	- / -	- / -	795,000
7.	Mr. Umnad Sukprasongphol	• Director	795,000 / -	- / -	- / -	795,000
8.	Mr. Shankar Chandran	• Director	900,000 / -	- / -	- / -	900,000
9.	Mr. Vudhiphol Suriyabhivadh	• Independent Director • Audit, Risk and Corporate Governance Committee Chairman • Nomination and Remuneration Committee Member	900,000 / -	360,000 / -	240,000 / -	1,500,000
10.	Dr. Jingjai Hanchanlash	• Independent Director • Audit, Risk and Corporate Governance Committee Member • Nomination and Remuneration Committee Chairman	900,000 / -	192,000 / -	450,000 / -	1,542,000

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)			
			The Board	Audit, Risk and Corporate Governance Committee	Nomination and Remuneration Committee	Total (Baht/Year)
11.	Mr. Subhak Siwaraksa	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Audit, Risk and Corporate Governance Committee Member</li> <li>Nomination and Remuneration Committee Member</li> </ul>	900,000 / -	192,000 / -	240,000 / -	1,332,000
12.	Mr. Chanin Archjananun*	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Audit, Risk and Corporate Governance Committee Member</li> <li>Nomination and Remuneration Committee Member</li> </ul>	900,000 / -	96,000 / -	48,000 / -	1,044,000
13.	Ms. Parnsiree Amatayakul	<ul style="list-style-type: none"> <li>Independent Director</li> </ul>	900,000 / -	- / -	- / -	900,000
14.	Mr. Prateep Lertvatanakijkul	<ul style="list-style-type: none"> <li>Director</li> </ul>	795,000 / -	- / -	- / -	795,000
Toal			12,710,000	840,000	978,000	14,528,000

**Remarks :** \* The Board of Directors' Meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a new Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member of the Company.



## Human Resources

As at December 31, 2019 there were 2,511 employees in the Company as follows:

	Starch business	Vermicelli and Noodle business	Subsidiaries*	Total
Direct labor (person)	953	930	982	2,865
Indirect labor (person)	138	161	196	495
Head office employee (person)	108	221	33	362
<b>Total (person)</b>	<b>1,199</b>	<b>1,312</b>	<b>1,211</b>	<b>3,722</b>

Remarks : \* Subsidiaries are

1. Thai Nam Tapioca Company Limited
2. DI Company Limited
3. Thai Wah (6) Company Limited
4. Thai Wah Bio Power Limited
5. Tapioca Development Corporation Limited
6. Thai Wah International Trade (Shanghai) Company Limited
7. TWPC Investment (Cambodia) Company Limited
8. Thai Wah Vietnam Company Limited
9. Tay Ninh Tapioca Joint Stock Company

Total remuneration and benefits paid to the employees of the Company as at December 31, 2019 was Baht 1,034,703,348 comprising salary and bonus,

car allowance, social security fund, provident fund, accident & health insurance, medical, etc

## Human Resources Development Policy

The Company recognizes the importance of human resources and has a policy to develop the employees to be knowledgeable and competent. The Company places great importance on the human resources starting from recruitment, defining clear scope of

works, training and development, performance evaluation, individual career development plan, providing fair remuneration and good welfare as well as promoting activities to strengthen the unity and positive atmosphere in the workplace.

# Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) of Thai Wah Public Company Limited (“the Company”) comprises four independent directors and has the following objectives:

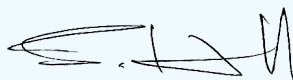
1. To formulate and align HR policies and programs for senior management to business goals and market practices.
2. To attract and retain the right people for senior management positions in the Company.
3. To ensure that the Company’s senior management remuneration and benefit package remain competitive with the industry’s benchmark
4. To advise the Board on matters relating to the composition of the Board and its committees so that the Board is able to adequately discharge its responsibilities and duties.
5. To resolve and/or advise on any employee’s remuneration which have conflict-of-interest issues.

## In the pursuit of its objectives, the NRC is empowered to perform the following functions:

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company.
2. To review and award the bonus, salary increment and incentives of the Company’s Chief Executive Officer and his relatives who are employees of the Company
3. To review and approve the expense claims of the Company’s Chief Executive Officer.
4. To review and if necessary, propose changes to the remuneration of the Company’s directors serving on the Board of Directors and sub-committees.
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company.
6. To establish criteria for Board membership.
7. To formulate a standard and transparent process for the selection of directors.
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy.
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board’s policy

10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members.
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed.
12. To report to the Board of Directors on the Committee's activities and findings.
13. To co-operate and consult with Board of Directors/Management in selecting a candidate for the position of top executives (Managing Director/Chief Finance Officer) in accordance with the selection criteria of the Company.
14. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.

The NRC met five times in 2019 to deliberate and decide on the level of annual bonus and salary increment for the Company's employees. The NRC also considered and made recommendation to the Board regarding the remuneration for the directors and sub-committee members and on the re-nomination of directors. Apart from this, the NRC had also conducted its self-evaluation (as a whole) for the year 2019, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.



**Dr. Jingjai Hanchanlash**  
**Nomination and Remuneration Committee Chairman**  
**16 January 2020**

# Corporate Governance

The Company is committed towards maintaining high standards of good Corporate Governance within the Company in order to protect and enhance long-term shareholders' value. The Company has adopted and continuously developed a set of good corporate governance practices and policies that are modeled on the principles or sub-principles of Corporate Governance for listed companies in 2017 (CG Code) that has been reviewed by the Board of Directors' Meeting No. 5/2018 held on November 8, 2018. And the Board of Directors' Meeting No. 5/2019 held on November 12, 2019 had reviewed and revised the corporate governance policy to be more in line with the CG code. As for the principles or sub-principles that cannot be applied or are not applicable, the reasons for not applying those codes had been recorded in the Board's resolution.

The Company's corporate governance are as per the details set out in the following sections:

## 1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights as the investors and the owner of the Company. All shareholders are encourage to exercise their fundamental rights, e.g. trading or transferring of shares, sharing of profits, receiving adequate information, whether via the Company's website, the Stock Exchange of Thailand's website or through other channels, attending shareholders' meetings to acknowledge the Company's annual performance and casting votes at the shareholders' meetings to approve significant matters as specified by laws, such as the appointment or removal directors, the determination of directors' remuneration, the appointment of auditor and the determination of audit fee, the dividend payment or suspension of

dividend payment, and the capital increase and the issuance of new securities, including making enquiries or comments on matters that the Board of Directors presents to or requests for approval at the shareholders' meetings.

Apart from the abovementioned rights of shareholders, the Company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

- 1.1 All shareholders have the same basis and rights in the casting of votes at meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 The Company has a policy to facilitate and encourage all classes of shareholders including institutional investors to attend every shareholders' meeting by selecting meeting venues that are convenient for attendance, distributing a package containing the notice and meeting documents in English to foreign shareholders, setting up a separate registration desk for institutional investors, and distributing proxy forms which include clear supporting documents, together with the notice in order to facilitate shareholders who are unable to attend a meeting in person. In addition, any shareholders who arrive at the meeting after the meeting has begun are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.
- 1.3 The Company has invited the shareholders to propose Annual General Meeting (AGM) agenda items in advance of the AGM by disclosing

criteria and procedures through the channels of the SET and the Company's website (www.thaiwah.com).

The Company does not invite the minority shareholders to nominate their own candidates to be appointed as the Company's directors ahead of the meeting. This is because the Company already gives all shareholders an opportunity to nominate their own candidates (who meet the requirements under the Public Limited Companies Act) and to vote for candidates at the shareholders' meeting.

- 1.4 The Company has assigned Thailand Securities Depository Company Limited, which is the Company's share registrar, to distribute a package containing the notice and agenda of the meeting to the shareholders at least 10 days prior to the meeting. The meeting documents include the facts and rationales and opinions of the Board as well as other information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map to the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc. This is to enable shareholders to prepare themselves for the meeting. In addition, the notice of the shareholders' meeting will be advertised in the press, all information contained in the meeting documents both in Thai and English will also be posted on the Company's website (www.thaiwah.com) at least 1 month prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

In addition, a barcode system has been utilized for registration, vote counting, and result presentation at the shareholders' meeting for its convenience, speed, and accuracy.

- 1.5 The Chairman conducts each meeting according to the sequence of the agenda and does not add any agenda items without prior notice to shareholders unless shareholders holding not less than one-third of the total number of paid-up shares may request the meeting to consider matters other than those specified in the notice.
- 1.6 Before the start of every shareholder's meeting, the Company Secretary explains the voting methodology to shareholders (voting criteria, procedures on using the voting slip, and the voting right). A team of legal counsels from a law firm is invited to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The Company disseminates the results of the vote of each agenda item at the shareholders' meeting on the Company's website (www.thaiwah.com) within the next business days after the meeting was held. Apart from this, the same results and a summary of questions from shareholders and answers have also been included in the minutes of the meeting which are accurately and completely documented in all material aspects.

1.7 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and the management questions regarding matters affecting the Company. The Chairman allocates appropriate time for discussion and encourages the shareholders to express their opinions and ask questions related to the Company's operation. In addition, to facilitate shareholders in protecting their rights, shareholders who have any questions that require the Company's clarification during the meeting may send their questions to the Company in advance at Investor Relations Department (ir@thaiwaha.com) or fax them to +66 2 285 0255.

1.8 Apart from the external auditor who attends the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit, Risk and Corporate Governance Committee and the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors also endeavour as far as reasonably practicable to be present at the shareholders' meeting in order to assist the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from a law firm to attend the meeting in case a legal question requiring clarification arises during the meeting. Furthermore, the Company provides a professional translator to be present at the meeting to assist shareholders and the Board to communicate more effectively in English and Thai.

1.9 News and information relating to the Company is disseminated through the Company's website (www.thaiwaha.com), which includes information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information, information which may affect the Company's share price, Annual Report, etc.

## 2. Equal Treatment of Shareholders

The Company recognizes its duty to ensure equal treatment of shareholders by complying with all relevant laws and regulations as following details:

2.1 With regard to voting at the shareholders' meeting, the shareholders shall have votes equal to the number of ordinary shares held by each of them, which means one ordinary share is entitled to one vote. The Company has only ordinary shares.

2.2 For shareholders who are unable to attend a meeting in person, the Company provides opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using proxy form B sent by the Company. Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow shareholders to make voting directions. Moreover, the Company provides opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in the proxy forms, together with the profile of that independent director who have been given proxy to vote on behalf of shareholders that are unable to attend the meeting, all of which are attached as part of the meeting documents.



- 2.3 Any director or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate in the decision making process involving such transaction. In case shareholders' approval is required, the Company has disclosed details and reasons to enter into the transaction to the shareholders prior to entering into the transaction and strictly followed the procedures on such transaction in accordance with the regulations of the SET and notification of the Capital Market Supervisory Board. Details are further described under the heading "Connected transaction" in the Company's Form 56-1 and in the Company's Annual Report. There are no violation of the connected transactions and/or of the acquisition and disposition of assets found during previous year.
- 2.4 The Company has formulated a Code of Business Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The Statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved the policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period". Details are further described under clause 2.6 hereof "Supervision on the Use of Inside Information". There is no violation of the policy found during the previous year.
- 2.5 The Company provides the opportunity for such shareholders who hold shares of the Company representing at least 5 percent of the total voting rights of the Company to propose AGM agenda items 30 days in advance prior to the end of the Company's accounting period which will be reviewed by the Audit, Risk and Corporate Governance Committee and then presented to the Board of Directors for consideration. If the nomination constitutes an agenda, the Company will declare it in the notification letter as a shareholder-proposed agenda. In the event that the Board of directors disapproves including the nomination in the agenda, the Company will declare its rational at the Annual General Meeting.
- In the previous year, the Company did not provide financial assistance to any company which is not a subsidiary of the Company.
- The Company provides channels for minor shareholders to give suggestions, express opinions or file complaints by submitting the actual evidence or signed statement to the company secretary via postal mail to the Company's address or via phone at +66 2285 0040 ext. 1501.
- 2.6 Supervision on the use of inside information
- Adhering to high standards of best corporate governance practice, the Company has a Statement of Business Conduct to guide its Board of Directors, senior management and all rank and file employees in the use of inside information for the purpose of preserving the interest of all stakeholders of the Company. Apart from this, in order to prevent the misuse of confidential and price-sensitive corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees,

regardless of rank, from disclosing such confidential and price-sensitive corporate information for personal gain or for any other reason not in the Company's interest or dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period" which is defined as two weeks before and up to the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before and up to the date of announcement of the full-year financial results. The policy and reminder of the embargo period have been communicated to directors, management and employees on an annually and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have a direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's shares by its directors, and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's shares and in accordance with the rules of the Securities and Exchange Commission.

Apart from the above, the directors and management of the Company have to file report of their holding of the Company's securities to the SEC upon their appointment and to report any change in their holding of the Company's securities to the SEC within 3 business days, if they have purchased, sold, transferred or obtained any Company's securities, in accordance with the Securities and Exchange Act. The securities holding report is also included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.

In addition, the Board of Directors shall monitor all required actions in accordance with related measures. Any changes in the shareholding of a directors or executives shall be reported in the Board of Directors' meeting and disclosed in the annual report.

## 2.7 Preventing conflicts of interest

The Board has established policies and measures regarding conflicts of interest as follows:

- a. Shareholding structures of the Company and its subsidiaries shall be disclosed in the Annual report for transparency.
- b. Directors and executives shall file a report stating their own and their related persons' interest in the management of the Company or subsidiaries to the Company Secretary. The Company Secretary shall deliver a copy of such report to the Chairman and the Chairman of the Audit, Risk and Corporate Governance Committee within 7 days upon receipt of the report.
- c. In case any directors or executives has a vested interest in any agenda items under consideration, such a person shall not attend the meeting or shall abstain from voting on such an agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- d. The Company has established the use of inside information policy as shown in the business code of conduct, whereby if an executive or employee disclose the internal information to the public or use it for their own benefit, disciplinary actions would be taken.

### 3. Role of Stakeholders

The Company pays close attention to the importance of the roles and rights of all groups of stakeholders by ensuring that they are treated properly, equitably and fairly. The Company believes that maintaining good relationships with all group of stakeholders is significant. The Company has established various guidelines for each stakeholders, details as shown in the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) under the heading Code of business conduct.

In its pursuit for sustainable growth and financial returns for its shareholders, the Company respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

#### **Shareholders:**

The Board of Directors is committed to perform its duties honestly, transparently and diligently in the best interest of all its shareholders to preserve and enhance long-term shareholder value. All important information which may have an impact on the Company's share price and/or shareholders decisions are fully disclosed on a timely manner.

#### **Employees:**

The Company believes that its people are its greatest asset. The Company has taken steps to ensure that all labour laws are complied with and all employees are treated fairly without discrimination or favoritism. The Company regularly review the compensation and welfare benefits to all its employees to be in a competitive rate comparable to the industry norms, related to the Company's short-term and long-term operating results, and to the performance of each individual employee. The Company ensures that the legal rights of employees are not violated. All of these have been included in the Company's code of business conduct approved by the Board of Directors.

Apart from this, the Company provides its employees a safe, hygienic, and suitable working environment which has been recognized and certified in compliance with the OHSAS 18001 and TIS 18001 standards by the relevant organizations. The Company has also monitored, evaluated, controlled the risks and developed a safety guidelines and a hygienic work environment. Furthermore, the Company provides a provident fund, and encourages its employees to attend training courses related to their line of responsibility and allows job rotation to enhance and diversify their knowledge and skills.

#### **Customers:**

The Company aims to provide its customers good value, high quality and hygienic products which are manufactured with the finest ingredients. In addition, continuous research and development along with communication channel is valued to ensure that the customers' needs are met. This is in compliance with the Company's mission approved by the Board of Directors.

#### **Competitors:**

The Company believes that competition is the essence of a free and open market and therefore avoids any actions which may prevent, obstruct or discourage potential competitors from entering the markets in which the Company operates in. The Company takes the view that healthy competition encourages product and service innovations in the market place which would increase market standards and ultimately benefit consumers and society at large. In accordance with the Code of Business Conduct approved by the Board of Directors of the Company, the Company will neither engage in any fraudulent act to violate or obtain competitors' trade secrets nor in any infringement of intellectual property or copyright including anti-corruption

and anti-bribery for the benefit of the Company's business. Moreover, the Company will not violate legal rights of competitors by any of the Company's actions and decisions which has been stated in the Company's Code of Business Conduct approved by the Board of Directors.

#### **Community & Society:**

The Company gives importance to the rights of stakeholders by not violating the rights of other people who live in the community and society, including cooperating with various agencies for developing and supporting the community activities that can create the public's interest. The Company has a policy to improve the quality of life for the people within the community which includes the development of farmers' careers, technological supporting, knowledge and tools or equipment for farming

#### **Environment:**

The Company operates under various laws, standards and regulations in regard to the environmental issues by taking into account the impact on natural resources and the environment. The Company is determine to protect the environment by establishing environmental management system, controlling waste disposal or pollution released from the production process, including using effective technology and closely monitoring the system regularly. The Company also supports and encouraged energy conservation, using alternative energy, development of environmental management system that can reduce greenhouse gas emissions.

The Company also promotes and develop effective and sustainable water resource in order to reduce the conflict of using water with the local community, to also include cooperation in the development, rehabilitation and conservation of water resources in the community.

#### **Suppliers:**

The Company strives to forge long-term business relationships with its suppliers and therefore has the policy to always give a fair profit to its suppliers and to respect payment terms and conditions. In addition, in selecting its suppliers, the Company gives all suppliers an equal opportunity to propose their bid. The Company has established the Tender Committee to select its suppliers through the tender process for any transactions which are over Baht 1 million for transparency purpose.

#### **Creditors:**

The Company considers creditors as important business partners and therefore commits to fulfill all of its obligations under contracts to its creditors, to not conceal information nor facts that may damage its creditors, and to notify its creditors in advance in any case where there might be any potential event which could cause the Company to fail to comply with any obligations under contracts including guarantee conditions, capital management, and its debt servicing. In such cases the Company works with its creditors to mutually resolve those potential problems.

#### **Innovations:**

The Company is committed to promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in operating development plan and corporate strategy.

The Company also promotes innovation in order to enhance long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products or services, promoting research, improving production and operation processes, and collaborating with partners/suppliers.

There were no violations of laws in relation to labour, employment, consumers, competitors, or environment found in the previous year. In addition, no creditor alleged that the Company had failed to comply with any obligations under contracts.

### 3.1 Anti-discrimination and Human rights policy

The Company recognizes the importance of human dignity, rights, freedom and equality. Therefore a policy was established against any action that would violate human rights and related laws by focusing on equal treatment and not discriminating against all groups of stakeholders which covers the following:

- Does not discriminate against people based on any physical and mental differences, race, nationality, religion, gender, age, skin color, education, social status including no discrimination in any processes of employment since recruiting, compensation, working hours and holidays, work assignments, performance assessment, training and development, progress planning including not using forced labor, laborers from human trafficking or illegal child labor.
- Give priority to business associates and suppliers that do not violate human rights.
- Communicate, disseminate and support business partners in order to engage in business with good corporate governance and respect for human rights.
- Conduct strictly according to the policy and guidelines.

### 3.2 Labour Policy

It is the Company's policy not to undertake actions which might violate the human rights and the relevant laws. The Company will focus on equality and will not discriminate base on difference in physical and mental aspects, race, nationality,

religion, gender, age, language, skin, education, social status or any other traits. The Company will treat everyone fairly in every stage of recruitment starting from selection, remuneration, working hours and job holidays, job assignments, performance appraisal, learning and development, career path planning. The Company will not support forced labor in all forms, labor from human trafficking or child labor.

### 3.3 Anti - Piracy Policy

The Company has an anti-piracy policy which has been clearly stated in the standard operating procedures, of using only intellectual property that it does not own if it is properly authorized to do so, i.e., the use of authorized computer program licenses which would be periodically audited by the internal auditor of the Company. The Company was not a party to any piracy cases during 2018.

### 3.4 Anti - Corruption and Anti - Bribery Policy and Guidelines

Thai Wah Public Company Limited ("the Company") has established and adhered firmly and consistently to our business operation guidelines in accordance with good corporate governance in exercising corporate social responsibility (CSR) and giving importance to promoting anti-fraud and anti-corruption practices. The Board of Directors' Meeting no. 1/2018 on February 21, 2018, had approved the Company to join the Private Sector Collective Action Coalition Against Corruption.

To enhance the efficiency, integrity, honesty and transparency of the anti-fraud and anti-corruption business practices, in accordance with the Company's objectives and to serve as clear guidelines for Directors, Executives and staff, therefore, the Board of Directors Meeting No. 4/2018 approved the anti-corruption policy to promote the anti-fraud and anti-corruption practices as follows:

## Definitions

### **Fraud** means

an intentional act committed to secure unfair or unlawful gains for one's self or others. Fraud can be broken down into three types: corruption, asset misappropriation and fraudulent reporting, for example, fraudulent financial statements.

### **Corruption** means

the misuse of position or power of influence for inappropriate gains for the organization, one's self or others. Corruption includes any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

### **Bribery** means

the act of paying, offering, promising to pay, receiving, requesting or soliciting anything of value, such as assets, money, things, rights or other advantages that are against good ethics, conduct, rules, regulations or laws with government officials, government organization, private organizations or other individual(s) - directly or indirectly - in order for that person to wrongfully act or wrongly refrain from performing their duties to receive or retain benefits that are inappropriate for the business.

### **Political Contribution** means

monetary or non-monetary support provided to a political party, representative of a political party, politician or candidate for election. As such, non-monetary political contributions include lending or donating any equipment for free of charge.

## Anti-corruption Policy

Directors, Executives and the Company's staff are prohibited from operating or accepting any type of corruptions either direct or indirect manner, in all businesses or from any concerned parties, The anti-corruption practices are required to be consistently counter-checked while the Anti-corruption policy and business operation guidelines are to be reviewed to reflect the changes in business, regulations and applicable laws.

## Roles and Responsibilities

1. The Board of Directors is responsible for establishing policies, monitoring, and forming an effective system or guideline supporting Anti-corruption practices in order to affirm that the Management or the Executives intensively emphasize Anti-corruption.
2. The Audit, Risk and Corporate Governance Committee is responsible for revision of financial and accounting reports, internal audit and risk management process to ensure the appropriateness and efficiency of the internal controls.
3. The Chief Executive Officer and the Executives are responsible for establishing guidelines or implementing methods to support the Anti-corruption Policy, as well as for setting communication channels and organizing training program relating to the Anti-corruption policy, regulations and implementation methods/



procedures for staff, personnel and all related persons. They also are responsible for reviewing the appropriateness of related procedures to align with any changes in business, procedures, regulations and applicable laws.

4. The Company's staff are responsible for complying with the Anti-corruption guidelines and all related announcements. The Company's staff must report to their supervisor or to a designated reporting channel, when they have any queries or encounter any suspicions of fraud or breach of the Company's regulations.

### Guidelines

1. The Directors, Executives and the Company's staff must strictly comply with the Anti-corruption Policy as well as the additional guideline (if any).
2. Executives, the Company's staff or persons acting on behalf of the Company, shall not request, provide, persuade or promise to provide or accept bribery or any forms of inappropriate payments including facilitation payments.
3. The Company's staff shall not be negligent in any corruption conditions involved directly with the Company. All staff must notify such act to supervisors or responsible person, as well as provide cooperation in the investigation process.
4. The Company shall provide fairness and safeguard staff who informs corruption cases relating to the Company by applying Protection Policy for appellant, witness or persons who incorporate with Anti-corruption information as stated in the Whistleblower Policy.
5. A person who commits the corruption is to be considered disciplinary action followed by the Company's standard. Besides, possible legal penalty may be applied, if such act violates the laws.

6. The Company shall disseminate, share the knowledge and establish a common understanding with other people who are involved or affect the Company, especially on matters involving Anti-corruption Policy.
7. This Anti-corruption Policy covers to Human Resource Management process starting from recruitment, selection, promotion, training, evaluation, compensation and benefits provided to staff. All supervisors at all levels must communicate and establish common understanding of the policy with staff to apply in the business activities under their responsibility and to monitor the effectiveness of implementation.
8. Charitable contributions and sponsorships to individuals or organizations, to both government or private sectors, must be transparent for charity purposes, and not be made with the expectation for favorable treatment in return that may be considered as fraud or corruption. The request and approval processes must be performed in accordance with the Company's guideline on charitable contributions and sponsorships.
9. The provision and acceptance of gifts are permitted according to local tradition. However, the Company does not encourage its staff to accept gifts from business partners beyond reasonable amounts. The provision and acceptance of gifts must not be made for influence to impair the objectivity.
10. The Company prohibits the provision or acceptance of gifts that include advantages in exchange for the business treatment/agreement in return.

11. The Company's staff shall avoid providing or accepting gifts or other advantages that may constitute bribery or raise suspicions about integrity issues or conflicts of interest which may impact the Company's reputation.
12. The Company prohibits providing or accepting money, services, gifts, or anything of values to/from government officials or the private sector in exchange for benefits or inappropriate business advantages.
13. The request and approval process for gifts must be performed in accordance with the Company's Announcement or guideline on gifts.
14. The Company's staff shall create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors. All staff shall raise awareness by working honesty, ethically and transparency without engaging in fraud and corruption.
15. The Company adopts a political neutrality policy and will not participate or make a political contribution to any activities of political parties, political groups, or politicians, whether directly or indirectly. The Company shall not allow political supporters to use the Company's resources or premises for political activities

### The Additional Guideline

The Chief Executive Officer has the authority to order or establish the additional guideline to align with the Anti-corruption Policy.

Apart from the above policy, in order to comply with the anti-corruption policy, the Company has issued a cooperation letter to refrain from giving gifts to directors, executives and employees of the Company dated December 1, 2018

The Company also held an anti-corruption workshop in order to educate the staffs on the anti-corruption policy and practices. In the year 2018, few employees attended the Thai Institute of Directors Association training course on Ethical Leadership Program and Anti-Corruption: The Practical Guide. The Company had also provided training on anti-corruption policies, "Anti-Corruption ... for Sustainable Organization" to managers and above. The Company also arranged for training of the anti-corruption policy at all the factories.

The Company joined Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC") and has been certified to be a full member of the CAC on August 21, 2018.

The Company has provided training and ongoing communication with its employees. In 2019 the Company had organized an anti-corruption course via E-learning. The objective was to increase knowledge, understanding about the policy and the principles of anti-corruption, with a course that included various subjects as follows:

1. Definition of "Corruption"
2. Protection against fraud and the related law
3. Overall situation of corruption in Thailand
4. The Company's anti-corruption policy
5. Employee's guidelines, punishment and the no-gift policy

After all the employees and executives have completed the course, they must take a test with score not less than 80 percent to pass the course. If they failed, they would have to retake the course and the test until they pass the criteria specified by the Company.

### 3.5 Whistle-blowing Policy

The Board has approved a Whistle-blowing Policy in order to provide associates and third parties with a mechanism by which they can, free of any discrimination, retaliation, or harassment, raise concerns about unlawful practices, unethical actions, or any behavior that may be regarded as malfeasance or fraud on the part of any person in the organization. The Board has also set up a whistle-blowing channel, a procedure to manage concerns raised, and a mechanism to protect whistle-blowers, details as follows:

#### Whistle-Blowing Channel

The Board of Directors has set the whistleblowing policy as a mechanism for Company staffs and third parties to report any misconduct, or file for grievances without being discriminated or mistreated should they be aware of any wrongdoing, or fall victim to corruption, or violation of laws/ Company regulations.

Any whistle-blower can raise their concerns or perceived irregularities directly to the Board of Directors, the Audit, Risk and Corporate Governance Committee, or the Internal Audit Team through various channels as follows:

#### Reporting Channels

- Telephone : +66 2 285 0040
- Facsimile : +66 2 285 0255
- Email : bod@thaiwah.com,  
arcg@thaiwah.com,  
ia@thaiwah.com
- Website : www.thaiwah.com

#### Procedure to Manage Concerns

All concerns or reports raised by whistle-blowers will be investigated by the Internal Audit Team which will report the fact findings to the Audit, Risk and Corporate Governance Committee for consideration.

### Mechanism to Protect Whistle-Blowers

Anonymity and confidentiality will be honoured throughout the process. Access to information will be limited only to responsible persons. If a whistle-blower believes that he/she is being subjected to discrimination, retaliation, or harassment for having made a report, he/she should immediately report those facts to the Board of Directors or the Audit, Risk and Corporate Governance Committee or the Internal Audit Team through one of the above whistle-blowing channels. Reporting should be done promptly to facilitate investigation and the taking of appropriate actions.

If an associate has made an allegation in bad faith or for personal gain, disciplinary action may be taken against him/her. Likewise, if investigations reveal that a third party making a report had done so maliciously or for personal gain, appropriate action, including reporting the matter to the police, may be taken.

### 3.6 Social participation and development

The Company's policy is to maintain and build relationships with local communities by supporting community activities regularly with a focus on improvement of the quality of life in nearby communities. A series of campaigns with the aim of achieving proper sustainable development for the benefit of local and social communities have been launched, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

### 3.7 Promote Sustainable Use of Resources

Economic growth and an increase in the world's population have led to an increase in human consumption of resources every year, resulting in shortages of limited resources and creating environmental problems. The Company is aware of

these problems and, in order to promote the efficient use of resources, has established the Environment, Occupational Health and Safety Committee and continuously carried out various energy conservation campaigns and projects, including set goals for certain campaigns, details as shown under the heading “Corporate Social Responsibilities” in the Company’s Form 56-1 and in the Company’s Annual Report.

### 3.8 Environmental Training for the Employees

The Company continuously provides training and instills sense of awareness on environmental issues to employees by carrying out various energy conservation campaigns and projects and communicating across the organization through the Company’s intranet system and the notice board. Guest speakers are also invited periodically to educate and to provide training to the employees on matters related to the environment, such as environmental conservation, etc.

### 3.9 Allocation and management of Information technology (IT) resources

The Company had established a policy regarding the allocation and management of IT resources in order to comply with the business’s requirements by considering the priorities of IT plan such as complying with the strategic plan, impact on the business operations, urgency, budget, IT’s human resources and consistency with the business model etc., The Company has allocated sufficient information technology resources for business operations and has established guidelines to support in the case that it is unable to allocate such resources. The Board of Directors has approved the IT security policy and procedures including safeguard against unauthorized access to information, measures to maintain the integrity of relevant data and ensure availability of critical data.

## 4. Information Disclosure and Transparency

The Company’s emphasis on the disclosure of accurate and complete information in a transparent and timely manner as shown by the following:

- 4.1 Each of the directors and executives of the Company has filed with the Company a report covering his interest or his related person’s interest in relation to management of the Company or its subsidiaries in accordance with the criteria and procedures as specified in the notification of the Capital Market Supervisory Board and has updated and filed with the Company within 30 days should there be any change in the report. Such report is also included in the agenda items of the Board meeting for the Board’s acknowledgment once every 3 months.
- 4.2 In the previous year, the Company disclosed all general and financial information as well as information which may affect the price of the Company’s securities correctly, completely, transparently and on a timely manner, in accordance with the rules and regulations of the SEC and the SET. All information is communicated to investors, shareholders and relevant sectors through the channels of the SET and the Company’s website ([www.thaiwah.com](http://www.thaiwah.com)).
- 4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number +66 2 285 0040 or at Investor Relations Department ([ir@thaiwah.com](mailto:ir@thaiwah.com)).

4.4 The Company's financial statements contain accurate and complete information and are prepared in accordance with generally accepted accounting standards. In addition, they are audited/reviewed by auditors from a well-known auditing firm (currently EY Office Limited) and are approved by the Company's Audit, Risk and Corporate Governance Committee and Board before being disclosed through the SET. The information relating to the "Board of Directors' Responsibility for the Company's Financial Statements" is available in the Company's Annual Report. In 2019, the Company's financial statements were certified unconditionally from the auditor.

4.5 In the year 2019, the Company has neither a share repurchase program, nor any shareholders' agreement which has a material impact on the Company or other shareholders. Therefore, the Company could not disclose such information.

4.6 The Company wishes to refer the following matters to the disclosure made in other places:

- The name of directors and the scope of the powers, duties and responsibilities of the Board (including matters to be approved by the Board) and other committees are detailed under the heading "Management Structure" in the Company's Form 56-1 and in the Company's Annual Report.
- The professional experience of the directors and members of other committees is detailed in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.

- The number of Board meetings held and the number of Board meetings attended by each director in during 2019 are detailed in clause 5 hereof: "Board Responsibility".

- The performance of the Audit, Risk and Corporate Governance Committee in the past year is detailed in Attachment 5 to the Company's Form 56-1, and under the heading "Report of the Audit, Risk and Corporate Governance Committee" in the Company's Annual Report.

- The performance of the Nomination and Remuneration Committee in the past year is detailed in Attachment 6 to the Company's Form 56-1, or under the heading "Report of the Nomination and Remuneration Committee" in the Company's Annual Report.

- The remuneration for directors and management is detailed under the heading "Directors' and Management's Remuneration" in the Company's Form 56-1 and in the Company's Annual Report.

- Policy of disclosing/reporting of sales and purchase of the Company's securities held by directors and management has been disclosed in clause 2.6 hereof: "Corporate Governance".

Change in securities held by directors and management in the Company is detailed under the heading "Management Structure" in the Company's Form 56-1 and under the heading "Details of Securities held by Directors and Management in the Company" in the Company's Annual Report.

- Criterion for directors and senior management remuneration is detailed under the heading “Remuneration Policy” in the Company’s Form 56-1 and in the Company’s Annual Report.
- Director’s remuneration for each individual director is detailed under the heading “Remuneration and Other Benefits of the Directors during the year 2019” in the Company’s Form 56-1 and in the Company’s Annual Report.

4.7 In 2019, the Company made full disclosure of information (including key events) within the time frame specified in the regulations of the SET and the SEC. In addition, neither the Listing Department of the SET nor the SEC challenged that the Company had failed to comply with any disclosure requirement.

## 5. Board Responsibility

### 5.1 Board Structure

#### 5.1.1 Members of the Board and Terms of Directorship

The Company’s Board of Directors comprise of 14 members, 5 of whom are independent Directors, 3 of whom are executive directors and the remaining 6 are non-executive directors. The majority of the board are non-executive directors and therefore can exercise objective and independent judgements.

The Board consists of directors with appropriate and necessary qualifications, knowledge, skills, experience, character traits and age balance in order to achieve the objectives of the Company and stakeholder interests. Dr. Sretsei Saittagaroon, Deputy Chairman of the Board, is also a non-executive director who possesses knowledge and experience in the core business or the industry in which the Company operates.

The Company has 5 independent directors, representing one-third of total board members. The independent directors of the Company possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. All independent directors can work effectively with the Board and can express their opinions freely.

#### 5.1.2 Consecutive terms of office of an independent director

Consecutive terms of an independent director may serve no more than 3 consecutive terms, and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be considered independent.

All Independent Directors of the Company are independent of the Management and major shareholders of the Company. None of the Independent Directors holds a directorship position in more than 5 listed companies in Thailand.

The Company’s policy to fix the term of office of directors is under Article 18 of the Company’s Articles of Association which stipulated that at each annual general meeting, one-third (1/3) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third (1/3) shall retire from office.

Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.

Retiring directors are eligible for re-election.



The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed by the annual general meeting.

### 5.1.3 Definition of “Independent Director”

The Board of directors approved the definition of an independent director of the Company, which meant a person who possess all qualifications and independence that is stringent than the criterias of the Capital Market Supervisory Board. At present, the said regulations stipulate the following qualifications of independent directors:

- (a) holding shares not exceeding 0.75 percent of the total number of voting rights of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, including the shares held by related persons of such independent director;
  - (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the company;
  - (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the company or its subsidiary;
  - (d) not having a business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment.
- The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;
- (e) netither being nor having been an auditor of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an

audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years from the date of appointment;

- (f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of appointment;
- (g) not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;
- (h) not operate any business which has the same nature as and is in significant competition with the business of the company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or not holding shares exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the company or subsidiary;
- (i) not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (a) to (i) of the first paragraph, the independent director may be assigned by the board of directors to take part in the business decision of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

#### **5.1.4 Nomination of Board members**

The Nomination and Remuneration Committee will be responsible for the nomination of new directors. The Nomination and Remuneration Committee will search for potential candidates and propose the same to the Board of Directors' or the shareholders' meeting (as the case may be) for consideration and appointment. The following matters will be taken into consideration as part of the selection criteria: the structure of the Board of Directors, which shall consist of members in the number that is suitable for the size and business strategy of the Company, the diversity in the structure of the Board of Directors (Board Diversity), including but not limited to, race, religion, national origin and gender, the appropriateness of the qualifications and skills of the director(s) that are necessary but lacking in the Board of Directors. The Board Skill Matrix will be used to identify the required qualifications.

Each candidate for a Company directorship must have the qualifications prescribed by the SET, the SEC and the Public Limited Companies Act, and must be nominated by the Nomination and Remuneration Committee to the Board and to the shareholders' meeting. Additional details in regard to method of appointment of Directors have been disclosed under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

### **5.1.5 Nomination Procedures of the Board of Directors**

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

### **5.1.6 Nomination of the Company's leader (CEO or equivalent)**

The Nomination and Remuneration Committee will select candidates for the position of Chief Executive Officer or its equivalent of the Company and propose the same to the Board of Directors' for consideration and appointment. The followings will be taken into consideration as part of the selection criteria.

1. Integrity, Honesty and Visionary;
2. Knowledgeable and has an understanding of the Company's business;
3. Ability to adapt, change and maintain the Company's competitiveness;
4. Ability to mitigate risks, maintain and increase the value of shares for the shareholders;
5. Leadership skills and ability to manage the human resources.

### **5.1.7 Nomination Procedures of the Company's Leader (CEO or equivalent)**

The Nomination and Remuneration Committee will select the candidates for the position of Chief Executive Officer (or equivalent) from the recommendation of others from both outside and inside the organization or through the service of

external professional search firms, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

### **5.1.8 Role of Chairman of the Board**

Details in regard to the roles and responsibilities of the Chairman of the Board have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

### **5.1.9 Role of Chief Executive Officer**

Details in regard to the roles and responsibilities of the Chief Executive Officer of the Board have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

### **5.1.10 Performance Assessment of Chief Executive Officer and senior management**

The Nomination and Remuneration Committee will assess the performance of the Chief Executive Officer and senior management of the Company and present the assessment results to the Board of Directors for approval. The remuneration of Chief Executive Officer and senior management of the Company will be determined based on their individual performance achievements against the targets set per the balanced scorecard which will consider both financial and non-financial KPIs (Key performance indicator), as follows:

1. On the Company's operating results such as increase in total revenue or sales of the Company.
2. On the business performance - to be in accordance with assigned policy and / or strategy by the Board of Directors by comparing each target against the percentage of the achievement such as sustainable growth strategy / development of local communities or farmers to earn higher income and at the same time not destroying the environment;

3. On the customer's side - ability to meet the target such as customer's satisfaction.
4. On the organizational development - ability to meet the target regarding the organizational development such as training and employee's satisfaction.

#### **5.1.11 Aggregation or Separation of Positions - Chairman of the Board and Chief Executive Officer**

To enhance the good corporate governance of the Company, the Company has separated the positions of the Chairman of the Board and the Chief Executive Officer.

Mr. Ho KwonPing is the Chairman of the Board while Mr. Ho Ren Hua is the Chief Executive Officer in order to manage business operations of the Company effectively.

#### **5.1.12 Succession Plan**

The Board of Directors places importance on having an effective and efficient management as well as the continuance of its business operations, which are essential factors to the sustainable growth of the organization. Thus, the Company is required to prepare a succession plan for the positions of Chief Executive Officer, Managing Directors, and other senior executive positions, and to review every 3 years in order to ensure that there will be competent senior executives for the succession of these key positions in the organization.

#### **5.1.13 External Directorship Policy**

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps to ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has

agreed to set the policy prescribing that each director should hold directorship of a maximum of 5 other listed companies.

In addition, the Company has a guideline in case the Chief Executive Officer is appointed as director in another company, the matter has to be proposed to the Nomination and Remuneration Committee's meeting for approval. While for the executive level up, it must be approved by the Managing Director or Chief Executive Officer.

### **5.2 Sub-Committees**

Details in regard to the roles and responsibilities of the sub-committees have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

#### **5.2.1 Audit, Risk and Corporate Governance Committee**

For the purpose of improving the good corporate governance of the Company, the Board of Directors' Meeting held on August 6, 2019 had approved the enlargement of the scope of duties and responsibilities of the Audit and Risk Committee to cover the review of corporate governance and changed the name from the Audit and Risk Committee to "Audit, Risk and Corporate Governance Committee."

The Audit, Risk and Corporate Governance Committee comprises four Independent Directors, two of whom, namely Mr. Vudhiphol Suriyabhivadh and Mr. Subhak Siwaraksa have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol Suriyabhivadh has experience on reviewing the financial reports of some listed companies in the Stock Exchange of Thailand. The members and the scope of duties and responsibilities of the Audit, Risk and Corporate Governance Committee have been disclosed under the heading "Management Structure" in the Company's Form 56-1 and in the Company's Annual Report.

### 5.2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises four Independent Directors, thus forming a strong and independent element which will enable decisions on nomination and remuneration to be made independently. Members and the scope of duties and responsibilities of the Nomination and Remuneration Committee have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and in the Company’s Annual Report.

## 5.3 Role, Duty and Responsibility of the Board

### 5.3.1 Duties of the Board of Directors

Duties of the Board of Directors have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and the Company’s Annual Report.

### 5.3.2 Corporate Governance Policy

On November 8, 2019, the Board of Directors’ meeting No. 5/2018 had approved the Corporate Governance Policy and the Code of Business Conduct (revised edition). The Board had also assigned the management to promote and monitor the implementation of the policy and code of business conduct of the Company. Details of Corporate Governance Policy and the Code of Business Conduct have been posted on the Company’s website under the Corporate Governance section. The Standard Operating Procedures have also been documented and applied by the Company. In addition, new internal rules and regulations with an aim to continuously improve the good corporate governance of the Company are approved and announced from time to time.

During the previous year, none of the non-executive directors resigned due to corporate governance issues and no impairment of the Company’s reputation arose due to the failure of the Board of Directors’ supervision.

### 5.3.3 Code of Business Conduct

The Company holds strongly to the belief that good business ethics is one of the key elements for sustainable growth. To protect the interest of all stakeholders and in the interest of promoting and advocating good business ethics throughout the organization, the Company has adopted a Code of Business Conduct, which has been approved by the Board of Directors and communicated across the organization through electronic mail, the Company’s intranet system, and notice boards in order to understand and to ensure that the Board of Directors, Management and employees strictly adhere to the Code as well as to encourage them to comply with the Code accordingly.

The Code has been drafted based on the principles of integrity, transparency and good corporate governance practices and good social ethics and disseminate through the Company’s website ([www.thaiwah.com](http://www.thaiwah.com)).

During the previous year, the Company’s Board of Directors was not aware of any claim or allegation that the Company’s Code of Business Conduct was disobeyed.

### 5.3.4 Delegation of authority between the Board and the Management

The Company has a management structure that clearly defines the separation of power, duties and responsibilities of the Board of Directors and the Management. The Board of Directors, as the policy supervisor, has the duties to define the Company’s vision, mission, values, strategy and long-term goals, including overseeing monitoring, and evaluating the performance of the Management. Management, as the executives, has the duties to perform day-to-day operations to be efficient, effective and in compliance with the defined policies, vision, mission, values, strategy and long-term goals and report its performance to the Board of Directors on a regular basis.

The delegation of authority between the Board and management/ Chief Executive Officer is clear. Annual budgeted capital expenses require approval by the Board. Unbudgeted capital expenses require approval as authorized by the Board as follows:

- Unbudgeted capital expenses less than Baht 2.0 million to be solely approved by the Managing Director.
- Unbudgeted capital expenses ranging from Baht 2.0 million to Baht 10.0 million to be jointly approved by the Chief Executive Officer and any one of the directors.
- Capital expenses ranging from Baht 10.0 million to Baht 50.0 million to be jointly approved by the Chief Executive Officer and any one of the directors and also requires ratification by the Board of Directors.
- Capital expenses in excess of Baht 50.0 million to be solely approved by the Board of Directors.

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

Duties and responsibilities of the Board have been disclosed under the heading "Management Structure" in the Company's Form 56-1 and the Company's Annual Report.

### 5.3.5 Conflict of Interest

Transactions between the Company and its connected parties which may give rise to a conflict of interest are scrutinized by the Audit, Risk and Corporate Governance Committee and if necessary, the approval to enter into such transactions are sought from the Board of Directors and/or shareholders based on the nature and size of transaction in

accordance with the provisions of the Capital Market Supervisory Board. Any director or management who has an interest in, or is related to, such transaction will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis. In the event that the price is unavailable, the Company will then rely on the report of an independent appraiser appointed by the Company to value important connected transactions to arrive at a pricing which is fair to both the Company and the connected party.

All connected transactions are disclosed clearly and accurately. Details are further described under the heading "Connected Transactions" in the Company's Form 56-1 and in the Company's Annual Report.

### 5.3.6 Internal Audit and Control

The Company realizes the significance of effective system of control. The Board of Directors has assigned the Audit, Risk and Corporate Governance Committee to review the Company's internal control system in order to ensure that the Company's internal control system comprising of 5 components, namely control environment, risk assessment, control activities, information & communication, and monitoring activities in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission : COSO, is adequate and to report the outcome to the Board accordingly.

Opinions of the Audit, Risk and Corporate Governance Committee and of the Board of Directors on the internal control system of the Company are disclosed under the heading "Report of the Audit, Risk and Corporate Governance Committee" and "Opinion of the Board of Directors on the Company's internal control" in the Company's Form 56-1 and in the Company's Annual Report



## Internal Audit

The Company has established the Internal Audit Department, an independent unit, head by Mr. Sorasak Thanadeecharoenchok. Mr. Sorasak reports directly to the Audit, Risk and Corporate Governance Committee. His role is to audit and to assess the adequacy and efficiency of the Company's internal control based on the internal audit schedules approved by the Audit, Risk and Corporate Governance Committee and to regularly report the findings to the Audit, Risk and Corporate Governance Committee on a quarterly basis in order to improve the efficiency and effectiveness of the operation of the Company.

The appointment, transfer and termination of employment of the chief of the Internal Audit Unit have to be approved by the Audit, Risk and Corporate Governance Committee.

## 5.4 Meetings of the Board and Sub-Committees

### 5.4.1 The Board

The Company conducts regular scheduled Board meetings at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. In the year 2019, the Company had conducted a total of 6 Board meetings and encourages each director to attend the Board of Directors' meeting at least 75 percent of the total number of meetings in each fiscal year, except in case of necessity and emergency. In the past year, the board of directors had attended the meeting, which accounted for 85.72 percent. The Company had provided the meeting materials to the directors in advance at least 5 days prior to the meeting to allow the directors to have sufficient time to study the information beforehand.

The Company encourages that at the time of Board's decision, the quorum of the meeting should not be lesser than two-thirds of total number of directors. Besides, the non-executive directors attended one meeting among themselves without the executives on November 12, 2019 to discuss on various management issues.

Attendance of all directors as shown below.

No.	Name	Number of Attendances in 2019/Meeting
1.	Mr. Ho KwonPing	4/6
2.	Dr. Sretsei Saittagaroon	6/6
3.	Mr. Surapon Supratya	5/6
4.	Mr. Ariel P Vera	4/6
5.	Mr. Ho KwonCjan	5/6
6.	Mr. Ho Ren Hua	6/6
7.	Mr. Umnad Sukprasongphol	6/6
8.	Mr. Shankar Chandran	4/6
9.	Mr. Vudhiphol Suriyabhivadh	6/6
10.	Dr. Jingjai Hanchanlash	6/6
11.	Mr. Subhak Siwaraksa	5/6
12.	Mr. Chanin Archjananun	5/6
13.	Ms. Parnsiree Amatayakul	4/6
14.	Mr. Prateep Lertvatanakijkul	6/6

The Board is of the view that the contribution of each director should not be focused only on his or her attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

#### 5.4.2 Audit, Risk and Corporate Governance Committee

The Company conducts regular scheduled Audit, Risk and Corporate Governance Committee's meetings at least 4 times a year, prior to the Board meeting, on a quarterly basis which are planned and formally agreed upon in advance during the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2019, the Company conducted 4 Audit, Risk and Corporate Governance Committee's meeting. Each of the Audit, Risk and Corporate Governance Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2019/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	4/4
2.	Mr. Subhak Siwaraksa	4/4
3.	Dr. Jingjai Hanchanlash	4/4
4.	Mr. Chanin Archjananun*	2/2

**Remarks :** \* The Board of Directors' meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a member of the Audit, Risk and Corporate Governance Committee.

In addition, the Audit, Risk and Corporate Governance Committee also attended one meeting with external auditors without the attendance of management

in order to consider the Company's directions and auditing plans including the problems or establishing guidelines for internal control.

#### 5.4.3 Nomination and Remuneration Committee

The Company conducts regular scheduled Nomination and Remuneration Committee's meetings, prior to the Board meeting, at least once a year. The meetings are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened

as and when circumstances warrant. In 2019 the Company conducted 5 Nomination and Remuneration Committee's meetings. Each of the Nomination and Remuneration Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2019/Meeting
1.	Dr. Jingjai Hanchanlash	5/5
2.	Mr. Vudhiphol Suriyabhivadh	5/5
3.	Mr. Subhak Siwaraksa	5/5
4.	Mr. Chanin Archjananun*	1/1

**Remarks :** \* The Board of Directors' meeting No. 3/2019 held on May 9, 2019 approved the appointment of Mr. Chanin Archjananun as a member of the Nomination and Remuneration Committee.

## 5.5 Board of Directors' Report

### 5.5.1 Financial Report

The Board of Directors is accountable to its shareholders for the Company's financial statements as well as the financial information as shown in the Annual Report. The Board of Directors is satisfied that the Company's financial statements are prudently prepared in accordance with generally accepted accounting principles and are independently reviewed and audited by the international auditors who has expressed an unqualified opinion on the Company's financial statements. Additionally, the Audit, Risk and Corporate Governance Committee has been tasked to independently review the Company's financial report and internal control practices directly with the auditors. All pertinent information relating to the financial statements is clearly and completely disclosed in the accompanying notes.

Details are described under the heading "Internal Control and Risk Management" in the Company's Form 56-1 and under the heading "Opinion of the Board of Directors on the Company's Internal Control System" and the "Board of Directors' Responsibility for the Company's Financial Statements" in the Company's Annual Report.

### 5.5.2 Minutes of Meeting

The minutes of the meetings of the Board and other committees were accurately and completely recorded in all material aspects addressed at each meeting, including the questions, opinions and clarifications. The Company has a safe and secure filing system in place to keep the minutes of meetings and other supporting documents.

## 5.6 Monitoring the implementation of the Company's strategy

The Board of directors had supervised management in establishing the strategy and the annual plan to align with the Company's objective and mission/ vision including reviewing the objective, goals and medium-term business strategies (3-5 years).

And to ensure that all these various strategies and work plans are implemented effectively, there is a company-wide communication for everyone in the organization to join, drive or implement it in the same direction in order to achieve the objectives and goals of the Company as defined. The Board of directors had assigned management (Chief Executive Officer / Managing Directors) to report on their performance in accordance to the strategic plan and or assigned work plan in every board meetings.

## 5.7 Development of Directors and Management

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors Association, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions. Details of the training previously undertaken by each director are set out in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.

In 2019, directors and management attended the training and seminar courses as follows:

Name	Position	Course
Mr. Ho Ren Hua	Director and Chief Executive Officer	<ul style="list-style-type: none"> <li>Thai Wah Talks organized by Thai Wah Public Company Limited</li> </ul>
Mr. Umnad Sukprasongphol	Director and Managing Director (Starch Business)	<ul style="list-style-type: none"> <li>X Executive Live and Learn</li> <li>Thai Wah Leadership Academy (TLA) DIY - Design Thinking</li> <li>Food Innopolis</li> <li>Thai Wah Talks</li> <li>Innovation Fast forward</li> </ul> <p>All of the courses above were organized by Thai Wah Public Company Limited</p>
Mr. Prateep Lertvatanakijkul	Director and Managing Director (Food Business)	<ul style="list-style-type: none"> <li>X Executive Live and Learn</li> <li>Thai Wah Talks</li> <li>Innovation Fast Forward</li> </ul> <p>All of the courses above were organized by Thai Wah Public Company Limited</p>
Ms. Orn-a-nong Witchucharn	Group Chief Financial Officer	<ul style="list-style-type: none"> <li>CMA-GMS International Program (5/2019), Capital Market Academy</li> <li>X Executive Live and Learn</li> <li>Thai Wah Talks</li> <li>Innovation Fast Forward</li> </ul> <p>All of the courses above were organized by Thai Wah Public Company Limited</p>
Ms. Naruemon Srisuma	Vice President-Group Research and Development	<ul style="list-style-type: none"> <li>X Executive Live and Learn</li> <li>Thai Wah Talks</li> </ul> <p>All of the courses above were organized by Thai Wah Public Company Limited</p>
Ms. Manee Lueprasert	Company Secretary	<ul style="list-style-type: none"> <li>Enhancing Good Corporate Governance based on CGR Scorecard organized by the Thai Institute of Directors Association (IOD)</li> </ul>

## 5.8 Orientation

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provides information on the business of the Company and other information

related to the operations of the Company to new directors, i.e. annual report and the relevant rules and regulation. Such materials are useful for them in performing their duties as directors of the Company.

## 5.9 Assessment of the Performance

### 5.9.1 Board of Directors

The Board of Directors conducts an assessment of its annual performance as a group and individual based on the assessment forms developed from the Stock Exchange of Thailand. The purpose is to review the performance outcome, problems and obstacles in the business operation in the past year so as to improve the work efficiency.

**The assessment criteria of the Board of Directors (group and individual) covers 4 assessment subjects, are as follows:**

- 1) Board structure and qualifications,
- 2) The Board of Directors' Meetings,
- 3) Roles, Duties and Responsibilities of the Board of Directors and
- 4) Others.

**The assessment procedure:**

1. The Company secretary will distribute the assessment forms, group and individual, as approved by the Board of Directors to all the board of directors to assess their performances;
2. After each director has completed the self-assessment forms of the Board of Directors as a group and individual basis, the Company Secretary shall calculate the scores and provide a summary of these scores to the Board of Directors;
3. The Board of Directors' meeting shall jointly consider and find a solution in order to improve the unsatisfactory scores and use it as a guideline for their performance in the following year, including considering and reviewing the comments and suggestions raised by each director.

### 5.9.2 Sub-committees

The Company's Corporate Governance Policy stipulates that the Board of Directors assigns all sub-committees to conduct self-assessment in order to consider performance and problems for further improvements and report the assessment result to the Board of Directors on an annual basis.

**The assessment procedure:**

1. The secretary of the sub-committee will distribute the assessment forms as approved by the Board of Directors to all the members to assess their performances;
2. After each director has completed the self-assessment form of the sub-committee as a whole, the Company Secretary shall calculate the scores and provide a summary of these scores to the sub-committees' meeting;
3. The Company Secretary shall present the results of the self-assessment (as a whole) to the Board of Directors meeting for further consideration.

The assessment scores in the roles and responsibilities (including corporate governance) section was good. As for the rest, it was excellent.



The assessment results of Board of Directors and the sub-committees for the year 2019 were as follows:



Board of Directors  
as a whole

**91.38%**



Board of Directors  
as a individual

**99.43%**



Audit, Risks and Corporate  
Governance Committee

**88.36%**



Nomination and Remuneration  
Committee

**90.46%**

#### 5.10 Supervision on the operations of the subsidiaries and the associated companies

The Board shall appoint the directors and executives of the subsidiary companies. Except for operating arms or associate companies, the board may delegate this authority to the chief executive officer and the chief executive officer can appoint the appropriate person to be the director in such a company. The number of representative directors will be subject to the proportion of shareholding.

The Company shall define the duties and responsibilities of subsidiary directors who are the Company's representative in subsidiaries and associated companies. They will oversee the subsidiaries' operations to ensure compliance with applicable law and standards and the subsidiaries' policies. As well as overseeing that the subsidiaries' internal control systems are effective and that all transactions comply with relevant law and standards.

List of directors who serve on the Board of Directors of the subsidiaries or the associated companies is disclosed under the heading Details of position of directors and management" in the Company's Form 96-1 and in the company's Annual Report.

#### 5.11 Investor relations Functions

The Board has established a dedicated investor relations function who is responsible for regular, effective and fair communication with shareholders and other stakeholders such as analysts and potential investors by providing the Company's information in an appropriate, equal and timely manner via appropriate channels.

### 6. Auditors' Remuneration

#### 6.1 Audit Fees

The Company and subsidiary companies paid the audit fees to the audit firm for the year 2019 for a total amount of Baht 7,180,000 and for a total amount of Baht 1,782,393 for 4 of its subsidiaries based abroad, details as follows:

Company	Auditors' remuneration
The Company	2,500,000 Baht
1 associated company*	241,000 Baht
Subsidiary companies	
- 17 companies in Thailand	4,439,000 Baht
- 2 companies in Vietnam	370,000,000 VND (approximately Baht 494,538)
- 1 company in China	176,000 CNY (approximately Baht 791,094)
- 1 company in Cambodia	16,000 USD (approximately Baht 496,761 )

**Note :** \* The audit fee of the associated companies includes fees for the quarterly review of interim financial statements of associated companies amounting to Baht 75,000 paid by the Company. As the associated companies are not listed on the Stock Exchange of Thailand (SET), there is no requirement for their financial statements to be reviewed each quarter. The only reason why the quarterly reviews are carried out on the associated companies is to facilitate the quarterly reviews of the Company's financial statements. The quarterly reviews of the associated companies improve the Company's accuracy in the accounting for the share of results of these companies under the equity method.

In addition, the Company also absorbed Baht 107,900 which is a portion of the annual audit fee of an associate company. This was primarily due to the Company's request for the associated company to change its auditor from a local audit firm to a reputable international firm so that the Company can improve the accuracy and reliability of the share of result from this associated company. The amount absorbed by the Company represents the increase in audit fee of the associated company arising from the change in audit firm.

## 6.2 Non Audit Fees

-None-

## 7. Communication with Shareholders and External parties

The Company established the Investor Relations Department responsible for communicating crucial information to the investors, retail/individual investors, shareholders and domestic and international analysts. All stakeholders are able to contact the unit directly at Ms. Ratinan Wongwatcharanon (Investor Relations Manager) Telephone +66 2285 0040 Ext. 1109

e-mail [ir@thaiwaha.com](mailto:ir@thaiwaha.com) or through the Company's website, which provides both Thai and English versions along with the updated information. In the year 2019, the Company provided corporate presentations and information reports to the institutional investors, retail/individual investors, shareholders and domestic and international analysts, details are as follow:

Activities	Times/Year
Analyst Meeting	4
Opportunity Day	1
Outbound Roadshow	2
Inbound Roadshow	7
Conference Call	2
Company Visit	10
Site Visit	1

# Corporate Social Responsibility

Details of the corporate Social responsibility have been disclosed in the Company's sustainability report and on the Company's website ([www.thaiwah.com](http://www.thaiwah.com)) under the heading Sustainability.



# Internal Control System and Risk Management

The Company's Board of Directors recognizes the importance of internal controls and risk management systems that are key fundamental to drive company's sustainable growth with added value to Company's stakeholders. The Board of Directors have set up clear company guideline to employees for internal control and risk management, and assigned internal audit department and risk management department to coordinate across all functions included all factories to conduct overall assessments on internal control system and Company risks on the annual basis. These assessments are using mean of inquiring managements, key staffs in each departments and factories based on the guidelines for evaluating the adequacy of internal controls and risk managements as set out by The Securities and Exchange Commission. Furthermore, the Board of Directors has determined the standard operating procedure and practice for internal control and risk management based on the guidelines of The Committee of Sponsoring Organization of the Treadway Commission - Enterprise Risk Management ("COSO-ERM"). The internal audit department and risk management department directly report to the Audit, Risk and Corporate Governance Committee.

The Board of Directors also recognizes the importance of risk management to mitigate the risks derived from external factors (inherent risks) and internal factors (control risks) that need to manage the impact to remain at the acceptable or immaterial risk level. The review scope of these internal audit and risk management are also included subsidiaries. The review of internal audit and risk management are to ensure all operation controls are set in place, all financial reporting are reliable, and to ensure there are no conflict of interest for any related party transaction.

Below are key components of internal control and risk management based on the COSO-ERM guidelines;

## Control Environment

Board of Directors have given the management guideline and organizational structure that allowed the operation can be run independently, practically, with communication effectively. These clear guideline & structure as well as clear Company objective will drive the Company success in running business with good corporate governance, transparency and fairness. The combination of control environment is as followed;



## Objective Setting

Board of Directors have determined the objectives to departments, factory and staff about the strategies that including the implementation policy, rules and regulations. These objectives and goals has been communicated to staff, departments and factory to align with the overall Company's mission.



## Event Identification or Risk Factors

Board of Directors have identified events or factors for both internal and external risks that may have unfavorable impact to the Company goals and objectives at corporate and operations level. This is included process of review and monitor those risk factors regularly.

## Risk Assessment

Board of Directors assigned risk management department to take the lead to coordinate with all functions included all factories to perform risk assessment process and set up appropriate risk management to control and mitigate those defined risks that may lead to unfavorable impacts to the company's goals and objectives. For considering risk level, there are two aspects to be considered included the potential loss or damage resulted from those risk occurrence (impact) and the probability of those risk occurrence (likelihood) and report to management person, Board of Directors and Audit, Risk and Corporate Governance Committee at least once per quarter.

## Control Activities

Board of Directors have defined the standard operating procedure to ensure that the operation runs appropriately. The control activities included as follow:

### Preventive Control

- Standard Operating Policies and Procedures,
- Segregation of duty,
- Verify, review and approve.

### Detective Control

- Assigned internal audit department to evaluate and audit.
- Analytical financial data and ratio.

### Corrective Control

- Summarize audit issues, deficiencies and weaknesses for set up policy and procedure to implementation

## Information System and Communication

Board of Directors recognizes the importance to the information system and effective communications by assigning the information technology department to regulate, monitor, and continuously develops the IT system to be up to date to the current trend of technology. During year 2017, the Company and subsidiaries had implemented the Enterprise Resource Planning (ERP) for entire data management across all functions. This ERP will help company enable to use data management effectively with the timely decision making. Apart from this, the Board has also established policies based on the laws of Computer Related Crime Act to govern the use of sensitive information and other company's IT equipment. The information of policy, regulation and code of conduct included documentations and other announcements are communicated within the organization through channels via email and intranet to the employees

## Monitoring

The Board of Directors and Audit, Risk and Corporate Governance Committee have the meeting at least once each to review the company performance against the Company plan and objective. This review has also included monitoring, and follow-up on any inefficient process that have to be corrected by used the performance evaluation system helped to evaluated and monitored that there is accordance with the objectives of the Company.

In addition the Internal Audit Unit, which is an independent unit, has also been assigned as another whistle-blowing reporting channel for receiving information or complaints including evidences, thus ensuring that the Company has a transparent and fair whistle-blowing process and comply with the Good Corporate Governance.

Based on the policies and practices on internal controls and risk managements, the Board of Directors considers the Company's internal control system and risk managements to be adequate, appropriate and efficient and no significant material weaknesses in the Company's internal control system and risk managements

## Head of Internal Audit

The Audit, Risk and Corporate Governance Committee's meeting had appointed Mr. Sorasak Thanadeecharoenchok to be the head of the internal audit department based on qualifications, knowledge and abilities to perform the tasks. He attended several training courses of internal audit by the Institute of Internal Auditors of Thailand. He also has experiences in auditing and reviewing financial statements of other enterprises which can be applied in practice. He has full understanding of the Company's processes and procedures, and believes that he has full ability in performing his role.

The appointment, transfer and dismissal of the head of Internal Audit of the Company must be approved by the Audit, Risk and Corporate Governance Committee. Further details on his qualifications of the head of internal audit as follows:

## Profile of the Head of Internal Audit Unit

**Name :** Mr. Sorasak Thanadeecharoenchok

**Age :** 39 Years

**Education background :** Bachelor degree of Business Administration,  
Major in Accounting, Thammasat University

### Experiences :

- October 2015 - Present Internal Audit Manager, Thai Wah Public Company Limited
- 2014 - September 2015 Internal Audit Manager, Thai Wah Food Products Public Company Limited
- 2011 - 2013 Assistant Internal Audit Manager,  
Thai Wah Food Products Public Company Limited

### Training and Seminars :

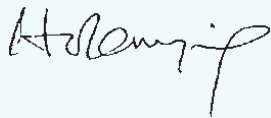
- Anti-Corruption:
- The Practical Guide Taxation updating
- Procurement Fraud, eDiscovery and Robotic Process Automation (RPA)
- Crisis management and Business Continuity Olan Incentive



# Opinion of the Board of Directors on the Company's Internal Control System

The Board of Directors ensures that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards. The Board is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the Company's financial statements for the year ended 2019 are presented fairly.

The Board has also taken note of, and accepted, the Audit, Risk and Corporate Governance Committee's report on the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication, and monitoring activities and therefore concludes that the Company's internal control system is adequate with sufficient personnel to conduct the system efficiently and that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing  
Chairman of the Board

# Report of the Audit, Risk and Corporate Governance Committee

In order to enhance the Company's good corporate governance, the Board of Directors' Meeting dated August 6, 2019 approved the enlargement of the scope of duties and responsibilities of the Audit and Risk Committee to include corporate governance and renamed it to be read as "Audit, Risk and Corporate Governance Committee (ARCG)".

The Audit, Risk and Corporate Governance Committee of Thai Wah Public Company Limited ("the Company") comprise of 4 independent directors. The Committee is empowered to:

- review the Company's financial reports, internal control and internal audit systems, disclosure of connected transactions and compliance with all relevant regulations and laws;
- recommend special audit plans to the internal auditor as well as approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
- advise management on matters related to the principles of good corporate governance;
- select and propose the appointment and termination of an independent person to be the external auditor of the Company and propose their remuneration;
- review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee;
- Supervise the compliance with the Anti-corruption Policy;

- To supervise the performance of management to strictly comply with the Company's good corporate governance policy;
- To review the corporate governance policy and code of business conduct of the Company at least once a year;
- To oversee the anti-corruption policy to ensure it's sufficient and appropriate for the Company's business;
- To supervise and offer advices related to the operation concerning the Company's sustainable development.

During 2019, the Audit, Risk and Corporate Governance Committee formally convened four meetings with the Company's external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. The meetings also included the discussions with the Company's internal auditor to review and advise on its findings and to follow up on matters arising from the schedule of work it had approved the internal auditor to undertake during 2019 thereby ensuring that the work was both sufficient and effective. Besides, the Audit, Risk and Corporate Governance Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans and also approved the Internal Audit's work plan for the year 2020.

All members of the Audit, Risk and Corporate Governance Committee attended the meetings convened in 2019.

In regard to Risk Management, the Audit, Risk and Corporate Governance Committee was assigned by the Board to oversee the Company's risk management processes and activities in order to mitigate and manage risk at the acceptable level. The Audit, Risk and Corporate Governance Committee had received a report from the Risk Management Committee which comprised of Senior Management on the operational risks and the measures taken to address them. The Audit, Risk and Corporate Governance Committee approved the 2020 Risk Management Committee's work plan and reviewed the progress on risk management of the Company on a quarterly basis. In addition, the Audit, Risk and Corporate Governance Committee also provided recommendations to the Risk Management Committee in order to enhance the effectiveness and appropriateness of the risk management system suitable for the Company's operations.

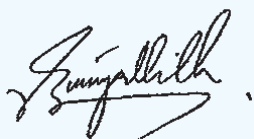
The Audit, Risk and Corporate Governance Committee agrees with the certified public accountant that the Company's financial statements and disclosures of relevant information were adequate and fairly presented, in all material respects, in accordance with the general accepted accounting principles. The Audit, Risk and Corporate Governance Committee is satisfied that the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication and monitoring activities is sufficient both to support the operations including financial procedures and to enable the external auditors to fairly express an opinion on the financial statements. Where internal control weaknesses have been detected during the course of the Audit, Risk and Corporate Governance Committee's review, management has been alerted and has taken appropriate corrective action.

The Audit, Risk and Corporate Governance Committee also reviewed the connected transactions that required the Board of Directors or Shareholders' approval in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission regulations as well as the disclosure of the Company's connected transactions. The Audit, Risk and Corporate Governance Committee is satisfied that the connected transactions had been entered into an arms' length basis applying the principle of an open market between willing parties and the disclosure is sufficient and transparent.

The Audit, Risk and Corporate Governance Committee is satisfied that the Company has performed in compliance with the Securities and Exchange Commission/The Stock Exchange of Thailand rules and regulations and the laws related to the business of the Company and that the Company had supported and continuously developed its good corporate governance principles. The Company does not discriminate against any groups of the stakeholders. At the same time the interest of all shareholders remains the principal objective of the Audit, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance Committee has reviewed the corporate governance policy and code of business conduct, as well as provide recommendations for the Company's sustainable development and reviewed the Operating results and financial reports for transparency and completeness. As for the Anti-Corruption, the Audit, Risk and Corporate Governance Committee reviewed the anti-corruption policy and assigned the Internal Audit Department to review and establish the internal annual audit plan in order to comply with the Anti-Corruption Policy. In this regard the Audit, Risk and Corporate Governance Committee has satisfactorily resolve all matters arising within the terms of its Charter with both the management and the external and internal auditors.

The Audit, Risk and Corporate Governance Committee had also conducted its self-evaluation (as a whole) for the year 2019, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.

The Audit, Risk and Corporate Governance Committee has recommended the Board to appoint Mr. Sophon Permsirivallop, Certified Public Accountant No. 3182 and/or Ms. Rungnapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Sumana Punpongsanon, Certified Public Accountant No. 5872 of EY Office Limited to be the Company's auditors for the fiscal year 2020 with the recommended auditing fee of Baht 2,500,000. The appointment and the auditing fee would be subject to the approval at the Annual General Shareholders' Meeting.



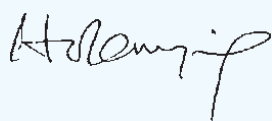
Mr. Vudhiphol Suriyabhivadh  
Audit, Risk and Corporate Governance Committee Chairman  
February 25, 2020

# Board of Directors' Responsibility for the Company's Financial Statements

The Board of Directors is responsible for the Company's financial statements including the notes to the financial statements.

In its review of the financial statements, the Board of Directors has relied upon the reports and work performed by the Company's external auditors, EY Office Limited, and the Company's Audit, Risk and Corporate Governance Committee which has carried out extensive discussions with management of the Company. The Board has also satisfied itself that there is no material weaknesses in the Company's internal accounting controls, internal control system and standard operating procedures.

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2019 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company.



Mr. Ho KwonPing  
Chairman of the Board



Mr. Ho Ren Hua  
Chief Executive Officer

A decorative graphic featuring a large central circle containing a bar chart with various numerical values. This central circle is surrounded by several other circles in shades of blue and yellow. A purple circle in the lower-left foreground contains the text 'Report and consolidated financial statements' and 'December 31, 2019'. The background is a light blue gradient with diagonal lines in the bottom right corner.

## Report and consolidated financial statements

December 31, 2019



# Independent Auditor's Report

## To the Shareholders of Thai Wah Public Company Limited

### Opinion

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

### Revenue recognition

The revenue from sales is the significant amount in the statement of comprehensive income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Company has a large customer base. There is therefore a risk of the Company recognising revenue that has not actually occurred.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect 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 controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of sales, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

## Goodwill and trademarks

I have focused my audit on the consideration of the impairment of goodwill and intangible assets (trademarks) with infinite useful lives, as discussed in Notes 20 and 19, to the financial statements, respectively, because the assessment of impairment of goodwill and intangible assets is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the values of goodwill and trademarks.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and intangible assets, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

## Allowance for impairment of investments in subsidiaries

I have focused my audit on the consideration of the impairment of investments in subsidiaries as discussed in Note 15 to the financial statements, because the impairment assessment on investments in subsidiaries is a significant accounting estimate requiring the management to exercise a high degree of judgment in identifying and estimating the recoverable amounts that are expected to be generated from those investments in subsidiaries. The recoverable amount of an asset is the higher of the asset's fair value

less costs to sell and its value in use. Moreover, the amount of the allowance for impairment of investments in subsidiaries is a significant account presented in the statement of financial position. There is thus a risk with respect to the valuation of investments in subsidiaries.

I assessed the identification of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I tested the significant assumptions applied by management in preparing estimates of the recoverable amounts that are expected to be generated from the investments in subsidiaries, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average finance costs of the subsidiaries and of the industry, tested the calculation of the realisable values of the investments in subsidiaries using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates.

## Other Information

Management is responsible for the other information. The other information comprises 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.



Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182

EY Office Limited  
Bangkok: 25 February 2020

Thai Wah Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	857,164,975	678,620,456	319,951,380	233,300,237
Current investments	10	384,335,563	610,876,536	343,149,849	579,078,333
Trade and other receivables	8, 11	723,741,514	729,695,619	595,515,544	575,036,779
Short-term loans to related parties	8	-	-	80,551,000	546,561,000
Current portion of long-term loans to related parties	8	-	-	-	11,514,287
Inventories	12	1,147,354,785	987,773,770	574,044,331	408,454,325
Current tax assets		8,673,920	3,816,022	7,292,685	-
Other current assets		121,561,203	147,051,256	48,104,189	105,229,756
<b>Total current assets</b>		<b>3,242,831,960</b>	<b>3,157,833,659</b>	<b>1,968,608,978</b>	<b>2,459,174,717</b>
<b>Non-current assets</b>					
Restricted bank deposits	13	25,736,938	65,558,177	-	-
Investments in associates	14	21,149,254	32,356,010	31,600,000	31,600,000
Investments in subsidiaries	15	-	-	695,627,108	612,261,944
Other long-term investments	16	146,168,400	169,659,750	146,168,400	169,659,750
Long-term loans to related parties					
- net of current portion	8	-	-	564,740,974	-
Investment properties	17	131,455,030	131,455,030	504,000	504,000
Property, plant and equipment	18	3,640,085,818	2,827,657,299	2,376,500,494	1,545,966,905
Intangible assets	19, 20	533,679,063	528,040,458	477,166,515	485,902,640
Goodwill	20	100,678,428	100,678,428	100,678,428	100,678,428
Deferred tax assets	31	6,724,919	9,700,621	-	-
Other non-current assets		20,062,679	49,638,897	15,209,758	34,673,539
<b>Total non-current assets</b>		<b>4,625,740,529</b>	<b>3,914,744,670</b>	<b>4,408,195,677</b>	<b>2,981,247,206</b>
<b>Total assets</b>		<b>7,868,572,489</b>	<b>7,072,578,329</b>	<b>6,376,804,655</b>	<b>5,440,421,923</b>

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



Thai Wah Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	21	275,940,058	220,000,000	100,000,000	-
Trade and other payables	8, 22	539,090,846	492,985,466	367,644,455	369,032,748
Short-term loans and accrued interests					
from related parties	8	2,697,750	2,675,167	7,600,000	175,600,000
Current portion of finance lease liabilities	23	4,590,455	4,071,836	4,590,455	4,071,836
Current portion of long-term loans from					
financial institutions	24	60,000,000	-	60,000,000	-
Income tax payable		9,410,291	28,209,354	-	23,768,216
Other current liabilities		95,123,083	46,138,388	27,935,093	26,558,955
Total current liabilities		986,852,483	794,080,211	567,770,003	599,031,755
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	23	5,025,046	8,495,024	5,025,046	8,495,024
Long-term loans from financial institutions					
- net of current portion	24	110,000,000	-	110,000,000	-
Debentures	25	996,692,599	-	996,692,599	-
Provision for long-term employee benefits	26	326,038,195	229,324,734	263,217,813	177,028,910
Deferred tax liabilities	31	136,152,874	163,689,117	108,094,662	132,783,936
Other non-current liabilities	27	12,416,001	10,846,000	12,413,088	3,047,969
Total non-current liabilities		1,586,324,715	412,354,875	1,495,443,208	321,355,839
Total liabilities		2,573,177,198	1,206,435,086	2,063,213,211	920,387,594

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

**Thai Wah Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Issued and fully paid up					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Share premium		300,740,523	300,740,523	300,740,523	300,740,523
Surplus on the amalgamation		764,866,016	764,866,016	764,866,016	764,866,016
Surplus on changes in ownership interests					
in subsidiary	15	66,886,183	-	-	-
Retained earnings					
Appropriated - statutory reserve	29	89,705,000	89,705,000	89,705,000	89,705,000
Unappropriated		3,125,986,153	3,368,104,316	2,312,945,598	2,500,595,403
Other components of shareholders' equity		(207,772,900)	(99,602,772)	(35,086,623)	(16,293,543)
Equity attributable to owners of the Company		5,020,831,905	5,304,234,013	4,313,591,444	4,520,034,329
Non-controlling interests of the subsidiaries		274,563,386	561,909,230	-	-
Total shareholders' equity		5,295,395,291	5,866,143,243	4,313,591,444	4,520,034,329
Total liabilities and shareholders' equity		7,868,572,489	7,072,578,329	6,376,804,655	5,440,421,923

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

**Thai Wah Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		7,310,453,107	7,247,862,991	5,185,713,938	5,092,040,283
Service income		12,551,584	-	4,220,610	-
Claim refund from the fire	7	12,149,334	10,000,000	-	-
Dividend income		32,748,682	1,322,476	120,439,959	26,887,057
Other income		55,924,079	69,640,693	75,576,173	84,297,747
<b>Total revenues</b>		<b>7,423,826,786</b>	<b>7,328,826,160</b>	<b>5,385,950,680</b>	<b>5,203,225,087</b>
<b>Expenses</b>					
Cost of sales		6,121,847,349	6,063,238,222	4,415,844,243	4,273,881,530
Cost of services		11,604,036	-	3,499,662	-
Selling and distribution expenses		563,332,982	512,858,398	373,241,745	348,783,230
Administrative expenses		549,164,760	453,764,054	430,708,073	341,805,324
Loss from the fire	7	-	17,470,243	-	-
<b>Total expenses</b>		<b>7,245,949,127</b>	<b>7,047,330,917</b>	<b>5,223,293,723</b>	<b>4,964,470,084</b>
<b>Profit before share of profit (loss) from investments in associates, finance costs and income tax expenses</b>		<b>177,877,659</b>	<b>281,495,243</b>	<b>162,656,957</b>	<b>238,755,003</b>
Share of profit (loss) from investments in associates	14	(4,536,595)	(1,868,657)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>173,341,064</b>	<b>279,626,586</b>	<b>162,656,957</b>	<b>238,755,003</b>
Finance cost		(47,566,655)	(7,381,361)	(40,037,163)	(2,378,747)
<b>Profit before income tax expenses</b>		<b>125,774,409</b>	<b>272,245,225</b>	<b>122,619,794</b>	<b>236,376,256</b>
Income tax expenses	31	(31,886,191)	(57,940,578)	(620,067)	(38,727,897)
<b>Profit for the year</b>		<b>93,888,218</b>	<b>214,304,647</b>	<b>121,999,727</b>	<b>197,648,359</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currencies		(101,885,858)	(27,662,838)	-	-
Unrealised gain (loss) on changes in fair value of available-for-sale investments - net of income tax		(18,793,080)	66,539,716	(18,793,080)	66,539,716
Share of other comprehensive income from investments in associates - net of income tax	14	(6,420,321)	672,380	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(127,099,259)	39,549,258	(18,793,080)	66,539,716
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss - net of income tax	26	(28,184,114)	-	(27,925,976)	-
Share of other comprehensive income from investments in associates - net of income tax	14	(249,679)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		(28,433,793)	-	(27,925,976)	-
<b>Other comprehensive income for the year</b>		<b>(155,533,052)</b>	<b>39,549,258</b>	<b>(46,719,056)</b>	<b>66,539,716</b>
<b>Total comprehensive income for the year</b>		<b>(61,644,834)</b>	<b>253,853,905</b>	<b>75,280,671</b>	<b>264,188,075</b>

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

Thai Wah Public Company Limited and its subsidiaries  
Statement of comprehensive income (continued)  
For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Profit attributable to:</b>				
Equity holders of the Company	68,039,186	196,861,120	121,999,727	197,648,359
Non-controlling interests of the subsidiaries	25,849,032	17,443,527		
	<u>93,888,218</u>	<u>214,304,647</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(68,564,735)	239,626,204	75,280,671	264,188,075
Non-controlling interests of the subsidiaries	6,919,901	14,227,701		
	<u>(61,644,834)</u>	<u>253,853,905</u>		
<b>Basic earnings per share</b>	33			
Profit attributable to equity holders of the Company	<u>0.08</u>	<u>0.22</u>	<u>0.14</u>	<u>0.22</u>

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

Thai Wah Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2019

	Consolidated financial statements												(Unit: Baht)	
	Equity attributable to owners of the Company													
	Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Surplus on changes in the ownership interests in subsidiary	Retained earnings		Other components of equity					Total equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	Unrealised gain (loss) on changes in fair value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currencies	Total other components of shareholders' equity	Total equity attributable to owners of the Company				
<b>Balance as at 1 January 2018</b>	880,420,930	300,740,523	764,866,016	-	89,705,000	3,452,966,364	(82,809,730)	(59,558,126)	(142,367,856)	5,346,330,977	559,780,425	5,906,111,402		
Profit for the year	-	-	-	-	-	196,861,120	-	-	-	196,861,120	17,443,527	214,304,647		
Other comprehensive income for the year	-	-	-	-	-	-	66,547,704	(23,782,620)	42,765,084	42,765,084	(3,215,826)	39,549,258		
Total comprehensive income for the year	-	-	-	-	-	196,861,120	66,547,704	(23,782,620)	42,765,084	239,626,204	14,227,701	253,853,905		
Dividend paid (Note 28)	-	-	-	-	-	(281,723,168)	-	-	-	(281,723,168)	(12,098,896)	(293,822,064)		
<b>Balance as at 31 December 2018</b>	880,420,930	300,740,523	764,866,016	-	89,705,000	3,368,104,316	(16,262,026)	(83,340,746)	(99,602,772)	5,304,234,013	561,909,230	5,866,143,243		
<b>Balance as at 1 January 2019</b>	880,420,930	300,740,523	764,866,016	-	89,705,000	3,368,104,316	(16,262,026)	(83,340,746)	(99,602,772)	5,304,234,013	561,909,230	5,866,143,243		
Profit for the year	-	-	-	-	-	68,039,186	-	-	-	68,039,186	25,849,032	93,888,218		
Other comprehensive income for the year	-	-	-	-	-	(28,433,793)	(18,805,549)	(89,364,579)	(108,170,128)	(136,603,921)	(18,929,131)	(155,533,052)		
Total comprehensive income for the year	-	-	-	-	-	39,605,393	(18,805,549)	(89,364,579)	(108,170,128)	(68,564,735)	6,919,901	(61,644,834)		
Surplus on changes in the ownership interests in subsidiary (Note 15)	-	-	-	66,886,183	-	-	-	-	-	66,886,183	(286,886,183)	(220,000,000)		
Dividend paid (Note 28)	-	-	-	-	-	(281,723,556)	-	-	-	(281,723,556)	(7,379,562)	(289,103,118)		
<b>Balance as at 31 December 2019</b>	880,420,930	300,740,523	764,866,016	66,886,183	89,705,000	3,125,986,153	(35,067,575)	(172,705,325)	(207,772,900)	5,020,831,905	274,563,386	5,295,395,291		

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

Thai Wah Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2019

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Retained earnings		Other components of equity Unrealised gain (loss) on changes in fair value of available-for-sale investments	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2018</b>	880,420,930	300,740,523	764,866,016	89,705,000	2,584,670,212	(82,833,259)	4,537,569,422
Profit for the year	-	-	-	-	197,648,359	-	197,648,359
Other comprehensive income for the year	-	-	-	-	-	66,539,716	66,539,716
Total comprehensive income for the year	-	-	-	-	197,648,359	66,539,716	264,188,075
Dividend paid (Note 28)	-	-	-	-	(281,723,168)	-	(281,723,168)
<b>Balance as at 31 December 2018</b>	880,420,930	300,740,523	764,866,016	89,705,000	2,500,595,403	(16,293,543)	4,520,034,329
<b>Balance as at 1 January 2019</b>	880,420,930	300,740,523	764,866,016	89,705,000	2,500,595,403	(16,293,543)	4,520,034,329
Profit for the year	-	-	-	-	121,999,727	-	121,999,727
Other comprehensive income for the year	-	-	-	-	(27,925,976)	(18,793,080)	(46,719,056)
Total comprehensive income for the year	-	-	-	-	94,073,751	(18,793,080)	75,280,671
Dividend paid (Note 28)	-	-	-	-	(281,723,556)	-	(281,723,556)
<b>Balance as at 31 December 2019</b>	880,420,930	300,740,523	764,866,016	89,705,000	2,312,945,598	(35,086,623)	4,313,591,444

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



Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	125,774,409	272,245,225	122,619,794	236,376,256
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Loss from the fire	-	17,470,243	-	-
Claim refund from the fire	(12,149,334)	(10,000,000)	-	-
Depreciation and amortisation	352,368,873	277,260,862	215,198,103	153,816,348
Amortisation of premium on other long-term investments	-	2,269,822	-	2,269,822
Bad debt and increase in (reversal of) allowance for doubtful accounts	8,260,734	4,456,763	1,090,861	3,174,252
Increase in allowance for impairment on investments in subsidiaries	-	-	58,536	51,537
Increase in (reversal of) allowance for reducing cost of inventories to net realisable value	(9,927,755)	15,242,107	(7,709,170)	6,578,790
Increase in (reversal of) allowance for impairment on rental prepayment	(4,000,000)	4,000,000	(4,000,000)	4,000,000
Reversal of allowance for impairment on property, plant and equipment	(2,625,305)	-	(2,625,305)	-
Loss on write-off of property, plant and equipment	10,714,862	2,317,419	10,065,217	1,301
Loss on write-off of intangible assets	-	7	-	-
Loss (gain) on sales of intangible assets	20,932	(396)	20,932	(396)
Loss on sales of property, plant and equipment	10,332,244	421,210	11,409,986	1,466,607
Gain on sales of current investments	(6,879,743)	(7,209,572)	(5,814,579)	(7,209,572)
Gain on sales of other long-term investments	-	(974,480)	-	(974,480)
Gain on reclassification of investments	-	(10,471,625)	-	(10,471,625)
Loss on redemption of matured current investments	1,479,348	-	1,479,348	-
Unrealised loss (gain) on changes in fair value of current investments	(180,378)	3,668,923	(59,827)	3,668,923
Unrealised loss (gain) on exchange rates	(1,771,083)	4,937,524	(2,204,560)	2,869,239
Amortised transaction cost of debenture	927,638	-	927,638	-
Provision for long-term employee benefits	65,209,607	23,839,142	52,697,993	18,598,783
Actuarial loss from other long-term employee benefits	10,018,127	-	9,159,934	-
Interest income	(17,140,677)	(22,095,461)	(39,523,008)	(36,892,818)
Share of loss from investments in associates	4,536,595	1,868,657	-	-
Dividend income from related parties	(32,748,682)	(1,322,476)	(120,439,959)	(26,887,057)
Interest expenses	46,639,017	7,381,361	39,109,525	2,378,747
Profit from operating activities before changes in operating assets and liabilities	548,859,429	585,305,255	281,461,459	352,814,657

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

**Thai Wah Public Company Limited and its subsidiaries**
**Statement of cash flows (continued)**
**For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating assets (increase) decrease				
Trade and other receivables	(1,001,849)	(234,019)	(11,042,140)	(13,523,537)
Inventories	(149,653,260)	(163,221,452)	(157,880,836)	(35,759,437)
Other current assets	27,359,019	(33,789,473)	53,832,884	(40,210,707)
Other non-current assets	29,576,218	(43,474,027)	19,463,781	(30,738,499)
Operating liabilities increase (decrease)				
Trade and other payables	24,801,521	(44,433,016)	(34,083,235)	(79,043,657)
Other current liabilities	49,972,074	5,176,850	2,363,517	6,648,728
Other non-current liabilities	(7,709,723)	(958,290)	85,395	7
Advance received of VAT refund from the Revenue Department	9,279,724	-	9,279,724	-
Cash flows from operating activities	531,483,153	304,371,828	163,480,549	160,187,555
Proceeds from claim refund from the fire	12,149,334	10,000,000	-	-
Cash paid for long-term employee benefits	(13,744,416)	(15,044,265)	(10,576,494)	(6,685,642)
Cash paid for income tax expenses	(63,882,506)	(94,117,268)	(37,397,792)	(52,311,941)
<b>Net cash flows from operating activities</b>	<b>466,005,565</b>	<b>205,210,295</b>	<b>115,506,263</b>	<b>101,189,972</b>
<b>Cash flows from investing activities</b>				
Interest received	18,134,552	25,556,787	34,630,608	40,074,137
Increase in short-term loans to related parties	-	-	(228,266,506)	(82,600,000)
Decrease (increase) in long-term loans to related parties	-	-	141,049,819	(35,000,000)
Acquisition of current investments	(2,328,450,157)	(1,330,120,922)	(1,968,205,929)	(1,329,758,068)
Acquisition of other long-term investments	-	(26,241,628)	-	(26,241,628)
Acquisition of investments in subsidiaries	-	-	(83,423,700)	(33,230,000)
Acquisition of property, plant and equipment	(1,188,961,081)	(497,676,850)	(1,021,459,249)	(303,070,945)
Acquisition of intangible assets	(40,551,212)	(10,701,873)	(15,921,930)	(4,238,820)
Proceeds from sale of current investments	2,478,773,699	1,558,645,881	2,158,529,471	1,558,645,881
Proceeds from redemption of matured current investments	81,798,204	6,048,052	50,000,000	6,048,052
Proceeds from sale of other long-term investments	-	52,308,544	-	52,308,544
Proceeds from redemption of matured other long-term investment	-	160,000,000	-	160,000,000
Proceeds from sale of property, plant and equipment	9,879,578	3,872,053	4,597,915	2,826,357
Proceeds from sale of intangible assets	3,841	28,755	3,841	28,755
Cash paid by subsidiary for acquisition of investments to non-controlling interest of subsidiary	(220,000,000)	-	-	-
Dividends received from related parties	32,748,682	1,322,476	120,439,959	26,887,057
<b>Net cash flows from (used in) investing activities</b>	<b>(1,156,623,894)</b>	<b>(56,958,725)</b>	<b>(808,025,701)</b>	<b>32,679,322</b>

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

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from financing activities</b>				
Decrease in restricted bank deposits	39,809,361	-	-	-
Increase in short-term loans from financial institutions	55,940,058	64,049,563	100,000,000	-
Increase (decrease) in short-term loans from related parties	-	-	(168,000,000)	175,600,000
Cash paid under finance lease agreements	(4,069,359)	(3,763,246)	(4,069,359)	(3,763,246)
Cash received from long-term loans from financial institution	200,000,000	-	200,000,000	-
Repayment of long-term loans from financial institutions	(30,000,000)	(30,500,000)	(30,000,000)	-
Cash received from debenture issuance	1,000,000,000	-	1,000,000,000	-
Cash paid for transaction cost of debenture	(4,235,039)	-	(4,235,039)	-
Interest paid	(39,001,168)	(7,358,377)	(31,814,086)	(2,060,746)
Dividends paid	(282,710,935)	(281,571,870)	(282,710,935)	(281,571,870)
Dividends paid by the subsidiaries to non-controlling interests	(7,379,562)	(12,098,896)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>928,353,356</b>	<b>(271,242,826)</b>	<b>779,170,581</b>	<b>(111,795,862)</b>
Translation adjustments	(59,190,508)	(25,461,451)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>178,544,519</b>	<b>(148,452,707)</b>	<b>86,651,143</b>	<b>22,073,432</b>
Cash and cash equivalents at beginning of year	678,620,456	827,073,163	233,300,237	211,226,805
<b>Cash and cash equivalents at end of year</b>	<b>857,164,975</b>	<b>678,620,456</b>	<b>319,951,380</b>	<b>233,300,237</b>

**Supplemental cash flow information**

Non-cash items

Undue installments for acquisition of property, plant and equipment	62,214,966	45,621,227	57,188,989	31,687,386
Undue installments for acquisition of computer software	1,359,044	4,791,763	1,351,030	1,541,763
Purchases of vehicles under financial lease agreements	1,118,000	552,000	1,118,000	552,000
Sales of equipment that has not yet been collected	-	-	9,235,347	5,893,451
Transfer of prepayment for acquisition of assets to machinery and equipment	-	1,962,769	-	-
Transfer of other non-current assets to plant and equipment	-	9,102,823	-	-
Transfer of investment properties to land	-	29,357,781	-	-
Dividend payables	354,569	1,341,948	354,569	1,341,948
Decrease in trade and other receivables from bad debts written-off	10,399,294	15,594	159,771	15,594
Reclassification of other long-term investments to current investments	-	375,982,506	-	375,982,506
Unrealised gain (loss) on changes in fair value of current and other long-term investments	(23,491,350)	83,174,646	(23,491,350)	83,174,646
Transfer of long-term loans to short-term loans to related party	-	-	-	70,000,000
Transfer of short-term loans to long-term loans to related parties	-	-	694,276,506	11,514,287
Actuarial loss	(35,230,143)	-	(34,907,470)	-
Transfer of other current assets to other non-current assets	-	41,514,720	-	30,557,999

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

## **Thai Wah Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2019**

#### **1. General information**

Thai Wah Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Stock Exchange of Thailand on 1 October 2015. The Company was formed as a result of the amalgamation between Thai Wah Starch Public Company Limited (“TWS”) and Thai Wah Food Products Public Company Limited (“TWFP”). The Company is principally engaged in the manufacture and distribution of vermicelli, tapioca starch and other food products. On 1 November 2019, the Company changed the registered address to be 21/11, 21/13 Thai Wah Tower 1, 6th floor, South Sathorn Road, Tungmahamek, 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 Thai Wah Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
Thai Wah Alpha Starch Company Limited	Manufacture of alpha starch	Thailand	100.00	100.00
DI Company Limited	Manufacture of tapioca starch	Thailand	99.98	99.98
Thai Nam Tapioca Company Limited	Manufacture of tapioca starch	Thailand	70.00	70.00
Tay Ninh Tapioca Joint Stock Company <sup>(1)</sup>	Manufacture of tapioca starch, glucose and candy	Vietnam	70.00	70.00
Thai Wah International Trade (Shanghai) Company Limited	Distribution of tapioca starch	China	100.00	100.00
TWPC Investment (Cambodia) Company Limited	Manufacture and distribution of related products of tapioca starch	Cambodia	100.00	100.00
Thai Wah Vietnam Company Limited	Manufacture and distribution of food products (vermicelli and other products)	Vietnam	100.00	100.00
Tapioca Development Corporation Limited <sup>(2)</sup>	Manufacture and distribution of modified tapioca starch	Thailand	100.00	66.67
Thai Wah Bio Power Limited	Generation and sale of electricity	Thailand	99.99	99.99
Bangpakong Turakij Company Limited	Landholding	Thailand	100.00	100.00
Chiang Saen Land Company Limited	Landholding	Thailand	100.00	100.00
Thai Wah (6) Company Limited	Landholding	Thailand	100.00	100.00
Bang Thao (6) Company Limited	Landholding	Thailand	100.00	100.00
Tha Thungna Land Company Limited	Landholding	Thailand	100.00	100.00
Thai Sin Tapioca (1989) Company Limited	Landholding	Thailand	100.00	100.00
Mae Hong Son Land Development Limited	Landholding	Thailand	84.99	84.99

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
Thai Nam Tapioca (1) Company Limited	Landholding	Thailand	70.00	70.00
Phang Nga Resorts Limited	Landholding	Thailand	100.00	100.00
Bang Thao (5) Company Limited	Landholding	Thailand	100.00	100.00
Mae Joe Land Company Limited <sup>(3)</sup>	Landholding	Thailand	50.01	50.01
Thai Modified Starch Company Limited	Landholding	Thailand	94.75	94.75

<sup>(1)</sup> The shareholding percentage in Tay Ninh Tapioca Joint Stock Company included indirect holding of 0.01% by a subsidiary of the Company.

<sup>(2)</sup> The shareholding percentage in Tapioca Development Corporation Limited included indirect holding of 66.67% by a subsidiary of the Company

<sup>(3)</sup> The shareholding percentage in Mae Joe Land Company Limited included indirect holding of 0.02% by a subsidiary of the Company

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiaries and associate are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.



- 2.3 The separate financial statements present investments in subsidiaries and associates 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 periods 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 Company's and its subsidiaries' 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 modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the following practical expedient.

- Not to restate completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

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

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

**Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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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 expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards to 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 expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets and the Group's liabilities.

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

#### 4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The amounts of adjustments affecting the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

(Unit: Million Baht)			
For the year ended 31 December 2019			
Consolidated financial statements			
	Previous accounting policy	Increase (decrease)	TFRS 15
<b>Statement of comprehensive income</b>			
<b>Profit or loss:</b>			
Sales of goods	7,336.44	(25.99)	7,310.45
Service income	12.55	-	12.55
Claim refund from the fire	12.15	-	12.15
Dividend income	32.75	-	32.75
Other income	55.93	-	55.93
Cost of sales	(6,111.06)	(10.79)	(6,121.85)
Cost of services	(11.60)	-	(11.60)
Selling and distribution expenses	(600.11)	36.78	(563.33)
Administrative expenses	(549.16)	-	(549.16)
Share of loss from investments in associates	(4.54)	-	(4.54)
Finance cost	(47.57)	-	(47.57)
Income tax expenses	(31.89)	-	(31.89)
<b>Profit for the year</b>	<b>93.89</b>	<b>-</b>	<b>93.89</b>

(Unit: Million Baht)

For the year ended 31 December 2019

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
<b>Statement of comprehensive income</b>			
<b>Profit or loss:</b>			
Sales of goods	5,211.70	(25.99)	5,185.71
Service income	4.22	-	4.22
Dividend income	120.44	-	120.44
Other income	75.58	-	75.58
Cost of sales	(4,405.05)	(10.79)	(4,415.84)
Cost of service	(3.50)	-	(3.50)
Selling and distribution expenses	(410.02)	36.78	(373.24)
Administrative expenses	(430.71)	-	(430.71)
Finance cost	(40.04)	-	(40.04)
Income tax expenses	(0.62)	-	(0.62)
<b>Profit for the year</b>	<b>122.00</b>	<b>-</b>	<b>122.00</b>

The nature of these adjustments is described below:

- Considerations paid to customers in accordance with traditional business practice
  - the Group has determined that there are some commercial terms and considerations payable to customers as a result of determining the price with customers. As a result, the Group may have to make payment or provide special discounts to customers, especially modern trade customers, and these amounts should be recognised net with sales of the year. Previously, they were recognised and classified as selling and distribution expenses.

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Revenue from sales 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.

### *Rendering of services*

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

### *Rental income*

Rental income arising from operating leases of properties is accounted for on a straight-line basis over the lease terms and treated as revenue earned in the ordinary course of business.

### *Interest income*

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

### *Dividends*

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

## **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 and other accounts receivable**

Trade and other 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 and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of cost (under the weighted average 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 available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. 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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

## **5.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).



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

## **5.7 Property, plant and equipment / Depreciation**

Land and land improvement are 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 costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvement	5-40 years
Machinery and equipment	5-20 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	5-15 years

Depreciation is included in determining income.

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

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

## **5.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **5.9 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the 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 for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets is calculated by reference to their costs on the straight line basis over the following estimated useful lives:

Leasehold rights on land	30 - 50 years
Customer relationship	4 - 16 years
Computer software	3 - 10 years

No amortisation is provided on intangible assets under installation. Intangible asset with indefinite useful life i.e. trademarks is not amortised, but is tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful life of the intangible assets is reviewed annually.

#### **5.10 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 on 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.

### **5.11 Related party transactions**

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

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

### **5.12 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 the shorter of the useful life of the asset and the lease period.

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.

### **5.13 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 recognised in determining income.

#### 5.14 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill and intangible asset with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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 Company 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.

## 5.15 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 and other long-term employee benefits*

#### *Defined contribution plans*

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

#### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payment it must make to employees upon retirement under labor law and other special retirement benefits when they reach the retirement age in accordance with the Group policy and other employee benefit plans. The Group treats these severance payment obligations and special benefit as defined benefit plans. In addition, the Group provides other long-term employee benefit plans, namely long service awards.

The obligations under the defined benefit plans and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

## 5.16 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.

## 5.17 Income tax

Income tax expense represents the current tax and deferred tax.

### Current tax

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

### Deferred tax

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

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

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

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

## 5.18 Derivatives

### Forward exchange contracts

The notional amounts of the forward exchange contracts utilised by the Group are not recognised as assets or liabilities upon inception of the agreements. Gains and losses are included in determining income in the period of utilisation.

### Foreign exchange and currency option agreements

The notional amounts of the foreign exchange rate option agreements utilised by the Group are not recognised as assets or liabilities upon inception of the agreements. Gains and losses are included in determining income in the period of option utilisation.

## 5.19 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 a buyer and a seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its 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 techniques 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 categories 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:

### Impairment of investments

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



### **Goodwill and intangible assets from amalgamation**

The initial recognition and measurement of goodwill and intangible assets from amalgamation, 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.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, gold inflation rate, mortality rate and staff turnover rate.

## **7. Impact of fire**

On 25 March 2018, there was a fire at a factory of Thai Nam Tapioca Co., Ltd. (the subsidiary) in Udon Thani province. The subsidiary estimated its damaged assets and recognised losses due to the fire totaling Baht 17.47 million in profit or loss for the year ended 31 December 2018. This caused earnings per share of the consolidated financial statements to decrease by Baht 0.02 per share, as detailed below.

1. The subsidiary wrote-off damaged inventories from the fire, totaling Baht 0.02 million, at cost.
2. The subsidiary wrote-off damaged assets from the fire which included its machinery and equipment with net book value amounting to Baht 15.19 million.
3. Other expenses such as preliminary recovery expenses amounted to Baht 2.26 million.

However, the subsidiary has an Accidental Damage (Property) Insurance Policy coverage for the replacement value of property damage caused by the fire and for business interruption. The sum insured under the policy is as follows:

	<u>Million Baht</u>
Property damage	330.00
Inventory damage	120.00
Business interruption	220.00

The insurance company assessed losses and finalised the compensation of Baht 22.15 million payable to the subsidiary. During the year 2018, the subsidiary received partial compensation of Baht 10 million from its insurance company. During the current year, the subsidiary received the remaining balance of compensation of Baht 12.15 million from its insurance company.

## **8. Related party transactions**

Relationships between the Company and its related parties are summarised below.

<u>Name of related parties</u>	<u>Relationship</u>
Thai Wah Alpha Starch Company Limited	Subsidiary
DI Company Limited	Subsidiary
Thai Nam Tapioca Company Limited	Subsidiary
Tay Ninh Tapioca Joint Stock Company	Subsidiary
Thai Wah International Trade (Shanghai) Company Limited	Subsidiary
TWPC Investment (Cambodia) Company Limited	Subsidiary
Thai Wah Vietnam Company Limited	Subsidiary
Tapioca Development Corporation Limited	Subsidiary
Thai Wah Bio Power Limited	Subsidiary
Bangpakong Turakij Company Limited	Subsidiary
Chiang Saen Land Company Limited	Subsidiary
Thai Wah (6) Company Limited	Subsidiary
Bang Thao (6) Company Limited	Subsidiary
Tha Thungna Land Company Limited	Subsidiary
Thai Sin Tapioca (1989) Company Limited	Subsidiary
Mae Hong Son Land Development Limited	Subsidiary
Thai Nam Tapioca (1) Company Limited	Subsidiary

Name of related parties	Relationship
Phang Nga Resort Limited	Subsidiary
Bang Thao (5) Company Limited	Subsidiary
Thai Modified Starch Company Limited	Subsidiary
Mae Joe Land Company Limited	Subsidiary
Asia Tapioca Products Company Limited	Associate
Vietnam Tapioca Company Limited	Indirect associate
Laguna Resort & Hotels Public Company Limited	Common shareholders and directors
Japan Corn Starch Company Limited*	Shareholder of subsidiary
International Commercial Development Company Limited	Shareholder of subsidiary
Tay Ninh Sugar Corporation	Shareholder of subsidiary
Thai Wah Tower Company Limited	Common directors
Thai Wah Tower (2) Company Limited	Common directors
Thai Wah Plaza Limited	Common directors
Banyan Tree Holdings Limited	Common directors
Banyan Tree Hotel Management (Beijing) Company Limited	Common directors
Thanh Thanh Cong Packing Trading Production Joint Stock Company	Common shareholder with the subsidiary
Laguna (Vietnam) Company Limited	Common shareholders and directors

\* Japan Corn Starch Company Limited has not been a related party since 24 April 2019

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

(Unit: Million Baht)

	For the year ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from consolidated financial statements)					
Purchases of goods	-	-	1,444	1,445	Cost plus margin
Sales of goods	-	-	1,267	902	Cost plus margin
Dividends received	-	-	88	26	As declared
Rental and service income	-	-	7	7	Contract price
Rental and service expenses	-	-	1	3	Contract price
Interest income	-	-	31	21	Contract rate
Interest expense	-	-	3	1	Contract rate
Other income	-	-	12	6	Actual charge
Other expenses	-	-	5	10	Actual charge
<b><u>Transactions with associates</u></b>					
Purchases of goods	-	46	-	-	Cost plus margin
<b><u>Transactions with related companies</u></b>					
Purchases of goods	13	2	-	-	Cost plus margin
Sales of goods	24	40	-	-	Cost plus margin
Dividends received	33	1	33	1	As declared
Dividends paid	7	12	-	-	As declared
Rental and service expenses	31	32	17	18	Contract price
Other expenses	9	8	8	8	Actual charge

8.2 As at 31 December 2019 and 2018, the balances of the accounts in the statements of financial position between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Trade and other receivables - related parties (Note 11)</b>				
Subsidiaries	-	-	342,288	252,800
Related companies	37	1,903	32	49
Total	37	1,903	342,320	252,849
Less: Allowance for doubtful debts	-	-	(54,672)	(53,435)
Total trade and other receivables - related parties - net	37	1,903	287,648	199,414

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	80,551	546,561
Less: Allowance for doubtful debts	-	-	-	-
Total short-term loans to related parties - net	-	-	80,551	546,561
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	590,789	37,562
Less: Allowance for doubtful debts	-	-	(26,048)	(26,048)
Long-term loans to related parties - net	-	-	564,741	11,514
Less: Current portion	-	-	-	(11,514)
Total long-term loans to related parties - net of current portion	-	-	564,741	-
<b>Trade and other payables - related parties (Note 22)</b>				
Subsidiaries	-	-	26,423	82,991
Related companies	2,484	129	267	96
Total trade and other payables - related parties	2,484	129	26,690	83,087
<b>Short-term loans and accrued interests from related parties</b>				
Subsidiaries	-	-	7,600	175,600
Related company	2,698	2,675	-	-
Total short-term loans and accrued interests from related parties	2,698	2,675	7,600	175,600

### 8.3 During the year, movements of short-term loans to related parties are as follows:

(Unit: Thousand Baht)

Short-term loans to subsidiaries	Separate financial statements				
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Reclassification of loans	Balance as at 31 December 2019
DI Company Limited	78,061	100,000	(97,510)	-	80,551
Thai Nam Tapioca Company Limited	-	210,000	(210,000)	-	-
Thai Wah Bio Power Limited	358,500	215,000	-	(573,500)	-
TWPC Investment (Cambodia) Company Limited	40,000	20,000	(9,223)	(50,777)	-
Thai Wah Vietnam Company Limited	70,000	-	-	(70,000)	-
Total	546,561	545,000	(316,733)	(694,277)	80,551
Less: Allowance for doubtful debts	-	-	-	-	-
Net	546,561	545,000	(316,733)	(694,277)	80,551

As at 31 December 2019, short-term loans to subsidiaries mature at call and carry interests at a rate of 4.91% per annum (31 December 2018: 3.13% and 4.00% per annum).

### 8.4 During the year, movements of long-term loans to related parties are as follows:

(Unit: Thousand Baht)

Long-term loans to subsidiaries	Separate financial statements				
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Reclassification of loans	Balance as at 31 December 2019
Phang Nga Resorts Limited	11,161	-	-	-	11,161
Bang Thao (5) Company Limited	6,839	-	-	-	6,839
Chiang Saen Land Company Limited	7,754	-	-	-	7,754
Bang Thao (6) Company Limited	935	-	-	-	935
Tha Thungna Land Company Limited	390	-	-	-	390
Mae Hong Son Land Development Limited	1,635	-	-	-	1,635
Thai Nam Tapioca (1) Company Limited	800	-	-	-	800
Mae Joe Land Company Limited	8,048	-	-	-	8,048
Thai Wah Bio Power Limited	-	-	(146,000)	573,500	427,500
TWPC Investment (Cambodia) Company Limited	-	5,000	(50)	50,777	55,727
Thai Wah Vietnam Company Limited	-	-	-	70,000	70,000
Total	37,562	5,000	(146,050)	694,277	590,789
Less: Allowance for doubtful debts	(26,048)	-	-	-	(26,048)
Net	11,514	5,000	(146,050)	694,277	564,741

As at 31 December 2019, long-term loans to subsidiaries mature in December 2020 as stated in loan agreements and carry interest at 4.00% and 4.91% per annum (31 December 2018: 3.13% per annum).

- 8.5 During the year, movements of short-term loans and accrued interests from related parties are as follows:

(Unit: Thousand Baht)

Consolidated financial statements			
Balance as at			Balance as at
1 January	Increase	Decrease	31 December
2019	during the year	during the year	2019

**Short-term loan and accrued interests from related party**

International Commercial

Development Company Limited	2,675	23	-	2,698
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(Unit: Thousand Baht)

Separate financial statements			
Balance as at			Balance as at
1 January	Increase	Decrease	31 December
2019	during the year	during the year	2019

**Short-term loans from related parties**

Thai Modified Starch Company

Limited	7,600	-	-	7,600
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Thai Wah (6) Company Limited

	8,000	-	(8,000)	-
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Tapioca Development Corporation

Limited	160,000	80,000	(240,000)	-
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Total

	175,600	80,000	(248,000)	7,600
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As at 31 December 2019, short-term loans from related parties mature in December 2020 and carry interest at a rate between 0.85% and 1.70% per annum (31 December 2018: 1.10% and 2.15% per annum).



## 8.6 Directors and management's benefits

During the year, the Group had employee benefit expenses payable to the directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2019	2018
Short-term employee benefits	50,136	45,985
Post-employment benefits	7,467	2,584
Other long-term benefits	28	23
Total	57,631	48,592

## 9. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	2,115	3,577	699	628
Bank deposits	855,050	675,043	319,252	232,672
Total	857,165	678,620	319,951	233,300

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interest between 0.10% and 5.00% per annum (2018: 0.125% and 5.50% per annum).

## 10. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
<u>Investments in trading securities</u>				
- Debt securities	161,107	155,889	212,586	208,098
- Open ended funds	226,718	228,447	370,161	370,980
Total investments in trading securities - net	387,825	<u>384,336</u>	582,747	<u>579,078</u>
Unrealised gain (loss) from changes in fair value of investments	(3,489)		(3,669)	
Net	384,336		579,078	
Bank deposit	-		31,799	
Total current investments - net	<u>384,336</u>		<u>610,877</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
<u>Investments in trading securities</u>				
- Debt securities	161,107	155,889	212,586	208,098
- Open ended funds	185,652	187,261	370,161	370,980
Total investments in trading securities - net	346,759	<u>343,150</u>	582,747	<u>579,078</u>
Unrealised gain (loss) on changes in fair value of investments	(3,609)		(3,669)	
Net	343,150		579,078	
Bank deposit	-		-	
Total current investments - net	<u>343,150</u>		<u>579,078</u>	

On 14 May 2018, the Company reclassified the remaining investments in held-to-maturity debt securities, with a net book value of Baht 375.98 million, and investments in available-for-sale securities, with a net book value of Baht 215.57 million, as investments in trading securities. Gains on differences between the carrying amounts of the investments and their fair values of Baht 10.47 million were recognised on the date of reclassification in profit or loss.

As at 31 December 2019, investments in debt securities carry interest rates between 3.66% and 4.96% per annum (31 December 2018: between 3.66% and 5.09% per annum).

As at 31 December 2018, a local subsidiary had six-month fixed deposits of Baht 31.80 million which carried interest at the rate of 1.15% per annum (2019: Nil).

During the year 2019, the Company sold investments in trading securities with book value totalling Baht 2,471.89 million (2018: Baht 1,551.44 million) (Separate financial statement: Baht 2,152.71 million and 2018: Baht 1,551.44 million) and recognised gains (after tax) on sales in profit or loss, amounting to Baht 5.50 million (2018: Baht 5.77 million) (Separate financial statement: Baht 4.65 million and 2018: Baht 5.77 million).

## 11. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	19	1,903	139,603	89,740
Past due				
Up to 3 months	18	-	72,235	50,823
3 - 6 months	-	-	3,757	335
6 - 12 months	-	-	1,209	-
Over 12 months	-	-	1,392	-
Total trade receivables - related parties	37	1,903	218,196	140,898

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	531,866	533,646	244,586	289,962
Past due				
Up to 3 months	170,691	172,932	60,543	81,126
3 - 6 months	11,945	8,297	700	929
6 - 12 months	2,111	5,382	21	2,062
Over 12 months	2,520	49	2,178	49
Total	719,133	720,306	308,028	374,128
Less: Allowance for doubtful debts	(2,413)	(4,552)	(2,204)	(2,510)
Total trade receivables - unrelated parties - net	716,720	715,754	305,824	371,618
Total trade receivables - net	716,757	717,657	524,020	512,516
<u>Other receivables</u>				
Interest receivable - related parties	-	-	75,221	69,271
Interest receivable - unrelated parties	1,504	2,408	1,126	2,184
Other receivables - related parties	1	-	48,903	42,680
Other receivables - unrelated parties	5,480	9,631	918	1,821
Total	6,985	12,039	126,168	115,956
Less: Allowance for doubtful debts	-	-	(54,672)	(53,435)
Total other receivables - net	6,985	12,039	71,496	62,521
Total trade and other receivables - net	723,742	729,696	595,516	575,037

## 12. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	761,681	748,179	(11,553)	(24,693)	750,128	723,486
Raw materials	242,499	139,309	(708)	(90)	241,791	139,219
Goods in transit	29,754	26,984	-	-	29,754	26,984
Packing materials	62,321	43,747	(3,277)	(1,325)	59,044	42,422
Factory supplies	70,494	59,138	(4,186)	(3,544)	66,308	55,594
Other	330	69	-	-	330	69
Total	<u>1,167,079</u>	<u>1,017,426</u>	<u>(19,724)</u>	<u>(29,652)</u>	<u>1,147,355</u>	<u>987,774</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	367,722	260,657	(2,225)	(12,261)	365,497	248,396
Raw materials	102,547	74,720	(11)	-	102,536	74,720
Goods in transit	29,077	26,676	-	-	29,077	26,676
Packing materials	47,658	30,610	(2,550)	(935)	45,108	29,675
Factory supplies	33,525	29,985	(1,699)	(998)	31,826	28,987
Total	<u>580,529</u>	<u>422,648</u>	<u>(6,485)</u>	<u>(14,194)</u>	<u>574,044</u>	<u>408,454</u>

## 13. Restricted bank deposits

As at 31 December 2019, fixed deposits which the subsidiaries pledged with the banks to secure credit facilities carried interest at the rate of 0.30% - 6.60% per annum (2018: 0.85% - 6.50% per annum).

## 14. Investments in associates

### 14.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600	21,149	32,356
Total					31,600	31,600	21,149	32,356

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2019	2018	2019	2018
			(%)	(%)		
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600
Total					31,600	31,600

### 14.2 Share of comprehensive income and dividend received

During the year, the Company has recognised share of comprehensive income from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Associates	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2019	2018	2019	2018	2019	2018
Asia Tapioca Products Company Limited	(4,537)	(1,869)	(6,670)	672	-	-
Total	(4,537)	(1,869)	(6,670)	672	-	-

### 14.3 Summarised financial information about material associates

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

(Unit: Million Baht)

	Asia Tapioca Products Company Limited	
	2019	2018
Current assets	76.92	97.62
Non-current assets	36.32	66.48
Current liabilities	(24.29)	(22.51)
Non-current liabilities	(3.89)	(4.78)
Less: Non-controlling interests of the subsidiary	(25.44)	(39.71)
Net assets	59.62	97.10
Shareholding percentage (%)	30.00	30.00
Share of net assets	17.89	29.13
Elimination entries	3.26	3.23
Carrying amounts of associates based on equity method	21.15	32.36

Summarised information about comprehensive income for the year ended 31 December 2019 and 2018 is as follows:

(Unit: Million Baht)

	Asia Tapioca Products Company Limited	
	2019	2018
Revenue	218.20	279.15
Profit (loss)	(20.18)	(6.27)
Total comprehensive income	(21.22)	(3.08)



## 15. Investments in subsidiaries

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

	Country of incorporation	Paid-up capital		Percentage of shareholding		Investments at cost method	
		2019	2018	2019	2018	2019	2018
		(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
<b>Investments in subsidiary companies</b>							
<b>Agricultural business</b>							
Thai Wah Alpha Starch Company Limited	Thailand	18.00	18.00	99.99	99.99	17,999	17,999
DI Company Limited	Thailand	10.00	10.00	99.93	99.93	9,408	9,408
Thai Nam Tapioca Company Limited	Thailand	86.60	86.60	70.00	70.00	60,620	60,620
Tay Ninh Tapioca Joint Stock Company	Vietnam	192.53	192.53	69.99	69.99	86,877	86,877
Thai Wah International Trade (Shanghai) Company Limited	China	5.27	5.27	100.00	100.00	5,267	5,267
TWPC Investment (Cambodia) Company Limited	Cambodia	46.72	33.68	100.00	100.00	46,721	33,683
Thai Wah Vietnam Company Limited	Vietnam	98.22	67.83	100.00	100.00	98,217	67,830
Tapioca Development Corporation Limited*	Thailand	50.00	50.00	33.33	33.33	54,751	54,751
<b>Land holding and others</b>							
Thai Wah Bio Power Limited	Thailand	450.00	450.00	99.99	99.99	469,012	469,012
Bangpakong Turakij Company Limited	Thailand	91.00	91.00	99.99	99.99	90,999	90,999
Chiang Saen Land Company Limited	Thailand	75.00	75.00	99.99	99.99	74,999	74,999
Thai Wah (6) Company Limited	Thailand	69.00	29.00	99.99	99.99	68,998	28,999
Bang Thao (6) Company Limited	Thailand	21.50	21.50	99.99	99.99	21,499	21,499
Tha Thungna Land Company Limited	Thailand	15.00	15.00	99.99	99.99	14,999	14,999
Thai Sin Tapioca (1989) Company Limited	Thailand	5.00	5.00	99.99	99.99	4,999	4,999
Mae Hong Son Land Development Limited	Thailand	2.00	2.00	84.97	84.97	1,699	1,699
Thai Nam Tapioca (1) Company Limited	Thailand	1.00	1.00	69.95	69.95	700	700
Phang Nga Resorts Limited	Thailand	1.00	1.00	99.93	99.93	999	999
Bang Thao (5) Company Limited	Thailand	0.25	0.25	99.93	99.93	250	250
Thai Modified Starch Company Limited	Thailand	10.00	10.00	94.62	94.62	9,462	9,462
Mae Joe Land Company Limited	Thailand	3.00	3.00	49.99	49.99	1,500	1,500
Total						1,139,975	1,056,551
Less: Allowance for impairment of investments						(444,348)	(444,289)
<b>Investments in subsidiaries - net</b>						<b>695,627</b>	<b>612,262</b>

\* The shareholding percentage in Tapioca Development Corporation Limited included indirect holding of 66.67% by a subsidiary of the Company

The Company recognised dividend income from subsidiaries in the separate financial statements for the year ended 31 December 2019 and 2018 as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2019	2018
Tay Ninh Tapioca Joint Stock Company	14,360	25,565
Tapioca Development Corporation Limited	73,331	-
Total	87,691	25,565

On 22 February 2018, a meeting of the Company's Board of Directors approved an increase of USD 1 million or Baht 33.23 million in the registered capital of Thai Wah Vietnam Company Limited (a subsidiary) in Vietnam, resulting in a total registered share capital of USD 2 million. The Company is holding 100% of its shares in this company.

On 8 November 2018, a meeting of the Company's Board of Directors approved an increase in the registered capital of TWPC Investment (Cambodia) Company Limited (a subsidiary) in Cambodia of USD 2 million, from the existing registered capital of USD 1 million to USD 3 million. During the current year, the Company transferred USD 410,000 or Baht 13.04 million for the payment of capital investment in the said subsidiary. The Company is holding 100% of the shares in this company.

On 24 April 2019, Thai Wah Bio Power Limited (TWBP), the subsidiary, in which the Company holds 99.99% of the share capital, entered into Shares Sale and Purchase Agreement to purchase ordinary shares of Tapioca Development Corporation Limited (TDC), the subsidiary, in which the Company holds 33.33% and TWBP holds 33.34% of the share capital, from Japan Corn Starch Company Limited at 166,668 ordinary shares or 33.33% of total shares of TDC at the total purchase price of Baht 220 million. In this regard, TWBP holds 66.67% of the total shares in TDC and the Group's investment proportion in TDC increased from 66.67% to 100% (of the total 500,004 issued and paid up shares of TDC).

The purchase transaction of investment in the subsidiary was detailed below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Purchase price	220,000
Less: Adjusted non-controlling interests of subsidiary	(286,886)
Surplus on changes in the ownership interests in subsidiary	66,886

On 9 May 2019, a meeting of the Company's Board of Directors approved an increase of USD 1 million in the registered capital of Thai Wah Vietnam Company Limited (a subsidiary) in Vietnam, resulting in a total registered share capital of USD 3 million. During the current year, the Company transferred USD 1 million or Baht 30.39 million for the payment of capital investment in the said subsidiary. The Company is holding 100% of its shares in this company.

On 14 November 2019, a meeting of the Company's Board of Directors approved an increase of Baht 40 million in the registered capital of Thai Wah (6) Company Limited (a subsidiary), resulting in a total registered share capital of Baht 69 million. The Company is holding 100% of its shares in this company.

## 15.2 Details of investments in subsidiaries that have material non-controlling interests

	(Unit: Million Baht)							
Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year ended		Dividend paid to non-controlling interests during the year ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(%)	(%)						
Thai Nam Tapioca Company Limited	30.00	30.00	126.93	138.02	11.99	9.89	-	-
Tay Ninh Tapioca Joint Stock Company	30.00	30.00	206.91	225.10	10.91	12.47	7.38	12.10
Tapioca Development Corporation Limited	-	33.33	-	275.84	-	(4.09)	-	-

15.3 Summarised financial information based on amounts before inter-company elimination of subsidiaries that have material non-controlling interests.

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

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2019	2018	2019	2018	2019	2018
Current assets	305.19	329.38	418.95	441.50	461.90	628.45
Non-current assets	340.24	335.77	243.56	234.72	309.22	380.44
Current liabilities	203.48	267.44	96.92	52.92	75.28	96.17
Non-current liabilities	25.59	21.34	11.22	17.60	60.80	60.68

Summarised information of comprehensive income for the year ended 31 December 2019 and 2018 is as follows:

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2019	2018	2019	2018	2019	2018
Revenue	1,449.03	1,455.69	974.07	1,003.25	951.65	983.99
Profit (loss)	39.98	32.98	36.35	41.57	3.00	(12.28)
Total comprehensive income	39.98	32.98	36.35	41.57	3.00	(12.28)

Summarised information of cash flows for the year ended 31 December 2019 and 2018 is as follows:

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2019	2018	2019	2018	2019	2018
Cash flows from operating activities	195.59	34.62	0.82	49.13	65.59	46.74
Cash flows from investing activities	(48.98)	(69.24)	(82.10)	(4.29)	182.72	(195.76)
Cash flows from financing activities	(59.75)	39.70	(5.40)	(42.61)	(217.01)	-
Net increase (decrease) in cash and cash equivalents	86.86	5.08	(86.68)	2.23	31.30	(149.02)

#### 15.4 Impairment testing of investments in subsidiaries

For the purpose of impairment testing of investments in subsidiaries, the Company determined the recoverable amount of some significant investments in subsidiaries which have events indicating that assets may be impaired. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows were determined using cash flow projections covering a five-year period extracted from financial budgets approved by the management.

Key assumptions used in the value in use calculations are summarised below:

	(Unit: % per annum)	
	2019	2018
Long-term growth rate	1.00	-
Discount rate	8.58 to 10.58	10.41 and 11.58

The management determined the budgeted gross profit margin and growth rate based on historical operating results and expected market growth of those subsidiaries. The discount rate used reflects specific risks relating to the relevant segments of those subsidiaries.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industries in which those subsidiaries operate.

The management determined that allowance for impairment of investments in subsidiaries of Baht 444.35 million (2018: Baht 444.29 million), which was recorded in the statements of financial position as at 31 December 2019, was adequate.

## 16. Other long-term investments

(Unit: Thousand Baht)		
Consolidated / Separate		
financial statements		
	2019	2018
<u>Investments in available-for-sale securities</u>		
Laguna Resorts & Hotels Public Company Limited	174,010	174,010
Less: Unrealised loss on changes in fair value of investments	(27,842)	(4,350)
Total investments in available-for-sale securities - net	146,168	169,660
<u>Other long-term investments</u>		
Tropical Resorts Limited	45,703	45,703
Less: Allowance for impairment of investments	(45,703)	(45,703)
Other long-term investments - net	-	-
Total other long-term investments - net	146,168	169,660

## 17. Investment properties

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost	185,221	185,221	504	504
Less: Allowance for impairment of assets	(53,766)	(53,766)	-	-
Investment properties, net	131,455	131,455	504	504

Movements of the investment properties during the year ended 31 December 2019 and 2018 are as summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value as at the beginning of the year	131,455	160,813	504	504
Transfer to land	-	(29,358)	-	-
Reversal of allowance for impairment during the year	-	-	-	-
Net book value as at 31 December	131,455	131,455	504	504

The investment properties of the Group represent land awaiting for sale. Their fair value has been determined based on the valuation performed by an accredited independent valuer, using comparative method. As at 31 December 2019 and 2018, their fair value is amounting to Baht 363.7 million (Separate financial statements: Baht 193.9 million).

## 18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	
<b>Cost:</b>							
1 January 2018	368,490	1,146,661	2,542,599	123,570	167,480	452,251	4,801,051
Additions	12,038	10,603	50,342	12,774	35,361	379,011	500,129
Transfer from investment properties	29,358	-	-	-	-	-	29,358
Transfer from other non-current asset	-	-	-	9,103	-	-	9,103
Disposals	-	(5,847)	(27,144)	(2,850)	(768)	-	(36,609)
Write-off	-	(2,851)	(47,462)	(7,642)	(380)	(15,397)	(73,732)
Transfer in (out)	6,485	129,221	309,020	4,305	1,721	(448,934)	1,818
Translation adjustment	70	(204)	(2,838)	15	(183)	(1,535)	(4,675)
31 December 2018	416,441	1,277,583	2,824,517	139,275	203,231	365,396	5,226,443
Additions	188,444	229,949	205,779	23,934	28,053	562,483	1,238,642
Disposals	-	(9,219)	(32,722)	(19,501)	(20,499)	-	(81,941)
Write-off	-	(11,410)	(6,115)	(3,081)	-	(2,601)	(23,207)
Transfer in (out)	14,812	359,491	390,572	5,110	(1,980)	(799,974)	(31,969)
Translation adjustment	(1,586)	(36,847)	(110,692)	(975)	(5,209)	(3,783)	(159,092)
31 December 2019	618,111	1,809,547	3,271,339	144,762	203,596	121,520	6,168,875



(Unit: Thousand Baht)

## Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Accumulated depreciation:</b>							
1 January 2018	-	(515,848)	(1,552,017)	(84,766)	(77,549)	-	(2,230,180)
Depreciation for the year	(248)	(43,627)	(166,266)	(18,137)	(21,575)	-	(249,853)
Depreciation on disposals	-	3,192	25,727	2,629	768	-	32,316
Depreciation on write-off	-	2,850	45,568	7,421	380	-	56,219
Translation adjustment	(1)	411	1,680	(10)	82	-	2,162
31 December 2018	(249)	(553,022)	(1,645,308)	(92,863)	(97,894)	-	(2,389,336)
Depreciation for the year	(1,152)	(62,628)	(219,351)	(14,523)	(24,658)	-	(322,312)
Depreciation on disposals	-	2,654	23,596	18,226	17,253	-	61,729
Depreciation on write-off	-	3,948	6,081	3,067	(604)	-	12,492
Translation adjustment	52	24,524	87,610	314	2,963	-	115,463
31 December 2019	(1,349)	(584,524)	(1,747,372)	(85,779)	(102,940)	-	(2,521,964)
<b>Allowance for impairment:</b>							
1 January 2018	-	(6,825)	-	-	-	(2,625)	(9,450)
Increase during the year	-	-	-	-	-	-	-
31 December 2018	-	(6,825)	-	-	-	(2,625)	(9,450)
Reversal during the year	-	-	-	-	-	2,625	2,625
31 December 2019	-	(6,825)	-	-	-	-	(6,825)
<b>Net book value:</b>							
31 December 2018	416,192	717,736	1,179,209	46,412	105,337	362,771	2,827,657
31 December 2019	616,762	1,218,198	1,523,967	58,983	100,656	121,520	3,640,086
<b>Depreciation for the year</b>							
For the year ended 31 December 2018 (Baht 232.5 million included in manufacturing cost, and the balance in administrative expenses)							249,853
For the year ended 31 December 2019 (Baht 239.9 million included in manufacturing cost, and the balance in administrative expenses)							322,312

(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2018	244,391	750,886	1,100,700	90,597	92,876	141,048	2,420,498
Additions	990	8,195	40,586	9,993	21,194	226,231	307,189
Disposals	-	(5,847)	(11,947)	(2,606)	(768)	-	(21,168)
Write-off	-	(80)	(1,434)	(1,147)	(89)	-	(2,750)
Transfer in (out)	-	49,735	109,913	1,604	465	(161,849)	(132)
31 December 2018	245,381	802,889	1,237,818	98,441	113,678	205,430	2,703,637
Additions	188,444	224,133	176,864	17,337	23,106	419,867	1,049,751
Disposals	-	(9,218)	(30,808)	(19,383)	(3,955)	-	(63,364)
Write-off	-	(10,919)	(5,180)	-	-	(2,601)	(18,700)
Transfer in (out)	-	216,824	323,112	12,661	2,703	(556,972)	(1,672)
31 December 2019	433,825	1,223,709	1,701,806	109,056	135,532	65,724	3,669,652

## Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
<b>Accumulated depreciation:</b>							
1 January 2018	-	(315,877)	(634,701)	(58,682)	(35,571)	-	(1,044,831)
Depreciation for the year	-	(26,104)	(78,438)	(11,445)	(13,851)	-	(129,838)
Depreciation on disposals	-	3,192	10,530	2,385	768	-	16,875
Depreciation on write-off	-	80	1,433	1,147	89	-	2,749
31 December 2018	-	(338,709)	(701,176)	(66,595)	(48,565)	-	(1,155,045)
Depreciation for the year	-	(39,059)	(119,334)	(13,689)	(18,674)	-	(190,756)
Depreciation on disposals	-	2,657	21,690	18,147	1,520	-	44,014
Depreciation on write-off	-	3,456	5,179	-	-	-	8,635
31 December 2019	-	(371,655)	(793,641)	(62,137)	(65,719)	-	(1,293,152)
<b>Allowance for impairment:</b>							
1 January 2018	-	-	-	-	-	(2,625)	(2,625)
Increase during the year	-	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	(2,625)	(2,625)
Reversal during the year	-	-	-	-	-	2,625	2,625
31 December 2019	-	-	-	-	-	-	-
<b>Net book value:</b>							
31 December 2018	245,381	464,180	536,642	31,846	65,113	202,805	1,545,967
31 December 2019	433,825	852,054	908,165	46,919	69,813	65,724	2,376,500
<b>Depreciation for the year</b>							
For the year ended 31 December 2018 (Baht 115.5 million included in manufacturing cost, and the balance in administrative expenses)							129,838
For the year ended 31 December 2019 (Baht 173.2 million included in manufacturing cost, and the balance in administrative expenses)							190,756

As at 31 December 2019, the Company had vehicles under finance lease agreements with net book value amounting to Baht 10 million (2018: Baht 13 million).

As at 31 December 2019, certain plant, machinery and equipment items of the Group 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 506 million (2018: Baht 509 million) (Separate financial statements: Baht 402 million and 2018: Baht 216 million).

The Group has placed some of their land, construction and machinery with the net book value amounting to approximately Baht 530.92 million (2018: Baht 80.02 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Baht 372.48 million and 2018: Nil).

## 19. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements						
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
<b>31 December 2018</b>						
Cost	20,018	264,303	273,042	62,386	445	620,194
Less: Accumulated amortisation	(9,377)	-	(65,399)	(17,378)	-	(92,154)
31 December 2018	10,641	264,303	207,643	45,008	445	528,040
<b>31 December 2019</b>						
Cost	18,608	264,303	273,042	94,853	3,548	654,354
Less: Accumulated amortisation	(9,231)	-	(86,682)	(24,762)	-	(120,675)
31 December 2019	9,377	264,303	186,360	70,091	3,548	533,679

(Unit: Thousand Baht)

Separate financial statements						
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
<b>31 December 2018</b>						
Cost	600	264,303	247,223	51,830	445	564,401
Less: Accumulated amortisation	(568)	-	(62,171)	(15,759)	-	(78,498)
31 December 2018	32	264,303	185,052	36,071	445	485,903
<b>31 December 2019</b>						
Cost	600	264,303	247,223	63,610	3,548	579,284
Less: Accumulated amortisation	(588)	-	(80,873)	(20,656)	-	(102,117)
31 December 2019	12	264,303	166,350	42,954	3,548	477,167

A reconciliation of the net book value of intangible assets is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	543,301	504,262
Acquisition during the year - Cost	12,458	5,647
Disposal during the year - Net book value	(28)	(28)
Amortisation for the year	(27,408)	(23,978)
Translation adjustment	(283)	-
Net book value as at 31 December 2018	528,040	485,903
Acquisition during the year - Cost	37,118	15,731
Disposal during the year - Net book value	(25)	(25)
Amortisation for the year	(30,057)	(24,442)
Translation adjustment	(1,397)	-
Net book value as at 31 December 2019	533,679	477,167

## 20. Goodwill and intangible assets with indefinite useful lives

For the purpose of impairment testing, the Company allocated goodwill acquired in business combinations and trademarks with indefinite useful lives to each of the cash generating units (CGUs), as presented below:

	(Unit: Thousand Baht)	
	Food Segment	
	2019	2018
Goodwill	100,678	100,678
Trademarks with indefinite useful lives	264,303	264,303

The recoverable amount of each CGU is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period for food segment unit.

Key assumptions used in value in use calculations are summarised below:

	(Unit: % per annum)	
	2019	2018
Long-term growth rate	2.00	2.00
Discount rate	9.72	10.39

The management determined the budgeted gross profit margin and long-term growth rate based on past performance and its expectations of market development. The discount rate used reflects specific risks relating to the relevant segments.

The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Increase in the discount rate of 1.5% per annum (2018: 2% per annum) or decrease in the long-term growth rate of 3% per annum (2018: 3% per annum) would result in the recoverable amounts that are equal to the carrying amounts. The management considered and concluded that goodwill and trademarks with indefinite useful lives did not impair.

## 21. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate (% per annum)		Consolidated		Separate	
	2019	2018	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018	2019	2018
Promissory notes	1.50 - 2.92	2.90	260,000	220,000	100,000	-
Short-term loans	5.27	-	15,940	-	-	-
Total			275,940	220,000	100,000	-

Short-term loans from financial institutions are secured by the mortgage of land and construction thereon of a local subsidiary as described in Note 18.

## 22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - related parties	2,217	-	25,731	82,310
Trade payables - unrelated parties	248,577	240,487	128,189	119,556
Other payables - related parties	267	129	603	777
Payables for purchase of fixed assets - related parties	-	-	356	-
Payables for purchase of fixed assets - unrelated parties	63,574	50,413	58,184	33,229
Payables for electricity charges	24,371	25,999	14,488	12,975
Accrued factory expenses	76,685	60,839	58,701	47,399
Accrued expenses	123,400	115,118	81,392	72,787
Total trade and other payables	539,091	492,985	367,644	369,033

## 23. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2019	2018
Liabilities under finance lease agreements	10,637	13,933
Less : Deferred interest expenses	(1,021)	(1,366)
Total	9,616	12,567
Less : Portion due within one year	(4,591)	(4,072)
Liabilities under finance lease agreements - net of current portion	5,025	8,495

The Company has entered into the finance lease agreements with leasing companies to rent of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2019	2018	2019	2018	2019	2018
Future minimum lease payments	5,226	4,837	5,411	9,096	10,637	13,933
Deferred interest expenses	(635)	(765)	(386)	(601)	(1,021)	(1,366)
Present value of future minimum lease payments	4,591	4,072	5,025	8,495	9,616	12,567

#### 24. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated / Separate financial statements	
			2019	2018
1	Prime rate - 2.50%	Monthly installments of Baht 5 million and mature in June 2026	170,000	-
Less: Current portion			(60,000)	-
Long-term loans from financial institutions - net of current portion			110,000	-

Movement of the long-term loans account during the year ended 31 December 2019 is summarised below:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2019	-
Add: Additional borrowings	200,000
Less: Repayment	(30,000)
Balance as at 31 December 2019	170,000



The loans are secured by the mortgage of land and construction thereon of the Company as described in Note 18.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 220 million (2018: Nil).

## 25. Debentures

				Consolidated / Separate financial statements			
				Number of debenture		Amount	
				(Units)		(Thousand Baht)	
No.	Interest rate (% per annum)	Age	Maturity	2019	2018	2019	2018
No. 1/2019	4.00	3 years	24 April 2022	1,000,000	-	1,000,000	-
Less: Unamortised portion of deferred transaction costs						(3,307)	-
Debentures - net						996,693	-
Less: Current portion of debentures						-	-
Debentures - net of current portion						996,693	-

Movements in debentures account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2019	-
Add: Issuance of debentures during the year	1,000,000
Less: Redemption of debentures during the year	-
Transaction costs of debenture issuance	(4,235)
Amortisation of transaction costs of debenture during the year	928
Balance as at 31 December 2019	996,693

On 24 April 2019, the Company issued debentures to the institutions and high net-worth investors as approved by the shareholders at the Annual General Meeting held on 27 April 2018. The debentures are registered unsubordinated and unsecured debentures with a debenture holders' representatives in the name - registered certificate at 1 million units, Baht 1,000 par value, totaling principal amount of Baht 1,000 million. The debentures have a term of 3 years with a fixed interest rate of 4% per annum. The interest is payable every 6 months throughout the debenture term. The proceeds from the issuance of debentures were used for business expansion and used as general working capital.

In addition, the debentures were issued with covenants relating to various matters such as maintaining the debt-to-equity ratio of not exceeding 1.5 times at every quarter end.

## 26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2019 and 2018 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for compensation on				
employees' retirement	259,120	172,409	213,468	136,211
Provision for special retirement benefits	3,822	3,881	2,935	2,947
Provision for long service awards	63,096	53,035	46,815	37,871
Total	326,038	229,325	263,218	177,029

Provision for long-term employee benefits is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
<b>Provision for long-term employee</b>						
<b>benefits as at the beginning of year</b>	176,290	53,035	229,325	168,860	51,670	220,530
Current service cost	15,828	3,990	19,818	14,760	3,878	18,638
Interest cost	4,206	1,341	5,547	3,872	1,329	5,201
Past service cost	39,844	-	39,844	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	-	-
Financial assumptions changes	43,590	9,022	52,612	-	-	-
Experience adjustments	(8,360)	996	(7,364)	-	-	-
Benefits paid during the year	(8,456)	(5,288)	(13,744)	(11,202)	(3,842)	(15,044)
<b>Provision for long-term employee</b>						
<b>benefits as at 31 December</b>	262,942	63,096	326,038	176,290	53,035	229,325

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
<b>Provision for long-term employee</b>						
<b>benefits as at the beginning of year</b>	139,158	37,871	177,029	128,394	36,722	165,116
Current service cost	12,261	2,924	15,185	12,067	2,674	14,741
Interest cost	3,275	859	4,134	2,991	867	3,858
Past service cost	33,379	-	33,379	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	-	-
Financial assumptions changes	34,988	6,753	41,741	-	-	-
Experience adjustments	(81)	2,407	2,326	-	-	-
Benefits paid during the year	(6,577)	(3,999)	(10,576)	(4,294)	(2,392)	(6,686)
<b>Provision for long-term employee</b>						
<b>benefits as at 31 December</b>	216,403	46,815	263,218	139,158	37,871	177,029

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 39.84 million (The Company only: Baht 33.38 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the income statement of the current year.

Actuarial losses arising from provision for defined benefit plans which were recognised in other comprehensive income of the Group in the year 2019 amounted to Baht 35.23 million (Separate financial statements: Baht 34.91 million) (2018: Nil).

The Group expects to pay Baht 24.81 million of long-term employee benefits during the next year (2018: Baht 9.15 million) (Separate financial statements: Baht 19.98 million and 2018: Baht 6.72 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 5 - 8 years (2018: 5 - 8 years) (Separate financial statements: 8 years and 2018: 8 years).

Significant actuarial assumptions at the valuation date are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate (% per annum)	1.50 (Thailand) 3.50 (Vietnam)	2.50 (Thailand) 5.25 (Vietnam)	1.50	2.50
Salary increase rate (% per annum)	4 - 8	4 - 7	4 - 8	4 - 7
Turnover rate (% per annum)	2 - 23	2 - 23	2 - 23	2 - 23
Gold price (Baht)	22,660	21,115	22,660	21,115

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

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(11,448)	19,682	(8,596)	17,059
Salary increase rate (+/- 1.00%)	31,921	(22,914)	27,198	(18,414)
Turnover rate (+/- 1.00%)	(7,438)	12,864	(10,095)	10,785
Gold price (+/- Baht 1,000)	4,078	(2,065)	2,551	(1,275)

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(12,467)	7,718	(12,145)	3,714
Salary increase rate (+/- 1.00%)	17,664	(20,501)	11,658	(18,543)
Turnover rate (+/- 1.00%)	(9,904)	4,904	(10,095)	1,458
Gold price (+/- Baht 1,000)	3,471	(2,419)	2,551	(1,630)

## 27. Other non-current liabilities

Other non-current liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Advance received of VAT refund				
from the Revenue Department	9,280	-	9,280	-
Other	3,136	10,846	3,133	3,048
<b>Total</b>	<b>12,416</b>	<b>10,846</b>	<b>12,413</b>	<b>3,048</b>

Advance received of value added tax refund from the Revenue Department of Baht 9.28 million is being examined by the Revenue Department. The Company pledged letters of guarantee issued by banks as collateral to the Revenue Department.

## 28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends from retained earnings as at 31 December 2018	Annual General Meeting of the shareholders on 26 April 2019	281,723	0.32
Total dividends for 2019		281,723	0.32
Dividends from retained earnings as at 31 December 2017	Annual General Meeting of the shareholders on 27 April 2018	281,723	0.32
Total dividends for 2018		281,723	0.32

## 29. 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% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve at least 5% of their net income each time the subsidiaries pay a dividend, until such reserve reaches 10% of their registered share capital. The statutory reserve can neither be used to offset with deficit nor be used for dividend payment.

### 30. Expenses by nature

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	1,034,703	942,937	782,837	671,911
Depreciation	322,312	249,853	190,756	129,838
Amortisation	30,057	27,408	24,442	23,978
Rental and service expenses from operating lease agreements	70,324	66,969	34,997	35,108
Raw materials and consumables used	3,999,465	5,072,065	2,019,561	1,915,351
Changes in finished goods	13,502	278,911	107,065	106,661

### 31. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	44,816	74,752	13,630	47,634
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(12,816)	(16,753)	(13,010)	(8,906)
Translation adjustment	(114)	(58)	-	-
<b>Income tax expenses reported in profit or loss</b>	<b>31,886</b>	<b>57,941</b>	<b>620</b>	<b>38,728</b>



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax related to unrealised gain (loss) from the change in fair value of investments in available-for-sale securities	(4,698)	16,635	(4,698)	16,635
Deferred tax related to actuarial loss	(7,046)	-	(6,981)	-
Total	(11,744)	16,635	(11,679)	16,635

The reconciliation between accounting profits and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	125,774	272,245	122,620	236,376
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	26,115	55,838	24,524	47,275
Adjustment in respect of current income tax at previous year	(754)	(565)	(830)	(471)
Effects of:				
Promotional privileges (Note 32)	231	-	231	-
Non-deductible expenses	7,582	5,228	4,398	1,534
Additional deductible expenses	(5,368)	(6,169)	(4,235)	(4,959)
Tax losses	15,712	5,109	-	-
Share of loss from investments in associates	907	374	-	-
Dividend income	(6,550)	(264)	(24,088)	(5,377)
Translation adjustment	(4,509)	(2,496)	-	-
Others	(1,480)	886	620	726
Total	6,525	2,668	(23,074)	(8,076)
Income tax expenses reported in profit or loss	31,886	57,941	620	38,728

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	65,269	45,861	52,644	35,406
Liabilities under finance lease agreements	1,923	2,513	1,923	2,513
Allowance for reducing cost of inventories to net realisable value	1,591	4,346	916	2,692
Unutilised tax losses	2,385	4,705	-	-
Others	9,281	12,066	4,750	6,147
<b>Total</b>	<b>80,449</b>	<b>69,491</b>	<b>60,233</b>	<b>46,758</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - building and equipment	33,310	33,188	22,826	23,432
Unrealised gain on changes in fair value of available-for-sale securities	7,245	11,943	7,245	11,943
Vehicles under finance lease agreements	2,152	2,600	2,152	2,600
Surplus of fair value from the amalgamation	135,782	141,395	135,782	141,395
Surplus of fair value from acquisition of subsidiary	31,041	34,181	-	-
Others	347	172	323	172
<b>Total</b>	<b>209,877</b>	<b>223,479</b>	<b>168,328</b>	<b>179,542</b>
<b>Net deferred tax liabilities</b>	<b>(129,428)</b>	<b>(153,988)</b>	<b>(108,095)</b>	<b>(132,784)</b>
Presented in the statements of financial position as follows:				
Deferred tax assets	6,725	9,701	-	-
Deferred tax liabilities	(136,153)	(163,689)	(108,095)	(132,784)
<b>Net deferred tax liabilities</b>	<b>(129,428)</b>	<b>(153,988)</b>	<b>(108,095)</b>	<b>(132,784)</b>

As at 31 December 2019, the subsidiaries had unused tax losses totaling Baht 117.02 million (2018: Baht 61.27 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 117.02 million (2018: Baht 61.27 million) will expire by 2024 (2018: 2023).

### 32. Promotional privileges

The Company received promotional privileges from the Board of Investment for the manufacture of producing dried rice noodles, pursuant to the investment promotion certificate No. 59-0098-0-00-1-2 issued on 20 January 2016. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100% of investment capital exclusive of land and working capital.

The local subsidiary received promotional privileges from the Board of Investment for the production of biogas and electricity, pursuant to the investment promotion certificate No. 60-0077-1-00-1-0 issued on 23 January 2017. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100% of investment capital exclusive of land and working capital.

The Group's operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales						
Domestic sales	1,671	-	4,480,312	4,102,368	4,481,983	4,102,368
Export sales	21,600	-	2,806,870	3,145,495	2,828,470	3,145,495
Total sales	23,271	-	7,287,182	7,247,863	7,310,453	7,247,863

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales						
Domestic sales	1,671	-	1,879,718	1,903,852	1,881,389	1,903,852
Export sales	21,607	-	3,282,718	3,188,188	3,304,325	3,188,188
Total sales	23,278	-	5,162,436	5,092,040	5,185,714	5,092,040

### 33. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the years ended 31 December 2019 and 2018 (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	68,039	196,861	122,000	197,648
Number of ordinary shares (shares)	880,420,930	880,420,930	880,420,930	880,420,930
Earnings per share (Baht/share)	0.08	0.22	0.14	0.22

### 34. 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.

For management purposes, the Group is organised into business units based on their products and services and have reportable segments as follows:

- the manufacture and distribution of starch and other agricultural products
- the manufacture and distribution of vermicelli and other food products

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, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

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

The following tables present revenue and profit, total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Thousand Baht)					
For the year ended 31 December 2019					
	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	5,927,656	1,452,764	7,380,420	(57,415)	7,323,005
Claim refund from the fire	12,149	-	12,149	-	12,149
Interest revenue	9,063	8,078	17,141	-	17,141
Interest expense	(46,785)	(782)	(47,567)	-	(47,567)
Depreciation and amortisation	(262,587)	(89,782)	(352,369)	-	(352,369)
Gain on sale of current investments	2,102	4,778	6,880	-	6,880
Share of loss from investments in associates	-	(4,537)	(4,537)	-	(4,537)
Income tax expenses	(30,759)	(1,127)	(31,886)	-	(31,886)
<b>Segment profit</b>	<b>117</b>	<b>66,039</b>	<b>66,156</b>	<b>27,732</b>	<b>93,888</b>
<b>Timing of revenue recognition:</b>					
Revenue recognised at a point in time					7,310,453
Revenue recognised over time					12,552
Total revenue from contracts with customers					<u>7,323,005</u>
<b>Segment total assets</b>	<b>5,079,332</b>	<b>2,736,916</b>	<b>7,816,248</b>	<b>52,324</b>	<b>7,868,572</b>
Investments in associates accounted for by the equity method	-	21,149	21,149	-	21,149
Addition of non-current assets other than financial instruments and deferred tax assets	709,081	79,598	788,679	(188)	788,491
<b>Segment total liabilities</b>	<b>2,075,894</b>	<b>465,398</b>	<b>2,541,292</b>	<b>31,885</b>	<b>2,573,177</b>

(Unit: Thousand Baht)

For the year ended 31 December 2018

			Total reportable segments	Adjustments and eliminations	Consolidated financial statements
	Starch	Food			
Revenue from external customers	5,832,182	1,452,000	7,284,182	(36,319)	7,247,863
Claim refund from the fire	10,000	-	10,000	-	10,000
Interest revenue	9,157	12,938	22,095	-	22,095
Interest expenses	(6,351)	(1,030)	(7,381)	-	(7,381)
Depreciation and amortisation	198,726	78,535	277,261	-	277,261
Loss from the fire	(17,470)	-	(17,470)	-	(17,470)
Gain on sale of current investments	3,094	5,216	8,310	-	8,310
Share of loss from investments in associates	-	(1,869)	(1,869)	-	(1,869)
Income tax expenses	(29,181)	(28,760)	(57,941)	-	(57,941)
<b>Segment profit</b>	<b>129,338</b>	<b>84,967</b>	<b>214,305</b>	<b>-</b>	<b>214,305</b>
<b>Timing of revenue recognition:</b>					
Revenue recognised at a point in time					7,247,863
Revenue recognised over time					-
Total revenue from contracts with customers					<u>7,247,863</u>
<b>Segment total assets</b>	<b>4,225,542</b>	<b>2,811,408</b>	<b>7,036,950</b>	<b>35,628</b>	<b>7,072,578</b>
Investments in associates accounted for by the equity method	-	32,356	32,356	-	32,356
Addition of non-current assets other than financial instruments and deferred tax assets	248,201	7,788	255,989	-	255,989
<b>Segment total liabilities</b>	<b>754,774</b>	<b>416,033</b>	<b>1,170,807</b>	<b>35,628</b>	<b>1,206,435</b>

Revenue from external customers is based on locations of the Group.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Sales		
Thailand	5,031,100	5,389,987
Vietnam	978,950	995,063
China	1,287,211	862,813
Cambodia	25,744	-
Total	<u>7,323,005</u>	<u>7,247,863</u>

## Major customers

For the year 2019, the Group has revenue from one major customer in amount of Baht 837 million, arising from sales of starch segment (2018: Baht 984 million, arising from sales of starch segment).

### 35. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. During the year, the Group contributed Baht 14.56 million (2018: Baht 12.68 million) (Separate financial statements: Baht 12.55 million and 2018: Baht 10.73 million) to the fund.

### 36. Commitments and contingent liabilities

#### 36.1 Investment commitment

As at 31 December 2019, the Company was committed to pay uncalled portions of its investments in an overseas subsidiary and a local associate of approximately USD 1.59 million and Baht 10.43 million, respectively (2018: the Company was committed to pay uncalled portions of its investments in a local associate of approximately Baht 10.43 million).

#### 36.2 Capital commitments

The Group had commitments related to the construction of buildings and the purchases of machinery, equipment and computer software as follows:

(Unit: Million)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Baht	62.79	199.91	33.20	173.04
Vietnam Dong	22,088.19	3,987.10	-	-
US Dollar	0.18	0.42	0.18	-



### 36.3 Purchase of raw material commitments

The Group had outstanding future payment commitments in respect of agreements to purchase raw materials as follows:

	(Unit: Million)	
	Consolidated / Separate financial statements	
	2019	2018
US Dollar	3.92	4.92

### 36.4 Commitment under tapioca industry development cooperation agreement

The Company has collaborated with a local foundation on a project to jointly develop and bring new tapioca species to commercialisation. The Company received tapioca stems for propagation and cultivation. As at 31 December 2018, the Company had an obligation to return the tapioca stems with the maximum value of approximately Baht 23.30 million within 2019. This contract can be extended every three years and expired in 2018.

Subsequently, on 25 December 2018, the Company entered into an agreement with the foundation in order to extend the period of the aforementioned project for the next 3 years. The agreement will be expired in 2021. As a result, the Company has no obligation to return the tapioca stems to the foundation as specified in the previous agreement since the condition under this amended agreement requires that the tapioca stems as identified in the previous agreement are to be used to extend the planting area.

As at 31 December 2019, the Company had obligation to return the tapioca stems under condition as identified in the agreement with the maximum value of Baht 5 million.

### 36.5 Operating lease commitments

The Group has entered into several lease agreements in respect of the lease of land, office building space and office equipment. The terms of the agreements are generally 1 - 9 years. Operating lease agreements are non-cancellable.

Future minimum lease payments required under these non-cancellable operating leases are as follows:

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Baht				
Within 1 year	13.60	20.40	9.07	11.68
1 to 5 years	11.73	2.23	12.18	2.23
More than 5 years	-	-	-	-
Total	25.33	22.63	21.25	13.91
Vietnam Dong				
Within 1 year	6,340.24	5,812.44	-	-
1 to 5 years	22,480.98	19,714.38	-	-
More than 5 years	6,362.39	11,232.58	-	-
Total	35,183.61	36,759.40	-	-
Chinese Yuan				
Within 1 year	0.33	0.20	-	-
1 to 5 years	0.98	0.82	-	-
Total	1.31	1.02	-	-

### 36.6 Service agreement commitments

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Service agreements				
Baht	21.64	11.45	19.89	11.35
Vietnam Dong	267.25	296.80	-	-
Chinese Yuan	0.18	0.07	-	-

### 36.7 Guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Baht	71.13	42.12	52.77	18.88
Vietnam Dong	416.44	573.49	-	-

## 37. Financial instruments

### 37.1 Financial risk management and policies

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, current investments, short-term and long-term lending loans, other long-term investments, trade and other payables and short-term and long-term borrowing loans. The financial risks associated with these financial instruments and how they are managed are described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade account 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 receivables as stated in the statements of financial position.

## Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposits with financial institutions and short-term and long-term loans to related parties. However, since most of the financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets 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 rate			Non -		
	within	1 - 5	Floating	interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	850.68	6.48	857.16	0.1 - 5.0
Current investments	155.89	-	-	228.45	384.34	3.66 - 4.96
Trade and other receivables	-	-	-	723.74	723.74	-
Other long-term investments	-	-	-	146.17	146.17	-
Restricted bank deposits	25.74	-	-	-	25.74	0.3 - 6.6
	181.63	-	850.68	1,104.84	2,137.15	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	275.94	-	-	-	275.94	1.50 - 5.27
Trade and other payables	-	-	-	539.09	539.09	-
Short-term loan and accrued interest from related party	2.70	-	-	-	2.70	0.85
Finance lease liabilities	4.59	5.03	-	-	9.62	7.05 - 17.24
Long-term loans from financial institutions	60.00	110.00	-	-	170.00	Prime rate - 2.5
Debentures	-	996.69	-	-	996.69	4.15
	343.23	1,111.72	-	539.09	1,994.04	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2018

	Fixed interest rate		Non -		Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years	Floating interest rate	interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	7.11	-	658.89	12.62	678.62	0.125 - 5.50
Current investments	239.90	-	-	370.98	610.88	1.15 - 4.76
Trade and other receivables	-	-	-	729.70	729.70	-
Other long-term investments	-	-	-	169.66	169.66	-
Restricted bank deposits	65.56	-	-	-	65.56	0.85 - 6.50
	312.57	-	658.89	1,282.96	2,254.42	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	220.00	-	-	-	220.00	2.90
Trade and other payables	-	-	-	492.99	492.99	-
Short-term loan and accrued interest from related party	-	-	2.68	-	2.68	1.10
Finance lease liabilities	4.07	8.50	-	-	12.57	6.91 - 11.87
	224.07	8.50	2.68	492.99	728.24	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2019

	Fixed interest rate		Non -		Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years	Floating interest rate	interest bearing		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	316.50	3.45	319.95	0.125 - 0.375
Current investments	155.89	-	-	187.26	343.15	3.66 - 4.96
Trade and other receivables	-	-	-	595.52	595.52	-
Other long-term investments	-	-	-	146.17	146.17	-
Short-term loan to related parties	80.55	-	-	-	80.55	4.913
Long-term loan to related parties	-	564.74	-	-	564.74	4.00 - 4.913
	236.44	564.74	316.50	932.40	2,050.08	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	100.00	-	-	-	100.00	1.50
Trade and other payables	-	-	-	367.64	367.64	-
Short-term loan from related parties	7.60	-	-	-	7.60	1.70
Finance lease liabilities	4.59	5.03	-	-	9.62	7.05 - 17.24
Long-term loans from financial institutions	60.00	110.00	-	-	170.00	Prime rate - 2.50
Debentures	-	996.69	-	-	996.69	4.15
	172.19	1,111.72	-	367.64	1,651.55	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rate			Non -		
	within	1 - 5	Floating	interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	230.97	2.33	233.30	0.125 - 0.50
Current investments	208.10	-	-	370.98	579.08	2.41 - 4.76
Trade and other receivables	-	-	-	575.04	575.04	-
Other long-term investments	-	-	-	169.66	169.66	-
Short-term loan to related parties	-	-	546.56	-	546.56	3.132 - 4.0
Long-term loan to related parties	-	-	11.51	-	11.51	3.132
	208.10	-	789.04	1,118.01	2,115.15	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	369.03	369.03	-
Finance lease liabilities	4.07	8.50	-	-	12.57	6.91 - 11.87
Short-term loan from related parties	-	-	175.60	-	175.60	1.95 - 2.15
	4.07	8.50	175.60	369.03	557.20	

### Foreign currency risk

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

The significant balances of financial assets and liabilities denominated in foreign currencies of the Group as at 31 December 2019 and 2018 are summarised below.

Currencies	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	8.86	10.32	1.08	4.83	30.15	32.45
VND	-	0.38	-	-	0.0013	0.0014
IDR	-	1.52	-	-	0.0022	0.0022
EUR	-	0.19	-	-	33.73	37.72
SGD	-	-	0.002	0.001	22.32	23.70
CNY	-	0.005	-	-	4.31	4.71
KHR	25.84	89.49	-	-	0.7481	0.7941

As at 31 December 2019 and 2018, the Group has foreign exchange contracts and foreign exchange option agreements outstanding as summarised below.

31 December 2019						
Foreign currencies	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	
			Bought	Sold	Bought	Sold
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)			
<u>The Company</u>						
USD	600	9,035	30.18 - 30.30	30.01 - 30.29	17 March 2020 -	27 January 2020 -
			Baht against	Baht against	29 April 2020	30 June 2020
			USD	USD		
<u>Local subsidiary</u>						
USD	-	1,905	-	30.07 - 30.21	-	27 May 2020 -
				Baht against		12 June 2020
				USD		
<u>Overseas subsidiary</u>						
USD	1,300	-	7.0437 -	-	6 January 2020 -	-
			7.0807 CNY		20 January 2020	
			against USD			
31 December 2018						
Foreign currencies	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	
			Bought	Sold	Bought	Sold
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)			
<u>The Company</u>						
USD	-	6,300	-	32.26 - 32.98	-	13 February 2019 -
				Baht against		3 April 2019
				USD		
<u>Local subsidiary</u>						
USD	-	650	-	32.36 - 33.02	-	14 January 2019 -
				Baht against		3 April 2019
				USD		



As at 31 December 2019, the Company had outstanding foreign exchange and currency option agreements with a local bank under which the Company has obligations to sell amounts of USD 300,000 at the rate of Baht 30.19 per USD. These agreements will terminate within March 2020 (2018: Nil).

As at 31 December 2019, an overseas subsidiary had outstanding foreign exchange and currency option agreements with a local bank under which it has obligations to buy amounts of USD 1.3 million at the rate between CNY 7.0437 to 7.0807 per USD. These agreements will terminate within January 2020. (2018: Nil)

### 37.2 Fair values of financial instruments

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

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statements of financial position as at 31 December 2019 and 2018, is as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2019	2018	2019	2018	2019	2018	2019	2018
Derivatives gain (loss)	-	-	0.02	1.33	-	-	0.43	1.12

The methods used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term lending loans, accounts payable and short-term borrowing loans, their carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices as announced by the Thai Bond Market Association.
- For equity securities and open ended funds, their fair value is generally derived from quoted market prices.

- d) For debentures and long-term loan carrying interest which approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Group considered counterparty credit risk when determining the fair value of derivatives

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

### 38. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured and disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities	228.45	155.89	-	384.34
Investments in available-for-sale securities	146.17	-	-	146.17
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	363.72	-	363.72
Gain on derivatives	-	0.02	-	0.02

(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities	370.98	208.10	-	579.08
Investments in available-for-sale securities	169.66	-	-	169.66
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	363.72	-	363.72
Gain on derivatives	-	1.33	-	1.33

(Unit: Million Baht)

As at 31 December 2019

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities	187.26	155.89	-	343.15
Investments in available-for-sale securities	146.17	-	-	146.17
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	193.90	-	193.90
Gain on derivatives	-	0.43	-	0.43

(Unit: Million Baht)

As at 31 December 2018

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities	370.98	208.10	-	579.08
Investments in available-for-sale securities	169.66	-	-	169.66
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	193.90	-	193.90
Gain on derivatives	-	1.12	-	1.12

### **39. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its businesses and to maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.49:1 (2018: 0.21:1) (Separate financial statements: 0.48:1 and 2018: 0.20:1).

### **40. Event after the reporting period**

On 31 January 2020, Thai Wah(6) Company Limited, a subsidiary, in which the Company is holding 99.99% of the share capital, purchased 973,000 ordinary shares of Asia Tapioca Products Company Limited (ATP) (or 69.50% of the total 1,400,000 shares of issued and paid up shares of ATP), or a total of Baht 49.64 million. As a result of the transaction, the Group's investment proportion in ATP increased from 30% to 99.50% (of the total 1.40 million issued and paid up shares of ATP). The Company changed the recording of the investments in ATP from investments in associated company to investments in subsidiary from Thai Wah(6) Company Limited's investment date onwards.

PT Thai Wah Indonesia was registered in Indonesia on 7 February 2020, with the registered capital of IDR 10,000 million or Baht 23 million. The objective of the company is to engage in wholesale trading activities of tapioca starch products and rice flour products including starch related products such as vermicelli and noodles. The Group held both directly and indirectly 100% of the total shares of PT Thai Wah Indonesia.

On 25 February 2020, the meeting of the Company's Board of Directors passed the following resolution to propose to Annual General Meeting of the Company's shareholders for approval for dividend payment from the retained earnings as at 31 December 2019, to be paid in cash at a rate of Baht 0.134 per share. Payment of this dividend is dependent on approval being granted by the shareholders.

On 7 February 2020, the Annual General Meeting of an overseas subsidiary passed a resolution to approve the appropriation of dividend of VND 300 per share, totalling VND 3,362,436,000 from the profit for the year ended 31 December 2019.

### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

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## Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are made under normal commercial terms, determined at fair price and at arm's length basis, details as follows:

### Sales and Purchase of Goods

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (Million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPC	TWPL	Sales of goods	Market price	0.17	LRH	Common shareholders and directors	Sales of goods in the ordinary course of business
					KCH	Common-director	The price is based on normal commercial terms and at arms' length basis
					CSH	Common-director	
		Outstanding balance		0.03			

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (Million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPL	TWPC	Rental and service expenses for office at Bangkok and document storage (total area of 1,901 sqm.) at Thai Wah Tower 1 for 3 years from 1 June 2019 to 31 May 2022 and 1 Oct 2019 and 30 September 2022.	Rental and services expenses at the rate of Baht 286 - 289 /sqm. / month. Rental rate and service expenses are in line with market rate as compared with other buildings in a similar location, Terms and conditions are similar to those applied to other tenants.	17.49	LRH	Common shareholders and directors	Rental of the Group corporate head office. The building is well located and has good amenities
		Public utility expenses	Public utility expenses are charged as actual, similar to those charged to other tenants	3.48	KCH CSH	Common-director Common-director	Convenience of payment
		Outstanding balance		0.12			
TWPL	TWPC	Other service expenses	Actual charge at market price	3.87	LRH  KCH CSH	Common shareholders and directors Common-director Common-director	To facilitate the business operations of the Company

### Financial Assistance (Loan and Interest)

Lender	Borrower	Principal		Interest Income (Million Baht)	Interest Rate per Annum	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
		Amount (Million Baht)	Increase (Decrease)					
TWPC	MJ	8.05	-	0.36	Average cost of fund plus 1% per annum	TWPC US	Major shareholder Director from TWPC under the portion of shareholding	The Company granted loan to MJ in the past since the Company foresaw an opportunity to generate profit in the future. The Company held 49.99% shareholdings in MJ. After MJ disposed its land in 2003, MJ had partially settled its debts to the Company.  The Company has constantly reminded MJ to settle its outstanding debts owed to the Company. Unfortunately, MJ has experienced financial difficulties and does not have any other assets which could be sold to repay its outstanding debts owed to the Company. Apart from this, MJ's shareholders' equity is in negative. Therefore, the Company has set aside an allowance for doubtful debt in respect of MJ's total outstanding debts owed to the Company.



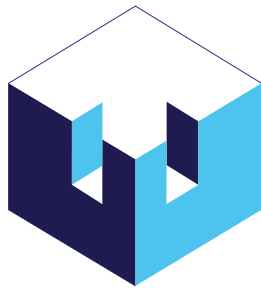
## Procedures for Approving Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are scrutinized by the Management and proposed to the Audit, Risk and Corporate Governance Committee to opine on the transactions. Once recommended by the Audit, Risk and Corporate Governance Committee, the transactions will be proposed to the Board of Directors or the shareholders for approval depending on the nature and size of transactions in accordance with the provisions of the Capital Market Supervisory Board. Any director or management who has an interest in or is related to such transaction will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis.

### Abbreviations

LRH	=	Laguna Resorts & Hotels Public Company Limited
MJ	=	Mae Joe Land Company Limited
TWPC	=	Thai Wah Public Company Limited
TWPL	=	Thai Wah Plaza Limited
KCH	=	Mr. Ho KwonCjan
US	=	Mr. Umnad Sukprasongphol
CSH	=	Mr. Shankar Chandran







**THAI WAH**  
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