



**DO DAY DREAM**  
PUBLIC COMPANY LIMITED

# ANNUAL 20 REPORT 19



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# OVERVIEW





## Message from Chairman



“The board of directors is dedicated fully effort and capability to fight against the crisis together with the Company. The Company also continue develop product and continue conduct marketing campaigns”

Do Day Dream Public Company Limited engages in manufacturing and distribution on skin care products known under its signature brand “**NAMU LIFE SNAILWHITE**” “Oxe'Cure” “SÖS” and “PRETTiiFACE”. Since 2017 that the Company was listed in the Stock Exchange of Thailand, we has developed in every business area e.g. launch new products, acquire modern machine and equipment in order to enhance production efficiency, improve employees' expertise, research new formula to satisfy consumers' need as well as places emphasis on international business expansion in Asia to broaden its customer base as well as serve the needs of consumers overseas.

Regarding the Company's performance in the past year, the overall performance result was declined from last year because unfavorable economic conditions, world economic fluctuation, and domestic situation that affected to the Company's business. However, the board of directors is dedicated fully effort and capability to fight against the crisis together with the Company. The Company also continue develop product, concentrate on product quality, and expand business as well as continue conduct marketing campaigns in order to deliver the best quality products to our customers and satisfy need of consumers. Moreover, the Company will not stop to develop the organization in all aspects to attain its business goals of uninterrupted growth as well as to generate highest returns back to all stakeholders with stability and sustainability.

Lastly, as Acting Chairman of the Board of Directors, I would like to extend our sincere gratitude to all affiliate, suppliers, and stakeholders for trust and support as well as thank you to our executives and employees for giving fully effort and capability to work for the Company. The Company will operate the business in accordance with good corporate governance principle and strive to develop the organization to achieve sustainable growth in order to become one of the top 3 leading beauty companies in Asia.

Mr. Rittikrai Thammaraksa  
(Acting Chairman of the Board of Directors)

## Message from CEO



“ Becoming one of  
the top 3 leading beauty  
companies in Asia  
in alignment with our motto  
“We Do to make every Day  
your Dream” ”

Since 2010, Do Day Dream Company Limited was established to operate facial care business and listed in the Stock Exchange of Thailand in 2017. Nowadays, the Company can prove that the Company is professional in operating skin care product business offering healthy skin of customers' own ways under the products name “NAMU LIFE SNAILWHITE” “Oxe'Cure” “SOS” and “PRETTiIFACE”.

In 2019, as published through many media, there are many companies affected from economic fluctuation and shut down. Although “Do Day Dream” was affected from economic situation e.g. appreciation of Thai Baht, weaker of Yuan, decreasing of Chinese tourist; the Company is still attempting to solve the problem and will not stop to develop our business as well as finding way to grow business. The Company has further expanded marketing channels to countries in South East Asia especially the Philippines and the CLMV countries with high growth potential. The Company still ramps up existing distribution channels in all countries that we operate in and keeps developing products that are perfect for skin conditions of Asian consumers regardless of gender and age in order to serve their needs of having beautiful and healthy-looking skin under its “Beauty is Healthy” concept. To become the leader in beauty business in Asia, the Company will not stop to develop quality and enhance variety of our products as well as expand all possible distribution channels.

Although, in 2019, the economic crisis was affected to the Company's overall performance result to be decreased, the Company is still seeing an opportunity to expand business. The Company has established new subsidiary, which is joint venture between the Company's subsidiary and Korean company. The purpose is to diversify risks and increase more customer groups. Through this joint venture, the Company will run business by produce, study, and research new product formulas under both existing brand and new brand in order to distribute our products to Asian countries as well as expand overseas market. Also, the Company will import many brand of products from overseas to sell within our country in order to expand customer base in various provinces.

As the CEO and on behalf of all employees, I would like to take this opportunity to make a commitment that the Company will continue developing the organization and release new products in order to achieve our aspiration of proudly becoming one of the top 3 leading beauty companies in Asia in alignment with our motto “We Do to make every Day your Dream” for the highest return, worth of investment fund, and sustainable interest of the shareholders.

Dr. Sarawut Pornpatanarak  
(Chief Executive Director)

## Vision

TO BE 1 OF THE 3 MARKET LEADERS  
IN THE ASIAN BEAUTY INDUSTRY

## Mission

WE CREATE HEALTHY SKIN FOR EVERYONE  
TO BE TRULY BEAUTIFUL IN THEIR OWN UNIQUE WAY

## Business Objectives

The Company attempt to be 1 of the 3 market leaders in the Asian beauty industry with below target:

1. Increase new products as well as expand distribution channels and marketing both in domestic and overseas to enhance ease of access for target customers and customers can remember the Company's trademark very well.
2. Continuously improve the Company's internal systems to enhance speed and effectiveness of operations, while maintaining good relations

## Core Value



### DYNAMIC

Robust growth while always being adaptive



### DIFFERENT

Commitment to continuous improvement  
for sustainability and stability



### DEVELOP

Fresh and uniquely innovative

# 2019 HIGHLIGHTS





## Company's Awards Year 2015 – 2019

# 2018



# 2017



# 2016



# 2015





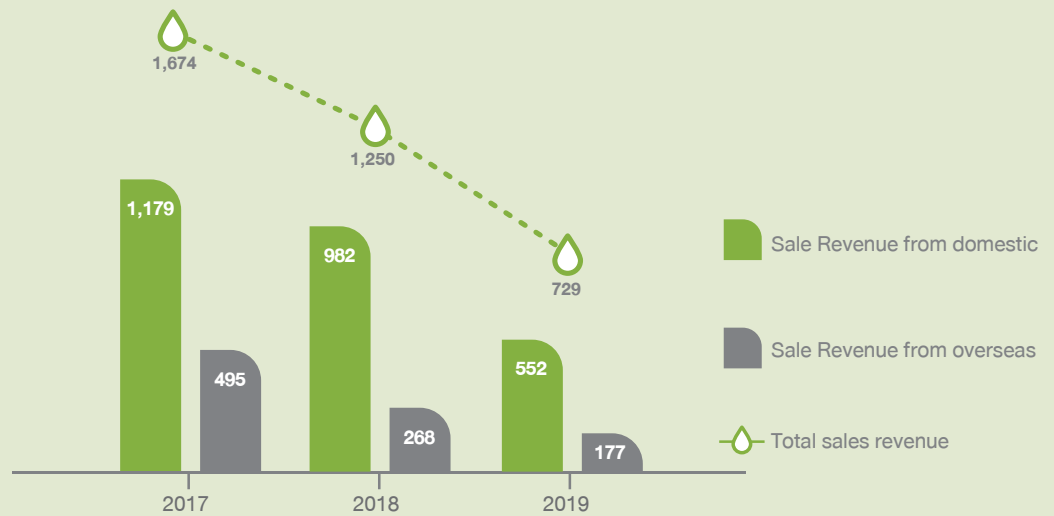
2019	Best Selling Acne Body Spray OXE'CURE BODY ACNE SPRAY	WATSONS HWB Awards
	Award Serum to add water to the skin. Iconic High Performane Hydrating Serum SÔS HYALURON X3 CONCENTRATE SERUM	Praew Magazine
2018	Popular Stock Award No. 7 in consumer products, the result from 4,000 sample investors, from 1 January - 31 December 2018, according to Yamane's criteria	Khaohoon Business Newspaper
	Health, Wellness and Beauty Award 2018 (HWB Award 2018)	
	1) Best Body Wash from NAMU LIFE SNAILWHITE Crème Body Wash Natural White 2) Best Selling Body Acne Spray product from Oxe'Cure Body Acne Spray	WATSONS
	C Channel Beauty Awards 2018 for Best Anti-Aging Moisturizer from NAMU LIFE SNAILWHITE GOLD	C Channel
	Lisa Beauty Choice Awards 2017 for "Best Day Cream" from NAMU LIFE SNAILWHITE DAY CREAM SPF20 PA	Lisa Magazine
2017	Best of New Product Launch 2017 for Bath Care from NAMU LIFE SNAILWHITE NAMU LIFE SNAILWHITE Crème Body Wash Natural White 500ml.	WATSONS
	Cleo Beauty Hall of Fame 2017	
	1) NAMU LIFE SNAILWHITE Miracle Intensive Repair for the Best Whitening 2) NAMU LIFE SNAILWHITE Mask Shot for the Best Mask	CLEO Magazine
	Lisa Beauty Choice Awards 2017 for "Best Facial Serum" from NAMU LIFE SNAILWHITE MIRACLE INCENTIVE REPAIR	Lisa Magazine
	Iconic Brightening Facial Sunscreen from NAMU LIFE SNAILWHITE Sunscreen	TMA
	No.1 Body Wash reviewed from real user from NAMU LIFE SNAILWHITE Crème Body Wash	Website Cosmenet
2016	Lisa Beauty Choice Award: Editor's Choice 2016 from product NAMU LIFE SNAILWHITE Miracle InCentive Repair	Lisa Magazine
	OK! Beauty Choice 2015 in Best Cleanser	OK! Magazine
	Top 5 Cleanser from Marie Claire BEST Beauty 2016 for the Best Beauty Product of Facial Cleansing	Marie Claire Magazine
	Iconic Beauty 2015 for ICONIC Whitening Facial Cleanser from NAMU LIFE SNAILWHITE Cleansing	Praew Magazine
	Health, Wellness and Beauty Award 2016 (HWB Award 2016) (1) Best Selling Natural Ingredient Moisture Facial Cream from NAMU LIFE SNAILWHITE Facial Cream (2) Best Body Cream for Brighter Skin from NAMU NAMU LIFE SNAILWHITE Body Booster (3) Best of the Best	WATSONS
2015	Cosmo Kiss Beauty Award 2015 for Best Facial Sheet Mask from NAMU LIFE SNAILWHITE Mask Shot	Cosmopolitan Magazine
	Health, Wellness and Beauty Award 2015 (HWB Award 2015) 1) Best of the Best from NAMU LIFE SNAILWHITE Snail Filtrate Moisture Facial Cream 2) Best Selling Natural Ingredient Moisture Facial Cream from NAMU LIFE SNAILWHITE Snail FILTRATE MOISTURE FACIAL CREAM	Watsons
	Iconic Beauty 2015 for Iconic Skin Brightening Facial Cleanser from NAMU LIFE SNAILWHITE CLEANSING	Praew Magazine
	Marie Claire Best Beauty 2015 for Most Impressive Performance Body Care from NAMU LIFE SNAILWHITE Body Booster	Marie Claire Magazine

# Financial Highlights

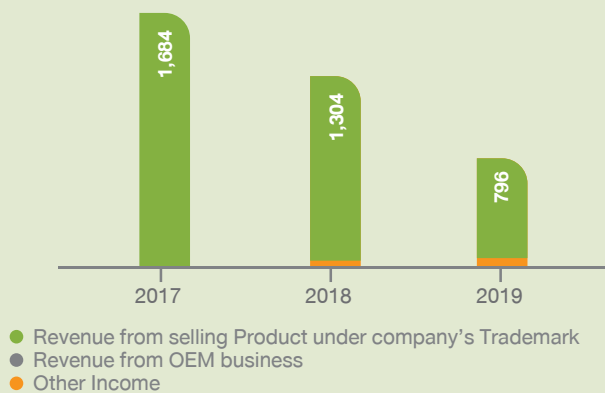
	(Unit: Million Baht)		
	2017	2018	2019
Total Assets	5,460.5	5,248.2	4,957
Total Liabilities	674.0	265.5	194
Shareholders' Equity	4,786.5	4,982.7	4,763
<b>Total Sales</b>	<b>1,674.5</b>	<b>1,249.6</b>	<b>729</b>
<b>Total Revenue</b>	<b>1,684.4</b>	<b>1,303.9</b>	<b>796</b>
<b>Cost of Sales</b>	<b>543</b>	<b>412</b>	<b>258</b>
<b>Selling and Administrative Expenses</b>	<b>716</b>	<b>669</b>	<b>599</b>
<b>Net Profit for the Period</b>	<b>351.1</b>	<b>184.5</b>	<b>(53)</b>
Shareholder Information			
Share Paid-up (THB mm)	316	318	318
Share Paid-up (Shares mm)	316	318	318
Financial Ratio			
Return on assets (%)	3.5	1.5	(1.18)
Return on equity (%)	3.7	1.6	(1.10)
Gross Profit Margin (%)	67	73	66
Net Profit Margin (%)	14	9	(6.68)
Debt/Equity Ratio (x)	0.05	0.04	0.04



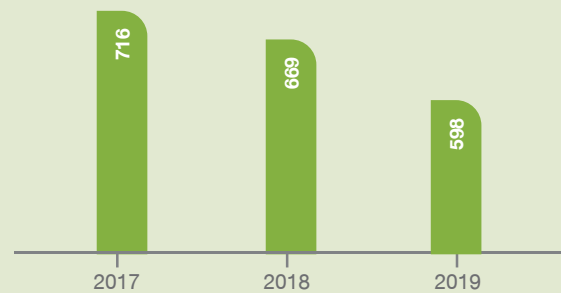
## Sale Revenue (MB)



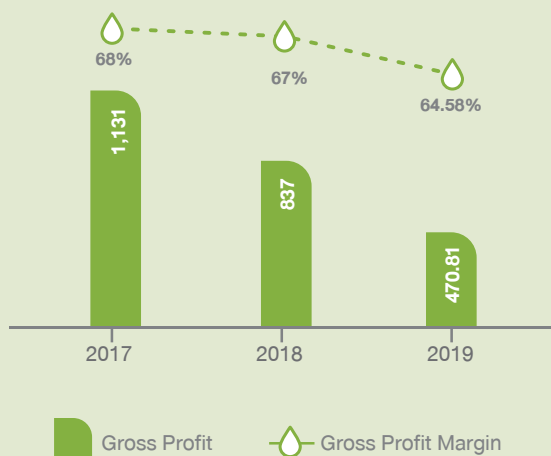
## Total Revenue (MB)



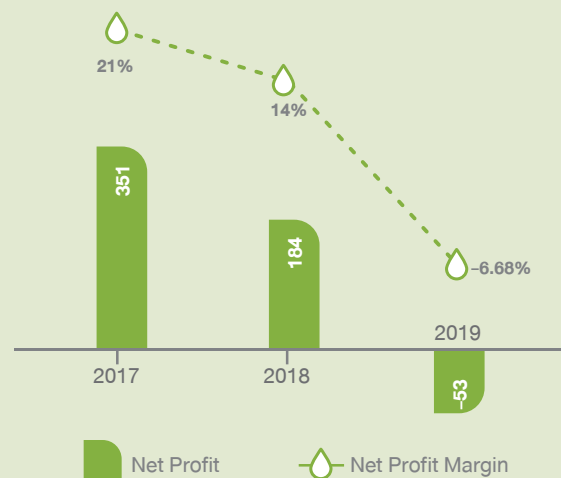
## Selling and Administrative Expense (MB)



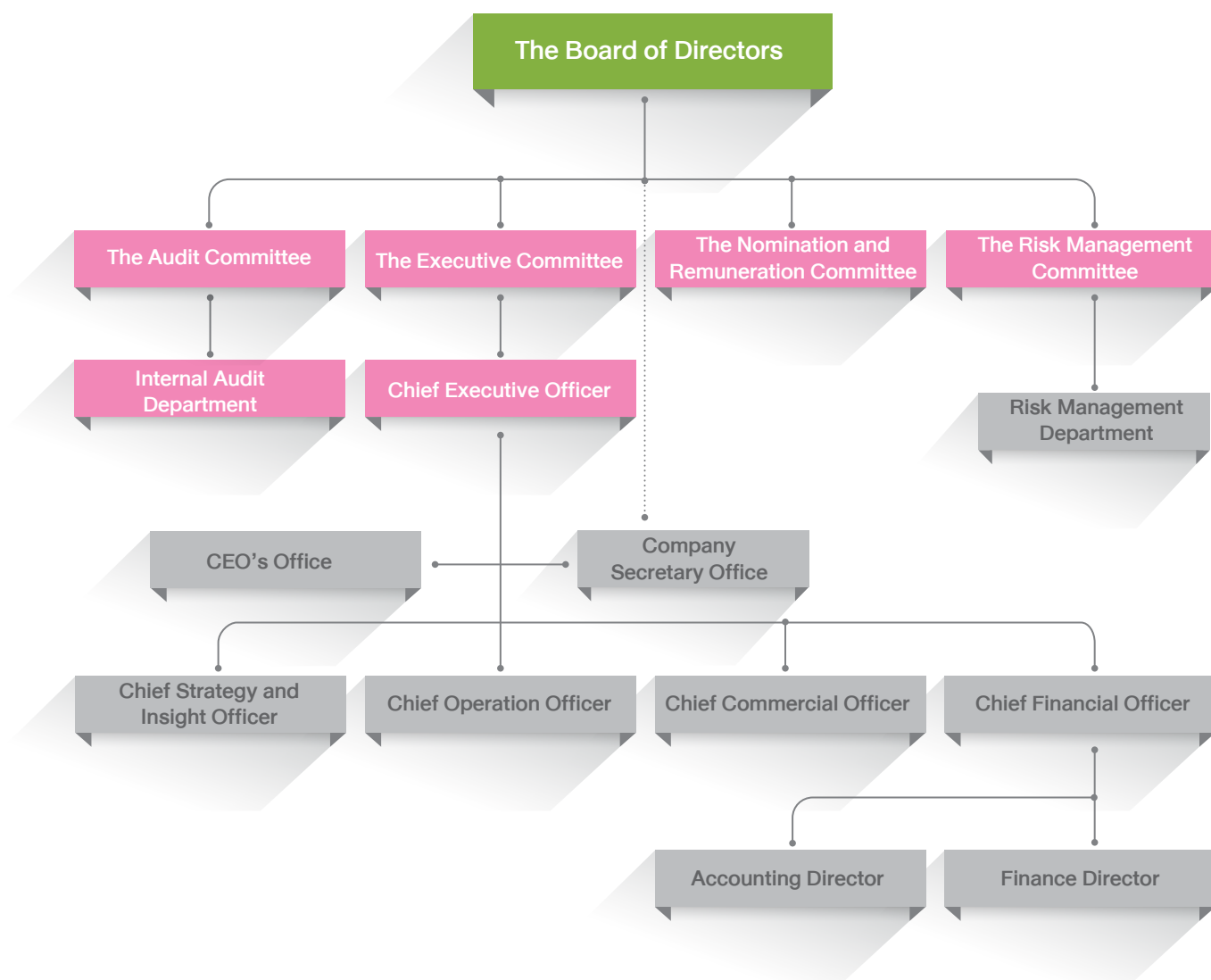
## Gross Profit (MB)



## Net Profit (MB)



## Organization Structure





# Directors and Executives Information



**Mr. Rittikrai Thammaraksa**

Director, Member of Executive Committee  
and Authorized Director

**Age** 44 Years Old

**Nationality** Thai

**Education**

- Master in Media Communications, Webster University
- Bachelor of Business Administrative (English Program) Assumption University

**Director Training**

- Directors Accreditation Program (DAP) 123/2016 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.19%

**Family Relationship with Management Team** - None -

**Position in Other Listed Company**

2015 - Present Director and Member of Executive Committee; Do Day Dream PCL.

**Position in Other Non-Listed Company**

2018 - Present Director Do Day Dream Trading Pte. Ltd.  
2018 - Present Director Do Day Dream Holding Pte. Ltd.  
2018 - Present Director Dream Dermatology Co., Ltd.  
2018 - Present Director Skin Make Smiles Co., Ltd.  
2015 - Present Director Namu Life Plus Co., Ltd.  
2008 - 2014 Assistant Director of Media Planning Vizeum (Thailand) Co., Ltd.

**Position in other companies potentially having conflict of Interest**

- None -

**Meeting Attendance in 2019**

- The Board of Directors' Meeting 6 / 7 times
- The Executive Committee's Meeting 11 / 13 times
- The Annual General Shareholders' Meeting 1 / 1 times

**Appointment Date** 23 September 2015

(total director's tenure 4 years 7 months)



**Dr. Sarawut Pornpatanarak**

Vice Chairman, Member of Risk Management  
Committee, Chairman of the Executive Committee,  
Chief Executive Officer and Authorized Director

**Age** 44 Years Old

**Nationality** Thai

**Education**

- Doctorate of Business Administration (English Program) Ramkhamhaeng University
- Master of Organization Development and Management (English Program) Assumption University
- Bachelor of Business Administration Advertising Major (English Program) Assumption University

**Director Training**

- Directors Certification Program (DCP) 215/2016 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 56.48%

**Family Relationship with Management Team**

- Brother of Ms. Saowakon Yamcharoen's spouse, Executive Director

**Position in Other Listed Company**

2010 - Present Vice Chairman, member of Risk Management Committee, Chairman of Executive Committee, and Chief Executive Officer; Do Day Dream PCL.

**Position in Other Non-Listed Company**

2018 - Present Director Do Day Dream Trading Pte. Ltd.  
2018 - Present Director Do Day Dream Holding Pte. Ltd.  
2018 - Present Director Skin Make Smiles Co., Ltd.  
2017 - Present Director Do Infinite Dream Co., Ltd.  
2015 - Present Director Namu Life Plus Co., Ltd.  
2003 - Present Director Colour Trend Co., Ltd.  
2003 - Present Director Over Drive (Thailand) Co., Ltd.  
2000 - Present Director P M Chemical Co., Ltd.

**Position in other companies potentially having conflict of Interest**

- None -

**Meeting Attendance in 2019**

- The Board of Directors' Meeting 7 / 7 times
- The Risk Management Committee's Meeting 1 / 1 times
- The Executive Committee's Meeting 12 / 13 times
- The Annual General Shareholders' Meeting 1 / 1 times

**Appointment Date** 1 September 2010

(total director's tenure 9 years 7 months)



### Mr. Krish Follett

Independent Director, Chairman of the Audit Management Committee, Chairman of Risk

**Age** 71 Years Old

**Nationality** Thai

**Education**

- Masters of Business Administration, Thammasat University
- Bachelor of Economic, Thammasat University

**Director Training**

- Audit Committee Seminar: Get Ready for the Year End, Thailand Federation of Accounting Professions
- Directors Certification Program (DCP) 149/2011
- Diploma Examination Exam (EXAM) 32/2012
- Risk Management Program for Corporate Leaders (RCL) 9/2017 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.01%

**Family Relationship with Management Team** - None -

**Position in Other Listed Company**

2016 - Present	Independent Director, Chairman of Audit Committee, and Chairman of Risk Management Committee; Do Day Dream PCL.
2016 - 2019	Chairman; Chaopraya Mahanakorn PCL.
2016 - Present	Independent Director; Bank of China PCL.
2012 - Present	Independent Director and Chairman of Risk Management Committee; Thai Wacoal PCL.
2011 - 2016	Independent Director, Audit Committee, and Risk Management Committee; Thanulux PCL.
2013 - 2016	Independent Director and Audit Committee, Sahaphatthana Inter Holding PCL.
2012 - 2016	Independent Director, Chairman of Audit Committee, and Chairman of Risk Management Committee; Thoresen Thai Agencies PCL.
2010 - 2015	Independent Director and Chairman of Audit Committee, Property Perfect PCL.

**Position in Other Non-Listed Company**

2009 - 2013 Advisor to the President, Boon Rawd Brewery Co., Ltd.

**Position in other companies potentially having conflict of Interest**

- None -

**Meeting Attendance in 2019**

- The Board of Directors' Meeting 7 / 7 times
- The Audit Committee's Meeting 4 / 4 times
- The Risk Management Committee's Meeting 1 / 1 times
- The General Shareholders' Meeting 1 / 1 times

**Appointment Date** 13 June 2016

(total director's tenure 3 years 10 months)



### Mr. Nattawoot Krerpradab

Independent Director, Member of Audit Committee, and Chairman of Nomination and Remuneration Committee

**Age** 48 Years Old

**Nationality** Thai

**Education**

- Management Program, Harvard Business School, USA
- Bachelor in Engineering, Kasetsart University

**Director Training**

- Directors Accreditation Program (DAP) 125/2016
- Advance Audit Committee Program (AAP) 27/2017
- Board Nomination and Compensation Program (BNCP) 2/2017
- Risk Management Program for Corporate Leaders (RCL) 14/2018 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.16%

**Family Relationship with Management Team** - None -

**Position in Other Listed Company**

2015 - Present	Independent Director, Member of Audit Committee and Chairman of Nomination and Remuneration Committee; Do Day Dream PCL.
2015 - Present	Charter Engineer in Mechanical Engineering; PTT PCL.
2012 - 2015	Manager of Machine Maintenance, PTT Rayong Gas Separation Plant; PTT PCL.

**Position in Other Non-Listed Company** - None -

**Position in other companies potentially having conflict of Interest**

- None -

**Meeting Attendance in 2019**

- The Board of Directors' Meeting 7 / 7 times
- The Audit Committee's Meeting 4 / 4 times
- The Nomination and Remuneration Committee's Meeting 3 / 3 times
- The General Shareholders' Meeting 1 / 1 times

**Appointment Date** 13 June 2016

(total director's tenure 3 years 10 months)



## Mr. Yuthapong Ma

Director

**Age** 53 Years Old

**Nationality** Thai

### Education

- Master of Business Administration, Columbia Business School, USA
- Bachelor of Business Administration, Columbia College, USA

**Director Training** - None -

**"DDD" Shareholding** - None -

**Family Relationship with Management Team** - None -

### Position in Other Listed Company

2018 - Present Director, Do Day Dream PCL.  
2017 - 2018 Director, DSG International (Thailand) PCL

### Position in Other Non-Listed Company

1993 - Present Director, Morgan Stanley (Thailand) Co., Ltd.  
2009 - Present Chairman of the Board Trustees,  
ISB International School

### Position in other companies potentially having conflict of Interest

- None -

### Meeting Attendance in 2019

- The Board of Directors' Meeting 5 / 7 times
- The General Shareholders' Meeting 1 / 1 times

**Appointment Date** 24 April 2018

(total director's tenure 2 years )



## Mr. Nitiroj Manolamai

Director, Member of Risk Management Committee,  
Member of Executive Committee, and Authorized Director

**Age** 42 Years Old

**Nationality** Thai

### Education

- Master of Science in Internet and E-Commerce Technology, Assumption University
- Bachelor in Communication Arts, Assumption University

### Director Training

- Directors Accreditation Program (DAP) 123/2016  
The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.12%

**Family Relationship with Management Team** - None -

### Position in Other Listed Company

2013 - Present Director, Risk Management Committee,  
Executive Committee; Do Day Dream PCL.

### Position in Other Non-Listed Company

2019 - Present Director, Namu Life Plus Co., Ltd.  
2018 - Present Director, Do Infinite Dream Co., Ltd.  
2002 - 2012 Graphic Supervisor, BEC Tero Radio Co., Ltd.  
2001 - 2002 Graphic Designer, Sky High Network Co., Ltd.

### Position in other companies potentially having conflict of Interest

- None -

### Meeting Attendance in 2019

- The Board of Directors' Meeting 7 / 7 times
- The Risk Management Committee's Meeting 1 / 1 times
- The Executive Committee's Meeting 11 / 13 times
- The General Shareholders' Meeting 1 / 1 times

**Appointment Date** 23 September 2015

(total director's tenure 4 years 7 months)



### Mr. Suphawatt Vanichprapha

Director, Member of Nomination and Remuneration Committee, Member of Executive Committee, and Authorized Director

**Age** 44 Years Old

**Nationality** Thai

#### Education

- Master of Business Administration, International Trading, University of La Verne CA, USA
- Bachelor of Business Administration, Computer Major (International Program), Assumption University

#### Director Training

- Directors Accreditation Program (DAP) 123/2016 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.36%

**Family Relationship with Management Team** - None -

#### Position in Other Listed Company

2013 - Present Director, Member of Nomination and Remuneration Committee, Member of Executive Committee; Do Day Dream PCL.

#### Position in Other Non-Listed Company

2019 - Present Director Namu Life Plus Co., Ltd.  
 2018 - Present Director Dream Dermatology Co., Ltd.  
 2018 - Present Director Do Infinite Dream Co., Ltd.  
 2018 - Present Director Do Day Dream Holding PTE.Ltd.  
 2018 - Present Director Do Day Dream Trading Co., Ltd.  
 2010 - 2012 Project Manager, Iprospect (Thailand) Co., Ltd.

#### Position in other companies potentially having conflict of Interest

- None -

#### Meeting Attendance in 2019

- The Board of Directors' Meeting 7 / 7 times
- The Nomination and Remuneration Committee's Meeting 3 / 3 times
- The Executive Committee's Meeting 12 / 13 times
- The General Shareholders' Meeting 1 / 1 times

**Appointment Date** 23 September 2015

(total director's tenure 4 years 7 months)



### Mr. Piyawat Ratchapolsitte

Director, Chief Financial Officer, and Authorized Director

**Age** 34 Years Old

**Nationality** Thai

#### Education

- Master of Finance Cass Business School, City University, UK
- Bachelor in Economics (International Program) from Thammasat University

#### Director Training

- Investment Banking Club, Financial Advisor License, Association of Securities Companies
- Directors Certification Program (DCP) 215/2016 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.18%

**Family Relationship with Management Team** - None -

#### Position in Other Listed Company

2015 - Present Director and Chief Financial Officer, Do Day Dream PCL.  
 2013 - 2014 ASEAN Country Business Manager, Kasikorn Bank PCL.  
 2010 - 2013 Assistant Manager Investment Banking Department Maybank Kim Eng Securities (Thailand) PCL.

#### Position in Other Non-Listed Company

2018 - Present Director Do Day Dream Trading PTE Ltd.  
 2018 - Present Director Do Day Dream Holding PTE Ltd.  
 2017 - Present Director Do Infinite Dream Co., Ltd.  
 2015 - Present Director Namu Life Plus Co., Ltd.  
 2014 - Present Director Career Connex Group Co., Ltd.  
 2014 - Present Director Nama Nama Group Co., Ltd.  
 2014 - 2015 Vice President of Private Equity, Richardson Doyle & Partners  
 2012 -2013 Advisor to the Committee of National Debt to Solution, The Parliament

#### Position in other companies potentially having conflict of Interest

- None -

#### Meeting Attendance in 2019

- The Board of Directors' Meeting 7 / 7 times
- The Annual General Shareholders' Meeting 1 / 1 times

**Appointment Date** 23 September 2015

(total director's tenure 4 years 7 months)





### Asst. Prof. Dr. Terdsak Rojsurakitti

Independent Director, Member of Audit Committee,  
and Member of Nomination and Remuneration  
Committee

**Age** 62 Years Old

**Nationality** Thai

#### Education

- Ph.D., Business Administration (English Program),  
Institute of International Studies Ramkhamhaeng University
- Masters of Business Administration Thammasat University
- M.D., Faculty of Medicine, Chiang Mai University

#### Director Training

- Director Accreditation Program (DAP) 163/2019 by  
Thai Institute of Directors (IOD)
- Thammasat Leadership Program,  
Foundation of Thammasat Leadership Program
- Certificate Course in Good Governance for Medical Executives,  
King Prajadhipok's Institute

**"DDD" Shareholding** - None -

**Family Relationship with Management Team** - None -

#### Position in Other Listed Company

2019 - Present Independent Director, Member of Audit Committee  
and Member of Nomination and Remuneration  
Committee, Do Day Dream PCL.

#### Position in Other Non-Listed Company

2019 - Present Chief Operating Officer, World Medical Hospital  
Chairman Winnergy Medical Co., Ltd.

2019 - Present Executive Director, Thai Hospital Association

2018 - Present Ordinary Volunteers, Princess Mother's Medical  
Volunteer (PMMV)

2017 - Present Vice Chairman and Secretary, the Alumni  
Association of Master's Degree for Executives  
Thammasat Business School, Thammasat  
University

2017 - Present Executive Director, Professor Sangvian  
Indaravijaya Fund Thammasat Business School,  
Thammasat University

#### Position in other companies potentially having conflict of Interest

- None -

#### Meeting Attendance in 2019

- The Board of Directors' Meeting 4 / 6 times
- The Audit Committees' Meeting 3 / 3 times
- The Nomination & Remuneration Committees' Meeting 1 / 1 time
- The Annual General Shareholders' Meeting 1 / 1 time

**Appointment Date** 1 March 2019

(total director's tenure 1 year 1 month)

### Ms. Nutthinee Jenwattanavech

Member of Executive Committee  
and Deputy Chief Executive Officer

**Age** 44 years old

**Nationality** Thai

#### Education

- Master Master of Engineering Chulalongkorn University
- Bachelor Bachelor of Engineering Chulalongkorn University

**Training** - None -

**"DDD" Shareholding** 0.007%

**Family Relationship with Management Team** - None -

#### Position in Other Listed Company

2018 - Present Member of Executive Committee, Deputy Chief  
Executive Officer, Do Day Dream PCL.

2014 - 2017 Head of Sale&Marketing Hogh Rise Property,  
AP (Thailand) PCL.

#### Position in Other Non-Listed Company

2018 - Present Director Skin Make Smiles Co., Ltd.

2017 - 2018 Chief Marketing Officer, Central Marketing  
Groups Co., Ltd.

2013 - 2014 L'Oreal Paris South Asia Marketing Director  
L'Oreal ASIA PACIFIC

2010 - 2013 L'Oreal Paris Marketing Director  
L'Oreal( Thailand) Co., Ltd.

#### Position in other companies potentially having conflict of Interest

- None -

#### Meeting Attendance in 2019

- The Executive Committee's Meeting 2 / 2 times

**Appointment Date** 14 November 2019

(total director's tenure 5 months)

**Mr. Thiti Rattamany**

Chief Strategy and Insight Officer

**Age** 44 Years Old**Nationality** Thai**Education**

- Master of Science in International Business London South Bank University, UK
- Bachelor of Business Administration International Business Management Major Assumption University

**Training**

- Directors Accreditation Program (DAP) 2017 The Thai Institute of Directors Association (IOD)

**"DDD" Shareholding** 0.03%**Family Relationship with Management Team** - None -**Position in Other Listed Company**

2016 - Present	Chief Strategy and Insight Officer Do Day Dream PCL.
2014 - 2016	Vice President Customer & Market Insight Siam Commercial Bank PCL.

**Position in Other Non-Listed Company**

2019 - Present	Managing Director, Dream Dermatology Co., Ltd.
2018 - Present	Director Namu Life Plus Co., Ltd.
2013 - 2014	Customer Engagement Director, Hypertrade Consulting Co., Ltd.
2008 - 2013	Head of Insight, Ek-Chai Distribution System Limited

**Position in other companies potentially having conflict of Interest**

- None -

**Appointment Date** 1 July 2016**Ms. Supaporn Thangthienthong**

Accounting Director

**Age** 43Years Old**Nationality** Thai**Education**

- Master Masterof Business Administration in Finance, University of the Thai Chamber of Commerce
- Bachelor in Finance, University of the Thai Chamber of Commerce (2nd class honor)

**Training**

- Merger and Acquisition Course and Professional Controller Course, Federation of Accounting Professions

**"DDD" Shareholding** - None -**Family Relationship with Management Team** - None -**Position in Other Listed Company**

2017 - Present	Accounting Director Do Day Dream PCL.
2011 - 2016	Accounting Director Planet Communications Asia PCL.

**Position in Other Non-Listed Company**

2016 - 2017	Independent consultants in accounting and internal control system
2003 - 2011	Senior account, IBM Solution Delivery Co., Ltd.

**Position in other companies potentially having conflict of Interest**

- None -

**Appointment Date** 1 November 2017**Ms. Napat Rattapong**

Internal Audit Director

**Age** 38 Years Old**Nationality** Thai**Education**

- Bachelor of Business Administration, Major Accounting, Srinakarinwirot University

**Training**

- Certified Auditor

**"DDD" Shareholding** 0.03%**Family Relationship with Management Team** - None -**Position in Other Listed Company**

2016 - Present	Internal Audit Director, Do Day Dream PCL.
2013 - 2016	Senior Manager, Thoresen Thai Agencies PCL.

**Position in Other Non-Listed Company**

2003 - 2013	Manager, KPMG Phoomchai Audit Limited
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**Position in other companies potentially having conflict of Interest**

- None -

**Appointment Date** 27 February 2017**Ms.Yuphaphan Phuangphuaphet**

Company Secretary

**Age** 44 Years Old**Nationality** Thai**Education**

- Master Master of Education Srinakharinwirot University
- Bechalor Communications Arts Rajabhat Phetburi University

**Training**

- Company Secretary Program(CSP) 68/2015 (IOD)
- Effective Minute Taking (EMT) 39/2017 (IOD)

**"DDD" Shareholding** - None -**Family Relationship with Management Team** - None -**Position in Other Listed Company**

2019 - Present	Company Secretary Do Day Dream PCL.
2012 - 2019	Assistant Company Secretary Amanah Leasing PCL.
2007 - 2012	Assistant Manager in International Affair Division Panyapiwat Technological College
2542 - 2550	Reception and Radio Program Coordinator Mega Vision Co., Ltd.

**Position in other companies potentially having conflict of Interest**

- None -

**Appointment Date** 21 August 2019



BUSINESS

## Business Policy and Overview

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Do Day Dream Public Company Limited ("the Company") manufactures and distributes premium quality skin care products under the trademark "NAMU LIFE" with the product line's name "SNAILWHITE" promoting the concept "Beauty is Healthy". This concept articulates that the ideal beautiful skin is the healthy skin of your own way and is reflected in the product design aiming to nourish all skin types of customers to be healthy and shine from inside naturally. The Company concerns to each step of the production process to ensure highest quality of the products with carefully selecting raw materials from leading suppliers across the world based on quality and credibility to enhance efficiency in the production process in order to manufacture quality and safe products. The Company focuses on participation of all employees to find new approaches to improve work procedures and work environment in a regular and continuous manner. Products are carefully tested for quality before delivering to consumers to ensure its quality and safety. To monitor every steps of production, the Company set up a Quality Control Department to oversee operations to ensure that products meet quality standards. Moreover, R&D Department is responsible for product development and continuously develop and introduce products as well as study market directions in order to satisfy needs of consumers. The Company has a product development policy that emphasizes creativity and product innovations. In addition, the Company concerned to quality of packaging to ensure that it is designed properly and preserve ingredients inside with safety, durability and ease of use. Transportation and storage standards are also applied as consumer interest is most concerned.

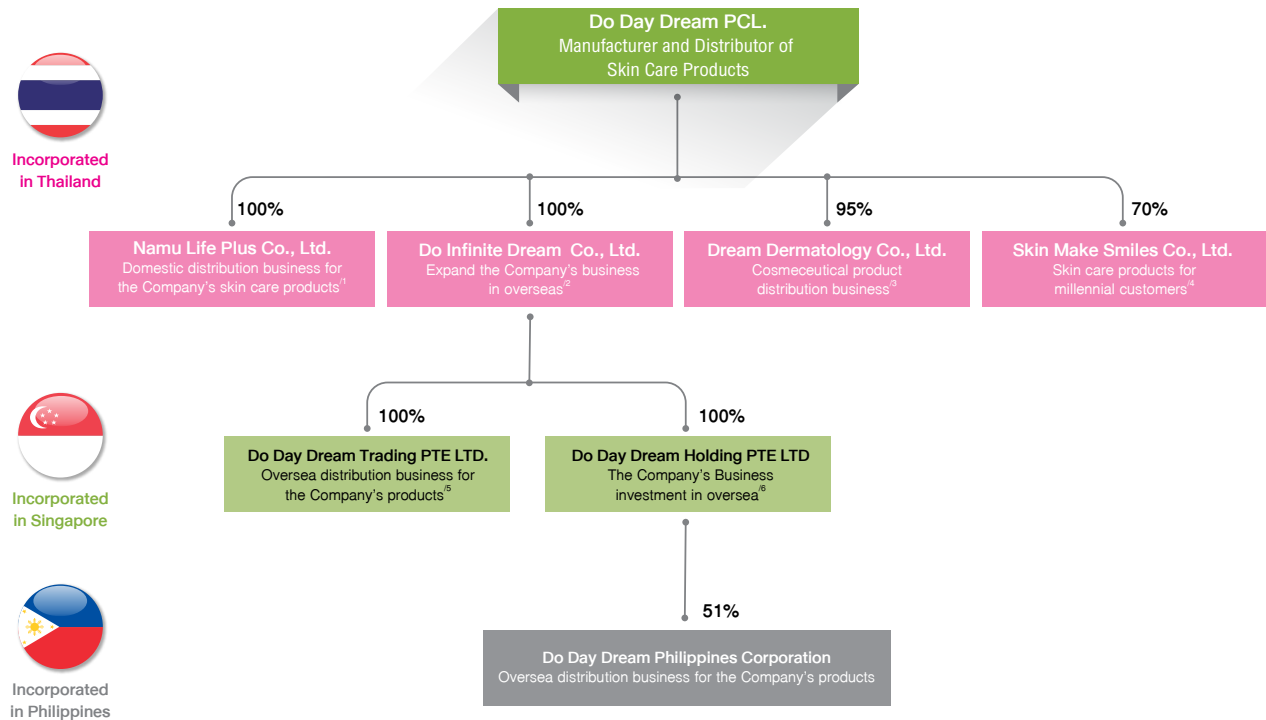
In addition to the "SNAILWHITE" product line, which is skin care products; the Company has also increased more options of facial and body care for consumers, who have problem of acne and non-brightenning skin. The Company has established a subsidiary to distribute cosmeceutical products under trademark "Oxe'Cure", products for customers who have problem of acne, sensitive, and non-brightenning skin.

The Company will not stop only 2 product groups but continue study and develop another skincare product to meet the customers' problems i.e. dry skin, dry skin, no moisturizing, wrinkles, and sagging because of current environmental changes including pollution and dust which hurt the skin. These skin problems can be resolved with the product under trademark "SŌS" because SŌS was imported from Japan and focuses on skin care as product concept "Story of Skin". The product is deeply skin nourishment with Hyaluron X3 innovation, add water to the skin, and be able to use together with other skincare products and cosmetics.

Another consumer group that the Company emphasizes is Millennials lifestyle group or the persons who was born between year 1980 - 2000 or Gen Y group, which will become main labors that drive economic with significant purchasing power that because their age are between 18-37 years old. Therefore, the Company has produced products to satisfy the need of this customer group under trademark "PRETTiiFACE" because the prominence of PRETTiiFACE is combination of Japan and Korean ingredients. The concept of this product is "Best Friend Forever" that encourage consumers to take care of their skin from the beginning in order to keep their skin healthy and young. The communication will be in the form of A Girl's Best Sister, a friend that always beside you to help, update new trend, and have fun together.



## Shareholding Structure of the Group of Companies and Shareholding Proportion as of 31 December 2019



## Remarks

3. Namu Life Plus Company Limited was incorporated in March 2015 as a distributor of the Company's products in Thailand. The Company holds 100% of total shares.
4. Do Infinite Dream Company Limited was incorporated in October 2017 to expand the Company's business in overseas. The Company holds 100% of total shares.
5. Dream Dermatology Company Limited was established in March 2018 to expand the Company's business to cosmeceuticals. The Company holds 94.9998% of total shares.
6. Skin Make Smiles Company Limited was established in June 2018 to expand the Company's skin care business to millennials customers. The Company holds 69.996% of total shares.
7. Do Day Dream Trading PTE Ltd. was incorporated in Singapore since January 2018 to distribute its products to overseas customers. It is 100% shareholding by Do Infinite Dream Company Limited.
8. Do Day Dream Holding PTE Ltd. was incorporated in Singapore since January 2018 as holding company to invest in the Company's business in overseas. It is 100% shareholding by Do Infinite Dream Company Limited.
9. Do Day Dream Philippines Corporation was established in the Philippines and proceeded the registration for capital increase according to the Philippines' laws since August 2018 to expand the Company's business in distributing products internationally. Do Day Dream Holding PTE Ltd. holds 51% of total shares.






## Company History, Significant Change and Development

The Company was incorporated on 20 September 2010 with the initial registered capital of 1 million baht by Pornpatanarak family to operate as an Original Equipment Manufacturer (OEM) and provide business consultation related to skin products. Later in 2013, the Company saw the opportunity in creating its own brand as the Company has gain expertise in production together with the positive growth outlook of the industry. Consequently, the Company commenced its business in manufacturing and distributing skin care products under the trademark "NAMU LIFE" with the product line "SNAILWHITE" that reflects its unique feature of using snail secretion filtrates as the key ingredient. From 2013 to 2017, the Company's products gained popularity and awareness among consumers and was reflected in the Company's performance and continuous growth. Key success factors include the use of premium ingredients with skin nourishing properties and unique value propositions that highlight natural beauty, the effective marketing plans using celebrities as presenters to endorse the products, consistent new product launch and expansion of local and international distribution channels.

### Significant Change and Development

Year	Significant Situation
2010	<ul style="list-style-type: none"> <li>Do Day Dream Company Limited was founded by Pornpatanarak family in September 2010 with the objective to operate as an Original Equipment Manufacturer (OEM) and provide business consultation related to skin products. The initial registered and paid-up capital is 1 Million Baht or a total of 10,000 shares at a par value of 100 Baht per share.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The Company commenced its business in manufacturing and distribution of skin care products with the product line "SNAILWHITE" under the trademark "NAMU LIFE". The first product launched was facial cream under the brand of NAMU LIFE SNAILWHITE SNAIL SECRETION FILTRATE MOISTURE FACIAL CREAM ("NAMU LIFE SNAILWHITE Facial Cream") in March through social media channels and was distributed via traditional trade channels.</li> <li>The Company outsourced a third party to manufacture a supplement product SOP100+ and started distributing in the 3<sup>rd</sup> quarter.</li> </ul>
2014	<ul style="list-style-type: none"> <li>The Company increased the registered and paid-up capital from 1 Million Baht to 10 Million Baht at a par value of 100 baht per share, in June, to support the Company's business.</li> <li>The Company began its distribution through modern trade as another channel to reach more consumers starting with Big C, Watsons and Boots in May, August and September respectively.</li> <li>The Company launched new skin care products, which are (1) NAMU LIFE SNAILWHITE SYN-AKE MIST (2) NAMU LIFE SNAILWHITE Mask Shot during the 1<sup>st</sup> quarter and (3) NAMU LIFE SNAILWHITE Body Booster during the 3<sup>rd</sup> quarter, to add to its existing product portfolio in facial skin care product line to further cover customer usage as well as tap into customers who want to take care of their body skin.</li> <li>The Company started making and selling gift sets that combine various products of the Company together for customers to purchase as gifts for special occasions and souvenirs for tourists.</li> <li>The Company expand its business overseas starting with Asian i.e. Hong Kong, China, Myanmar and Cambodia.</li> </ul>

Year	Significant Situation
	<ul style="list-style-type: none"> <li>• The Company launched 3 new facial care products (1) NAMU LIFE SNAILWHITE Concentrate Facial Cream (2) NAMU LIFE SNAILWHITE Sunscreen and (3) NAMU LIFE SNAILWHITE Cleansing. This products offering to meet customers' demand especially consumers who need concentrated nourishing cream as well as overseas customers in the countries with cold weather. Besides, this effort aimed to expand into sunscreen product and facial cleansing product markets which are high market value and new to the Company.</li> <li>• The Company expanded its production base through its investment in buying a land with a factory at Rojana Industrial Park in Ayutthaya province and started renovating the new factory since December. The total investment was 58 Million Baht.</li> <li>• The Company established a subsidiary names Namu Life Plus Company Limited ("Namu Life Plus) in March with registered capital of 5 Million Baht or 50,000 shares at a par value of 100 Baht per share. The paid-up capital at the establishment date was 1.25 Million Baht with the price of outstanding shares of 25 Baht per share. The new subsidiary engages in distributing the Company's skin care products. The Company held 69% of shares at the establishment date.</li> <li>• The Company started producing small-sized products such as 5 milliliters ("ML") of NAMU LIFE SNAILWHITE Facial Cream, 15ML of NAMU LIFE SNAILWHITE Sun Screen, 50ML of NAMU LIFE SNAILWHITE Cleansing and 5ML of NAMU LIFE NAMU LIFE SNAILWHITE Concentrate Facial Cream. These new products were distributed through leading convenience stores as tester targeting consumers who never try the Company's products or for travel purposes as easy to carry.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Company discontinued selling SOP100+ supplement as the production was outsourced and the Company preferred to emphasize on skin care products that the Company manufactures itself so that cost and quality can be controlled effectively and business becomes more focused.</li> <li>• In March, the Company was restructured by issuing additional shares worth 50 Million Baht. As a result, the registered and paid-up capital rose to 60 Million Baht. This was done by issuing 500,000 shares for (1) Pornpatanarak family, the existing shareholder and (2) a share swap between existing shareholders of Namu Life Plus at a ratio of 4 Namu Life Plus share to 1 new ordinary share of the Company. After the restructuring, the Company held 99.74% shares in Namu Life Plus.</li> <li>• The Company purchased the remaining 126 shares at 100 Baht per share from existing shareholders of Namu Life Plus so that the Company had 100% ownership.</li> <li>• After the restructuring, the Company increased its registered capital further from 60 Million Baht to 225 Million Baht to be used as working capital for business operations.</li> <li>• The Company added 4 new products include (1) NAMU LIFE SNAILWHITE Miracle Intensive Repair (2) NAMU LIFE SNAILWHITE Whipp Soap (3) NAMU LIFE SNAILWHITE Royal Jelly Facial Cream and (4) NAMU LIFE SNAILWHITE Crème Body Wash during the 2<sup>nd</sup> quarter, 3<sup>rd</sup> quarter and 4<sup>th</sup> quarter respectively. This products offering to meet customers' demand especially intensive care as well as carter to a new customer group who looks for innovative cleansing products in form of a bar soap in a netted sachet and body wash with lotion-like cream.</li> <li>• The Company refurbished its factory to improve the production process in September and commenced the production in October.</li> <li>• The Company broadened its sales channels by setting up and distributing products through 2 own standing shops under the name Namu Life starting at BTS Siam station in August and Show DC Mall in November.</li> </ul>

Year	Significant Situation
 2017	<ul style="list-style-type: none"> <li>• The Company launched 8 more products (1) NAMU LIFE SNAILWHITE Day Cream (2) NAMU LIFE SNAILWHITE Essential Toner and (3) NAMU LIFE SNAILWHITE Namu Facial Jelly Wash (4) NAMU LIFE SNAILWHITE Overnight Firming Mask (5) NAMU LIFE SNAILWHITE 7 Days Mask Sheets (6) NAMU LIFE SNAILWHITE Body Booster SPF (7) NAMU LIFE SNAILWHITE Gold Facial Cream (8) NAMU LIFE SNAILWHITE Sunscreen CC during the 1<sup>st</sup> half of the year to enhance the variety of nourishing and cleansing product lines to further expand the market and the customer base.</li> <li>• The Company converted to be a public company and changed the name to Do Day Dream Public Company Limited on 22 March 2017.</li> <li>• The Company adjusted the par value of its shares from 100 Baht per share to 1 Baht per share and increased its registered capital from 225 Million Baht to 318 Million Baht to support its listing in the Stock Exchange of Thailand. The Company allocated (1) not exceeding 76 Million new ordinary shares with a par value of 1 Baht for its initial public offering (IPO) (2) not exceeding 2 Million new ordinary shares with a par value of 1 Baht per share to offer to directors, executives and employees under an Employee Share Ownership Program (ESOP) and (3) not exceeding 15 Million new ordinary shares with a par value of 1 Baht per share as a private placement for institutional investors.</li> <li>• According to the resolution of the Extraordinary Shareholders Meeting No. 2/2017 on 17 July 2017, the Company allocated its 15 Million new ordinary shares with a par value of 1 Baht per share at a price of 29.87 Baht per share to North Haven Thai Private Equity Clarity Company (HK) Limited ("NHTPEC"), a legal entity established to purchase shares of the Company while North Haven Thai Private Equity L.P. ("NHTPE") is the sole indirect shareholders (NHTPE holds all shares in North Haven Thai Private Equity Holding (HK) Limited ("NHTPEH") and NHTPEH fully owns NHTPEC) and eligible for a private placement under the definition according to the Notification of the Securities and Exchange Commission Kor Jor 17/2008 on Determination of Definitions in Notifications concerning Issuance and Offer for Sale of Securities on 15 December 2008 (including amendments).</li> <li>• According to the resolution of the Board of Directors' Meeting No. 7/2017 on 25 September 2017, the Company approved a plan to set up 3 subsidiaries to enhance efficiency in doing business and support future growth as well as gain tax advantages. The 3 subsidiaries are (1) Do Infinite Dream Company Limited as an international headquarter or "IHQ" to hold shares in the Company's subsidiaries in foreign countries. (2) Do Day Dream Trading Private Limited, Singapore to distribute the Company's products to customers overseas. (3) Do Day Dream Holding Private Limited, Singapore as a holding company to invest in the Company's business in foreign countries. On 12 October 2017, Do Infinite Dream was incorporated and 1,000,000 new shares were issued with a par value of 100 Baht per share. 25% of the shares or 25 Million Baht was paid. The Company held 999,997 shares of the new company or 100% ownership.</li> <li>• In December, the Company successfully conducted its initial public offering (IPO) by offering 76 Million ordinary shares with a par value of 1 Baht to the public. The first trading day at the Stock Exchange of Thailand was 26 December 2017.</li> </ul>



Year	Significant Situation
2018	<ul style="list-style-type: none"> <li>In March, the Company acquired cosmeceutical product business with Oxe'Cure brand from WellGrow Med Company Limited and founded Dream Dermatology Company Limited with initial registered capital of 50 Million Baht at a par value of 100 Baht per share totaling 50,000 shares to engage in distributing Oxe'Cure cosmeceutical products. The Company held 94.9998% of shares at the establishment date.</li> <li>The Company founded a subsidiary, Skin Make Smile Company Limited in June with the registered capital of 5 Million Baht at a par value of 100 Baht per share totaling 50,000 shares. At the establishment date, the paid-up capital was 1,250,000 Baht with a value of 25 Baht per share. The new subsidiary operates in skin care product business targeting to the customers who have problem of dry skin, no moisturizing, no brightening, wrinkles, and sagging as well as the customers who has life style as Millennials, under the trademark of SÖS and PRETTiiFACE. The Company held 70% of shares at the establishment date.</li> <li>The Company expanded its distribution of skin care products in the Philippines through the acquisition of 33,660,000 newly-issued shares of Do Day Dream KCA Philippines Corporation at a par value of 1 Philippine Peso per share. This is equivalent of 51% of all newly-issued shares worth 33,660,000 Philippine Peso or around 21.17 Million Baht. The Company already registered the capital increase according to the laws in the Philippines on 13 August 2018. Later, the name was changed to Do Day Dream Philippines Corporation.</li> <li>The Company launched additional 3 products (1) NAMU LIFE SNAILWHITE Gold SPF (2) NAMU LIFE SNAILWHITE Icy Mask and (3) NAMU LIFE SNAILWHITE Serum to its facial care product line to further expand market and customer base during the 1<sup>st</sup> and the 4<sup>th</sup> quarter of 2018 respectively. Besides, the Company also added 2 new formulas for its body wash products.</li> </ul>
2019	<ul style="list-style-type: none"> <li>The Board of Directors' Meeting No. 7/2019, which was held on 17 December 2019 has approved to established new joint venture company between Skin Make Smile Company Limited ("SMS"), the subsidiary, and GP Club Company Limited ("GPC"), a large Korean company who operates in skin care product distribute business; in order to distributes the Company's products to Asian countries. Currently, the joint venture company is in establishment process.</li> </ul>



## Nature of Business

The Company manufactures and distributes skin care products under its own trademark as well as operating as an Original Equipment Manufacturer (OEM) of skin care products under other trademarks.

### 1) Manufacturer and distributor of skin care products under the Company's trademark

The Company manufactures and distributes skin care products under its own trademark "NAMU LIFE" with a product line "SNAILWHITE" for different usages including nourishing, facial and body cleansing and sunscreen products to meet the needs of diverse groups of consumers. The products are distributed through its stand-alone shops as well as sales representatives and distribution partners. One of the distributors is Namu Life Plus Company Limited, a subsidiary which the Company hold 100% ownership.

The products can be categorized into 6 groups as follows:

- (1) Facial Care Products
- (2) Body Care Products
- (3) Facial Cleansing Products
- (4) Body Cleansing Products
- (5) Sunscreen Products
- (6) Gift Set



### 2) Manufacturer and distributor of skin care products under the Subsidiaries' trademark

2.1 Dream Dermatology Company Limited, one of the Company's subsidiaries, engages in manufacturing and distributing "Oxe'Cure" cosmeceutical brand targeting consumers with acne-prone and sensitive skin, with the concept delivers to customers that "Oxe'cure in Control", every skin problem can be managed and resolved, overall meaning as follows:

- Control all over you: Oxe'Cure offers products that help customers to resolve facial and body skin problems.
- Control all types of problems: Oxe'Cure can solve various skin problem
- Control all the way: Oxe'Cure not only solves the problems but also protect and prevent repeated problems.
- Control is yours: Oxe'Cure encourages customers to be confident and trust that all problems can be solved.

The charm of Oxe'cure is a brand that truly understand the customers' skin problems. The brand concentrates on skin problem solving directly, control the problems safely, and focus on product quality that the products must be inspected by dermatologist and inspection institutions before distribution.

Oxe'cure is a brand that suitable to the person who has acne-prone and sensitive skin problems, the brand ready to help to solve the problems with safely and effectively. The ingredients was carefully selected and designed for consumers in different ages, who favors to use certified cosmeceutical products by expert and focus for result after usage. The main target customers are teenage, both female and male, age between 18-35 years old. Therefore, the product' containers were designed to be strong, easy usage, and obviously description for easy understand. The brand provides channel and price that can access to teenage customers. The products were certified by experts and inspection institutions regarding quality and safety for consumers as well as creative communication, which reflects to customers' problems, and continue develop quality of products in order to reach the brand's target and belief.

Oxe'cure's products can be categorized into 4 groups as follows:

- (1) Facial Care Products
- (2) Body Care Products
- (3) Facial Cleansing Products
- (4) Body Cleansing Products



2.2 Skin Makes Smile Company Limited is another subsidiary of the Company, which engages in distributing skincare products to young generation customer groups "Millennials". There are products under trademark of "SÔS" with a philosophy that develop products that help consumers to have beauty and healthy skin, with non-complicated. The distribution products were invented to be able to use for multi purposes and directly resolve skin problems with high quality concentrated extract, which the result was guaranteed by real users and certified by skin expert. The selling facial skincare products, that on sell, were made in Japan.



In 2019, there is new release product under trademark "PRETTIFACE" which has been invented and developed product to reach target customers of Millennials, student groups, and groups of person who just start working. PRETTIFACE will bring new trend to satisfy consumers lifestyle that have rapidly changing. Currently, there are main facial care products consist of facial serum products. In the future, there is a plan to launch new product that satisfy all need of consumers.



### 3) Original Equipment Manufacturer (OEM)

The Company operates contract manufacturing or original equipment manufacturer of skin care products and provide consultation regarding facial skin care products in the form of cream. The target customers are small entrepreneurs who would like to enter into business of beauty industry with limited investment budget and without their own factory.

#### Revenue Structure based on the Consolidated Financial Statements

Revenue structure based on 2017-2019 consolidated financial statements is summarized below:

	2017	2018	2019
	%	%	%
Sales revenue from products under the Company's trademarks			
1) Facial care products	78.81	68.62	63.42
2) Body care products	3.56	3.02	4.08
3) Facial cleansing products	4.27	10.44	10.66
4) Body cleansing products	7.98	7.55	6.72
5) Sunscreen products	3.87	2.46	2.60
6) Gift set	3.22	5.67	9.72
Sales revenue from products under the Company's trademarks - net	101.71	97.76	97.2
Discount	(2.30)	(1.93)	(5.66)
Revenue from product sales under the company trademark - net	99.41	95.83	91.54
Other revenue <sup>1</sup>	0.59	4.17	8.46
Net Total Revenue	100.00	100.00	100.00

Remarks <sup>1</sup> Other income comprises of interest income and services revenue

## 1 Products and Services

1 Manufacturer and distributor of skin care products under the Company's trademark "NAMU LIFE" with a product line "SNAILWHITE" which was categorized into 6 groups as follows:

### Facial Care Products

The Company's facial care products contain snail secretion filtrate as the key ingredient including other concentrated natural extracts that effectively nourish skin for all types. This product group consists of 11 product lines as follows:

- 1 NAMU LIFE SNAILWHITE Facial Moisture Cream the first product launched of the company which is pioneer e first skin care product in Thailand that contains snail secretion filtrate
- 2 NAMU LIFE SNAILWHITE SYN-AKE MIST is a water-based concentrated essence
- 3 SNAILWHITE Mask Shot is a skin nourishing mask
- 4 NAMU LIFE SNAILWHITE Concentrate Facial Cream is a highly-concentrated moisture treatment from Korea
- 5 NAMU LIFE SNAILWHITE Miracle Intensive Repair is a facial recovery serum initially
- 6 NAMU LIFE SNAILWHITE Royal Jelly Facial Cream is an innovative cream that helps revitalize skin formulated with special snail secretion filtrate and enriched with pure natural royal jelly.



- 7 NAMU LIFE SNAILWHITE Day Cream is the product with dual benefits in restoring and nourishing while protecting the skin.
- 8 NAMU LIFE SNAILWHITE Overnight Firming Mask is a sleeping facial nourishing mask
- 9 NAMU LIFE SNAILWHITE Gold Facial Cream with its anti-aging properties that make the skin look young and healthy.
- 10 NAMU LIFE SNAILWHITE 7 Days Mask Sheets is a nurturing facial sheet
- 11 NAMU LIFE SNAILWHITE ICY MASK is the newest formula overnight facial mask with snowflake texture

### Body Care Products

- 1 NAMU LIFE SNAILWHITE Body Booster a body treatment cream
- 2 NAMU LIFE SNAILWHITE Body Booster SPF30/PA+++ a body care product that provides sun protection

### Facial Cleansing Products

- 1 NAMU LIFE SNAILWHITE Cleansing a facial cleanser
- 2 NAMU LIFE SNAILWHITE Whipp Soap a premium whip foam bar soap packaged in a netted sachet for facial cleansing
- 3 NAMU LIFE SNAILWHITE Essential Toner one of the facial cleansing products that can better remove dirt and pollution residue on the facial skin.
- 4 NAMU LIFE SNAILWHITE Namu Facial Jelly Wash a gentle clarifying jelly facial cleanser

### Body Cleansing Products

- 1 NAMU LIFE SNAILWHITE CRÈME BODY WASH Natural White Skin whitening formula
- 2 NAMU LIFE SNAILWHITE CRÈME BODY WASH Deep Moisture Moisturizing formula
- 3 NAMU LIFE SNAILWHITE CRÈME BODY WASH Anti-aging Wrinkle reduction formula
- 4 NAMU LIFE SNAILWHITE CRÈME BODY WASH AROMA Rashall Rose Relaxing scent formula
- 5 NAMU LIFE SNAILWHITE CRÈME BODY WASH AROMA Swiss Lavender Relaxing scent formula

### Sunscreen Products

- 1 NAMU LIFE SNAILWHITE Sunscreen Sunscreen products SPF50+ and PA+++
- 2 NAMU LIFE SNAILWHITE Sunscreen CC Sunscreen products CC Brightens the skin



## Product Set and Gift Set

- 1 NAMU LIFE SNAILWHITE EXTRA CHARGE SET skin rejuvenation set.
- 2 NAMU LIFE SNAILWHITE GOLDEN SET the best anti-aging set for younger skin.
- 3 NAMU LIFE SNAILWHITE ANTI-AGING COLLECTION the best nourishing and anti-aging products set that help to revitalize and lift the skin for younger skin.
- 4 NAMU LIFE SNAILWHITE CLEANSE & RESTORE SET facial skin cleanser and moisturizer set.
- 5 NAMU LIFE SNAILWHITE SUMMER GLOW SET Special set for summer.
- 6 NAMU LIFE SNAILWHITE FACIAL SET value gift set.
- 7 NAMU LIFE SNAILWHITE GOLD FACIAL SET value set.
- 8 NAMU LIFE SNAILWHITE LAN SET completely facial skincare set.
- 9 NAMU LIFE SNAILWHITE SIMILAN SET completely facial skincare set.
- 10 NAME LIFE SNAILWHITE GOLD TRIPLE LIFT SERUM serum that deeply revitalize facial skin and eyes wrinkle to be cleared as well as help to tighten skin and brightening.

**2 Manufacturer and distributor of skin care products under the subsidiaries' trademark "Oxe'Cure" for consumers with acne-prone and sensitive skin, which was categorized into 4 groups as follows:**

## Facial Care Products

- 1 OXE'CURE FACIAL ACNE LOTION Acne lotion
- 2 OXE'CURE ANTI-MELASMA CREAM Face cream to reduce freckles and dark spots to fade.
- 3 OXE'CURE ACNE CLEAR POTION New acne cream potions from Japan with Salicylic Acid 2%
- 4 OXE'CURE ACNE CLEAR POWDER MUD New formulation of concentrated mud powder from Japan Salicylic Acid 2%
- 5 OXE'CURE ACNE CLEAR POWDER LOTION Helps control excess oil on the face. Reduce clogged pores Exfoliate the skin to be smooth

## Body Care Products

- 1 OXE'CURE BODY ACNE SPRAY Non-sticky spray eliminates and prevents acne on back, chest, neck and arms.

## Facial Cleansing Products

- 1 OXE'CURE FACIAL LIQUID CLEANSER Water-based gel wash that gently clean the facial skin perfect for dry skin

## Body Cleansing Products

- 1 OXE'CURE BODY WASH Skin balancing formula with pH 5.5 that helps to clean the skin while maintaining the natural balance
- 2 OXE'CURE SULFUR SOAP Cleaning products for reducing acne and oiliness on the skin.

In 2019, Oxe'cure was launched 3 new products as follows:

1. Oxe'cure Acne Clear Potion new formula of acne clear potion from Japan with intense Salicylic Acid 2%
2. Oxe'cure Acne Clear Powder Mud new formula of acne clear powder mud from Japan with intense Salicylic Acid 2%
3. Oxe'cure Acne Clear Powder Lotion liquid lotion powder that control facial oily skin, tighten pores, exfoliate skin to be smooth, and reduce dark spot.

**3 Distributor of cosmeceutical products under the subsidiary's trademarks "SÖS" and "PRETTIIFACE", the skincare products for customers who have problems of dry skin, no moisturizing, no brightening, wrinkles, and sagging as well as the customers who has life style as Millennials. The products are as follows:**

- 1 SÖS HYALURON X3 CONCENTRATE SERUM serum with 3 molecule of intense hyaluron i.e. Hyaluron which coat and protect the skin from dehydration, Nano Hyaluron which resolve wrinkle skin deeply, and Super Hyaluron that help skin to be smooth and keep hydrating for a long time.
- 2 PrettiFace Wink Bright Whitening serum serum for brithenning, healthy, and aura skin.
- 3 PrettiFace Oasis Moisturising serum serum that fill-up water to skin to be moistured.
- 4 PrettiFace Youth-iful serum serum that reduce wrinkle to be younger skin.
- 5 PrettiFace Pore-fecting serum serum for smooth skin and tighten pores.

**4 OEM business, in which the company manufactures and provides advice on facial skin care products in the form of cream The customers of this type of business are small-scale entrepreneurs that want to enter the beauty industry. But with limited investment and without their own factory.**

## 2 Marketing and Competition

### 2.1 Marketing Policy

#### Product and Brand Uniqueness Development and Brand Awareness Enhancement

Currently, the Company has increased subsidiaries in order to run business of manufacturing and distribution of skincare products. In addition to the different of trademarks, there are different factors i.e. product image, marketing policy, target group, price, and distribution channel. Therefore, each brand has set up appropriate strategy to access variety of customers.

Brand "SNAILWHITE" focuses on product ceation and packaging design to be accordance to premium mass product identity of high quality with reasonable price. The Company also focuses on marketing to make trust on products by presenting products through Thailand's superstars who have distinguished in beauty and credibility to target consumers, as product presenter to create recognition and trust from consumers. In 2019, the Company focused on strengthen the 'Gold' product group by presented new

product of NAMU LIFE SNAILWHITE Gold Triple Lift Serum both pumping bottles and sachets in order to drive the business growth as same direction as current market that product group of anti-aging segment grow more than 5%, equally to whitening segment. Moreover, at the end of 2019, SNAILWHITE has stimulated market for facial sunscreen products because sunscreen product market is high-growth market (more than 8%) and likely to continue growing from currently high environmental and pollution problems. Although this product is already distributed, but the consumers still satisfying the product for more than 20% of market for cleanser and skincare products in 2019.

Previously, there was aggressive competition i.e. many new brands launching and new products releasing to market weekly as well as promotion campaigns and other market activities in order to drive products to consumers in many choices. An obvious consumers' behavior from competition is product testing, it is a factor that both large and small manufacturer in domestic and overseas attempt to develop product with smaller packaging and low price. This factor can stimulate the trial products and increase market share, which is a strategy that fast affect to current economic condition. Another obvious effect is growth of convenience stores channels because of sachet product price that suitable for this sell channels. The convenience stores is main distribution cheannel of small package products. Therefore, SNAILWHITE brand developed sachet products to satisfy need of consumers in this channel in order to reach consumers in mass market, especially in up-countries. Distribution channels still focus on modern trade and export which the customers have purchasing power for standard package products, convenience stores that rapidly growth, and traditional trade that focus on sachet products to increase market share.

Brand "OXE'CURE": Year 2019 is the first year that Dream Dermatology Company Limited has started to distribute and manage brand "Oxe'cure" for completely 1 year. The brand has focused on strategy of brand building and brand image developing for more obvious brand DNA through the changing of trademarks, packaging, classification of product group to be more modern, and enhance the image as cosmeceutical products. Therefore, the origin of each product will be invented and improved the product formula by reseach and development data as well as analysis from accepted institutes both domestic and overseas. The products are outstanding for problems solving, obvious result after usage, and help to solve specific problems. Main targets of the brand are persons who have acne-prone skin, students, and start working people. Therefore, marketing to reach this customer group is focusing on online channels as the beginning. In quarter 2 of 2019, the brand has selected TV advertisements for brand and product awareness to the consumers because the brand was disappeared from this channel for a long time. In quarter 3, the brand has launched new product, which received good feedback from consumers i.e. OXE'CURE Acne Clear Potion new formula from Japan. Also, the brand has launched the first acne clear product in sachet i.e. OXE'CURE Acne Clear Powder Mud. Both products is acne clear products but different in touching and packaging. The potion product has sediment water powder that contains in glass bottle and distribute to modern trade shop. The mud product is mud powder that contains in sachet and distribute to convenience stores. Advertisement of both products focusing on online channel which received good feedback from the consumers. Distribution channel of Oxe'cure products is distributor that is DKSH Company Limited, which responsible for distribute products over Thailand. Standard package size are distributed to both retail and wholesale pharmacies as well as retail stores including leading stores with many branches, supermarket, and other special channels e.g. hospital, skincare clinic, and online retail stores. For convenience stores, there are emphasis on small size products, that suitable for travel, and sachet products, a new launching produtcs which received good feedback from the market.

Brand SŌS stands for Stories of Skin, a brand's slogan which believes that each person's skin is different because of difeerent experiences. The stories was told through the different froms of skin i.e. dry skin, oily skin, wrinkle problem skin, and dark spot skin. SŌS is the brand that focuses on developing new innovative products to solve the consumers' skin problems as well as enjoy every experiences of their life. The first story of the brand will be presented to the market is Water of Life, which the brand believes that it is starting point for healthy and strong skin because water balancing skin will make skin brithening and young. The first launching product in 2019 is SŌS HYALURON X3 Serum, concentrated hyaluron serum from Japan with

3 molecule of intense hyaluron which penetrates deep into the skin to urgently add water to skin and keep epidermis moisture, without losing water from pollution. Due to basic skincare is important, the first product was distributed to main customers i.e. new generation customers both female and male, teenage and working persons, who have sufficient income to allocate for beauty product consumption. Marketing communication begins with online media in order to reach the target customer groups. After that, there will build brand awareness by TV advertisement media in form of short VTR in popular TV program in order to reach the satisfaction of customer target with the best value of offline expenses. Distribution channels are focused on modern trade retailers and some traditional trade shop which be able to distribute products in each areas in order to access consumer group.

Brand PRETTiiFACE is combination of Japan and Korean products. The concept of this product is “Best Friend Forever” that focuses on teenage customers to take care of their skin from the beginning in order to keep their skin healthy and young. The communication will be in the form of A Girl’s Best Sister, a friend that always beside you to help, update news, update new trends, and enjoy living. This brand provides products for Millennial group, which originated from the ideas of modern Millennials who believe that healthy and beauty are different from previous generations. Millennial consumers is looking for new brand that reflect to their ideas, attitude, and believe in the same lifestyle. Therefore, brand PRETTiiFACE was established as the beauty products that was developed to skin of Thai people. All product formula can be used for all genders. There is no reputation presenter to present the products but encourages target group to test the products by themselves and share testing result to people around them. For brand image, there will be reflected to personality and attitude of target group through 4 cartoon characters with different story and lifestyle i.e. high school girl, university girl, working woman, and manager. The characters is good representative for main target group of the brand because PRETTiiFACE believes in recommendations from friends or person beside them. The slogan of the brand is “Beautiful as Sis, Having PRETTiiFACE”. Therefore, marketing has focused on encourage people, whether influencers or general people, to test products. The first products of the brand are 4 formula of facial serum for different skin problems, but can be used together for better results. All formula is gentle on sensitive skin which can be used by 7 years children and older. Product price of 4 sachet products is reasonable at 39 Baht for 6 millilitres which consists of active ingredients extracts imported from overseas i.e. Switzerland, Australia, Japan, and Korean. Sachet has lid that can be used many times and convenient for carrying and traveling. Distribution channel are focused on convenience stores and traditional trade shop which be able to distribute products in each areas and online channels.



# Risk Factors

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The Company realizes and places importance on various aspects of undertaking its business including risk management of the organization to analyze internal and external factors impacting its business. These factors may have a material impact on return on investment of investors. Therefore, the Company must be prepared to encounter those risks and find optimal risk management and mitigation plans for all kinds of risks to ensure that risks in conducting its business are at controllable levels within its risk appetite. Risk factors that may impact the Company's business operations can be categorized into business operation risk, marketing risk and financial risk in each brand of products as follows:

## 1 Risk Factors of Products Groups of “SNAILWHITE”

### 1.1 Business Operation Risk

- **Risk of Dependence on Key Executives and Business Specialist Employees**

The Company's success depends on capabilities of key executives and employees. These individuals include executives and employees who have knowledge, expertise and experience in skin care product business from production, marketing and distribution both domestic and overseas. That is the reason why the Company provides regular trainings for its employees to equip them with knowledge and abilities. Nevertheless, any failure to keep capable executives and employees with the Company or inability to find substitute personnel in a timely manner, may adversely affect the Company's operating results.

However, the Company is aware of this risk and has paid attention to the development and professional advancement of its staff and executives. The Company also had a clear career path planned for each level of employees. In addition, the Company has provided appropriate compensation to our employees based on their knowledge and performance. The Company also continuously recruited new qualified employees to replace former employees in order to have sufficient personnel to support the Company's business plan.

- **Risk from all of Our Products have Snail Secretion Filtrate as a Major Ingredient**

All of our products have snail secretion filtrate as a major ingredient and the Company uses this ingredient for its marketing purpose. As snail secretion filtrate is extracted from nature, it is not possible to control the supply in the nature. Thus, if there is any negative impression to snail secretion filtrate, material shortage or changing in consumer trend, the overall performance of the Company may be adversely affected.

However, the Company has never experienced a shortage or confronted any difficulty in obtaining the snail secretion filtrate. In addition, the Company procured snail secretion filtrate from several qualified suppliers which, in case that some suppliers have any difficulty to supply the snail secretion filtrate, could be used interchangeably. The Company also explored several alternative ingredients to replace snail secretion filtrate in the future and implemented marketing campaign to influence consumer towards brand recognition and product quality instead of snail secretion filtrate itself.



- **Risk of Reliance on a Packaging Supplier**

The Company pays attention to every stage of the production process especially the selection process of packaging to ensure quality and suitable properties that facilitate the use of its products. The Company considers and select vendors based on quality, credibility, sources of materials and innovation as well as consumer needs. At present, the Company relies on a container supplier from South Korea. This manufacturer is a large supplier known for container production who owns a patent of container that the Company prefers to use for its products as they have distinctive quality and features compared to other vendors.

In 2016, 2017 and 2018, the Company procured almost all containers from that particular manufacturer which contributed to 33.4%, 37.0% and 4.9% of total raw material and packaging purchase of the Company respectively. Therefore, if there is any factor that causes this supplier to be unable to deliver the containers to the Company, or cause the prices to rise significantly, the Company may have to source containers with similar quality from another supplier instead. In case that the Company fails to promptly find another supplier in due time, the production plan may be affected which may cause the Company to be unable to manufacture products to meet market demand. The business opportunities will be lost. Besides, as the packaging from this manufacturer has certain innovations and distinct properties under their patent, the Company may not be able to find a similar replacement from other vendors. Using different packaging possibly affects customer satisfaction or effectiveness of product usage.

Nevertheless, the Company believes it is unlikely that this supplier will face any problems or limitations and will not manage to supply packaging to the Company in the long run as they are one of the largest packaging manufacturers for skin care and cosmetic products in South Korea and is a listed company in the South Korea Stock Exchange. The supplier also has production plants in several countries and is prominent for on-time delivery and product quality. The Company also effectively managed its cost by purchasing containers from this manufacturer in high volume so that the Company could negotiate for good commercial terms. Realizing this risk, the Company has explored options with other packaging manufacturers who can produce similar quality containers to prevent this risk in the future.



- **Risk Relating with the Operation of Our Manufacturing Plant**

The Company's business depends on the proficiency of our manufacturing plant to produce high quality skincare products. Thus, the Company is exposed to risk that products produced by our manufacturing plant may not meet relevant requirements, or there may be an interruption of production plant causing by an unplanned shutdown including natural disaster such as flood, storm which may cause a material adverse effect to the Company's operations, results of operations and financial position.

However, the Company is aware of this risk and has paid attention on improving efficiency of our production process. As a result, we received several Thai and international certification such as Food and Drug Administrative (FDA). In addition, the Company set strict quality control process to ensure that our products meet relating standard and criteria. Moreover, the Company regularly conducted the scheduled maintenance which allows our machinery to run uninterruptedly in many years. Moreover, our production plant also received ASEAN GMP (Good Manufacturing Practice), certifications of the quality management standard (ISO 9100:2015), the environment management standard (ISO14001:2015) and the Occupational Health and Safety Assessment Series standard (OHSAS 18001:2007).

## 1.2 Marketing Risk

- **Risk of Intense Competition in Beauty and Skincare Market**

Beauty and skincare product market is defined with intense competition as it receives much attention from many operators both domestic and international as it is a lucrative market with high demand thanks to the current trend of people being more health-conscious and self-conscious. Not only multinational companies with renowned brands such as manufacturers from South Korea and Japan which have strong influence to Thai customers but also small operators are interested in the market as it requires small amount of initial investment. This intense competition is the reason why there are wide ranges of substitute products with similar attributes in the beauty and personal care market from multiple brands. Thus, customers are offered a variety of options for them to choose from. In addition, customer behavior may not be stable given changes in their attitudes toward beauty and personal care products, social trends and information received about properties of products. Therefore, players in the market must differentiate themselves by being creative and introducing products with new properties to meet changing preferences of customers as well as offering high quality products at reasonable prices in order to compete and consistently communicate with its customers of unique value propositions. Severe competition in the market may have significant negative impacts on business, performance and financial position of the Company.

In order to cope with the increasing competitive environment in the industry, the Company has defined strategies and has paid attention on key factors that would lead to our success which include (1) strong product identity which would lead to top-of mind brand awareness (2) quality, reliability and safety of our products (3) extensive distribution network coverage (4) commitment to research and development for better products and new products innovation and (5) a team of young, highly capable, and creative management team. The company believes that these factors would help the company to cope with the intense competition in the skincare and cosmetics market. Even with the entering of a large number of small operators, but it is expected to be difficult for them, who mainly rely on OEM to manufacture their products, to maintain production quality standard, create a customer base and promote their products successfully in the long run with limited capital and lack of knowledge and expertise in this business.

- **Risk of Counterfeit Products or Use of the Company's Trademark as the Name of a Company**

With its quality product, successful marketing and efficient management, the Company's products have gained popularity in the market and this led to prevalence of copied products with similar external appearances as well as products that imitate its

concepts. To certain extent, this confuses consumers and counterfeit products with low quality can cause negative side effects to them. In the light of such cases where the Company cannot duly control the damage, the impact on the Company image can post significant threats to its performance and financial position.

Realizing potential impacts to its image and consumer safety from counterfeit products, the Company officially registered its trademarks and regularly send a team to survey the market for counterfeit products and gather sufficient evidence to take legal actions against distributors and manufacturers of counterfeit products. In addition, the Company communicates more with consumers on how to detect counterfeit products as well as conduct R&D to introduce new products that are different and unique. For example, the Company attached innovative anti-counterfeit stickers on its products in order that consumers can quickly and accurately test products for fake. The Company also demonstrates and shares knowledge on how to separate fake products from genuine ones via various channels e.g. the Company's website and sales representatives and distribution partners. Finally, packaging of the products is continuously developed to differentiate itself from the counterfeits to ensure consumers of genuine products and prevent them from any risk from danger associated with products that do not meet standards.

Moreover, the Company incurs reputational risk when external parties use its brand or product names at present or in the future as the names of their companies. In case that those parties engage in any action that could cause bad publicity, people can mistakenly relate that to the Company. In the light of such cases where the Company cannot duly control the damage, the impact on the Company image can post significant threats to its performance and financial position.

Even though the Company may not be able to prevent external parties from using our brand as company names as it is their rights to do so, the Company places more importance on its trademarks and has no concern of adverse impacts from external parties using its products/trademarks as their company names compared to trademark imitation. Currently, the Company already registered its trademark in Thailand and other countries with distribution partners or high market potential including China. Besides, the Company allowed its distribution partner in China, Riya Home to use its trademark which is Namu Life to be a part of the name of its subsidiary, Namu Life (Beijing) Trading Co., Ltd. to conduct marketing activities in China.

The permission to use of the Company's trademark as a subsidiary's name is considered a marketing strategy to promote credibility of its distribution partners so that customers are ensured that they purchase products from authorized dealers. The Company also believes that Riya Home will not engage in any activity that would adversely affect the Company's reputation since Riya Home's majority of revenue is derived from being the Company's distribution partner in China. The Company entered into another contract attached to the distribution partnership contract between the Company and Riya Home on 1 October 2017. The contract's key provisions are summarized as follow (1) When distribution partnership contract between the Company and Riya Home is expired or terminated, Riya Home and related parties must change its company's name to exclude the words "Namu Life", "SnailWhite" or any other name related to the Company (2) For the next 3 years after the expiration or termination of distribution partnership contract between the Company and Riya Home, Riya Home and related parties must not engage in business related to manufacturing and distribution of products using trademarks with affiliation to the word "Namu Life", "SnailWhite" or any other products with snail secretion filtrate as an ingredient.

- **Risk of Reliance on Chinese Customers**

Our products have been popular among customers with Chinese nationality as they have positive perceptions of our skin care products on quality, affordability and nourishing properties suitable for all skins. The Company made significant sales, directly and indirectly from Chinese customers through its export to China and Hong Kong as well as Chinese customers in Thailand. Riya Home is the sole distribution partner in China who significantly distributed products for a distributor in Thailand, the Fourteen Co., Ltd. and Riya Home's customers are mostly Chinese. The combined proportion of revenue from Chinese customers in 2017 stood at 48.1% of total sales revenue before trade discounts and fell modestly to 13.1% in 2018 after the Chinese tourist boat

accident in Phuket. That incident resulted in a significant decrease in Chinese tourists which adversely affected the Company. Evidently, the Company risks losing revenue from Chinese customers from various factors such as sluggish global economy, changes in government policies or any factor affecting Chinese tourists coming to Thailand or trust among Chinese customers. This risk of reliance on Chinese customers can significantly affect performance and financial position of the Company.

However, the Company is planning to expand its customer base by exporting to other countries and the Company is also planning to expand its domestic distribution channels, especially in modern trade and NAMU LIFE Shop to reduce its dependency on Chinese customers.

In addition, in case that one of our above distributors stop selling our products while Chinese customers still have demand for our products, the Company can assign other distributors to replace such distributor to response to such demand. However, the Company could not guarantee that the new distributor would be as good as the former distributor. Nevertheless, the Company still maintains good relationship with these two distributors and expects this good relationship to be maintained in the future. Furthermore, the Company has established a new department to focus on overseas customer research in order to gain more understanding in Chinese and overseas customers and other overseas customer as well as introducing several marketing campaigns to create extensive brand awareness to reduce the reliance in the current customers.

- **Risk of Reliance on Certain Key Customers or Distributors**

In 2016, 2017 and 2018, the Company gained sales revenue before discounts from top 5 customers who are distributor partners or modern trade made up for 986.0 Million Baht 1,167 Million Baht and 696.0 Million Baht, equivalent to 76.3%, 68.7% and 54.6% of total sales revenue before discounts respectively. The Company relies mostly on 2 top distribution partners namely Riya Home, a distributor in China and the Fourteen Co., Ltd., a local distributor. In 2016, 2017 and 2018, sales revenue before discounts from Riya Home was 142.0 Million Baht 509 Million Baht and 137.7 Million Baht, or 11.0%, 29.7% and 13.2% respectively.

In 2019, the Company's performance still decline because of distributors in China i.e. Riya Home and The Fourteen Company Limited with value of 18 Million Baht and 34 Million Baht respectively. Due to various factors in China included strictly government regulations, new distributors that import more new products to sell there, and higher price competition; therefore the Company has expanded distribution plan to additional distributors as well as control existing distributors in order to every platform of online distribution channels, which resulting in continuous distribution. Additional, the Company will renovate NAMU LIFE Shop at Siam Square branch to be modern and set marketing strategy to focusing on direct consumers along with increasing online distribution channel with alliance such as Lazada and will expand to Shopee and CTrip. The Company will directly coordinate with alliances in all process.

However, the Company managed such risk by dealing with several other distributors which could be used interchangeably. In the events that there are any problems with certain key distributors such as communication, logistic, or any other problems which resulted in such distributor ceasing its operation with the Company, the Company will still have several other modern trade, traditional trade and online channels for end consumers to access to the Company's products. In addition, the Company is planning to open more NAMU LIFE Shops which would help reducing the reliance on primary distributors.

- **Risk from Damages to Consumers or Product Recalls**

Our products are usually applied directly to facial and body skin which are a sensitive and important part of the body. Thus, if there are any damages to the consumers which are caused by the proven defected from our products or raw material used in our production, of which the Company is not able to control raw material production process of its suppliers both in Thailand and international, the consumers could make claim or take legal action on the Company in exchange for a compensation which may

be in significant amount and the Company may be required to recall all potential unsafe or harmful products. This may affect our corporate and brand reputation and may result in our product manufacturing and/or distribution certification or license and may have a material adverse effect to the Company's results of operations and financial position.

However, the Company gave utmost priority to its product quality and implement quality control in every production process from product developing to product delivery. The Company also has a quality control department to control and check product quality in every production process to ensure that all products meet our standard. The Company also selected raw material suppliers mainly based on their quality and reliability. Moreover, in product developing process, the Company requested third party for quality inspection before distributing to customers.

### 1.3 Financial Risk

- **Risk from Foreign Exchange Rate Fluctuations**

The Company imports raw materials from foreign countries and also exports its products overseas. Therefore, the Company is subject to risk from fluctuations of foreign exchange rates both from paying for raw materials and receiving payments from international customers in foreign currencies.

During 2016-2018, the Company ordered raw materials for production equivalent to 46.2%, 37.1% and 37.0% of total raw material and packaging purchase from suppliers in foreign countries mainly packaging from a South Korean manufacturer. All payments were settled in US Dollar while the Company's sales revenue is all in local currency (Thai Baht). This results in risk from exchange rate loss in case of depreciated Thai Baht that will impact cost of finished products. Nevertheless, the Company entered into forward contracts to partially and optimally hedge the risk from fluctuations in foreign exchange rates.

## 2 Risk factors of product group in brand of "Oxe'Cure"

### 2.1 Economic Factor

#### 1) More Options to Customers and More Competitors in the Markets

As previous overall economic situation affect to customers' purchasing decision to be more difficult, aggressive market competition in the past year result to increasing more competitors, and the consumers have more choices and variety of products; that directly affect to the brand. Therefore, Oxe'Cure has focused on product invention to be unique compares to other brand' products in the market and able to attract the customers well.

#### 2) Sale Promotion Activities Throughout the Year of Competitors

When the customers have more product choices, more difficult purchasing styles, and the competitors provide more sale promotion activities throughout the year; cause the brand always has to analyze and concentrate on change of marketing direction in order to improve the brand to be updated and present product appropriately. The brand will maintain marketing position and customer base strongly.

#### 3) Bargaining Power of Shops

When there are more entrepreneurs, limited area of the shop is also business opportunities for bargaining power. As a result, brand has to set new strategy to build relationship with business alliances for highest interest to all stakeholders.



### 3. Risk Factors of “SÕS” and “PRETTiIFACE” Products

#### 3.1 Business Operation Risk

##### 1) Risk of Dependence on Key Executives and Business Specialist Employees

Due to Skin Makes Smile Company Limited (Subsidiary), which operates in manufacturing and distributing products under trademark SÕS and PRETTiIFACE, has not many key executives and employees, therefore the Company realizes the importance of transferring knowledge and competency in order to develop the personnel or successor plan and career path planning. The Company has provided appropriate compensation to the employees based on their knowledge and performance. In addition, the Company also continuously recruited new qualified employees to replace former employees in order to have sufficient personnel to support the Company's business plan.

##### 2) Risk of the Product Manufacturing

Due to brand SÕS has hired COSME NATURALS LIMITED, the company in Japan, to manufacturing products to the Company. This company has high standard on product quality checking and acceptable. The Company can be confident in their production system and process very well. However, the Company is aware to the risk of hiring outsource for product manufacturing, in case that said factory has any problems or high competition condition, the Company has backup plan to manufacture product by our own factory in order to avoid any affect and able to control efficiency of production improvement.

#### 3.2 Marketing Risk

##### Risk of Intense Competition in Market of Beauty Product

Due to beauty business has high market demand, therefore, there is high competition as well. Many entrepreneurs, both in Thailand and overseas, then have interesting to do the beauty business. However, the Company is aware to this risk, then has defined strategies and give importance on factors that would lead to the Company's competitiveness and business success i.e. (1) creating of product identity and trademarks to be brand awareness to consumers (2) quality, reliability, and safety of our products (3) set up selling price that consumers can access to the products and providing extensive various distribution channel.





# CORPORATE GOVERNANCE

## Securities and Shareholders

As of 31 December 2018, the Company's registered capital is 318,000,000 Baht and paid-up capital of 317,887,700 Baht, consisting of 317,887,700 ordinary shares at a par value of 1.00 Baht per share. The Company listed in the Stock Exchange of Thailand.

List of 10 Major Shareholders of the Company as of 28 December 2018 as follow:

No.	Shareholder lists	Number of Shares	Percentage of Shares
1.	Pornpatanarak Family <sup>1</sup>	215,945,700.00	67.94
2.	Mr. Mongkol Prakitchaiwattana	30,428,400.00	9.67
3.	RAFFLES NOMINEES (PTE) LIMITED	15,700,000.00	4.94
4.	Ms. Chantana Jirattipatra	12,569,600.00	3.47
5.	Mr. Sophon Mitpanpanich	4,143,800.00	1.31
6.	Thai NVDR Co., Ltd.	2,361,965.00	0.73
7.	Mr. Suthiluck Chirathivat	1,605,200.00	0.52
8.	Ms.Sopit Poosanakom	1,400,000.00	0.44
9.	SCB SET Index Fund	1,179,600.00	0.37
10	Mr. Suphawat Vanichprapha	1,160,000.00	0.36
11.	Other Shareholders	31,505,735.00	10.25
		318,000,000.00	100.00

Remark: <sup>1</sup> Pornpatanarak Family has list of shareholders as of 28 December 2018 consists of:

Dr. Sarawut Pornpatanarak	Number of shareholding	179,595,700	shares	56.50	%
Mr. Saranon Pornpatanarak	Number of shareholding	22,275,000	shares	7.01	%
Mrs. Sarunya Ngarmpaiboonsombat	Number of shareholding	12,275,000	shares	3.86	%
Mr. Manat Pornpatanarak	Number of shareholding	1,800,000	shares	0.57	%
Total		215,945,700.00	shares	67.9	%

Major Shareholders Having Significant Influence to Company's Determination of Management Policy or Operation

### Representative Directors from Pornpatanarak Family

Dr. Sarawut Pornpatanarak	Position in the Company
	Vice Chairman of the Board of Director, Chairman of the Executive Committee, Chief Executive Officer and Authorized Director

# Dividend Payment Policy

## The Company's Dividend Payment

The Company has a policy to pay dividends at the rate of not less than 50% of the Company's separate net profits Or retained earnings of the company Which does not affect the normal operations of the business after deducting corporate income tax and other reserve funds as required by law and as determined by the Company. The Board of Directors may also, for the interest of the shareholders, take into consideration other factors in paying dividends, such as the financial condition and results of operations of the Company, the Company's reserve funds for future investments and repayment of loans or working capital requirements and whether a dividend payment will have a material impact on the normal business operations of the Company, as deemed suitable and appropriate by the Board of Directors.

The Board of Directors may consider to pay annual dividends subject to the approval of the Company's shareholders meetings. The Board of Directors can occasionally approve interim dividend payments in case that the Company earned enough profit in doing so and must report to the next shareholders' meeting.

Dividend payment for the year 2018, the Company's performance is that there is net profit from separate financial statement at the amount of 160.11 Million Baht. Therefore, it is appropriate to allocate profit as dividend payment at the rate of 0.50 Baht per share. The total dividend payment is 158.94 Million Baht. The Record Date to determine the right to receive dividend is on 12 March 2019 and the dividend payment will be made on 15 May 2019.

**Dividend payment** from the Company's performance for the fiscal year ended of 31 December 2018

Net Profit (Loss)	160,107,257	Baht
Profit (Loss)_per share	0.50	Baht
Legal Reserved:Not allocated because the Company has fully reserved as required by law		
Interim Dividend Payment_per share *	-	Baht
Interim Dividend Payment *	-	Baht
Annual Dividend_per share	0.50	Baht
Annual Dividend	158,943,850	Baht
Total Dividend Payment_per share	0.50	Baht
Total Dividend Payment	158,943,850	Baht
Dividend Payout Ratio	99.27%	
Number of Shares	317,887,700	Shares



## The Subsidiaries' Divident Payment Policy

The Company's subsidiaries have policy to pay dividends at the rate of not less than 50% of the subsidiaries' separate net profits after deducting corporate income tax and other reserve funds as required by law and as determined by the subsidiaries. The Board of Directors of the subsidiaries may also, for the interest of the shareholders, take into consideration other factors in paying dividends, such as the financial condition and results of operations of the subsidiaries, reserve funds for future investments and repayment of loans or working capital requirements and whether a dividend payment will have a material impact on the normal business operations of the subsidiaries, as deemed suitable and appropriate by the Board of Directors of the subsidiaries.

The Board of Directors of subsidiaries may approve dividend payment with an approval from the shareholders' meeting of the subsidiary except the case of interim dividends. The Board of Directors of the subsidiary can occasionally approve interim dividend payments in case that the subsidiary earned enough profit in doing so and must report to the shareholders' meeting of the subsidiary at the next meeting





# Management Structure

## Structure of the Board of Directors

The Board of Directors consists of 9 qualified directors with knowledge, capabilities and experience in diverse fields sufficient to oversee the Company's business undertaking. There are 3 independent directors (1/3 of total number of the Board of Directors) and 4 non-executive directors (half of the Board) to promote the balance between executive and non-executive directors with at least 1 director with experience in cosmetics industry and at least 1 director with experience in finance and accounting.

As of 31 December 2019, list of the Board of Directors according to the company affidavit is shown below:

Name	Position
Mr. Rittikrai Thammaraksa	Acting Chairman of the Board of Directors and Member of the Executive Committee
Dr. Sarawut Pornpatanarak	Vice Chairman, Chairman of the Executive Committee, and Chief Executive Officer
Mr. Krish Follett	Independent Director, Chairman of the Audit Committee, and Chairman of the Risk Management Committee
Mr. Nattawoot Krerpradab	Independent Director, Member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee
Mr. Yuthapong Ma	Director
Mr. Nitiroj Manolamai	Director, Member of the Risk Management Committee, and Member of the Executive Committee
Mr. Suphawatt Vanichprapha	Director, Member of the Nomination and Remuneration Committee, and Member of the Executive Committee
Mr. Piyawat Ratchapolsitte	Director and Chief Financial Officer
Asst. Prof. Dr. Terdsak Rojsurakitti <sup>1)</sup>	Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee
Ms.Yuphaphan Phuangphuaphet <sup>2)</sup>	Company Secretary

Remark <sup>1)</sup> Asst. Prof. Dr. Terdsak Rojsurakitti was appointed as Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee according to the resolution of the Board of Directors' Meeting No. 1/2019 on 25 February 2019

<sup>2)</sup> Ms.Yuphaphan Phuangphuaphet was appointed as Company Secretary according to the resolution of the Board of Directors' Meeting No. 5/2019 effective on 22 August 2019

## Authorized Director of the Company

The Board of Directors has the authority to approve the Company's matters as stipulated by laws, the Article of Association and the Board of Directors' Charter as well as resolutions from the shareholders' meeting. The Board's responsibilities include setting vision, mission, work plans, risk management policy annual budgets and annual business plan as well as monitoring and assessing the business to be in line with specified plans.

However, the number and the list of authorized directors are specified according to the Company's affidavit pursuant to the Company's Article of Association.

#### Authorized Director

1. Dr. Sarawut Pornpatanarak, Mr. Nitiroj Manolamai, Mr. Suphawatt Vanichprapha two out of the three mentioned directors jointly sign and affixed with the Company's seal or
2. Dr. Sarawut Pornpatanarak or Mr. Nitiroj Manolamai or Mr. Suphawatt Vanichprapha to jointly sign with Mr. Piyawat Ratchapolsitte or Mr. Rittikrai Thammaraksa, total two directors and affixed with the Company's seal.

#### Scope of Duty and Responsibility of the Board of Directors

1. Perform the duties in undertaking the Company's business in accordance with laws, objectives, the Article of Association, resolutions of the Board of Directors and the shareholders' meeting with responsibility, prudence and integrity for the best interest of the Company and shareholders. The Board of Directors must ensure that the Company fully comply with applicable laws related to its business as well as anti-bribery and anti-corruption laws.
2. Consider, specify and approve vision, mission, business strategies, business directions, business policies, goals, guidelines, work plans and budgets of the Company and its subsidiaries as prepared by the Executive Committee and the management team.
3. Supervise management and performance of the Executive Committee, chairman of the Board, chief executive officer, the management team and any person assigned to perform such duties to ensure the alignment with vision, mission, business strategies, business directions, business policies, goals, guidelines, work plans and budgets that the Board stipulated.
4. Continuously monitor performance of the Company and its subsidiaries to be in line with work plans and budgets of the Company.
5. Ensure that the Company and its subsidiaries implement suitable and effective accounting systems and put in place adequate and effective internal control systems and internal audit systems and regularly evaluate the Company's internal control systems.
6. Ensure the accuracy and completeness of financial reporting of the Company and its subsidiaries according to the generally-accepted accounting standards at the end of each accounting period to present its financial position and performance of the last accounting period. Independent auditors shall examine, attest and sign those financial statements before presenting to the Annual General Meeting of the shareholders for approval.
7. Deliberate and approve the selection and nomination of independent auditors as well as determine proper remuneration as proposed by the Audit Committee before presenting to the Annual General Meeting for approval.
8. Ensure that corporate governance policies under good governance principles are put in place in writing and applied efficiently throughout the Company to affirm accountability and fairness to all stakeholders.
9. Review and approve qualified individuals without prohibited characteristics according to the Public Company Act B.E. 2535 (and its amendments) and the Securities and Exchange Act B.E. 2535 (and its amendments) including notifications, rules and regulations or procedures related to the appointment in case that a director position is vacant due to other causes apart from an official end of term. Review and approve directors to replace ones who completed their terms including their remuneration and propose to the shareholders' meeting for approval.
10. Appoint sub-committees including the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Executive Committee, define roles and responsibilities of those sub-committees to assist and support the Board of Directors' duties and determine proper remuneration for sub-committees (not more than total amount approved by shareholders)

11. Review and appoint executives according to the definition specified by the Securities and Exchange Committee and the Capital Market Supervisory Board including the Company Secretary and determine proper remuneration for those executives.
12. Consider and approve expenses related to investment, business operations, loan and credit application to financial institutions and being a guarantor in order to undertake normal business of the Company and its subsidiaries including its affiliates without limit pursuant to related rules and regulations of the Company as well as applicable rules of the Stock Exchange of Thailand and the Capital Market Supervisory Board.
13. Review and approve related party transactions between the Company, subsidiaries, affiliates and related parties pursuant to the Securities and Exchange Act 1995 (and its amendments) including related rules and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board. Consider and approve principles on commercial agreements with general trade conditions in case of entering a transaction between the group of companies and directors, executives or connected persons in order to set a framework for and authorize the management to undertake the transaction according to the framework and scopes of laws and related criteria.
14. Provide suitable communication channels for each group of shareholders and supervise information disclosure to ensure accuracy, clarity, transparency, credibility and highest standards.
15. Approve interim dividend payments.
16. Determine and change the list of authorized directors who can sign to legally bind the Company.
17. Seek professional opinions from external organizations to make proper decisions (if necessary)
18. Monitor the Company's operations to ensure efficiency and protect interest of all stakeholders.
19. Organize the Annual General Meeting of shareholders within 4 months after the Company's accounting period ends.
20. Arrange at least four (4) meetings of the Board of Directors per year.
21. Prepare annual reports of the Board of Directors and be responsible for preparation and disclosure of financial statements of the Company and its subsidiaries to present financial position and performance of the Company and its subsidiaries during the past year and propose to the shareholders' meeting for approval.
22. Review performance evaluation results of the Chief Executive Officer and sub-committees as recommended by the Nomination and Remuneration Committee to consider performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement.
23. Evaluate performance of the committees as a whole as well as of individual directors and consider performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement.
24. Supervise and monitor management and business undertaking of the Company and its subsidiaries to be in accordance with the Company's policies and securities laws as well as related notifications, rules and regulations of the Capital Market Supervisory Board, the Office of Securities and Exchange Commission and the Stock Exchange of Thailand e.g. related party transactions and acquisition and disposition of important assets that are not conflicting with other laws. Ensure adequate and appropriate internal control systems and internal audit systems.

The Board of Directors can delegate and/or assign other persons to perform certain duties on their behalf. Delegation and sub-delegations must comply with the scope of delegation specified in the power of attorney document and/or rules, regulations and notifications that the Board of Directors and/or the Company stipulated. Delegation of authority and responsibilities of the Board of Directors is not considered a delegation or sub-delegation in case that the Board of Directors

or its delegates are able to approve any transaction that they or persons with potential conflict of interest (according to the definition in the notification of the Securities and Exchange Commission and/or the notification of the Capital Market Advisory Board and/or the notification of the Stock Exchange of Thailand and/or related agencies) may have an interest in or benefit from in any way or have any conflict of interest with the Company and its subsidiaries. An exception can be made in case that the transaction is approved according to policies and criteria set but the shareholders' meeting or the Board of Directors and is considered under normal business conduct and general commercial terms pursuant to the notifications of the Securities and Exchange Commission and/or the notifications of the Capital Market Advisory Board and/or the notifications of the Stock Exchange of Thailand and/or related government.

25. Review the Board of Directors Charter at least once (1) a year.

### Tenure of the Directors

- Directors shall have tenure for 3 years. At the Annual General Shareholders' Meeting each year, one third (1/3) of the Board of Directors must retire by rotation; in case that the total number is not a multiple of 3, the nearest to one third (1/3) of the total number of directors must retire. Directors who are retired by rotation may be re-elected to the new position without any limit.
- In case that a director position is vacant due to other causes apart from retire by rotation, the Board of Directors must select and appoint an individual for replacement at the next Board of Directors' meeting except when the term of that respective director is less than 2 months. The new director shall only serve the remaining term of the director he replaces.
- The Board of Directors stipulated that independent directors who have tenure for 9 years or 3 terms of service consecutively may not be independent, the Board of Directors shall review their true independence on an annual basis.

### Meeting Attendance of the Board of Directors in 2019

The Company specified that each meeting of the Board of Directors, not less than a half of total number of directors must attend the meeting to constitute a quorum. During the vote for each agenda item, two thirds (2/3) of total number of directors must be present to ensure transparency in voting.

The Board of Directors expects that directors put reasonable efforts in attending meetings of the Board of Directors and sub-committees that they serve despite certain circumstances that directors cannot attend the meeting. However, to observe good governance principles, directors must attend at least 75% of all the meetings of the Board of Directors and sub-committees that occur throughout the year. In 2018, detail attendance of directors can as shown below:

Directors' Name	Attendance / Total Meetings (Times)				
	The Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Risk Management Committee	The Executive Committee
1. Mr. Rittikrai Thammaraksa	6 / 7	-	-	-	11 / 13
2. Dr. Sarawut Pornpatanarak	7 / 7	-	-	1 / 1	12 / 13
3. Mr. Krish Follett	7 / 7	4 / 4	-	1 / 1	-
4. Mr. Nattawoot Krerpradab	7 / 7	4 / 4	3 / 3	-	-
5. Mr. Yuthapong Ma	5 / 7	-	-	-	-
6. Mr. Nitiroj Manolamai	7 / 7	-	-	1 / 1	11 / 13
7. Mr. Suphawatt Vanichprapha	7 / 7	-	3 / 3	-	12 / 13

Directors' Name	Attendance / Total Meetings (Times)				
	The Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Risk Management Committee	The Executive Committee
8. Mr. Piyawat Ratchapolsitte	7 / 7	-	-	-	-
9. Asst. Prof. Dr. Terdsak Rojsurakitti <sup>1)</sup>	4 / 6	3 / 3	1 / 1	-	-
10. Ms. Nutthinee Jenwattanavech <sup>2)</sup>	-	-	-	-	2 / 2

Remarks: <sup>1)</sup> Asst. Prof. Dr. Terdsak Rojsurakitti was appointed as Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee according to the resolution of the Board of Directors' Meeting No. 1/2019 on 25 February 2019

<sup>2)</sup> Ms. Nutthinee Jenwattanavech was appointed as Member of the Executive Committee according to the resolution of the Board of Directors' Meeting No. 6/2019 effective on 14 November 2019

In 2019, independent directors and non-executive directors joined one meeting together on 25 June 2019 without executive directors or other executives to discuss about the views and opinions of the Board of Directors on the Company's management during the past year and gave independent opinions to the Company's executives to later consider and apply to the Company's business.

## Executives

As of 31 December 2019, there are 8 executive directors and executives, with management knowledge and experience, consist of:

Executives' Name	Position
1. Dr. Sarawut Pornpatanarak	Chairman of the Executive Committee, Chief Executive Officer (CEO)
2. Mr. Nitiroj Manolamai	Executive Director
3. Mr. Suphawatt Vanichprapha	Executive Director
4. Mr. Rittikrai Thammaraksa	Executive Director
5. Ms. Nutthinee Jenwattanavech	Executive Director
6. Mr. Piyawat Ratchapolsitte	Chief Financial Officer (CFO)
7. Mr. Thiti Rattamany	Chief Strategy and Insight Officer (CSO)
8. Ms. Supaporn Thangthienthong	Accounting Director

Remarks: \* According to the definition of the executive defined by the Capital Market Supervisory Board No. TorChor. 23/2551, Re: Determining the Definition of Executives for the Implementation of Section 3/1 of the Securities and Exchange Act B.E. 2535, as amended by the Securities and Exchange Act Stock Exchange (No. 4) B.E. 2551.

\*\* The executives were composed of managing director and the next four executives succeeding the managing director (there should be including entire executives in the same level at the forth executives) and persons holding the position in line of executive level or equivalent in account or finance department. The information of directors and managements are as specify in Attachment 1.

## Company Secretary

The Board of Directors' Meeting No. 7/2018, on 7 November 2018, has resolution to appoint Mrs. Peerawan Matngammuang to be in the position of Company Secretary pursuant to the Securities and Exchange Act B.E. 2551 in section 89/15 and 89/16. Scope of duties and responsibilities of the Company Secretary are specified below.

1. Advising the Board of Directors and management regarding to related rules, regulation, and law; follow up to be consistent; and inform them regarding any significant change.



2. Ensure that related information and reports are disclosed to regulatory agencies in accordance with notifications, rules, and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Advisory Board.
3. Manage and keep the Company's documents:
  - (a) Director Registration Record,
  - (b) Invitation Letter and Minutes of the Board of Directors' Meeting,
  - (c) Invitation Letter and Minutes of the Shareholders' Meeting,
  - (d) The Company's Annual Report
4. Keep reports of interests on directors' and executives, then submit copies of the reports to Chairman of the Board of Directors and Chairman of the Audit Committee within 7 days after receiving the reports.
5. Supervise activities of the Board of Directors and other related matters in accordance with the laws, the notifications of the Capital Market Supervisory Board and/or as assigned by the Board of Directors.
6. Arrange and monitor shareholders' meetings and the Board of Directors' meetings in accordance with the laws, the Article of Association and related practices as well as ensure compliance with resolutions of those meetings.
7. Ensure effective self assessment evaluations for the Board of Directors and sub-committees to review performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement as well as prepare evaluation summaries and present to the Board of Directors and sub-committees for acknowledgement of the results
8. Set up and maintain an effective filing system to store following documents and evidences related to information disclosure. The system must be able to track back at least 5 years since the dates of completion of those documents or evidences. The mentioned document and evidence filing shall include safekeeping of documents using computer systems or any other system that allows documents to be viewed without changes in wordings.
  - (1) Supporting information for an approval matters to the shareholders' meeting.
  - (2) Financial statements and reports on financial position and performance of the Company or related reports that must be disclosed pursuant to Section 56, Section 57 and Section 58 or Section 199 of the Securities and Exchange Act.
  - (3) The Company's opinion on a general offer to purchase the Company's shares from shareholders.
  - (4) Any information and report dissemination related to the Company's business as prepared to disclose to shareholders or the general public according to the Capital Market Advisory Board.
9. Perform other duties as later announced by the Capital Market Advisory Board.
10. Perform duties with accountability, prudence and integrity in accordance to laws, objectives, the Article of Association, resolutions of the Board of Directors and the shareholders' meetings. Do not engage in any activity that has a significant conflict of interest with the Company.
11. Perform duties with accountability and prudence as a reasonable person in the same business would act under similar circumstances whereas:
  - (1) Decisions made with honesty and reasonableness for the best interest of the Company
  - (2) Decisions made based on trustful and adequate information and
  - (3) Decisions made without personal interest, even direct or indirect regarding the respective decisions.

In case the Company Secretary retired or terminated from the position or unable to fulfill the duties, the Board of Directors shall appoint a new Company Secretary within 90 days after the date of retirement, termination or inability to fulfill the duties.

## Remuneration for Directors and Executives

Considerations regarding remuneration for directors are consistent with the Company's performance including roles, responsibilities and individual performance of each director. The remuneration shall be at a suitable level when benchmarked with other companies with similar size in the same industry as well as adequate to incentivize and retain quality directors to stay with the Company. Note that remuneration for directors must be considered and approved by the annual shareholders' meeting.

Considerations regarding remuneration for the Chief Executive Officer and senior executives shall be in accordance with principles and policies stipulated by the Board of Directors. In addition, the remuneration shall be in line with compensation rates in the market or industry in order to attract and retain quality personnel to work with the Company in the long term.

The Board of Directors will evaluate performances of directors and executives annually to determine their remuneration using well-defined criteria previously agreed with directors and executives. Those criteria include financial performance, performance in achieving long-term strategic objectives and executive development etc. Evaluation results shall be proposed to the Board of Directors for approval and the Chairman of the Board of Directors or a senior director should be the person who informs the evaluation results to Chief Executive Officer.

## Monetary Remuneration

### Remuneration for Directors

The Annual General Shareholders' Meeting 2019, on 24<sup>th</sup> April 2019, reached a resolution to determine remuneration for the Board of Directors as follows:

Position	Monthly Remuneration (Baht)	Meeting Allowance (Baht per Time)	Bonus	Other Compensation
Chairman	15,000	22,500	Not exceeding 1,000,000 Baht	Health insurance
Director	15,000	17,500		
Chairman of Audit Committee	-	22,500		
Member of Audit Committee	-	17,500		
Chairman of Nomination and Remuneration Committee	-	17,500		
Member of Nomination and Remuneration Committee	-	14,000		
Chairman of Risk Management Committee	-	17,500		
Member of Risk Management Committee	-	14,000		

Remarks: \* Meeting allowance for each members of the Board of Directors and sub-committees will be paid on actual attendance basis.

\*\* Members of the Executive Committee or Executive Directors will not receive such compensation but will be offered monthly remuneration and benefit package according to the Company's compensation structure.

\*\*\* The Board of Directors will consider annual bonus for directors under approved conditions according to the resolutions of shareholders' meetings. In case of an interim appointment of director, remuneration shall be paid based on actual period of directorship in that particular year.

In 2019, the Company paid remuneration for the Board of Directors, details as below:

Directors' Name	Monthly Remuneration (Baht)	Meeting Allowance (Baht)	Bonus (Baht)	Total (Baht)
1. Pol. Gen. Chatchawal Suksomjit <sup>1)</sup>	61,500.00	45,000.00	46,122.89	152,622.89
2. Dr. Sarawut Pornpatanarak	-	-	-	-
3. Mr. Krish Follett	180,000.00	230,000.00	46,122.89	456,122.89
4. Mr. Nattawoot Krerpradab	180,000.00	227,500.00	46,122.89	453,622.89
5. Mr. Songpol Chevapanyaroj <sup>2)</sup>	60,000.00	14,000.00	46,122.89	120,122.89
6. Mrs. Nualphan Lamsam <sup>3)</sup>	15,000.00	-	-	15,000.00
7. Asst. Prof. Dr. Terdsak Rojsurakitti <sup>4)</sup>	150,000.00	136,500.00	-	286,500.00
8. Mr. Yuthapong Ma	-	-	-	-
9. Mr. Nitiroj Manolamai	-	-	-	-
10. Mr. Rittikrai Thammaraksa	-	-	-	-
11. Mr. Suphawut Vanichprapha	-	-	-	-
12. Ms. Saowakon Yamcharoen <sup>5)</sup>	-	-	-	-
13. Mr. Piyawat Ratchapolsitte	-	-	-	-
Total	646,500.00	653,000.00	184,491.56	1,483,991.56

Remarks <sup>1)</sup> Pol. Gen. Chatchawal Suksomjit resigned from the position Chairman of the Board of Directors effective on 4 May 2019

<sup>2)</sup> Mr. Songpol Chevapanyaroj resigned from the position Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee effective on 22 April 2019

<sup>3)</sup> Mrs. Nualphan Lamsam resigned from the position Company's Director, effective on 31 January 2019

<sup>4)</sup> Asst. Prof. Dr. Terdsak Rojsurakitti was appointed as Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee according to the resolution of the Board of Directors' Meeting No. 1/2019 on 25 February 2019

<sup>5)</sup> Ms. Saowakon Yamcharoen resigned from the position Company's Director, and Member of the Executive Committee effective on 1 November 2019

## Remuneration for Executive Directors and Executives

In 2019, the Company paid remuneration for 8 Executive Directors and Executives (inclusive of retired executives during the year 2019) at the amount of 39,668,816.21 Baht. The remuneration consists of salary, bonuses, allowances, contributions to social security, provident fund and other benefits as specified by the Company.

## Non-monetary Remuneration

Apart from monetary remuneration, the Company also provided non-monetary remuneration for directors and executives. In 2019 the Company allocated welfare Yearly Health insurance for the Board In an amount not exceeding 240,000 Baht.

## บุคลากร

As of 31 December 2019, the Company and its subsidiaries had a total amount of 264 employees, which are 206 permanent employees and 58 contract employees, which can be divided as follow:

Department / Division	Amount (Persons)	Department / Division	Amount (Persons)
CEO Office	11	Sales	14
Document Control Center	3	Legal and Compliance	1
Production	74	Business Development	-
Warehouse	19	Internal Audit	2
Quality Control	14	Corporate Finance	4
Human Resources	8	Investor Relations	1
Engineer	9	Strategic	-
Management Information System	4	Finance	3
Accounting	18	Purchasing (Factory)	4
General Administrative	27	Company Secretary Office	2
Marketing	8	Maintenance	2
Purchasing (Office)	3	Logistics	10
Research & Development	9	Environment and Safety management	1
Business Process Improvement	1	Representative	
Demand Planning	1		

## Remuneration for Employees

The Company dedicated to promoting good quality of life, career advancement and stability for its employees. Fair compensation is provided based on employees' roles and responsibilities i.e. salary, overtime, cost of living allowance, bonus, social security and provident fund including other employee benefits such as discounted prices of products for employees, medical fee (OPD), life insurance and health insurance, annual health check-up, financial aid in case of death of employees or their relatives and onsite health check-up for employees working in a risky environment. The Company carefully monitors to ensure that all employees receive health check-up. In case of health issues, the Company will offer another test and change jobs for the affected employees immediately.

In 2019, the Company and its subsidiaries paid remuneration to employees at total amount of 117.431 Million Baht. Besides, the Company appointed CIMB-Principle Securities Co., Ltd. as fund manager for the provident fund of the Company and its subsidiaries under the fund name CIMB-Principle Age Balance since 1 July 2016.

## Human Resources Development Policy

The Company has a strong intention to conduct its business under good corporate governance principles with transparency, fairness and social and environmental responsibility in parallel with enhancing capabilities of its employees and promoting its core values and organization culture toward excellence at all aspects. The Company realizes that human resources is a valuable asset and a key driver in moving the organization forward. The Company places a significance on developing its employees

to have good quality, moral values and ethics, honesty, and responsibility to the organization and the society. Additionally, the Company encourages its employees to participate in social activities under a strong belief that good and capable employees are key factors for the organization to grow in a sustainable manner.

The Company emphasize on human resources, then formulated policies that focus on development of capabilities, skills, knowledge and work ability for all employees, properly and equally.

1. **Training Road Map:** to create training plan for employees both for jobs under responsibility and other related jobs to prepare each employee to work accurately, safely and properly through enhancing their knowledge, understanding and work capabilities.
2. **External Training:** to develop their competence, knowledge and abilities appropriately based on their jobs. The Company sends employees to various trainings or seminars organized by outside training institutes. The Company also arranges domestic and international field trips regularly and enrolls employees at skill development centers to prepare for their roles as lecturers and inspectors for skill level classification at the factory.
3. **In-house Training:** to develop ideas, potential, knowledge and ability to work. The Company encourages executives and knowledgeable employees to educate others on the Company's business apart from their job knowledge as well as provides regular internal trainings to be consistent with organizational goals and current competitive conditions.
4. **On the Job Training (OJT):** to enable employees to deliver their jobs more effectively. The Company continuously offers a number of trainings for both technical skills and soft skills to promote self-development, work quality and effectiveness. For new joiners and employees who got promoted, the Company offers training curriculum to promote better understanding of their new roles suitable for different jobs for all departments.

Summary of Trainings Expenses of Seminars and Other Activities for Executive and Employee Development

Training Expenses Per Employee Per Year	2018	2019
Executives and Employees	755,523.22	256,927.84



# Corporate Governance

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## Corporate Governance Policy

The Board of Directors focus on compliance with good corporate governance policy in 5 significant principle as outlined below.

### Section 1: Right of Shareholders

The Company emphasized on the rights of shareholders, not only the rights stipulated by laws or action that violates or deprives the right of shareholders, but also encourage shareholders to exercise their rights. Basic rights of shareholders include to rights to buy or sell or transfer shares, receive profit sharing, acknowledge adequate the Company's information, attend shareholders' meetings to vote or appoint or remove directors, appoint auditors, approve important transactions that affect the Company's business directions as well as other matters that significantly impact the Company such as dividend allocation, setting or changes the Company's regulations and affidavit, capital decrease or increase, and special transaction approval.

Apart from the basic rights of shareholders mentioned above, the Company also set certain guidelines to support and facilitate shareholders to exercise their rights as follow:

#### 1) Shareholders' Meeting

The Company arranges the Annual General Shareholders' Meeting to be accordance to laws, rules and regulations of the Stock Exchange of Thailand and follows the guideline of the Office of Securities and Exchange Commission.

- 1.1 The Company shall give opportunity to shareholders to propose agenda items and nominate directors in advance from October to December in every year under clear criteria. These criteria shall be publicized through the Company's website and shareholders shall be notified through online system of the Stock Exchange of Thailand.
- 1.2 The Company shall disclose its policy on supporting and encouraging all shareholders to attend the shareholders' meeting.
- 1.3 The Company shall send out the invitation letters to shareholders at least 21 days before the meeting day which specify date, time, venue and agenda together with explanations and supporting reasons for each agenda or resolution as specified in the invitation letter or its attachment. The Company shall refrain from any action that limits access of shareholders to study the Company's information.
- 1.4 The Company shall accommodate shareholders to exercise their rights in attending the meeting, casting their votes, and refrain from any action that limits their chances of attendance. For example, attendance to the meeting should not be difficult or costly, providing stamp duty to proxy, and meeting venue should be convenient for transportation.
- 1.5 The Company shall allow shareholders to send inquiries in advance before the meeting day. Criteria on inquiry submission shall be clearly set and notified together with the meeting invitation letters. The Company shall publicize these criteria on its website.
- 1.6 The Company encourages shareholders to use proxy forms with the format that shareholders can easily cast their votes and nominate at least 1 independent director as an option for delegating a proxy.

## 2) On the Shareholders' Meeting Day

- 2.1 The Company shall provide technology to support the shareholders' meeting including registration, vote counting and result displaying so that the meeting is conducted speed, accurate and precise.
- 2.2 The Company encourages all directors to attend the meeting. Shareholders shall be able to make inquiries for the Chairman of the Board of Directors, Chairmen of Sub-committees and/or Chief Executive Officer on relevant matters.
- 2.3 At the shareholders' meeting, voting shall be exercised by each agenda. In case that there are multiple issues for an agenda, voting shall be exercised by each issue such as director appointment agenda.
- 2.4 The Board of Directors encourages independent individuals to count and check the voting result at the shareholders' meeting in order to disclose to the meeting as well as record in the minutes of meeting.
- 2.5 The Board of Directors promotes the use of ballots for important agenda e.g. related party transactions, acquisition and disposition of assets; for transparency and accountability in case of later disputes.
- 2.6 The chairman of the meeting shall properly allocate meeting time and encourage shareholders to express their opinions and make inquiries on matters related to the Company.

## 3) Minutes of the Shareholders' Meeting Preparation and Resolutions Disclosure

- 3.1 Minutes of the shareholders' meeting shall contain steps in casting votes and method of displaying voting results before the meeting and allow shareholders to raise concerns or make inquiries. Moreover, Q&A, and voting results of each agenda must be recorded showing number of votes (approve, disapprove, abstain and voided). List of attended and absent directors at the meeting shall also be included.
- 3.2 The Company shall disclose voting results of each agenda of the shareholders' meeting to the public through news feed of the Stock Exchange of Thailand and the Company's website on the next working day.
- 3.3 The Company shall completed the minutes of the shareholders meeting within 14 days after the meeting day and submits to the Stock Exchange of Thailand and the Ministry of Commerce within a specified period. The minutes shall be made available on the Stock Exchange of Thailand online system and the Company's website.

## Section 2: Equivalent Treatment to Shareholders

The Company set a policy to act impartially and fairly to all shareholders including majority shareholders, minority shareholders, institutional investors and foreign shareholders. The following guidelines shall be applied:

### 1) Dissemination of Information before the Shareholders' Meeting

- 1.1 The Company sends out the invitation letters to the shareholders' meeting that include agenda and opinions of the Board of Directors to the Stock Exchange of Thailand and publicizes through the Company's website at least 21 days before the shareholders' meeting day. The invitation letters are prepared in English and distributed together with the Thai version.
- 1.2 The Company notifies shareholders of the meeting's rules, steps in casting votes procedures as well as voting rights for each type of shares

## 2) Protection of Minority Shareholders' Rights

- 2.1 The Company give opportunity for minority shareholders to participate in proposing agenda for the shareholders' meeting as well as nominating individuals for directorship in advance during October-December of every year through its website and the Stock Exchange of Thailand's online system. Criteria to include agenda for the meeting and nomination of directors are clearly specified. Therefore, the Company will consider and scrutinize related agenda items properly as well as select qualified persons as its directors to perform their duties effectively for the best interest of the Company and all stakeholders.

Moreover, Executive shareholders shall not add any agenda without an advance notice if not necessary especially for important agenda as shareholders need to spend time reviewing the information before making any decision.

- 2.2 The Company specified that voting rights at the meeting are according to the number of shares the shareholders hold while one share-one vote rule applies. Additionally, the Company grants shareholders who attend the meeting after the meeting commences the voting rights for the agenda under consideration while no resolution is reached. A quorum is constituted from the agenda they attend and vote. The Company also allows shareholders to cast their votes on individual director appointment.

## 3) Protection of Inside Information

- 3.1 The Company has a policy that restricts the use of inside information to only mid-level to high-level executives in relevant departments of the Company. Reviewed financial statements will be kept with the Chief Financial Officer and the accountant. Other confidential information will be exclusively shared with personnel of manager level or higher for discussion purposes. The Company set penal codes for relevant parties in case of misuse of inside information that causes damage to the Company.
- 3.2 The Company formulated a policy on inside information as a guideline to prevent directors, executives, employees and others who are informed of inside information related to the Company's performance from buying or selling the Company's securities since the day they have the information until that information is disclosed to the public. The Company prohibits any disclosure of inside information to speculate or manipulate the price of the Company's securities especially during 30 days period before financial statements are released to the general public. Only 24 hours after the public disclosure shall buying and selling of securities be permitted. Note that the company secretary is responsible for informing directors, executives and related employees of the blackout period (no trading) along with the schedule of the annual shareholders' meeting as well as warning them before those dates on a quarterly basis. This is to ensure that directors, executives and employees are informed of the blackout period of the Company's securities.

In addition, in case that directors and executives engage in trading of the Company's securities while they are holding office in the Company, they must report changes in their security holding to the Office of Securities and Exchange pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days including changes in securities holding of their spouses or de facto partners and minor children by submitting copies of the report to the company secretary within that day. The company secretary will prepare a summary report on securities holding of directors and executives for acknowledgement every 6 months and disclose it in the annual report.

The Company included a policy on the use of inside information in the delegation of authority, the Code of Business Ethics and the employee regulations in writing with clear penal codes in case that executives or employees disclose inside information or use it for their personal benefits.

#### 4) Interest of Directors

- 4.1 A policy is imposed that requires directors and executives to report their interest, including connected persons, that are related to the business of the Company and its subsidiaries to the Company Secretary who will submit copies of this report on interest of directors to the Board of Directors and the Audit Committee for acknowledgement.
- 4.2 Directors are required to report their interest at least before the consideration of that particular agenda item and record in the minutes of the Board of Directors' meeting and ensure that the director with significant interest that may influence the director from expressing his independent opinion refrain from participating in that particular agenda item so that the decisions made by the Board of Directors and executives are fair and for the best interest of shareholders.

#### 5) Conflict of Interest Prevention

The Board of Directors put in place a policy related to the prevention of conflict of interest based on decision-making principles in engaging in transactions or other undertakings within the Company for the best interest of the Company and shareholders. The Company shall avoid any action that causes a conflict of interest by requiring related persons or stakeholders of the transaction under consideration to notify the Company of the relationship or their interest on that particular transaction.

Any transaction made between the Company and related parties that may incur a conflict of interest must be approved by the Audit Committee before presenting at the Board of Directors' meeting for approval and/or the shareholders' meeting depending on the nature and size of that transaction according to the rules imposed by the Capital Market Advisory Board. Related directors or executives with a conflict of interest will not participate in the decision-making for that particular transaction.

Moreover, the Company designed a clear and transparent shareholding structure **with no cross shareholding with major shareholders** so that a conflict of interest will not arise for any party and disclosed the structure in the annual report.

### Section 3: Role of Stakeholders

The Company concern for all stakeholders and treats them properly according to their rights under applicable laws. The Company shall not engage in any action that violates rights of stakeholders according to existing laws and agreements. Participation of stakeholders based on their roles and duties in strengthening performance of the Company is encouraged in order for the business to run properly. Besides, relevant information for those stakeholders must be disclosed in an adequate, credible and timely manner. Policies and guidelines are summarized below

#### 1) Employee Treatment Policy and Guideline

The Company realizes that employees are valuable as a key factor in attaining its goals. As a result, the Company formulated a policy that promotes fair treatment to employees in various aspects such as opportunity, compensation, appointment, relocation and capability development. To ensure compliance with the policy, the Company set forth the following guideline.

- 1.1 Treat employees with politeness and respect their individualism. Be open to their opinions and recommendations that are based on their professional knowledge.
- 1.2 Treat employees equally and impartially with fair compensation suitable for their individual knowledge and ability. Set up a provident fund for employees and place importance on employee welfares and benefits.
- 1.3 Ensure that working environment is safe for employees' lives, properties as well as occupational health to promote good quality of life of the employees.

- 1.4 Prioritize the continuous development of capabilities, knowledge and ability by consistently giving employees throughout the Company opportunities to enhance their skills to support organizational growth.
- 1.5 Appoint, relocate, reward and punish employees rightfully with sincerity based on knowledge, ability and suitability of each individual employee.
- 1.6 Strictly comply with laws and regulations related to employees
- 1.7 Respect employees' privacy and do not disclose personal information to outsiders or non-related parties unless required by laws or permitted with the consents from related employees.

## 2) Shareholders Treatment Policy and Guideline

The Company places significance on treating shareholders fairly and realizes the importance of basic rights of shareholders. Thus, the Company set the following policy and guideline on treatment of shareholders.

- 2.1 Perform duties with honesty and make decisions in conducting business according to professional principles carefully, prudently and fairly to major shareholders, minority shareholders and institutional investors aiming to deliver good performance and stable growth for the best interest of shareholders as a whole.
- 2.2 Present reports on the Company's status, performance, financial and accounting information including other reports regularly and in complete based on facts. Inform all stakeholders equally on the Company's future outlook both positive and negatives sides according to underlying probability with supporting information and adequate reasons.
- 2.3 Refrain from seeking personal benefits and benefits of others using any inside information not disclosed to the public or engaging in any action that can cause a conflict of interest with the Company.

## 3) Customers Treatment Policy and Guideline

To maintain its existing customer base and grow more customers in the future, the Company pays attention to its customers and stipulated the following policy and guideline to treat its customers.

- 3.1 Equipped a control system of production process for customers and place value on development and improvement of production technology, customer service and regular product and service quality check.
- 3.2 Implement a control system to ensure strict compliance with agreements made with customers with honesty and attention to customer needs. Maintain consistency with services and be willing to accept suggestions and complaints to further improve its products and services.
- 3.3 Put in place a control system to treat customers' confidential information as the Company's confidential information and never wrongfully use the information for personal interest or interest of others.

## 4) Suppliers and/or Creditors Treatment Policy and Guideline

The Company has a policy that requires employees to treat suppliers and/or all creditors fairly and honestly without taking advantage of them. The best interest of the Company shall be kept at heart while fair rewards to both sides must be encouraged. The employees shall avoid any situation that can lead to a conflict of interest and negotiate and resolve any issue based on business relations. The following guideline shall apply.



- 4.1 Ensure a transparent vendor selection process by always screening more than 1 supplier for comparison before making a decision. Provide equal information and choose suppliers with fairness under proper assessment and selection criteria. Contracts must be in proper formats fair to both parties.
- 4.2 Strictly conform to commercial terms and agreed contracts. In case of a breach of one of the conditions, the Company shall notify suppliers and/or creditors immediately and in advance in order to find mutual solutions and maintain good relationships that will benefit both sides in the long run.
- 4.3 Do not solicit, accept or grant any benefit wrongfully when dealing with suppliers and/or creditors.
- 4.4 In cases there is information on a misconduct related to solicitation, acceptance or granting of benefits, employees shall disclose such information to the suppliers and/or creditors in order to fairly and quickly find mutual solutions to the problem.
- 4.5 The Company treats creditors as valuable trade partners and is committed to complying with all obligations according to the contracts with those creditors as well as making payments in a timely manner. The Company shall not hide any information or fact that can cause any damage to creditors. In case that the Company cannot fulfill its obligations, creditors must be informed in advance to find mutual solutions to the problem.

## 5) Competitors Treatment Policy and Guideline

The Company set a policy on treating its competitors fairly without wrongfully obtaining confidential information or trade secrets of the competitors. The Company shall conform to rules of the competition and avoid dishonest approaches to destroy its trade rivals as well as intentionally sabotage reputation of competitors by false accusation.

## 6) Society and/or Community Treatment Policy and Guideline

The Company put in place a policy on conducting its business that benefits economy, society and surrounding communities and fully abides by laws and related rules and regulations. The Company is also committed to good citizenship and the development and enhancement of quality of life of the society and communities where the Company is located so that the Company can grow sustainably alongside the communities. Social and environment responsibility is stressed and the Company supports social activities that help develop the environment in the communities or the society.

## 7) Environmental Policy

The Company has a policy to support activities that promote quality of life, occupational health and environment as well as consistently maintain working environment that are safe for employees' lives and properties. The Company undertakes its business in parallel with responsibility for the environment and living conditions of the local communities to promote and preserve the environment of neighboring areas to attain sustainability and growth of the Company.

## 8) Communication with Stakeholders

The Company provides communication channels for stakeholders in expressing their opinions and reporting any witnessed illegal or unethical action or unfair treatment related to the Company. Stakeholders can contact the company secretary through following channels.

Mail to: Do Day Dream Public Company Limited “Company Secretary”

Address: No. 32 Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240

Email: [whistle@dodaydream.com](mailto:whistle@dodaydream.com) / [comsec@dodaydream.com](mailto:comsec@dodaydream.com)

Tel: (+66) 2917 3055 # 307 Fax: (+66) 2917 3054

Information of contact person will be kept confidential and inquiries, complaints or suggestions will be shared with related department to take actions, resolve the issues and summarize the results to further report to the Board of Directors.

## Section 4: Information Disclosure and Transparency

The Board of Directors places importance on disclosure of information related to the Company both financial information and non-financial information with accuracy, completeness, timeliness and transparency in accordance with rules set by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The information includes other information that may have an impact on the price of the Company’s securities which affects the decision-making process of investors and stakeholders.

The Company established investor relations department to represent the Company in communicating and conducting PR on relevant information and news useful for shareholders, investors, institutional investors, securities analysts and other related parties both locally and internationally through various channels such as news feed of the Stock Exchange of Thailand and the Company’s website.

Additionally, the Company organizes activities and events to meet investors and shareholders as well as share the Company’s information per following.

Activities	Amount of Activities	Objectives	Participants	Attending Executives
Opportunity Day: OppDay	Quarterly (4 times) • For Year 2018, 18 March 2019 • Q1/22019 4 June 2019 • Q2/2019 3 September 2019 • Q3/2019 3 December 2019	To press release for quarterly performance and answer investors’ questions.	Minor Investors, Investment Advisor, and Analysts	Chief Financial Officer
Analyst Meeting	3 times • 5 March 2019 • 23 May 2019 • 28 November2019	To communicate with Analyst In terms of operations overview And the direction of the company	Analyst	Chief Executive Officer / Chief Financial Officer / Chief Strategy and Insight Officer
Meeting with Investors	52 times (and conference calls)	To communicate with Analyst on the Company’s business overview and directions.	Investor	Chief Financial Officer
Thai Corporate Day	2 times Domestic 2 times	Joining with Security Companies to have meeting with investors and interested persons in order to To communicate the Company’s business performance and directions.	Investors, Analysts, and Interested Persons	Chief Financial Officer / Chief Financial Officer

In 2019, there was no incident that the Company was prosecuted by regulators regarding misconducts in information disclosure either no release or no disclosure of important information within specified times.

## Section 5: Responsibility of the Board of Directors

The Board of Directors consists of qualified individuals with knowledge, capabilities and experiences in various fields with the number adequate to supervise the Company's business of at least 5 directors but not more than 12 directors. At least 1 director must have experience in cosmetics industry and at least 1 director must have experience in accounting and finance. Independent directors must make up of at least 1 out of 3 of the total number of directors with 4 independent directors minimum in the Board of Directors. At least half of the Board of Directors must be non-executive directors to maintain a balance between non-executive and executive directors.

Directors must meet required qualifications and have no prohibited characteristics according to laws related to public company and other applicable laws. In addition, at least half of the number of the Board of Directors must be residents of the Kingdom of Thailand.

### Tenure of Directors

Directors shall have tenure for 3 years. At the Annual General Shareholders' Meeting each year, one third (1/3) of the Board of Directors must retire by rotation; in case that the total number is not a multiple of 3, the nearest to one third (1/3) of the total number of directors must retire. Directors who are retired by rotation may be re-elected to the new position without any limit.

In case that a director position is vacant due to other causes apart from retire by rotation, the Board of Directors must select and appoint an individual for replacement at the next Board of Directors' meeting except when the term of that respective director is less than 2 months. The new director shall only serve the remaining term of the director he replaces.

The Board of Directors stipulated that independent directors who have tenure for 9 years or 3 terms of service consecutively may not be independent, the Board of Directors shall review their true independence on an annual basis.

### Code of Business Ethics

The Company prepared the Code of Business Ethics for directors, executives and employees which was approved by the Board of Directors that requires its directors, executive and employees to strictly observe. The Code of Business Ethics was communicated throughout the organization for mutual understanding via e-mail system and notifications on PR board at the Company's office to encourage ethical conduct in undertaking its business.

The Code of Business Ethics was drafted under principles of integrity, transparency, good corporate governance and acceptable social ethics.

## Business Management Policy

- **Internal Control**

The Company emphasized on efficient and effective internal control systems and the Board of Directors assigned the Audit Committee to be responsible for reviewing the Company's internal control systems to ensure the adequacy and effectiveness according to 5 components (control environment, risk assessment, control activities, information and communication and monitoring activities) of the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on a yearly basis.

The internal control covers financial control, business operations, compliance with related laws and regulations, risk management, internal audit and internal control systems of the Company that implemented to ensure that the Company attain its objectives and goals related to information systems and credible financial reporting.

- **Internal Audit**

The Company set up internal audit department which is an independent function. The head of internal audit oversees internal control processes and reports directly to the Audit Committee. Internal audit department examines and evaluates adequacy and efficiency of the Company's internal control using the annual audit form approved by the Audit Committee. The results of the audit will be presented to the Audit Committee on a quarterly basis to improve and enhance efficiency and effectiveness of the Company's business undertaking.

- **Risk Management**

The Board of Directors formulated an organization-wide policy on risk management either internal risks or external risks that may impact the Company. The Risk Management Committee drafts policies, review systems, assesses risk levels and audits assessment results submitted by various departments in order to evaluate effectiveness of the Company's risk management. Policies related to risk management shall be reviewed at least once a year.

Regular reporting on audit results to the Audit Committee and the Board of Directors is mandatory and the reports shall be released in the Company's annual report. Attention shall be given to changes in risk levels, early warning signals and irregular transactions.

## Communication with Executives

Directors can access or communicate with executives and Company Secretary directly as appropriate. Nevertheless, the communication must not be considered an interference or an intervention of normal business doing of the Company.

## Communication with the Board of Directors

Shareholders and stakeholders can contact the Board of Directors and the Audit Committee in order to make inquiries or complaints through following channels.

Mail to: Do Day Dream Public Company Limited "The Board of Directors / The Audit Committee"

Address: No. 32 Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240

Email: [whistle@dodaydream.com](mailto:whistle@dodaydream.com)

Tel: (+66) 2917 3055 # 307 Fax: (+66) 2917 3054

## Sub-committees

The Board of Directors appointed 4 sub-committees consisting of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Executive Committee to assist the Board of Directors in performing its duties. The sub-committees study and consider matters under their scopes of authority stipulated by the charter of each sub-committee to enhance work efficiency of the Board of Directors.

## Audit Committee

As of 31 December 2019, the Audit Committee comprised 3 independent directors as below:

Directors' Name	Position
Mr. Krish Follett	Chairman of the Audit Committee
Mr. Nattawoot Krerpradab	Member of the Audit Committee
Asst. Prof. Dr. Terdsak Rojsurakitti	Member of the Audit Committee
Ms. Napat Rattapong	Secretary of the Audit Committee

Remarks: There are 2 members of the Audit Committee with financial and accounting background which are:

- 1) Mr. Krish Follett, Master of Business Administration (Finance), Thammasat University
- 2) Mr. Nattawoot Krerpradab Bachelor in Engineering, Faculty of Engineering, Kasetsart University

## Scope of Authority and Responsibilities of the Audit Committee

1. Review the accuracy and adequacy of the Company's financial reporting by working with external auditors and executives who are responsible for preparing quarterly and annual financial reports. The Audit Committee may advise the auditors to review or examine any transaction that is considered material and necessary during the accounting audit period of the Group Company.
2. Review the suitability, adequacy and efficiency of the Company's internal control and internal audit systems, consider independence of the internal audit department as well as approve appointments, relocations, terminations and performance evaluations of the head of internal audit department or any other department who responsible for internal audit matter.
3. Review the Group Company compliance with laws on securities and exchanges, regulations of the Stock Exchange of Thailand and other laws related to its business. Monitor the Company's subsidiaries to undertake business in accordance with stipulated rules and regulations related to control policies and corporate governance mechanism of businesses the Company invested in.
4. Consider, select and nominate independent individuals to perform duties as the Company's auditors and propose their remuneration based on credibility, available resources, quantity of audit work of the audit firms and experience of the persons assigned to conduct the audit for the Company and its subsidiaries. Attend meetings with the auditors without the management team's presence at least once a year and consider to change auditors every 3 years.
5. Review connected transactions, related party transactions, or transactions with potential conflicts of interest to be correct and complete in accordance with laws and regulations of the Stock Exchange of Thailand in order to ensure that those transactions are reasonable for the best interest of the Group Company.
6. Prepare a report regarding corporate governance results of the Audit Committee and disclose the report in the Company's annual report. The report must be signed by Chairman of the Audit Committee and should be specified at least this following information:
  - (1) An opinion on accuracy, completeness, credibility of financial statements of the Company.
  - (2) An opinion on adequacy of internal control system of the Company.
  - (3) An opinion on compliance with laws on securities and exchange, regulations of the Stock Exchange of Thailand and other applicable laws related to the Company's business.
  - (4) An opinion on suitability of auditors.



- (5) An opinion on transactions with potential conflicts of interest.
  - (6) Number of meetings of the Audit Committee and attendance of each member of the Audit Committee.
  - (7) An opinion or an overall observation of the Audit Committee from performing the duties according to the charter.
  - (8) Other items that shareholders and general investors should be informed under the scope of authority and responsibilities assigned by the Board of Directors.
7. Perform other duties as assigned by the Board of Directors and approved by the Audit Committee.
8. In performing duties as the Audit Committee, in case of doubts that any transaction or action may significantly impact financial position or performance of the Company, the Audit Committee shall report to the Board of Directors to take actions in resolving the issues within the period the Audit Committee deems appropriate. The Audit Committee has the authority to seek independent advices from any professional consultant as seen necessary on the Company's expenses in order to successfully perform duties under their responsibilities.
- (1) Transactions with potential conflicts of interest
  - (2) Corruption or material irregularities or mistakes in the internal control systems
  - (3) Violations to laws on securities and exchange, regulations of the Stock Exchange of Thailand and other applicable laws related to the Company's business.

In case that the Board of Directors or executives do not resolve the issues within the period as seen appropriate by the Audit Committee, one members of the Audit Committee may report the transaction or the action in the first paragraph to the Securities and Exchange Commission or the Stock Exchange of Thailand.

- 9. Review and propose revisions to the scope of authority and responsibilities of the Audit Committee as deemed appropriate.
- 10. Audit and monitor risk management as well as evaluate risk management performance of the Risk Management Committee.
- 11. Review rules and regulations and past performance at least once a year.

In carrying out their duties mentioned, the Audit Committee holds direct responsibilities toward the Board of Directors while the Board of Directors holds responsibilities for the Company's business undertaking toward external parties.

The Audit Committee has duties in supervising the management and preparing financial statements of the Company and external auditors are responsible for auditing those financial statements. The Audit Committee and the Board of Directors mutually acknowledge that the management, internal auditors and external auditors have more resources, time, information and knowledge on accounting, audit, internal control and financial reporting processes of the Company than the Audit Committee. Therefore, the supervising roles of the Audit Committee are not a particular guarantee to financial reports and information the Company releases to shareholders and other parties.

## Nomination and Remuneration Committee

As of 31 December 2019, the Nomination and Remuneration Committee consisted of 3 following directors:

Directors' Name	Position
Mr. Nattawoot Krerpradab	Chairman of the Nomination and Remuneration Committee
Asst. Prof. Dr. Terdsak Rojsurakitti	Member of the Nomination and Remuneration Committee
Mr. Suphawatt Vanichprapha	Member of the Nomination and Remuneration Committee
Ms.Yuphaphan Phuangphuaphet	Secretary of the Nomination and Remuneration Committee

### Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

1. Consider structure, composition and qualifications of the Board of Directors and sub-committees.
2. Determine criteria and procedures on nominations of qualified individuals for director and executive positions from chief executive officer level and higher when the term is complete or the position is vacant including other executive positions as assigned by the Board of Directors and present to the Board of Directors' meeting and/or the shareholders' meeting (as the case may be).
3. Recommend a list of candidates to serve as directors in sub-committees of the Company.
4. Approve the succession plan of high-level executives of the Company.
5. Define criteria in evaluating performance of the Executive Committee and propose to the Board of Directors for approval.
6. Evaluate performance of executives from Chief Executive Officer and higher as well as sub-committees to review performance, problems and difficulties of each year in order to apply evaluation results to promote development and operational improvement and propose to the Board of Directors for consideration.
7. Consider and recommend financial and non-financial remuneration for the Board of Directors, executives from chief executive officer level and higher and sub-committees including other benefits and propose to the Board of Directors for approval before presenting to the shareholders' meeting for consideration and approval.

### Risk Management Committee

As of 31 December 2019, the Risk Management Committee comprised 3 directors as follows:

Directors' Name	Position
Mr. Krish Follett	Chairman of the Risk Management Committee
Dr. Sarawut Pornpatanarak	Member of the Risk Management Committee
Mr. Nitiroj Manolamai	Member of the Risk Management Committee
Ms. Napat Rattapong	Secretary of the Risk Management Committee

### Scope of Authority and Responsibilities of the Risk Management Committee

1. Review policies and guidelines on overall risk management of the Company covering all risks related to the Company's business undertaking as well as evaluate, monitor and review adequacy of policies and risk management systems including effectiveness of the systems and compliance with stipulated policies and propose to the Board of Directors for approval.
2. Supervise and support related risk management efforts to ensure consistency with strategies and performance goals including changing situations.
3. Ensure the compliance with risk management policies and risk management frameworks so that the Company adopts effective risk management systems throughout the organization and monitors the risk management continuously. The Risk Management Committee is entitled to appoint a person and/or a working team to perform assigned tasks the Risk Management Committee sees appropriate in order for that person and/or working team to monitor compliance with the risk management policies and report the Risk Management Committee. The Risk Management Committee has the authority to invite related employees to clarify, comment, attend a meeting or submit documents as seen necessary.

4. Review risk management reports from related working teams to follow up on key risks at organizational level as well as comment on potential risks, risk control measure guidelines or risk management plans to ensure that the Company has adequate and suitable risk management.
5. Report the Board of Directors on risks and plans for managing and mitigating key risks as well as report findings on risk evaluation, risk monitoring, compliance with risk control measures and/or risk management to the Board of Directors periodically. In case there is a key factor or an important incident that may significantly impact the Company's financial position and performance, the Risk Management Committee must notify the Board of Directors to consider control measures and/or risk management measures urgently.
6. Collaborate with the Audit Committee on the matters related to important risk information and internal control in order for the Audit Committee to consider and approve the internal audit plan to ensure that the Company has effective internal control systems to manage risks as well as implements risk management systems properly and thoroughly across the organization.
7. Foster a proper risk management culture in the Company.
8. Hold a meeting of the Risk Management Committee at least once a quarter.
9. Revise and edit the Risk Management Committee charter annually and propose to the Board of Directors for approval.
10. Perform any task related to risk management as assigned by the Board of Directors.

## Executive Committee

As of 31 December 2019, the Executive Committee of the Company consisted of 5 executive directors as below:

Executives' Name	Position
Dr. Sarawut Pornpatanarak	Chairman of the Executive Committee
Mr. Rittikrai Thammaraksa	Member of the Executive Committee
Mr. Suphawut Vanichprapha	Member of the Executive Committee
Mr. Nitiroj Manolamai	Member of the Executive Committee
Ms. Nutthinee Jenwatanavech <sup>1)</sup>	Member of the Executive Committee
Ms. Yuphaphan Phuangphuapet	Secretary of the Executive Committee

Remark <sup>1)</sup> Ms. Nutthinee Jenwatanavech was appointed as Member of the Executive Committee according to the resolution of the Board of Directors' Meeting No. 6/2019 effective on 14 November 2019

## Scope of Authority and Responsibilities of the Executive Committee

1. Conduct and manage the Company's business in accordance with objectives, rules and regulations, policies, practices, notifications and resolutions of the Board of Directors' meetings.
2. Consider and set forth policies, directions, business strategies, goals and work plans, financial targets and budgets, human resources management, investment in business expansion and public relations of the Company and its subsidiaries in accordance with frameworks that the Board of Directors approved. Supervise and monitor assigned working teams to achieve goals by properly taking into account business factors to propose to the Board of Directors for approval. In case of any change in situations, the Executive Committee will deliberate on the use of approved budgets to be suitable for the new situations.

3. Oversee, examine and monitor the Company's business undertaking to be in alignment with policies, business strategies, financial targets and budgets that were approved by the Board of Directors and to be adopted and executed efficiently and effectively to support business as well as give advices and suggestions to high-level executives.
4. Conduct feasibility studies of new investment projects and use its authority to approve investments or joint investments of the Company with a person, a legal entity or any business organization in the format that the Executive Committee agrees to undertake according to the Company's objectives. Consider and approve expenses related to those investments, legal transactions and contracts and/or any activity related to those matters according to approved limits and/or related laws and regulations and/or the Company's Articles of Association.
5. Follow up on performance and progress of investment projects of each business and report consolidated results of emerging issues and difficulties as well as solutions to the Board of Directors.
6. Review and advice on dividend payment policy of the Company and report to the Board of Directors.
7. Consider and offer suggestions or opinions to the Board of Directors on projects, proposals and transactions related to the Company's business undertaking including funding options when it is necessary and over specified limit and/or required by related laws and regulations or the Company's rules that an approval from the shareholders' meeting and/or the Board of Directors is needed.
8. Consider and approve any financial transaction the Company enters into with financial institutions including account opening, lending, credit application, pledging, mortgage, guarantee as well as buying, selling and registration of land ownership according to the objectives to benefit the Company's business. These transactions also include engaging in any legal contract, request, proposal, contract and any other legal transaction with government agencies to obtain any right for the Company and/or any activity related to those matters according to approved limits and/or related laws and regulations and/or the Company's rules.
9. Approve rules and regulations, management and business policies or any activity that is legally binding the Company.
10. Determine organizational structures and authority as well as appoint, hire, relocate, compensate (salary, bonus and other remuneration) and terminate employees of executive level.
11. Appoint and/or assign executive directors, any director or multiple directors or any person or multiple persons to perform a task under the scope of authority of the Executive Committee or delegate authority to the person and within the timeline the Executive Committee sees appropriate. The Executive Committee may cancel, remove, or change the authorized persons and the authority as seen appropriate. No delegation of authority to persons with potential conflicts of interest is permitted.
12. Encourage executives, the management team or employees to attend the Executive Committee meeting as well as prepare and distribute related information for discussion at the Executive Committee meeting.
13. Responsible for any duty as assigned or according to policies as occasionally assigned by the Board of Directors.
14. Seek advisors or persons with independent opinions to give opinions or suggestions as necessary.
15. Report the Board of Directors of activities the Executive Committee handles under the scope of authority and responsibilities on a regular basis including any other matter necessary and appropriate for the Board of Directors to acknowledge.
16. Approve the operations manual and the scope of responsibilities of the management team to make sure all activities are systematically undertaken.

17. Approve activities that are normal business transactions of the Company according to the investment budgets or budgets approved by the Board of Directors. Limits of each transaction are according to the table of authority approved by the Board of Directors but not over the annual budget approved by the Board of Directors including any contract making/entering related to the matters.

## Nomination and Appointment of Directors and High-level Executives

### Nomination and Appointment of Directors

- The Nomination and Remuneration Committee is in charge of recruiting, selecting, and considering qualification and suitability of candidates to be nominated as directors and propose their names and information to the Board of Directors and/or the shareholders' meeting to appoint the directors according to the Company's Articles of Association.
- The Nomination and Remuneration Committee reviews skills and qualifications of candidates including overall composition of the Board of Directors to be in alignment with the Company's business and regularly specifies and reviews selection criteria. In reviewing selection criteria, diversity in terms of skills, experience, knowledge, expertise, independence, age and gender shall be considered
- In re-appointing an existing director for another term, the Nomination and Remuneration Committee considers various factors including performance, meeting attendance records, meeting participation and support of the Board of Directors' activities.
- To recruit for a director, the Nomination and Remuneration Committee will consider people from various sources e.g. directors' recommendations, external consulting firms, director pool and nominations from shareholders with combined voting rights of more than 5% of total shares with voting rights of the Company.
- Appointment of directors shall be in compliance with the Company's Articles of Association and related legal requirements which must be transparent and unambiguous.

### Nomination and Appointment of Chief Executive Officer

The Nomination and Remuneration Committee is responsible for considering nomination criteria and nominating candidates with suitable qualifications to hold office as the chief executive officer when the position is vacant before proposing to the Board of Directors for appointment.

## Qualification of Independent Director

Independent Director is qualified individual and possesses an independency according to the Company's Corporate Governance Policy established by the Board, and the criteria established by the Stock Exchange of Thailand, which have been defined equally restrictively to the criteria established by the Stock Exchange of Thailand. An Independent Director must:

1. holding shares not exceeding 1% of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, or controlling person; including the shares held by related persons of the independent director.
2. neither be nor having been an director (having management role), employee, officer, advisor (obtaining a regular salary), or controlling person of the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling person; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
3. not be a person related by blood or registration under laws of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.



4. neither be nor having been business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling person in any manner that may interfere with his/her independent judgment; and not be nor have been a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates, major shareholder, or controlling persons; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
5. neither be nor having been an auditor of the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling persons which may have any conflict of interest; and not having been a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling person of the Company; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
6. neither be nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling persons; and not having been a substantial shareholder, controlling person, or partner of the professional advisor; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
7. not be nor have been an appointed director as representative of the Company's director, major shareholder, or any shareholder who are related to the Company's major shareholder.
8. not conduct any business as same nature nor be significant competition to the Company's or its subsidiaries; nor being substantial partner, director (having management role), employee, officer, advisor (obtaining a regular salary), or shareholder with more than 1 percent shareholding of the voting shares in any company conducting same business or be significant competition to the Company's or its subsidiaries.
9. not have any other manners, which may render him/her incapable of expressing independent opinions with regard to the Company's business.

The Company may appoint a person who has a business relation or provides a professional service described in item No. 4 or 6 above if the Board of Directors carefully considers the business relationship of service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The following information shall be disclosed in the invitation letter to the shareholders' meeting in the agenda on the appointment of independent directors.

- (a) Business relationship or professional service that disqualifies the person according to the stipulated criteria,
- (b) Rationale and necessity in retaining or appointing the person as independent director,
- (c) Opinion of the Board of Directors in appointing the person as independent director.

## Chairman of the Board of Directors and Chief Executive Officer

Chairman of the Board of Directors and the Chief Executive Officer must be individuals with knowledge, ability, experience and suitable qualifications and should not be the same person for checks and balances in order to clearly separate governance and management.

- Chairman of the Board of Directors should be an independent director or at least non-executive director of the Company. The chairman acts as the head of the Board of Directors and presides over the Board of Directors' meetings and the shareholders' meetings. Chairman must allocate sufficient time for all directors and encourage them to discuss and exchange ideas and opinions fully and freely using their prudent discretion with concern for all stakeholders.

Chairman of the Board of Directors cannot be the chairman or a member of any sub-committee so that the sub-committee can operate independently.

- The Chief Executive Director is the head and the leader of executive team responsible for the Company's management to ensure business execution according to directions, strategies, policies and budgets as approved by the Board of Directors to achieve goals with the scope of authority pursuant to laws, objectives and the Articles of Association as well as resolutions of the Board of Directors and the shareholders' meetings.

## Segregation of Roles of the Board of Directors and the Executives

The Company clearly segregated roles and responsibilities between the Board of Directors and the executives. While directors take charge in formulating policies and overseeing the management at policy level, the executives accounts to overall day-to-day management according to stipulated policies.

## Directorship in Other Companies

Directors can hold directorship in other companies but each director cannot take directorship in more than 5 companies listed in the stock exchange except that it is approved by Board of Directors and the directorship does not affect the performance as the Company's director.

The Company has no policy that allows executive directors and the Chief Executive Officer to hold directorship in other listed companies (except its subsidiaries or affiliates) unless an approval is granted by the Board of Directors on case by case basis.

## Self-Assessment of Directors and High-Level Executives

### Self-Assessment of the Board of Directors and Sub-committees

The Board of Directors requires board self-assessment and evaluate the sub-committees' performance on an annual basis in order to measure whether the Board of Directors and sub-committees perform their duties according to good corporate governance policies as well as review problems and difficulties happened in the past year for future performance improvement of the Board of Directors and sub-committees.

The Board of Directors requires that self-assessment be conducted.

The board self-assessment forms were adapted from the format of the Stock Exchange of Thailand provided by adjusting some information to be consistent with the Company's data for better understanding and ease of doing. There are 3 sets as follow:

Document No.1 "Board Self-Assessment Form for the Board of Directors" To assess overall performance of the Board of Directors;

Document No.2 "Board Self-Assessment Form for the Board of Director by Individual" To assess appropriate responsibilities of the Board of Directors as individual;

Document No.3 "Board Self-Assessment Form for Director of Sub-Committees" To assess overall performance of the Sub-committees which were assigned by the Board of Directors.

Each board self-assessment form comprises 2 parts including closed questions and open questions. The directors shall complete both parts. Topics in each form included the structure and characteristics of the board, roles and responsibilities of the board, board meeting, the board's performance of duties, relationship with executives and self-development of directors and executive development.

Company Secretary will collect board self-assessment forms, after that, scores will be averaged and report will be prepared and submitted to the Board of Directors for acknowledgment.

### Self-Assessment of the Chief Executive Officer and High-level Executives

The Nomination and Remuneration Committee is in charge of considering performance evaluation criteria of the Chief Executive Officer and high-level executives as well as set annual performance targets, conduct evaluations and determining remuneration of the Chief Executive Officer and high-level executives based on the evaluations.

The Company conducts the performance evaluation of the Chief Executive Officer and high-level executives on an annual basis using the adapted format of the Stock Exchange of Thailand after adjusting some information to be consistent with the Company's data for better understanding and ease of doing. The evaluation form contains 3 sections as follows:

Section 1 "Progress of Operation Plan" to evaluate performance against targets and business progress

Section 2 "Performance Measurement" to determine evaluation in specified topics i.e. leadership, strategy formulation, strategy execution, financial planning and performance, relationship with the Board, external relations, human resources management/relations, succession, product and service knowledge and personal qualities.

Section 3 "CEO Development" to evaluate key strengths of the Chief Executive Officer and high-level executives and improvement issues for next year.

Results of the evaluations from the Nomination and Remuneration Committee will be presented to the Board of Directors for approval and further determination of remuneration.

### Training and Development for Directors and High-Level Executives

Newly-appointed directors and executives will learn about important background information about the Company including organization structure, nature of business, rules and regulations and laws relevant to the Company in order to perform their duties properly. They will also be informed of their roles and responsibilities as directors or independent directors before starting their duties.

The Company encourages and facilitates directors, executives and company secretary to take training courses and continuously develop their knowledge so that they can perform their supervising duties effectively. Director development programs include both internal training and external training through outside institutions such as training courses with Thai Institute of Directors, field trips in foreign countries and visits to various business of related companies.

In 2019, the Company's directors attended training courses related to their duties organized by Thai Institute of Directors as follow.

- **Asst. Prof. Dr. Terdsak Rojsurakitti**

Director Accreditation Program (DAP) 163/ 2562 on 19 August 2019

### Succession Plan

The Board of Directors put in place a succession planning of the chief executive officer, high-level executives and key heads of units at all level to ensure that the Company has an effective recruitment system that can acquire talents who can take key positions in the Company in a timely manner in case of resignation, emergency or retirement of key executives. The succession planning promotes trust among shareholders, employees and all stakeholders.

To ensure an appropriate recruitment and selection process, the Board of Directors assigned the Nomination and Remuneration Committee to set forth criteria and succession plan for the chief executive officer, high-level executives and key heads of units at all levels while eligible candidates can be from both inside and outside the Company. The succession plan shall be reviewed and submitted to the Board of Directors on a regular basis.

## Supervision of Subsidiaries and Affiliates

1. The Company will appoint representatives to be directors in its subsidiaries and/or affiliates according to shareholding structure of each company to oversee its subsidiaries and/or affiliates to run businesses in compliance with laws, good corporate governance policies and other policies the Company imposed. Note that appointment of representatives as directors in its subsidiaries and/or affiliates must be approved by the meeting of the Board of Directors based on suitability for each company.
2. In case that entering into any transaction or engaging in any activity is considered an acquisition or disposition of asset according to the notification on acquisition and disposition of assets or a related party transaction according to the notification on related party transactions which requires the Company to obtain an approval from the Board of Directors' meeting and/or the shareholders' meeting or related agencies according to laws. Subsidiaries can enter into the transaction or engage in the activity only with an approval from the Board of Directors' meeting and/or the shareholders' meeting or related agencies (as the case may be).

Moreover, in case that subsidiaries enter into a transaction or any other situation that requires the Company to disclose information to the Stock Exchange of Thailand according to related notifications of the Stock Exchange of Thailand, directors in those subsidiaries must inform the Company's management immediately after knowing that the subsidiaries' plan to enter into the transaction or the situation.

3. Directors and executives of subsidiaries and/or affiliate have the scope of authority and responsibilities according to related laws such as disclosure of financial position and performance to the Company. Related notifications of the Capital Market Advisory Board and notifications of the Stock Exchange of Thailand shall be applicable mutatis mutandis. Subsidiaries and/or affiliates shall release and submit information on their interest and interest of related parties to the Board of Directors to acknowledge nature relationships and intercompany transactions of the Company, subsidiaries and/or affiliates that have potential conflicts of interest and to avoid those transactions with potential conflicts of interest.
4. To ensure that its subsidiaries and/or affiliates disclose information on their performance and financial positions and the Company will take necessary actions to oversee that its subsidiaries and/or affiliates to have adequate and appropriate information disclosure systems and internal control systems, the Company shall prescribe necessary operational plans and procedures on the matter.

Additionally, the Company shall closely monitor performance and business undertaking of its subsidiaries and/or affiliates and present the findings of analyses and opinions or suggestions to the Board of Directors and directors of those subsidiaries or affiliates in order to formulate and impose policies to improve or support businesses of subsidiaries and/or affiliates to attain continuous development and growth.

## Supervision of the Use of Inside Information

### Prohibition of Insider Trading

The Company imposed a policy on securities trading of the Company that requires all directors, executives and employees to comply with insider trading prohibition as stipulated in Clause 241 of the Securities and Exchange Act B.E. 2535 “In the purchase or sale of securities which are listed in the Securities Exchange or traded in an over-the-counter center, no person, whether directly or indirectly, shall purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell securities which are listed in the Securities Exchange or traded in an over-the-counter center in such a way as to take advantage of other persons by using information material to changes in the prices of securities which has not yet been disclosed to the public and to which information he has access by virtue of his office or position, and whether or not such act is done for his own or another person’s benefit, or to disclose such information so that he will receive consideration from the person who engages in the aforesaid acts”

### Blackout Period

Purchase or sale of securities of the Company is prohibited during a period of 30 days before the release of quarterly and annual financial statements or any other period as specified occasionally by the Company. Trading of securities can resume at least 24 hours after the information disclosure.

Company secretary will announce the blackout period in advance with the schedule of annual meeting and send notifications before the blackout period of each quarter to ensure that relevant parties are informed of the blackout period and will act accordingly.

### Securities Holding Report

- First Reporting: Directors and top 4 levels of executives must file the securities holding report (including spouses, minor children and de facto partners) with the company secretary within 7 working days since their appointments using the directors’ and executives’ interest and personal information form (Form 89/14).
- Reporting of Changes in Securities Holding: the Company requires certain persons to have duties to report changes in the holding of the Company’s securities by preparing and disclosing their securities holding reports (including holdings of spouses and minor children) and changes in securities holding to the Office of Securities and Exchange (SEC) pursuant to Clause 59 of the Securities and Exchange Act B.E. 2535 through the SEC’s e-filing system within 7 days since the day of purchase or sale of the securities for the first reporting and within 3 working days since the day since the day of purchase or sale of the securities for next tradings. Copies of reports shall be submitted to the company secretary.

In case of violation to the Company’s policies on securities trading by directors, executives and employees, reasonable disciplinary actions may be taken and the violation may be considered criminal and civil offence according to the Securities and Exchange Act.

### Audit Fee

In 2019, the auditor from KMPG Phoomchai Audit Limited performed the audit of balance sheets and income statements for the Company and its subsidiaries, also the performance was satisfactory. Mr. Charoen Phosamritlert, the auditor with CPA No. 4068 was qualified without any prohibited quality according to criteria of the Stock Exchange of Thailand and has no relation and/or interest with the Company, subsidiaries, executives, major shareholders or any person related to those parties.

The audit fee for 2019 of the Company and its subsidiaries is 3,700,000 baht with the following details:

Audit Fees	Year 2019 by KPMG (Baht)	Year 2018 by KPMG (Baht)
Audit fee of the Company	2,700,000	2,600,000
Audit fee of the Domestic Subsidiaries	1,200,000	1,100,000
Other Service Fees	-	-
Total	3,900,000	3,700,000

## Application of the Principles of Good Corporate Governance for Listed Companies 2017

The Company reviewed its corporate governance policy according to the principles of good corporate governance for listed companies 2012 of the Stock Exchange of Thailand and the corporate governance code 2017 of the Office of Securities and Exchange Commission. The meeting of the Board of Directors No.8/2018 on 17 December 2018 deemed that the Company adopted most of the practices and reviewed its corporate governance policy to be in accordance with corporate governance code for listed companies 2017. The Company will review and revise its corporate governance policy to be up-to-date and cover key developments in good corporate governance principles that are subject to regular changes.

## Compliance with Other Related Principles of Good Corporate Governance

The Company emphasized on applying the principles of good corporate governance for listed companies 2012 of the Stock Exchange of Thailand continuously and reviews its corporate governance policy annually. In 2018, the Company stipulated measures to make up for certain principles of good corporate governance for listed companies that the Company could not conform to as follows:

1. Members of the Nomination and Remuneration Committee are all independent directors.
  - Currently, the Nomination and Remuneration Committee consists of 3 members and 2 are independent directors which is more than half of the committee. The chairman of the Nomination and Remuneration Committee is an independent director with experience and be able to give independent opinions.
2. Voting in Director Election Using Cumulative Voting Method
  - The Company still adopts one share-one vote method for director election voting. Under this method, each shareholder has a number of votes according to number of shareholding. However, the Company recognizes on the rights of minor shareholders that are eligible of in electing directors and encourages minor shareholders to exercise their rights in nominating candidates for the Company's directorship in advance through channels the Company arranged.



# Corporate Social Responsibility

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Group Company conducts its business under a good corporate governance framework with transparency and accountability. The Company is committed to developing its business together with creating an economic, social and environmental balance. Good corporate citizenship and business sustainability are fostered with an intention to be a good example for the society and to undertake its business to achieve stable growth in accordance with business ethics and good corporate governance principles. Furthermore, the Company shall effectively generate return to shareholders keeping in mind any impact from doing business to all stakeholders for the best interest of shareholders, stakeholders and other related parties.

The Company has believed that resources and environment are the key catalysts that move the country toward strong growth as well as enable the Company to grow sustainably in the future. The Company's name "Do Day Dream" is derived from "We Do to make every DAY your DREAM" and operating under brand "Snail White".

## Undertaking and Reporting on Corporate Social Responsibility

The Company prepared information related to its corporate social responsibility (CSR) according to the sustainability reporting guideline of the Stock Exchange of Thailand and included the information in the annual registration statement (Form 56-1) and the annual report (Form 56-2). The Company is under a process of studying guidelines of the global reporting initiatives (GRI) to gain better understanding on the matter and formulate pertinent corporate social responsibility policy that leads to execution of activities that promote sustainability of the Company and all stakeholders. The Company will also use the information to prepare its corporate social responsibility report.

## Business Undertaking that Impacts Corporate Social Responsibility

The Company has responsible for society, environment and stakeholders as below:

### 1. Fairness in Doing Business

The Company set a guideline in treating stakeholders in the Code of Conduct and Business Ethics that concerns responsibilities to all stakeholders i.e. shareholders, employees, customers, suppliers/creditors, contractual parties, communities, society and environment. Moreover, the Company encourages free trade and fair competition and refrain from any action with a potential conflict of interest and intellectual property right infringement including corruption of all kinds. Details are as follow:

#### 1.1) Corporate Governance

The Company has a commitment to righteous, honest, fair, transparent and accountable business conduct as well as disclosure of important information. The Company takes into consideration interests of and impacts to shareholders, customers, suppliers, employees and all stakeholders as well as shares the interests properly and fairly.

#### 1.2) Corporate Social Responsibility

The Company imposed a policy on corporate social responsibility (CSR) under ethical principles to promote justness for

all stakeholders. Moreover, the Company adopted good corporate governance principles as a guideline to maintain a good balance in conducting its business for all aspects including economy, community, society and environment in order to achieve a sustainable success in business development.

### **1.3) Compliance with Laws, Rules and Regulations**

The Company gives high priority to its compliance with laws and regulations related to environment, occupational health and safety at local, national and regional levels. The Company complies with international business ethics by requiring directors, executives, employees to conform to laws, rules and regulations and avoid any involvement, assistance or action that violates related laws, rules and regulations.

### **1.4) Compliance with Intellectual Property Law**

The Company prohibits any action that can be considered as an infringement of intellectual property law. Directors, executives and employees are required to comply with laws, rules and regulations and avoid any involvement, assistance or action that violates laws, rules and regulations related to intellectual property.

### **1.5) Effective Resource Management**

The Company encourages directors, executives and employees at all levels in the organization to utilize resources efficiently, properly and adequately to maximum benefits. Moreover, the Company shall communicate, educate, support and raise awareness among employees including all stakeholders on resource management for the best interest of the organization.

## **2. Anti-Corruption**

The Company conducts its business with transparency and aware on anti-corruption of all forms through abiding by laws and promoting social interest as well as encouraging employees to have moral values in performing their duties and adhere to good citizenship. Besides, given its commitment to anti-corruption, the Company signed a joint declaration with the Thai Private Sector's Collective Action Coalition for Anti-Corruptions as approved by the Board of Directors on 25 February 2019. This project is operated under collaboration of 8 leading organizations which are Thai Institute of Directors, Thai Chamber of Commerce, International Chamber of Commerce, The Thai Bankers Association, Thai Listed Company Association, The Federation of Thai Capital Market Organizations, The Federation of Thai Industries and The Thailand Tourism Council.

To serve this purpose, the Company has stipulated an anti-corruption policy as a clear guideline to prevent and tackle corruption problems in the Company through making an organization culture that is fully aware of dangers from corruption and creating right values and building trust among all stakeholders to enhance effectiveness of anti-corruption actions. In case of incompliance, disciplinary actions and legal actions will be taken on a case-by-case basis. Details are summarized below:

2.1) Directors, executives, employees at all levels are prohibited from acting, omitting to perform their duties or wrongfully using authority to violate laws or ethical codes including any activity or participation in all forms of corruption, directly and indirectly. They are forbidden to seek unlawful benefits in any form such as a provision, a promise, a solicitation of benefits or assets, an offer of benefits or assets including any other interest to government officials or other persons doing business with the Company, a persuasion to an illegal action or trust destruction or any corruption activity including a solicitation, an acceptance or an offering assets or any other interest to government officials or other persons doing business with the Company.

2.2) Procedures on offering and acceptance of gifts or entertainment are stipulated as a part of the Code of Conduct and Business Ethics of the Company. Employees must refrain from offering, soliciting, accepting or agreeing to money, items, treats, entertainment or any other interest that are subject to doubts regarding bribery or fraud. Gift acceptance should be reasonable,

not lead to any business obligation and not be in a form of cash or cash equivalents. Employees must be fully aware that all actions or inactions are transparent and accountable.

2.3) The Company stipulated procurement practices, objectives of transactions, reimbursement, and any contract making/entering. In every step in the procurement process, supporting documents or evidences must be enclosed while approval authority at each step is properly set with transparency in compliance with laws, practices, and processes that the Company imposed. Procurement shall also be audited on a regular basis.

2.4) The Company ensures communications on the anti-corruption policy to all units at all levels in the Company through various channels such as employee trainings and internal communication with the purpose to educate related persons and enforce implementation and compliance. Employees can report misconducts, file complaints and make suggestions to the Company so that investigation will be carried out to find facts according to the procedures and the results can be used to solve or improve related matters.

2.5) The Company set up a human resources management system to promote right values and build anti-corruption culture. Employees are informed and communicated of the anti-corruption policy as well as the Code of Conduct and Business Ethics.

2.6) The Company notifies its subsidiaries, affiliates, other companies that the Company has the controlling power as well as business representatives to adopt anti-corruption measures and disclose the anti-corruption policy and measures to both employees and the general public.

2.7) The Company provides multiple communication channels for employees and related persons to file complaints and report dubious activities. Whistleblower protection measures are in place and identities of whistleblowers and people who deny to involve in corrupted activities shall be kept strictly confidential in order that they are protected from any impact from their actions as well as unfair punishment or transfer. Responsible persons shall be appointed to examine and follow up on all whistleblowing or reported information.

2.8) Anti-corruption measures are developed in accordance with related laws and moral codes. The Company conducts risk assessment for related activities that are prone to corruption, prepares proper protective measures and communicates internally in the organization on a regular basis.

2.9) The Company ensures adequate and appropriate internal control systems to prevent corruption and any action that are not in compliance with good corporate governance principles.

2.10) The Company set forth a policy on related party transactions to prudently consider suitability before engaging in every related party transaction as well as determine prices and conditions on those related party transactions which are comparable with doing with external parties as arm's length basis.

2.11) In case that directors, executives and employees involve in any action that violates the anti-corruption policy, directly or indirectly, disciplinary or legal actions will be taken to those persons according to the Company's practices or related laws.

In addition, the Company recognized on the prevention of corruption or acquisition of illicit benefits for personal interest or interest of others using power or position. A practical guideline is established as follows:

#### 1. Charitable Donation and Financial Support

The guideline on charitable donation or financial aid of the Company is based on the table of authority approved by the Board of Directors. Donation can be in forms of money or other non-monetary items such as scholarships, educational aids, books, and computers offered to students, schools or donation of goods e.g. supplies for victims of natural disasters, medical expenses or supplies for destitute patients. The donation must not be used as an excuse for any kind of corruption.

The Company ensures a supervision on charitable donation and financial aid by requiring a letter or a request record specifying an authorized person according to the table of authority to approve and a receipt and/or a thank you letter and/or an acknowledgment letter and/or a photo as a supporting evidence for every time a donation or a financial aid is made.

## 2. Political Support

The Company is politically independent and is able to conduct its business without engaging in politics in any case. Therefore, the Company has no policy in supporting politics either using money or any asset of the Company directly or indirectly. However, the Company does not forbid directors, executives and employees from participating in political activities undertaken under the constitution, laws and related rules and regulations but the participation must be on personal behalf without any negative association with the Company.

## 3. Acceptance and Offering of Gifts, Hospitality and Entertainment

The Company allows directors, executives and employees to accept and pay money for gifts, services and entertainment that are unambiguous and are considered as a service to customers, trade partners or relevant parties according to ordinary business undertaking or traditions or international festivals without impacting the business conduct or being a potential channel for corruption. The act must be in accordance with the Company's practices without any violation of related laws and notifications or with the purpose to gain any advantage through a misconduct or to be an outright on hidden exchange to seek benefits in any form. Moreover, type and value of gifts, hospitality and entertainment must be reasonable and appropriate.

## 4. The Company and Parties with Business Relations

The Company encourages its subsidiaries and/or any other party that represents the Company participate in anti-corruption efforts and prohibits directors, executives and employees to hire any business representative or intermediary with the purpose of corruption. The Company will inform its subsidiaries and the parties representing the Company of the anti-corruption policy similar to the Company.

## 5. Risk Assessment

The Company's directors must understand on potential risks from bribery and corruption together with communicate with employees at all levels for their understanding and compliance to ensure the effective risk management. The Company conducts risk assessment for all operational systems especially processes that are prone to bribery and corruption. Overall risk management policy and proper risk management measures to prevent and mitigate risks under acceptable levels must be reviewed regularly on an annual basis

## 6. Internal Control

The Company specified internal control systems that handle corruption covering finance, accounting and data recording including other processes related to anti-corruption measures. Internal control systems are processes that ensure efficiency and credibility of the Company's operations. The Company shall evaluate the adequacy of its internal control systems that include assessment of control environment, risk management, control activities, information and communication and monitoring activities aimed to report results of the evaluation of internal control system to the Audit Committee.

## 7. Accounting Audit and Data Storage

The Company has an audit process for accounting entries and these entries are approved according to the delegation of authority before being recorded in the accounting system. The transactions will be reviewed by considering the Company's policies, rules and regulations of government agencies and related agencies, relevant laws, contracts and agreements according to accounting standards and policies.

## 8. Human Resources Management

The Company will adopt the anti-corruption policy as a part of its human resources management and processes such as recruitment, hiring, training, reward and promotion.

## 9. Whistleblowing and Complaint in for Corruption Issues

In case that directors, executives and employees are suspicious of or uncertain of any action that can be considered corruption, they shall seek advice from their direct supervisors or persons that the Company assigned to handle complaints. When there is an evidence that directors, executives, employees and/or any person acting on the Company's behalf engage in corruption, ones must expose the information or file complaints through the following channels.

- E-mail: [whistle@dodaydream.com](mailto:whistle@dodaydream.com)
- Suggestion and Complaints Box
- Mail: Do Day Dream Public Company Limited "Complaint Handler"
- No. 32 Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240

Complaint Handler means Human Resources Director or Company Secretary or the Risk Management Committee or the Audit Committee or the Board of Directors

## 10. Whistleblower Protection

Whistleblowers or complainers can rest assured that their whistleblowing or complaints will be taken seriously and they are protected from any adverse consequence from an honest whistleblowing or complaint. The employees who are whistleblowers must gather information carefully and be mindful of the accuracy of disclosed information.

Whistleblowers are entitled to anonymity and the Company shall treat the information and their identities with confidentiality throughout the investigation. The Company shall not allow any action that can cause damage to the whistleblowers and will take disciplinary actions with the persons who attempt any retaliation to the whistleblowers under a proper process to prevent any impact on the work and/or work relationship of the whistleblowers.

In case that employees release any information with dishonesty such as information disclosure of personal complaints or with an intention to create internal disharmony within the group of companies or the information is not truly factual whether it is a rumor or for personal benefits, the action will be considered a serious offense and the Company will investigate and consider a punishment according to the Company's practices.

## 3. Respect for Human Rights

The Company stresses on respect for human rights with the objective to create equity and equality internally and externally. The Company consistently supervises its business undertaking not to be involved in any violation of rights and liberty both directly and indirectly. For instance, the Company is against forced labor and child labor as well as respects and treats all stakeholders with fairness according to the basis of human dignity. Non-discrimination policies are enforced that require the Company to treat people impartially regardless of origin, race, gender, age, color, religion, physical conditions, status, family or any other status not directly related to work performance. In addition, the Company supports an internal monitoring in compliance with human rights principles and encourages employees to conform to human rights principles under international standards. This responsibility related to human rights also covers its subsidiaries, affiliates, joint ventures and suppliers.

#### 4. Fair Labor Treatment

The Company set up a policy to ensure that employees work together under a happy and accepting work environment. Employees at all levels are treated like a family without taking advantage of each other. The Company respects employees' rights according to human rights principles as well as abide by labor laws. With regard to employee treatment, the Company established an integrated human resources management system to maximize work efficiency from talent acquisition to talent development with regular trainings to fair compensation and benefits. Furthermore, the Company encourages all employees to have career growth opportunities. And emphasizes on learning at all levels of the organization including skill development to enhance working standards and professionalism under proper work environment. The policy on fair labor treatment is detailed as follow.

##### 4.1) Compensation and Benefits Package

The Company's setop employees' compensation policies include not only paying compensation in form of monthly salary and fair performance bonus but also promoting career stability and fair career growth opportunity as well as providing proper benefits and welfare for employees such as social security, provident fund and medical treatment.

##### 4.2) Capability Development and Training

The Company focuses on human capital development by imposing a policy that encourages employees to develop their skills and potentials as well as fosters positive attitude, morals, ethics and teamwork. Trainings and work seminars are routinely organized for employee development purposes.

In addition, the Company promotes organization and human resources development underlining efficient work processes, clear roles and responsibilities, determination of proper compensation as well as appraisal system development and capability enhancement.

##### 4.3) Safety and Occupational Health Policy

The Company set out a policy that promotes safety and hygiene in workplace for employees through prevention of possible accidents, awareness of safety as well as knowledge sharing through employees' trainings on important safety measures such as fire protection trainings, proper use of machine training and the white factory activity. Additionally, the Company fosters good health and hygiene of employees and does not engage in any activity that can be harmful to the health of employees and customers. The Company also makes sure that the workplace is safe and hygienic at all time.

##### Number of Accidents in the Factory

In 2019, there were 7 work-related accidents which can be classified according to the severity level as follow:

Severity Level		Number of Accident
Level 3	Occupational injury or sickness that causes an employee to <u>be unable to return to work the next day for more than 1 day</u> or in case that <u>over 30,000 Baht worth of assets is damaged</u> .	0
Level 2	Occupational injury or sickness that causes an employee to <u>be unable to return to work between 2 hours to 1 day</u> or in case that <u>7,000-30,000 Baht worth of assets is damaged</u> .	1
Level 1	Occupational injury or sickness that <u>can be treated with a first aid or a rest to alleviate symptoms or for a diagnosis at the Company's medical room for less than 2 hours before returning to work</u> or in case that <u>less than 7,000 Baht worth of assets is damaged</u> .	1
Total		2



## 5. Responsibilities for Customers and Consumers

The Company has a strong determination in offering highest quality products to customers to maximize their satisfaction as below:

5.1) The Company highly regards quality and standards of products and focuses on using high grade raw materials and high-standard production in order that its customers are offered premium products and gain highest satisfaction at reasonable prices.

5.2) The Company continuously researches and develops new products to meet the demands of customers by offering a variety of quality and high-standard products that satisfy customer needs.

5.3) The Company exercises its marketing fairly and imposes a policy to ensure that customers receive accurate, non-distort and unambiguous information without exaggeration or overstatement concerning the Company products in order that they have adequate and correct information for making decisions.

5.4) The Company set up a research and development department to design, create and adapt products to suit the needs of each customer group.

5.5) The Company regards to customer safety first and intends to offer its customers quality and safe products in accordance with standards, international safety rules and regulations and stipulated laws.

5.6) The Company sought production permissions in accordance with applicable laws as following:

- 1) The Company's manufacture was approved from The Food and Drug Administration (FDA)
- 2) Products show usage instructions in details for the best interest of the consumers.
- 3) Product return and recall policies are in place as a practical guideline in case of defective or damaged products.
- 4) The Company is always open for feedbacks from its sales staff and customers through online and other channels such as website, call center and social media for the purpose of product improvement.
- 5) The Company discloses and disseminates product information to consumers via multiple channels such as website, web board, call center and social media.
- 6) The Company has a vendor selection criteria assessment to procure highest quality raw materials for consumers' safety and benefits.

5.7) The Company implemented a customer relationship management system to communicate with customers as well as receive complaints on product quality in order to respond to customers' needs promptly.

5.8) The Company treats customer information as confidential and refrains from using the information wrongfully.

5.9) The Company organizes various activities to build and enhance relationship with customers in a sustainable manner.

## 6. Environmental Preservation

The Company pays attention to corporate social responsibility on environmental preservation including natural resources without engaging in any action that can harm the environment but only to protect the environment. In addition, the Company initiates activities to support environmental preservation for people in the community and fosters an environmentally-conscious mindset in all employees. The Company strictly complies with standards, laws and regulations related to the environment stipulated by related governments.

## 7. Community and Society Development

The Company set forth a policy to carry out its business that benefits economy and society and holds firmly to good corporate citizenship and strict compliance with laws and related regulations. The Company shall dedicate itself to developing and enhancing quality of living of people in the society and community where the Company is located in parallel with the Company's growth.

Furthermore, the Company has a policy to take care of and tighten relationship with communities nearby as well as regularly support activities of the community. Various projects are undertaken considering suitability and benefits to the community and the society for sustainable development. Employees also support and participate in community activities regularly.

## 8. Innovation and Dissemination of Innovations derived from Operations that are Responsible for Society, Environment and Stakeholders

The Company ensures innovations at internal working process level in the organization as well as between organizations under collaboration. Innovation means a creation of things using new approaches including changes in thinking or production to add value to the business. The objective of innovation is to foster positive changes to influence improvements and generate more outputs for the best interest of the society. The Company has put in place the following guideline on innovation.

8.1) Examine all business processes the Company is currently undertaking whether there are risks or negative impacts to society or environment and find solutions to mitigate those impacts. Besides, the Company will study, consider and analyze work processes carefully and thoroughly covering all aspects to create development opportunities in discovering business innovations.

8.2) Disclose and disseminate discovered innovations that are beneficial to society and environment in order to encourage other businesses and entrepreneurs to follow

8.3) Analyze and find solutions as well as consistently and continuously develop innovations to create opportunities in inventing new products to generate growth for the Company and meet demands of consumers.

## 9. Intellectual Property

The Company realizes that intellectual property which includes copyrights, trademarks and trade secrets are essential in maintaining a competitive advantage of business either it is the intellectual property of the Company or other parties. Therefore, all directors, executives and employees have the duty to protect and defend all rights to the Company's intellectual property and use those rights responsibly as well as respect intellectual property rights of others.

## Social and environmental benefits activities

The company has continuously promoted and promoted activities for the benefit of society and the environment. In 2019 The company participated in the following activities

- Donate money to the hospital foundation. To help young patients on 22 March 2019
- Donate funds to construct the Chalerm Phrakiat Building for Simulation Center Phramongkutklao College of Medicine on 21 May 2019

# Internal Control System and Risk Management

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## Internal Control

The Company realized the importance of internal control, the Audit Committee assigned the internal audit department to evaluate the adequacy and appropriateness of internal control systems on an annual basis. Furthermore, the Board of Directors assigned the Audit Committee to review the assessment of the internal control to ensure that the Company conducts its business efficiently and effectively and financial reporting is accurate, credible and in accordance with related laws, rules and regulations.

The Company properly complies with internal control systems as designed and imposed including related laws, rules and regulations to minimize key risks that may have an impact on the Company's performance and business. When a mistake is detected in the systems, the Company takes corrective actions to improve the systems continuously to suit risk and business environment of the Company both at present and in the future as well as to be in compliance with applicable laws, rules and regulations.

The roles and responsibilities related to internal control of the Company can be divided as below:

**1. The Board of Directors** is responsible for the governance of the Company to ensure that the Company has effective internal control and risk management systems to protect shareholders' capital and the Company's assets. The Board of Directors shall deliberate the following items.

- 1.1 Determine type and size of significant risks that is risk appetite of the the Company which will pursue to achieve its strategic objectives and
- 1.2 Assisgn the executives to manage procedure of identifying, measuring and mitigating risks effectively.

**2. The Audit Committee** is assigned to responsible for reviewing the effectiveness of internal control systems and compliance with law and regulations stipulated by the Company. For the review, the Audit Committee shall consider information from multiple sources including the following:

- 2.1 Trust in internal auditors through an annual audit plann approved by the Audit Committee. The audit plann will focus on consideration and assessment of risk and important internal control that are executed to reduce or prevent particular risks.
- 2.2 Receive reports on the results of the audit of internal control and compliance with applicable rules and regulations especially items with significance on a quarterly basis.
- 2.3 Develop processes and systems to handle whistleblowing policy related to corruption, or illegal, or unethical activities as an alternative channel for employees, shareholders and external parties to directly contact the Audit Committee.
- 2.4 Trust in the external auditors on audit matters.

**3. Internal Audit Department** is an independent which direct report to the Audit Committee and the Chief Executive Officer regarding business operations. The internal audit department is responsible for supporting the Audit Committee and the Board of Directors on the assessment of appropriateness of major internal control systems.

The intenal audit department has prepared an annual audit plan considering risk based approach which focusing on key risks that may have an impact on the Company's objectives and the accuracy of financial reports. The Audit Committee shall consider and approve the annual audit plan, follow up on internal audit results, and review the internal audit performance on a quarterly basis.

Any detected issue will be deliberated whether it has a broad impact to the Company or not. Key audit issues will be reported to the Audit Committee and the Board of Directors. The Audit Committee shall monitor corrective actions taken by executives until the results are satisfactory. Important reports from executives, internal audit department and compliance department will be regularly presented to the Audit Committee and the Board of Directors. The reports shall cover matters related to business, finance, internal control, operations and compliance with related laws, rules and regulations.

The Company's internal control conforms to the internal control structure framework that is based on the international standards from the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Details of the internal control systems of the Company for each component can be summarized below:

### 1. Control Environment

Control environment is a key foundation of effective internal control systems and articulates principles and structures for other components of internal control systems. The Company's main elements of control environment are as follow:

- The Company provide good working environment under clear and appropriate policy, planning, operation, control and supervision.
- The Company adheres to business philosophy and ethics through its actions and behaviors that enable the internal control systems to function properly. Moreover, the Company published the Code of Business Conduct as a practical guideline for all directors, executives and employees.
- The Board of Directors and executives highly regard integrity and ethical values as well as treat all stakeholders equally and fairly under good corporate governance principles.
- The Company set up organization structures that are suitable for business transaction size and operation with clear chain of command and roles and responsibilities.
- The Board of Directors and executives have delegated levels of authority and approval financial limits for each transactions in writing.
- The Company adopted a whistleblowing policy to provide a channel for stakeholders to report fraud, mistakes and distortions of facts by the executives. The Audit Committee shall review the reports on whistleblowing every quarter.

### 2. Risk Assessment

The executives imposed policies, standards and practices on risk management emphasizing that all directors, executives and employees have responsibilities in managing risks in order to attain business objectives of the Company.

The Board of Directors has appointed the Risk Management Committee to perform the duties in reviewing risk management framework and risk management structure as well as proposing risk management guidelines that are consistent with strategic directions and business plans. The Risk Management Committee shall monitor and review key risk management reporting to be in accordance with standards and changing environment.

### 3. Control Activities

The Company treats effective internal control with high priority under the specified risk appetite suitable for business and employees' performance in each department. The internal control is observed through requirements, policies and practices of the Company and is audited and developed regularly. Undertaking related party transactions between the Company and connected

persons including commercial agreements are carefully and prudently monitored to be in accordance with regulatory requirements of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related regulatory agencies. In addition, the Company encourages its employees to realize the importance of the compliance with implemented internal control systems including applicable laws, rules and regulations. This is to mitigate possible risks associated with corruption and violations of laws.

#### 4. Information & Communication

The Company's Information systems are continuously developed to enhance efficiency in doing business. In addition, the Company never compromises on accuracy, credibility and timeliness of information and fosters effective information communication for timely decision-making. Moreover, systems protecting information safety and effective contingency plans are in place to promote information system safety under severe incidents that can disrupt the systems. The Company also implemented a data storage system that can verify past data for accuracy and an information system that can analyze and identify potential risks. The system also helps assess and manage risks as well as record and report those risks in complete. The Company strictly follows the Computer-related Crime Act on the storage of computer's traffic data according to the notification of the Ministry of Information and Communication Technology. The Company invested in effective communication systems internally and externally and provided multiple channels for internal communication purposes. Regarding the disclosure of information, the Company prepares and submits documents comprising sufficient information to shareholders and the Board of Directors for decision-making with sufficient time prior to the shareholders' meeting.

#### 5. Monitoring

With current information systems that generate credible and timely information, the management and the Board of Directors can effectively monitor performance through various financial reports and attain business objectives and goals previously set. Besides, the Board of Directors is able to review, assess and make recommendations to improve business plans through the effective governance procedures while the internal audit department consistently performs the duties.

Internal audit department carries out duties according to the audit plan as approved and continuously monitored by the Audit Committee. The internal audit plan is prepared based on the results of risk assessment and analysis as well as priorities of subsidiaries in group companies, core business and related procedures. The findings of the audit results and monitoring of improvements will be proposed to the Audit Committee and the Board of Directors. Up until the present, the results from the audit show no significant mistake or flaw related to the internal control. Nevertheless, recommendations were made on the internal control systems for certain areas with room for improvements.

The Board of Directors shall conduct an audit on the efficiency of internal control systems at least once a year taking into account significant risks, potential impacts as well as management and mitigation measures for those particular risks. The guideline on the evaluation of internal control systems adequacy prepared by the Office of Securities and Exchange Commission will be used for this audit.

The Audit Committee charter specified duties of the Audit Committee in evaluating the performance of high-level executives in the internal audit department in cooperation with the Chief Executive Officer which is in line with the guideline from the notification of the Stock Exchange of Thailand on "Qualifications and Scope of Work of the Audit Committee B.E. 2558"

The Board of Directors' meeting No.1/2019 on 25 February 2019, with the attendance of the Audit Committee, evaluated the adequacy of the Company's internal control systems in 5 components mentioned earlier. After the evaluation, the Board of Directors reached a conclusion that the Company has adequate and appropriate internal control systems for conducting business

with sufficient manpower to perform duties effectively as required by the systems. In addition, there is no significant mistake or flaw related to its internal control.

KPMG Phoomchai Audit Limited, the Company's external auditor, provided an opinion on the audit of financial reports for the year 2018, ended 31 December 2018, that there is no material deficiency found in the internal control systems related to finance and accounting.

## Risk Management

The Company has focused on risk management, set up risk management policy, appointed Risk Management Committee. Also, the Company assigned risk management department to responsible for policy setting, identify risk in each activity, risk evaluation to be accordance to risk criteria, and monitoring risk resolution effectively as well as coordinate and support each related department to in managing risks appetite before proposing to the Risk Management Committee, the Audit Committee and/or the Board of Director for consideration and further actions.

The Company's risk can be identified into 3 main topics as follows:

- 1) Business Operation Risk
  - 1.1) Risk of Dependence on Key Executives and Business Specialist Employees
  - 1.2) Risk from all of Our Products have Snail Secretion Filtrate as a Major Ingredient
  - 1.3) Risk of Reliance on a Packaging Supplier
  - 1.4) Risk Relating with the Operation of Our Manufacturing Plant
- 2) Marketing Risk
  - 2.1) Risk of Intense Competition in Beauty and Skincare Market
  - 2.2) Risk of Counterfeit Products or Use of the Company's Trademark as the Name of a Company
  - 2.3) Risk of Reliance on Chinese Customers
  - 2.4) Risk of Reliance on Certain Key Customers or Distributors
  - 2.5) Risk from Damages to Consumers or Product Recalls
- 3) Financial Risk
  - 3.1) Risk from Foreign Exchange Rate Fluctuations

Additional information regarding to risk factors and risk management in each topic is described in topic "Risk Factor".

## Head of Internal Audit

The Company has set up the internal audit department to perform duties in controlling and examining internal operations and ensuring its governance to be independent, efficient and effective. The internal audit department reports directly to the Audit Committee. The Audit Committee's Meeting No. 2/2018 on 27 February 2017 had resolution to appoint Ms. Napat Rattapong, Internal Audit Director, as a head of Internal Audit Department of the Company given her qualities, educational degrees, experience and proper trainings suitable for supervising the internal audit.



## Related Party Transactions

Details on Related Party Transactions with Persons in a Potential Conflict of Interest for the Year 2018 and 2019, Ended 31 December 2018 and 2019, as follow:

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2019	2018	
<b>Dr. Sarawut Pornpatanarak</b> <u>Relationship</u> Major shareholder, Vice Chairman of the Board, Chairman of the Executive Committee and Chief Executive Officer of the Company	Guarantee for loans and car rental fees without compensation  Dr. Sarawut Pornpatanarak is the Company's guarantor Car rental fee throughout the rental contract for the Company For use in business expansion To use in operations and increase the liquidity of the company Without compensation - car rental limit	3.8	3.8	The Company has long-term loan facilities Which is according to the conditions specified by the landlord  <u>The Audit Committee's Opinion:</u> The transaction is considered a financial support through guarantees of loan facilities for business expanding and improving its liquidity without any charge incurred to the Company. The transaction is deemed necessary, reasonable and beneficial to the Company's business.  The Audit Committee recommends that the Company should rely less these financial supports through guarantees from directors or major shareholders of the Company.
<b>PM Chemical Company Limited</b> <u>Nature of Business</u> An importer and distributor of chemicals and a manufacturer and a distributor of spray paint for cars and paint for buildings. <u>Relationship</u> Mutual director: Mr. Sarawut Pornpatanarak Mutual shareholder: 1) Mr. Sarawut Pornpatanarak 2) Ms. Saranya Pornpatanarak and 3) Mr. Saranon Pornpatanarak	<b>1) Warehouse Rental</b> The Company rented warehouse from PM Chemical Company Limited with a total area of around 1,320 square meters. The location is No. 15, Soi Seri Thai 87, Seri Thai Road, Min Buri, Bangkok to store inventories such as packaging of products. The monthly rental is 66,000 Baht (or 50 Baht per square meter) and paid on a monthly basis. The rental started since September 2018 with six- month contract. - Rental Fee - Service Fee - Deposits to be returned	0.72 0.06 0.13	0.16 0.02 0.08	Warehouse rental from PM Chemical was for a storage of packaging for products. The monthly rental fee of 50 Baht per square meter is comparable to other rental rates in the same area which are around 100-110 baht per square meter per month. Payment conditions were according to normal commercial agreements similar to general rentals. The Company chose PM Chemical's warehouse as it met the Company's requirements given that the size is not too large, the rental is on par with neighboring areas and the location is not far from the Company's office.  <u>The Audit Committee's Opinion:</u> The transaction is deemed reasonable and beneficial to the Company's business. The location is near the Company's office which is convenient in conducting business. The rental charged was the market rate and lower than those of peer and payment conditions are according to general commercial building rental business.

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2019	2018	
	<p><b>2) <u>Purchase of Raw Materials and Paints</u></b></p> <p>The Company purchased certain raw materials mainly special mineral water and anti-counterfeit stickers including paints for the Company's factory and office from PM Chemical. Sales prices and payment conditions are prices per unit with separate charges of transportation fees as actually incurred.</p>			<p>The purchases of raw materials and paints were for the benefits of the Company. Buying prices were lower than those of other suppliers and payment conditions were according to normal commercial conditions. This transaction is deemed necessary and reasonable.</p> <p>However, on 1 June 2017, the Company and PM Chemical prepared a memorandum of understanding on the determination of compensation for PM Chemical in purchasing of special mineral water and anti-counterfeit stickers protection using the cost plus method with not over than 5% rate. This was to cover operating expenses of PM Chemical and aligned with other suppliers. In case that there is any expense in product delivery, PM Chemical will charge the Company separately on an actual basis.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is necessary for supporting business-as-usual of the Company. Prices and general conditions were similar to those the Company engaged in with other external parties.</p> <p>The Audit Committee reviewed, acknowledged and agreed with the memorandum of understanding between the Company and PM Chemical on pricing determination using the cost plus method that further made the transaction more reasonable.</p>
	- Purchase of raw materials and paint	0.9	1.1	
	- Transportation fees	0.0	0.1	
	- Account Payable	0.3	0.0	

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2019	2018	
<b>The Fourteen Company Limited</b> <u>Nature of Business</u> A distributor of the Company's products in Bangkok and vicinities through various channels that the Company does not operate directly. <u>Relationship</u> Major shareholder with 98% ownership by Mrs. Pornpen Soungkasem who is the spouse of Mr. Nitiroj Manolamai, director and executive of the Company and director and shareholder of the Fourteen Company Limited.	<b><u>Sales Revenue</u></b> The Fourteen Co., Ltd. is one of the distributors of the Company's products through various channels that the Company does not operate directly. Namu Life Plus (a subsidiary) sells products to the Fourteen in form of outright sales at net prices after a deduction of distribution fees. Namu Life Plus determines sales prices and marketing strategies for the Fourteen Co., Ltd. to distribute the products to customers while Namu Life Plus is responsible for all sales promotion expenses as actually paid. Sales prices and distribution fees for The Fourteen Co., Ltd. are according to the contracts with the rates and commercial conditions compare to those Namu Life Plus offers to other distributors.			The Fourteen Co., Ltd. is a major distributor of the Company with 10.8% and 10.8% contribution to total revenue before distribution discounts for 2018 and 2019 respectively. Prices are according to standard pricing clearly set by the Company for all distributors. The Fourteen Co., Ltd. must sell its products at the prices the Company determined. Moreover, distribution fees for The Fourteen Co., Ltd. are based on the contracts with rates and commercial conditions comparable to those Namu Life Plus offered to other distributors. Nevertheless, advanced discounts provided to The Fourteen Co., Ltd. were to cover sales promotion expenses as actually incurred. This included sales discounts for distributors, approved marketing campaigns and incentives rewarded to distributors according to KPIs. The Company also paid for actual sales promotion expenses to other distributors as well. The Fourteen Co., Ltd. must submit sales reports and total sales promotion expenses to the Company on a monthly basis. These advanced discounts will be deducted from actual sales promotion expenses. Therefore, this transaction is deemed necessary and reasonable. <u>The Audit Committee's Opinion:</u> The transaction is reasonable and beneficial to the Company's business. The Fourteen Co., Ltd. is capable in distributing the Company's products through multiple channels. Prices were according to standard pricing that Namu Life Plus Co., Ltd. clearly set. In addition, fees paid to The Fourteen Co., Ltd. to distribute the Company's products are according to rates and commercial conditions comparable to those the Company offered to other distributors. Sales promotion expenses were paid on actual basis. The Audit Committee reviewed, acknowledged and agreed with the memorandum of understanding between Namu Life Plus Co., Ltd. and The Fourteen Co., Ltd. to ensure better accuracy of transactions between the Company and The Fourteen Co., Ltd.
	- Net sales revenue	33.7	138.2	
	- Sales promotion expenses	5.2	23.9	
	- Trade receivables	1.3	5.3	
	- Accrued expenses for distribution fees	0.2	1.0	

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2019	2018	
Directors, Executives, and Employees of the Company	Purchase of Products as Employee Benefits			<p>The sales transaction was according to the Company's policy on employee benefits. The Company set criteria and monthly purchase quotas depending on positions while same discount rates apply for all employees. Note that the purpose of offering discounts to directors and executives is that the products can be given as samples for business partners and consumers. Additionally, purchasing products at discounted prices not only helps motivate and engage employees but also enhances familiarity and knowledge of the employees on the products.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is deemed reasonable, beneficial to the Company's business and important since some of directors and executives have to give away products as samples for trade partners or consumers. This is also considered as a reward to employees while the Company does not make any loss as sales prices are still lower than production costs and the monthly quantity allotted per person for this program was properly determined.</p>
	The Company and its subsidiaries allow executives and employees to buy the Company's products at prices lower than market prices according to a policy on discounts for the Company's products as benefits for executives and employees. Criteria and monthly purchase quotas are clearly applied based on positions.			
	- Revenue	0.3	0.5	
	- Trade receivables	0.0	0.0	

## Policy and Trends on Related Party Transactions in the Future

### Approval Measures or Processes for Related Party Transactions

The resolution of the Board of Directors stipulated approval measures and processes for related party transactions or connected transactions of the Company and its subsidiaries enter into with an external party who are a stakeholder that may have a conflict of interest or a potential conflict of interest in the future such as major shareholders, directors, executives and controlling persons or connected persons.

With regard to related party transactions or connected transactions of the Company and its subsidiaries, the Company will conform to rules and criteria pursuant to the Securities and Exchange Act 1992 (including the amendments) and pertinent rules of the Capital Market Supervisory Board and/or the Securities and Exchange Commission and the Stock Exchange of Thailand including requirements on the disclosure of related party transactions or connected transactions in the footnotes to the financial statements reviewed by the Company's auditor as well as the annual registration statement (Form 56-1). In undertaking those transactions, the Company will review and monitor all transactions to ensure that there is no stakeholder with interest involving in the decision making for the related party transactions or connected transactions.

The Board of Directors put in place an approval process for related party transactions under an ethical framework where transactions must be deliberated by the Audit Committee for the best interest of the Company and shareholders. The Board of Directors ensures strict compliance with rules imposed by the Capital Market Supervisory Board and/or the Securities and

Exchange Commission and the Stock Exchange of Thailand as well as accuracy and completeness of disclosure of related party transaction to the general public.

In case of ordinary business transactions or transactions that support normal business operations of the Company and transactions that may occur continuously in the future, the Company has a policy that articulates scopes of those transactions where commercial agreements are similar to those offered to general counterparties in the same situation without an influence as a director, an executive or a related party on commercial bargaining power or a transfer of interest/benefit and/or it can be proven that the transactions have reasonable and fair pricing or conditions. If the Board of Directors has approved a resolution of the transaction as a general principle, the management of the Company can undertake transactions under the guideline without seeking an approval from the Board again. Then, the Company prepares a summary report on related party transactions or connected transactions to present to the Audit Committee's meeting and the Board of Directors' meeting every quarter in accordance with the laws on securities and exchange, rules and regulations, notifications, orders or other requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand.

In case that undertaking related party, transactions or connected transactions is not within the defined scope, the Company will propose to the Audit Committee for comments on the appropriateness of the pricing or reasonableness of the transactions. Subject to the expertise of the Audit Committee to consider the related party transactions, the Company may request knowledgeable persons with specific expertise such as auditors or independent valuers to comment on the transactions to supplement the consideration of the Board of Directors or shareholders on a case-by-case basis. Persons with a potential conflict of interest or has interest in the transactions have no right to vote in the consideration for the particular related party transactions. This is to ensure that the transactions are not regarded as a removal or a transfer of benefits of the Company but transactions that take into account the best interest of the Company and all shareholders.

The Company will disclose its related party transactions in the notes to the financial statements reviewed by the Company's auditors in the annual report or the annual registration statement (Form 56-1).

## Policy on Related Party Transactions in the Future

To undertake related party transactions or connected transactions, the Company will strictly comply with the Securities and Exchange Act B.E.2535 (including the amendments), rules and regulations, announcement, orders or other requirements of the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand. These transactions are not regarded as a removal or a transfer of benefits of the Company but transactions that take into account the best interest of the Company and all shareholders.

In case of normal business transactions or transactions that support normal business operations of the Company and transactions that may occur continuously in the future, the Company will stipulate rules and guidelines according to general commercial conditions with reference to prices and conditions that are appropriate, fair, reasonable and accountable. Then, the Company will propose the policy to the Audit Committee for comments as well as the Board of Directors for approval of the policy and framework.

Furthermore, if there is any change in agreements and conditions related to a transaction between major shareholders, directors, executives or persons with a potential conflict of interest or connected persons, directors with benefits will not attend the meeting of the Committee during the agenda related to the consideration of that particular transaction.

## Investor Protection Measures

To protect investors, in case there is the Company's related party transaction with a person in a conflict of interest or a potential conflict of interest in the future, the Company requires that the transaction must be proposed to the Board of Directors' meeting with the attendance of members of the Audit Committee to audit and provide opinions regarding the related party transaction is in accordance with the laws on securities and exchange, rules and regulations, notifications, orders or other requirements of the Stock Exchange of Thailand including requirements on the disclosure of connected transactions and the acquisition and disposition of assets.



# FINANCE



# Audit Committee's Report

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To The Shareholders,

Do Day Dream Public Company Limited

The Audit Committee of Do Day Dream Public Company Limited consists of 3 qualified independent directors as listed below:

- |   |                                 |
|---|---------------------------------|
| 1. Mr. Krish Follett                    | Chairman of the Audit Committee |
| 2. Mr. Nattawut Kruapradub              | Member of the Audit Committee   |
| 3. Asst. Prof. Dr. Terdsak Rojsurakitti | Member of the Audit Committee   |

Ms. Napat Rattapong, the Internal Audit Director, is the secretary of Audit Committee's.

All member of the Audit Committee are qualified and performed their duties under the scope or duties and responsibilities according to the Audit Committee's charter and the guideline of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

For the year 2019, the Audit Committee has held 4 meetings, the detail of each member's meeting attendance has shown in "Management Structure", which discuss with the management, internal auditor, and external auditor in related matters. The Audit Committee's significant activities are summarized as below:

## 1. Financial Statement Review

The Audit Committee reviewed and audited the quarterly and annual financial statements of the Company both separate financial statements and consolidated financial statements together with the management and the auditors before proposing to the Board of Directors.

In 2019, the auditors did not have any significant observation or discover any suspicious circumstance and confirmed that the opinion is unqualified. The Audit Committee is of the opinion that the financial statements report is recorded in accordance with generally accepted accounting principle of Thailand with accuracy, completeness, and sufficient disclosure of information.

## 2. Internal Control Systems and Internal Audit Review

The Audit Committee reviewed the adequacy of the Company's internal control systems by considering plans and reports from internal audit department regularly. The internal audit department reported in summary that internal control systems of the Company and its subsidiaries are adequately effective while the auditors reported that internal control systems related to accounting and finance is sufficient and proper. The Audit Committee considered and reviewed the Audit Committee's charter and internal audit department's charter on a yearly basis. The Company also developed its internal audit emphasizing on development of both personnel and audit tools according to the internal audit standard principles.

## 3. Risk Management Evaluation System Review

The Company has set management systems at organizational level where executives in each department will be directly responsible as well as collaborating with other parties. The Board of Directors considered the risk management structure, framework and plans as well as reviewed and monitored risk management. The Board also deliberated both internal and external

risk factors including the probability of impact. Risks management was conducted to maintain the risks appetite levels and early warning indicators according to defined principles.

#### 4. Related Party Transactions or Potential Conflicts of Interests Review

The Audit Committee considered related party transactions or transactions with a potential conflict of interest under principles of reasonableness, transparency, adequate information disclosure and the best interest of the Company as a guideline. The Audit Committee had a confirmation from executives that the Company complied with laws and rules to disclosed related party transactions as required by the notifications of the Securities and Exchange Commission. According to reports and confirmations from responsible executives, the Audit Committee deemed that transactions are reasonable and as normal business transaction with adequate, accurate and complete information disclosure in accordance with laws on securities and exchange, requirements of the stock exchange and applicable laws related to the Company's business.

#### 5. Compliance with Rules and Regulation of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and Applicable Laws Related to The Company's Business

The Company put efforts in monitoring, analyzing and reporting changes in laws, rules and regulations relevant to the Company and ensures compliance with the laws, rules and regulations. The Audit Committee conducted audits of various functions to be certain that the Company conforms to related laws including the Securities and Exchange Act, the notifications of the Capital Market Advisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other government related to the Company's business. The Audit Committee is of the opinion that the Company conducted its business in compliance with laws, rules and regulations relevant to the Company.

#### 6. Suitability of the External Auditor for the Year 2018

The Audit Committee evaluated the performance of the Company's auditor and the applicable audit fee based on the auditors' knowledge, expertise, and independence of the auditors; deemed that they are in accordance with requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. Consequently, the Audit Committee recommended the Board of Director to consider and propose the shareholders' meeting to appoint Mr. Charoen Phosamritlert, CPA No. 4068 and/or Mr. Veerachai Ratanajaratkul, CPA No. 4323 and/or Mrs. Munchupa Singsuksawat, CPA No. 6112 of KPMG Phoomchai Audit Limited to be the Company's auditors for the year 2019.

#### 7. Self-assessment of the Audit Committee

The Audit Committee assessed the performance according to the Audit Committee's charter and concluded that the Audit Committee performed the duties in accordance with the charter. The Audit Committee reported the performance as well as presented recommendations to the Board of Directors in every meeting.

In summary, the Audit Committee has an opinion that the Board of Directors and the Company's executives are ethical and committed to performing their duties to achieve the Company's goals with quality. The Company places value on undertaking its business under effective, transparent and credible corporate governance systems with proper and adequate internal control systems. The Company also ensures that its financial report is in accordance with the generally accepted accounting standards and the Company strictly conforms to applicable laws and regulations.

( Mr. Krish Follett )

Chairman of the Audit Committee

# The Board of Directors' Report

## concerning Responsibility Toward the Company's Financial Statements and Performance Result Year 2019

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The Board of Directors takes full responsibilities of the financial statements of Do Day Dream Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as appeared in the annual report. The financial reports were prepared in accordance with generally accepted accounting principles and standards. Proper accounting policies were applied and adhered to and prudent discretion and best estimates were adopted. Important information was disclosed adequately in the notes to the financial statements. The financial statements were prepared with transparency for the best interest of shareholders and general investors.

The Board of Directors ensures proper and effective risk management and internal control systems to be reasonably confident that accounting records are accurate, credible and sufficient to protect assets and prevent corruption or any significant misconduct or irregularity.

On this matter, the Board of Directors appointed the Audit Committee consisting of 3 independent directors to be in charge of reviewing quality of financial statement, internal control systems and internal audit as well as the information disclosure of related party transactions. The Audit Committee's opinion regarding the matter is provided in the "the Audit Committee's Report" as appeared in the annual report.

Moreover, the Board of Directors delegated the Risk Management Committee consisting of 3 directors to be responsible for risk management of the Company to ensure that incurred risks are within specified risk appetite and risk issues are handled properly.

The separate financial statements and consolidated financial statements of the Company and its subsidiaries were audited by the Company's independent auditor, KPMG Phoomchai Audit Limited. During the audit, the Board of Directors provided information and document support for the auditors to be able to examine and freely give opinions according to audit standards. The auditor's opinion was presented in "the Independent Auditor's Report" in the annual report.

The Board of Directors reached a conclusion that the Company's overall internal control system is good and satisfactory enough to be reasonably confident that the separated financial statement and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019 are credible and in accordance with the generally accepted accounting principles as well as applicable laws, rules and regulations



( Mr. Rittikrai Thammaraksa )

Acting Chairman of the Board of Directors

# Independent Auditor's Report

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## Independent Auditor's Report

### To the Shareholders of Do Day Dream Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Do Day Dream Public Company Limited and its subsidiaries (the “Group”) and of Do Day Dream Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

Valuation of inventories	
Refer to notes 4 (e) and 10 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Inventories are material to the financial statements which are measured at the lower of cost and net realisable value. The major outstanding balance of inventories are packaging and finished goods of skincare product which has limited lifetime. In addition, the Group's inventories are considered high competition product and there were wide ranges of substitute products with similar attributes in the market. Therefore, the Group is exposed to risk of stock deteriorate, obsolete, slow moving and cost of inventory could be higher than net realizable value. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Inquired the management and obtain an understanding of the Group's policy in relation to inventory management, assessment applied to estimate net realizable value of inventories and reviewing the Group's compliance with the policy;</li> <li>• Attended inventory counts and observing the condition of inventories;</li> <li>• Performed test on sample basis of net realisable value by investigate after period end sales document less costs necessary to make the sale with the related supporting documents including check mathematical accuracy of net realizable value calculation;</li> <li>• Performed test on sample basis of items in inventory aging report with related supporting document whether items were classified in the appropriate aging bracket and recalculate allowance for decline in value of inventories according to the Company's policy;</li> <li>• Compared the actual results for the year with the historical estimation and future operating plan to evaluate the appropriateness of the evaluation of inventory's value; and</li> <li>• Considered the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>



Impairment of intangible asset - trademark	
Refer to note 4 (h), 4 (i) and 13 to the consolidated financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant intangible asset, trademark, which was mainly from a business acquisition in 2018.</p> <p>The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Inquired of management to gain an understanding of the process of identifying and assessment the impairment indicators;</li> <li>• Evaluated the qualifications and independence of the independent valuer of the Group;</li> <li>• Considered the key assumptions in the estimated recoverable amount of asset in report by comparing the actual operation results, industry trends and information derived from external and internal sources and assessed financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions; and</li> <li>• Considered the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

Revenue recognition and recognition of accrued sales promotion expenses	
Refer to note 3, 4 (k), (n), (p) and 19 to the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
Revenue from sales of goods is 95% of the Group's revenues. The Group entered into agreements and commercial agreements with customers, under which conditions pertaining to discounts, sale promotions, and special discounts given to boost sales during specific period vary greatly. As a result, the recognition of sales transaction, discount and sales promotions of the Group are different. Consequently, I consider this is an area of focus.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Inquired the management to obtain an understanding of the Group's policy in relation to revenue recognition, the presentation of discounts and sales promotion expenses;</li> <li>• Evaluated the design and tested the operating effectiveness of internal controls, on a sample basis, related to the revenue recognition;</li> <li>• Tested of details on sales transactions for a sample of items with related supporting documents whether they are compliant with the conditions in agreements and the Group's policy during the year and near the end of period;</li> <li>• Tested calculation of sales discounts, sales promotion expenses and accrued sales promotion expenses for a sample of items with related supporting documents whether they are compliant with the conditions in agreements and commercial agreements during the year and near the end of period;</li> <li>• Tested the appropriateness of accrued sales promotion expenses for a sample of items by performing subsequent cash payments, credit note and related supporting documents post year-end; and</li> <li>• Considered the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

*Other Information*

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Veerachai Ratanajaratkul)  
Certified Public Accountant  
Registration No. 4323

KPMG Phoomchai Audit Ltd.  
Bangkok  
28 February 2020

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
<b>Current assets</b>					
Cash and cash equivalents	7	1,023,690,359	1,774,482,026	824,942,712	1,484,274,111
Current investments	8	2,908,041,682	2,399,564,269	2,908,041,682	2,399,564,269
Trade accounts receivable and other receivables	6, 9	240,639,677	265,889,558	232,594,882	209,572,444
Short-term loan to subsidiaries	6	-	-	114,000,000	100,000,000
Inventories	10	361,815,951	391,583,315	276,665,435	359,180,129
Other current assets		20,560,540	5,103,996	5,352,677	2,704,780
<b>Total current assets</b>		<b>4,554,748,209</b>	<b>4,836,623,164</b>	<b>4,361,597,388</b>	<b>4,555,295,733</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	201,029,510	201,029,510
Property, plant and equipment	12	257,934,978	274,221,221	255,568,933	273,248,147
Intangible assets	5, 13	99,295,770	108,828,528	14,174,399	16,598,160
Restricted deposits at financial institutions	14	20,273,000	20,273,000	20,273,000	20,273,000
Deferred tax assets	22	22,742,375	6,533,947	5,320,544	2,182,610
Other non-current assets		1,714,632	1,723,364	29,130	26,130
<b>Total non-current assets</b>		<b>401,960,755</b>	<b>411,580,060</b>	<b>496,395,516</b>	<b>513,357,557</b>
<b>Total assets</b>		<b>4,956,708,964</b>	<b>5,248,203,224</b>	<b>4,857,992,904</b>	<b>5,068,653,290</b>

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

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
(in Baht)					
<b>Current liabilities</b>					
Trade accounts payable and other payables		180,979,629	156,899,580	43,480,711	52,880,088
Current portion of long-term loans					
from financial institutions	15	-	29,492,352	-	29,492,352
Current portion of liabilities under					
hire purchase and finance lease liabilities	15	408,664	993,117	408,664	993,117
Current tax payable		3,521,982	4,229,115	3,521,982	1,663,375
Other current liabilities		5,112,917	2,854,193	983,027	1,080,818
<b>Total current liabilities</b>		<b>190,023,192</b>	<b>194,468,357</b>	<b>48,394,384</b>	<b>86,109,750</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	15	-	61,704,732	-	61,704,732
Liabilities under hire purchase and					
finance lease liabilities	15	1,805,352	2,214,017	1,805,352	2,214,017
Non-current provisions for employee benefits	16	2,295,839	7,096,130	2,134,200	5,984,612
<b>Total non-current liabilities</b>		<b>4,101,191</b>	<b>71,014,879</b>	<b>3,939,552</b>	<b>69,903,361</b>
<b>Total liabilities</b>		<b>194,124,383</b>	<b>265,483,236</b>	<b>52,333,936</b>	<b>156,013,111</b>

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



## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity (Continued)	Note	Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
<b>Equity</b>					
Share capital:					
Authorised share capital	17	318,000,000	318,000,000	318,000,000	318,000,000
Issued and paid-up share capital		317,887,700	317,887,700	317,887,700	317,887,700
Share premium:					
Share premium on ordinary shares	17	4,399,859,862	4,399,859,862	4,399,859,862	4,399,859,862
Deficit on change in the ownership interests					
in subsidiary		(31,835,833)	(31,835,833)	-	-
Retained earnings					
Appropriated					
Legal reserve	18	31,800,000	31,800,000	31,800,000	31,800,000
Unappropriated		29,121,775	237,540,942	56,111,406	163,092,617
Other components of equity		(6,296,817)	1,996,789	-	-
<b>Equity attributable to owners of the parent</b>		<b>4,740,536,687</b>	<b>4,957,249,460</b>	<b>4,805,658,968</b>	<b>4,912,640,179</b>
Non-controlling interests		22,047,894	25,470,528	-	-
<b>Total equity</b>		<b>4,762,584,581</b>	<b>4,982,719,988</b>	<b>4,805,658,968</b>	<b>4,912,640,179</b>
<b>Total liabilities and equity</b>		<b>4,956,708,964</b>	<b>5,248,203,224</b>	<b>4,857,992,904</b>	<b>5,068,653,290</b>

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

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
(in Baht)					
Revenue					
Revenue from sale of goods	6, 19	729,064,786	1,249,634,784	372,514,187	594,966,121
Dividend income from subsidiaries	6, 11	-	-	24,519,077	79,996,800
Other income		67,375,149	54,349,146	74,400,044	65,946,506
Total revenue		796,439,935	1,303,983,930	471,433,308	740,909,427
Expenses					
Cost of sales of goods	10	258,248,027	412,354,849	272,003,699	402,054,044
Distribution costs		431,913,701	510,495,738	13,560,506	16,576,581
Administrative expenses		166,645,583	158,727,003	134,195,203	134,921,404
Finance costs		612,707	9,496,811	612,707	9,496,811
Total expenses		857,420,018	1,091,074,401	420,372,115	563,048,840
Profit (loss) before income tax expense		(60,980,083)	212,909,529	51,061,193	177,860,587
Tax expense (income)	22	(7,763,188)	28,417,975	2,596,339	17,753,330
Profit (loss) for the year	19	(53,216,895)	184,491,554	48,464,854	160,107,257

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

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		(in Baht)			
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(9,191,041)	1,668,811	-	-
Total items that will be reclassified subsequently to profit or loss		(9,191,041)	1,668,811	-	-
Items that will not be reclassified to profit or loss					
Gains on remeasurements of defined benefit plans	16, 22	5,386,848	-	4,371,731	-
Income tax relating to items that will not be reclassified	22	(1,077,370)	-	(874,346)	-
Total items that will not be reclassified to profit or loss		4,309,478	-	3,497,385	-
Other comprehensive income (expense) for the year, net of tax		(4,881,563)	1,668,811	3,497,385	-
Total comprehensive income (expense) for the year		(58,098,458)	186,160,365	51,962,239	160,107,257
Profit (loss) attributable to:					
Owners of the parent		(53,785,195)	181,408,638	48,464,854	160,107,257
Non-controlling interests		568,300	3,082,916	-	-
Profit (loss) for the year		(53,216,895)	184,491,554	48,464,854	160,107,257
Total comprehensive income (expense) attributable to:					
Owners of the parent		(57,769,323)	183,405,427	51,962,239	160,107,257
Non-controlling interests		(329,135)	2,754,938	-	-
Total comprehensive income (expense) for the year		(58,098,458)	186,160,365	51,962,239	160,107,257
Basic earnings (loss) per share (in Baht)	23	(0.17)	0.57	0.15	0.50

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

## Statement of changes in equity

Consolidated financial statements									
		Retained earnings				Other components shareholders' equity			
		Deficit				Total other components of equity			
		on changes in the ownership interests in subsidiary				Translating foreign operations			
		Capital reserve for share-based payment transactions				Non-controlling interests			
		Share premium				Total equity			
Note		Issued and paid-up share capital							
(in Baht)									
Year ended 31 December 2018									
Balance at 1 January 2018									
		316,000,000	4,347,915,078	117,000	(31,835,833)	31,800,000	122,492,304	-	4,786,488,549
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners of the parent									
17	Issue of ordinary shares	1,887,700	51,944,784	(184,050)	-	-	-	-	53,648,434
	Share-based payment transactions	-	-	67,050	-	-	-	-	67,050
24	Dividends	-	-	-	-	-	(66,360,000)	-	(66,360,000)
Total contributions by and distributions to owners of the parent		1,887,700	51,944,784	(117,000)	-	-	(66,360,000)	-	(12,644,516)
Changes in ownership interests in subsidiaries									
	Increase in non-controlling interests from set up new subsidiaries	-	-	-	-	-	-	22,715,590	22,715,590
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	22,715,590	22,715,590
Total transactions with owners, recorded directly in equity									
		1,887,700	51,944,784	(117,000)	-	-	(66,360,000)	22,715,590	10,071,074
Comprehensive income for the year									
	Profit	-	-	-	-	-	181,408,638	3,082,916	184,491,554
	Other comprehensive income (expense)	-	-	-	-	-	1,996,789	(327,978)	1,668,811
Total comprehensive income for the year		-	-	-	-	-	1,996,789	2,754,938	186,160,365
Balance at 31 December 2018									
		317,887,700	4,399,859,862	-	(31,835,833)	31,800,000	237,540,942	25,470,528	4,982,719,988

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

# Do Day Dream Public Company Limited and its Subsidiaries

## Statement of changes in equity

Consolidated financial statements									
		Retained earnings				Other components shareholders' equity			
				Deficit on changes in the ownership interests in subsidiary	Capital reserve for share-based payment transactions	Legal reserve	Translating foreign operations	Total other components of equity	Non-controlling interests

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

**Statement of changes in equity****Statement of changes in equity**

Separate financial statements						
	Retained earnings					
	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Legal reserve	Unappropriated	Total equity
Note	(in Baht)					
Year ended 31 December 2018						
Balance at 1 January 2018						
	316,000,000	4,347,915,078	117,000	31,800,000	69,345,360	4,765,177,438
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
17	1,887,700	51,944,784	(184,050)	-	-	53,648,434
	-	-	67,050	-	-	67,050
24	-	-	-	-	(66,360,000)	(66,360,000)
Total contributions by and distributions to owners						
	1,887,700	51,944,784	(117,000)	-	(66,360,000)	(12,644,516)
Comprehensive income for the year						
	-	-	-	-	160,107,257	160,107,257
	-	-	-	-	-	-
Total comprehensive income for the year						
	-	-	-	-	160,107,257	160,107,257
Balance at 31 December 2018						
	317,887,700	4,399,859,862	-	31,800,000	163,092,617	4,912,640,179

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



Do Day Dream Public Company Limited and its Subsidiaries  
**Statement of changes in equity**

Separate financial statements						
Retained earnings						
	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Legal reserve	Unappropriated	Total equity
Note	(in Baht)					
Year ended 31 December 2019						
Balance at 1 January 2019	317,887,700	4,399,859,862	-	31,800,000	163,092,617	4,912,640,179
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends	-	-	-	-	(158,943,450)	(158,943,450)
Total contributions by and distributions to owners	-	-	-	-	(158,943,450)	(158,943,450)
Comprehensive income for the year						
Profit	-	-	-	-	48,464,854	48,464,854
Other comprehensive income	-	-	-	-	3,497,385	3,497,385
Total comprehensive income for the year	-	-	-	-	51,962,239	51,962,239
Balance at 31 December 2019	317,887,700	4,399,859,862	-	31,800,000	56,111,406	4,805,658,968

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

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit (loss) for the year		(53,216,895)	184,491,554	48,464,854	160,107,257
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax expense (income)	22	(7,763,188)	28,417,975	2,596,339	17,753,330
Finance costs		612,707	9,496,811	612,707	9,496,811
Depreciation and amortisation	12, 13	33,698,109	32,124,285	33,195,471	31,766,527
Impairment losses on intangible assets	13	7,090,000	-	-	-
Provisions for employee benefits	16	586,558	2,923,664	521,319	2,470,823
Unrealised (gain) loss on exchange		(363,854)	(1,439,540)	575,152	(237,586)
Share-based payment		-	67,050	-	67,050
Gains on fair value adjustment	8	(8,041,682)	(1,760,342)	(8,041,682)	(1,760,342)
Gain on disposal of current investments		(22,512,289)	(4,665,862)	(22,512,289)	(4,665,862)
Gain on bargain purchase	5	-	(2,165,690)	-	-
Bad and doubtful debts expenses	9	5,981,943	952,935	5,873,813	354,938
Losses on inventories devaluation	10	40,428,113	4,663,375	39,203,091	4,298,501
(Gain) loss on disposal of property, plant and equipment		168,807	(907)	168,807	(907)
Written-off property, plant and equipment		29,952	48,678	29,952	48,678
Dividend income	11	-	-	(24,519,077)	(79,996,800)
Interest income		(33,780,780)	(48,136,402)	(35,318,667)	(50,631,952)
		(37,082,499)	205,017,584	40,849,790	89,070,466
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable and other receivables		18,378,055	167,886,164	(35,194,785)	197,899,232
Inventories		(10,660,749)	(99,352,787)	43,311,602	(92,443,315)
Other current assets		(15,456,545)	8,055,970	(2,647,897)	8,915,552
Other non-current assets		8,732	(1,449,125)	(3,000)	220,071
Trade accounts payable and other payables		24,086,008	(148,869,656)	(9,445,590)	(245,997,872)
Other current liabilities		2,258,725	2,352,243	(97,791)	(88,518)
Net cash generated from (used in) operating		(18,468,273)	133,640,393	36,772,329	(42,424,384)
Taxes paid		(15,028,911)	(45,088,566)	(4,750,011)	(36,240,195)
<b>Net cash from (used in) operating activities</b>		<b>(33,497,184)</b>	<b>88,551,827</b>	<b>32,022,318</b>	<b>(78,664,579)</b>

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

## Do Day Dream Public Company Limited and its Subsidiaries

## Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
Note		2019	2018	2019	2018
(in Baht)					
<b>Cash flows from investing activities</b>					
		-	15,000,000	-	15,000,000
		-	-	-	(123,374,625)
5	Acquisition of group assets	-	(94,887,850)	-	-
	Proceeds from disposal of non-controlling interest	-	22,715,590	-	-
	Acquisition of current investments	(6,592,721,658)	(5,057,803,927)	(6,592,721,658)	(5,057,803,927)
	Proceeds from sale of current investments	6,114,798,216	2,664,665,862	6,114,798,216	2,664,665,862
	Acquisition of property, plant and equipment	(14,864,847)	(28,799,909)	(13,012,181)	(28,352,108)
	Proceeds from sale of property, plant and equipment	4,961	18,869	4,961	18,869
	Acquisition of intangible assets	(38,946)	(2,876,109)	(15,000)	(2,531,350)
6	Short-term loans to subsidiaries	-	-	(24,000,000)	(100,000,000)
6	Proceeds from repayment of short-term loans to subsidiaries	-	-	10,000,000	-
	Dividends received	-	-	24,519,077	79,996,800
	Interest received	38,182,770	44,547,700	41,038,136	43,876,127
	<b>Net cash used in investing activities</b>	<b>(454,639,504)</b>	<b>(2,437,419,774)</b>	<b>(439,388,449)</b>	<b>(2,508,504,352)</b>
<b>Cash flows from financing activities</b>					
17	Proceeds from exercise of share options	-	53,648,434	-	53,648,434
	Repayment of short-term loans	-	(267,144,775)	-	(267,144,775)
	Proceeds from long-term loans	-	49,900,000	-	49,900,000
	Repayment of long-term loans	(91,197,084)	(26,896,416)	(91,197,084)	(26,896,416)
	Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(1,130,598)	(1,669,082)	(1,130,598)	(1,669,082)
	Dividends paid to owners of the Company	(162,036,949)	(65,933,066)	(158,943,450)	(65,933,066)
	Interest paid	(694,136)	(9,296,121)	(694,136)	(9,296,121)
	<b>Net cash used in financing activities</b>	<b>(255,058,767)</b>	<b>(267,391,026)</b>	<b>(251,965,268)</b>	<b>(267,391,026)</b>
	Net decrease in cash and cash equivalents, before effect of exchange rates	(743,195,455)	(2,616,258,973)	(659,331,399)	(2,854,559,957)
	Effect of exchange rate changes on cash and cash equivalents	(7,596,212)	2,221,538	-	-
	<b>Net decrease in cash and cash equivalents</b>	<b>(750,791,667)</b>	<b>(2,614,037,435)</b>	<b>(659,331,399)</b>	<b>(2,854,559,957)</b>
	Cash and cash equivalents at 1 January	1,774,482,026	4,388,519,461	1,484,274,111	4,338,834,068
	<b>Cash and cash equivalents at 31 December</b>	<b>1,023,690,359</b>	<b>1,774,482,026</b>	<b>824,942,712</b>	<b>1,484,274,111</b>
<b>Supplemental disclosures of cash flows information:</b>					
	Property, plant and equipment acquired during the year are detailed as follows:				
12	Increase in property, plant and equipment during the year	15,554,241	25,465,160	13,703,989	25,017,311
	Change in payables on acquisition of plant and equipment	(689,394)	3,334,749	(691,808)	3,334,797
	<b>Net acquisition of property, plant and equipment paid by cash</b>	<b>14,864,847</b>	<b>28,799,909</b>	<b>13,012,181</b>	<b>28,352,108</b>

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

Do Day Dream Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

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These notes form an integral part of the interim financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 28 February 2020.

## **1 General information**

Do Day Dream Public Company Limited (“the Company”), is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 26 December 2017. The Company’s registered office at 32 Keharomklao road, Kwang Ratphatthana, Khet Saphansung, Bangkok 10240, Thailand.

The Company’s major shareholder during the financial year was Mr. Sarawut Pornpatanarak (56.50% shareholding).

The principal businesses of the Company and its subsidiaries (together referred to the “Group”) are manufacturing and distributing cosmetic.

Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 11.

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements except for initial applying TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 28.

### **(b) Functional and presentation currency**

The financial statements are prepared in Thai Baht, which is the Company’s functional currency. All financial information has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

### **(c) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**(i) Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3, 4 (p) and 19	Revenue recognition
	<ul style="list-style-type: none"> <li>• whether performance obligations in a bundled sale of products and services are capable of being distinct;</li> <li>• whether revenue from sales of products is recognised over time or at a point in time;</li> <li>• commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;</li> <li>• whether long-term advances received from customers have significant financing component;</li> </ul>
4 (t) and 15	Leases: whether an arrangement containing a lease; and lease classification.

**(ii) Assumptions and estimation uncertainties**

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

3, 4 (p) and 19	Revenue recognition: estimate of expected returns;
5	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
9	Measurement of allowance for doubtful debts of trade accounts receivable;
16	Measurement of defined benefit obligations: key actuarial assumptions;
22	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

**3 Changes in accounting policies**

From 1 January 2019, the Group has adopted TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019 as an adjustment to the retained earnings at 1 January 2019. Therefore, the Group has not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Under TAS 18, the Group recognised revenue from sale of goods when the significant risks and rewards of ownership of the goods were transferred to the buyer, and recognised revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue was recognised if there was continuing management involvement with the goods or there were significant uncertainties regarding recovery of the consideration due.

(a) Right of return

Under TAS 18, revenue for contracts with a right of return was recognised when a reasonable estimate of the returns could be made, and all other criteria for revenue recognition were met. If a reasonable estimate could not be made, then revenue was deferred until the return period lapsed or a reasonable estimate of returns could be made. Under TFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. For those contracts that the Group is unable to make a reasonable estimate of returns, revenue is recognised sooner under TFRS 15 than under TAS 18. These changes result in a decrease in the refund liability, which is included in other payables. In addition, a new asset is recognised for the right to recover returned products, which is presented as part of inventory.

(b) Principal and agent consideration

- i) The Group entered into a contract with a customer on delivery of goods to the end customers on behalf of the said customer. Under TAS 18, the Group assessed that the customer has significant risks and rewards of ownership of the goods based on credit risk. Then the Group recognised revenue from sales at a contract price when transferring the goods to the end customers. Under TFRS 15, the Group assessed whether the said customer has control over the goods before transferring them to the end customers. The Group determined that the customer has no control over the goods before transferring them to the end customer. Therefore, the intermediate customer acts as the Group's agent to sell the said goods to the end customers. As a result, the Group recognises revenue at stand-alone selling price and commission paid to the intermediate customer as expense.
- ii) The Group entered into a contract on procurement of products for a customer and also entered into another contract with a supplier to purchase and agreed that the supplier will directly deliver goods to the said customer. Under TAS 18, the Group assessed that it has significant risks and rewards of ownership of the goods based on credit risk, and concluded that the Group acted as principal and recognised revenue from sale. Under TFRS 15, the Group assessed whether the Group has control over the goods before transferring them to the customer. The Group has determined that the Group is not primarily responsible for fulfilling the obligation as mentioned in the contract. The Group does not have inventory risk before or after the products have been transferred to the customer. In addition, the Group has no discretion in establishing the price for the said products. Therefore, the Group concluded that Group acts as selling agent. This change results in decreases in revenue from sale, cost of sale of goods, and inventories and an increase in commission revenue and recognition of contract assets.

(c) Payment to a customer

The Group makes payments to its retailers for product placement ("slotting fees"), promotion events or advertising. Under TAS 18, the Group recognised such amounts as distribution costs. Under TFRS 15, it is required that the Group will consider whether the Group receives distinct goods or services from the customer. If so, then the Group recognises such payments as an expense when the distinct goods or services are consumed. In contrast, if not, such payments are recognised as a reduction of revenue. If the payment exceeds the fair value of the goods or services received, then the excess is recognised as a reduction of revenue. As a result, this results in decreases in revenue and distribution costs.



The following tables summarise the impact of adopting TFRS 15 on the financial statements:

Statements of comprehensive income for the year ended 31 December 2019	Consolidated financial statements		Separate financial statements			
	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15 (in thousand Baht)	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15
Continuing operations						
Revenue from sale of goods	729,065	28,699	757,764	372,514	-	372,514
Other income	67,375	-	67,375	98,919	-	98,919
Costs of sales of goods	258,248	-	258,248	272,004	-	272,004
Distribution costs	431,914	28,699	460,613	13,560	-	13,560
Administrative costs	166,645	-	166,645	134,195	-	134,195
Finance costs	613	-	613	613	-	613
Profit (loss) before income tax						
expense from continuing operations	(60,980)	-	(60,980)	51,061	-	51,061
Tax expense (income)	(7,763)	-	(7,763)	2,596	-	2,596
Profit (loss) for the year	(53,217)	-	(53,217)	48,465	-	48,465
Total comprehensive income						
(expense) for the year	(58,098)	-	(58,098)	51,962	-	51,962

#### 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

##### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **(b) Foreign currencies**

### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(d) Trade and other accounts receivable**

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

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

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition less all attributable discount. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost are calculated using the following principles:

Finished goods from Original Equipment Manufacturer. (OEM)	- at cost (moving average cost)
Finished goods and work in progress	- at standard cost which approximates actual (moving average cost)
Raw materials packaging and factory supplies	- at cost (moving average cost) and considered as cost of production when used

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

An allowance for decline in value of inventories are made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(f) Investments**

*Investments in subsidiaries*

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

*Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

### **(g) Property, plant and equipment**

#### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	20 years
Machinery and equipment	3 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(h) Intangible assets***Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. trademark, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	2 - 10	years
Trademarks	7	years and indefinite useful lives

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(i) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



**(j) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(k) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(l) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income (OCI). The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement immediately occurs.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(m) *Share-based payments***

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

**(n) *Provisions***

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(o) *Measurement of fair values***

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(p) Revenue**

Information about the Group's accounting policies relating to revenue from contracts with customers is disclosed in note 3.

**(q) Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**(r) Investment income**

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

**(s) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**(t) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(u) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(v) *Earnings per share***

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

**(w) *Related parties***

Related parties are person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

**(x) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, income tax expenses and other assets.

**5 Acquisition of business**

On 5 April 2018, Dream Dermatology Company Limited (a subsidiary) has entered into the Assets Purchase Agreement to acquire the trademark namely "Oxe'Cure", manufacturing formulas, inventories and customer database of a local company with the total amount of Baht 94.89 million.

During the period from acquisition of business date to 31 December 2018, the business contributed revenue of Baht 30.70 million and net profit of Baht 1.71 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been Baht 9.78 million and consolidated profit for the period would have been Baht 2.19 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The Group has applied Thai Financial Reporting Standards ("TFRS") No. 3 (revised 2017) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of identifiable assets acquired and liabilities assumed.

Cash	94,888
<b>Total</b>	<b>94,888</b>

Inventories	5,214
Intangible assets	91,840
<b>Total net assets identified</b>	<b>97,054</b>
Gain on bargain purchase	(2,166)
<b>Consideration transferred</b>	<b>94,888</b>

The following fair values have been determined on a provisional basis

- The fair value of intangible assets (Trademark) has been determined provisionally completion of an independent valuation.

During the year 2018 the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired. The independent appraiser completed the process of appraising the fair value.

For the preparation of the consolidated financial statements for the year ended 31 December 2018, the Group has considered the fair values of the identifiable assets acquired from the business acquisitions and recorded the difference between the purchasing price and values of the assets in the account “Gain on bargain purchase” amounting to Baht 2.2 million.

## 6 Related parties

Relationships with subsidiaries are described in notes 11. Other related parties that the Group had significant transactions with during the year were as follows;

<b>Name of parties</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
Mr.Sarawut Pornpatanarak	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including major shareholder and director of the Group
PM Chemical Company Limited	Thailand	Shared directors and share holders
The Fourteen Company Limited	Thailand	Related by director
Nama Nama Group Company Limited	Thailand	Shared directors and share holders
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods, net of discount	Market price net discount
Rental income	Agreed rate as stipulated in the agreement
Transportation fee income	Agreed rate at a percentage of total purchase
Management fee income	Agreed rate as stipulated in the agreement at a percentage of total sales
Interest income	Fixed deposit rate
Dividend income	Right to receive dividends
Purchase of merchandise goods	Market price net discount
Sales promotion expense	Agreed rate as stipulated in the agreement

6.1 Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods, net of discount	-	-	373,996	533,872
Rental income	-	-	515	484
Management fee income	-	-	5,003	8,593
Interest income	-	-	2,201	3,167
Dividend income	-	-	24,519	79,997
<b>Other related parties</b>				
Sales of goods, net of discount	33,818	138,184	-	-
Purchases of goods	1,058	1,219	1,058	1,219
Sales promotion expense	5,215	23,886	-	-
Rental fee expense	774	1,353	774	180
Insurance expense	-	536	-	536
Entertainment expense	9	6	9	6
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	39,669	54,936	39,669	50,108
Post-employment benefits	168	1,121	168	817
Total key management personnel compensation	<u>39,837</u>	<u>56,057</u>	<u>39,837</u>	<u>50,925</u>

6.2 Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable and other receivables</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	229,495	185,971
Other related companies	1,305	5,310	-	-
<b>Total</b>	<u>1,305</u>	<u>5,310</u>	<u>229,495</u>	<u>185,971</u>

<i>Movement of loans to</i>	<b>Interest rate</b>	<b>Separate financial statements</b>			
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
			<i>(in thousand Baht)</i>		
<b>2019</b>					
Subsidiaries	1.90	100,000	24,000	(10,000)	114,000
<b>Total</b>		<u>100,000</u>			<u>114,000</u>
<b>2018</b>					
Subsidiaries	4.25	-	100,000	-	100,000
<b>Total</b>		<u>-</u>			<u>100,000</u>



<i>Trade accounts payable and other payables</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	79	-
Other related companies	466	1,167	264	64
<b>Total</b>	<b>466</b>	<b>1,167</b>	<b>343</b>	<b>64</b>

### 6.3 Significant agreements with related parties

As at 31 December 2019, the Group had the following significant agreements with related parties.

- a.) The Company has service agreement with Namu Life Plus Company Limited, Do Infinite Dream Company Limited, Dream Dermatology Company Limited and Skin Make Smiles Company Limited (subsidiaries). Under the terms of each agreement, the Company agreed to provide the service of consulting and management. In this regard, the subsidiaries agreed to pay monthly fee to the Company at the rate as stipulated in the agreements.
- b.) The Company has office rental agreement with Namu Life Plus Company Limited, Do Infinite Dream Company Limited, Dream Dermatology Company Limited and Skin Make Smiles Company Limited (subsidiaries). Under the term of each agreement, the Company agreed the subsidiaries to use the building space for their office. In this regards, the subsidiaries agreed to pay rental fee to the Company at the rate stipulated in the agreements.
- c.) The Company has service agreement with Do Day Dream Trading Pte. Ltd. (a foreign indirect subsidiary). Under the terms of the agreement, the Company agreed to provide the accounting receivable management service and capital management service. In this regard, the foreign indirect subsidiaries agreed to pay monthly fee to the Company at the rate of 0.1 percent of the total net sales. This agreement is terminated by mutually agreed by both parties in writing or either party upon receipt of 30 days prior written notice in the event the other party materially fails to comply with the terms of agreement through no fault of the other.

## 7 Cash and cash equivalents

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	74	87	27	26
Cash at financial institutions				
- current accounts	112,351	115,250	14,789	11,526
Cash at financial institutions				
- savings accounts	908,280	856,162	807,142	669,739
Highly liquid short-term investments	2,985	802,983	2,985	802,983
<b>Total</b>	<b>1,023,690</b>	<b>1,774,482</b>	<b>824,943</b>	<b>1,484,274</b>

As at 31 December 2019, deposits in savings accounts and fixed deposit carried interests of 0.1% - 1.45% per annum (2018: 0.1% - 1.9% per annum).

## 8 Current investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Short-term deposits at financial institutions	-	900,001	-	900,001
Equity securities held for trading	2,908,042	1,101,760	2,908,042	1,101,760
Other debt securities held to maturity	-	397,803	-	397,803
<b>Total</b>	<b><u>2,908,042</u></b>	<b><u>2,399,564</u></b>	<b><u>2,908,042</u></b>	<b><u>2,399,564</u></b>

### *Debt securities held to maturity*

Annual interest rate (%)	-	1.82 - 1.83	-	1.82 - 1.83
Mature in (years)	-	0.5	-	0.5

Interest income for the year ended 31 December 2019 amounting to Baht 9.48 million (2018: Baht 9.36 million).

	Consolidated financial statements/Separate financial statements				
	At 1 January	Purchase	Disposal	Fair value adjustment	At 31 December
<i>Marketable equity</i>	<i>(in thousand Baht)</i>				
<b>2019</b>					
<b><i>Current investments</i></b>					
Equity securities held for trading	<u>1,101,760</u>	5,100,000	(3,301,760)	8,042	<u>2,908,042</u>
<b>Total</b>	<b><u>1,101,760</u></b>				<b><u>2,908,042</u></b>
<b>2018</b>					
<b><i>Current investments</i></b>					
Equity securities held for trading	<u>-</u>	3,760,000	(2,660,000)	1,760	<u>1,101,760</u>
<b>Total</b>	<b><u>-</u></b>				<b><u>1,101,760</u></b>

## 9 Trade accounts receivable and other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Trade accounts receivable</b>					
Related parties	6	1,305	5,310	218,754	179,112
Other parties		226,674	219,817	6,232	10,332
<b>Total</b>		<b>227,979</b>	<b>225,127</b>	<b>224,986</b>	<b>189,444</b>
Less allowance for doubtful accounts		(6,389)	(1,173)	(6,229)	(364)
<b>Trade accounts receivable - net</b>		<b>221,590</b>	<b>223,954</b>	<b>218,757</b>	<b>189,080</b>
<b>Other receivables</b>					
<b>Other receivables - related parties</b>					
Accrued income		-	-	1,941	3,582
Other receivables		-	-	8,800	3,277
<b>Other receivables - related parties, net</b>	6	<b>-</b>	<b>-</b>	<b>10,741</b>	<b>6,859</b>
<b>Other receivables - other parties</b>					
Prepaid expenses		5,799	23,977	2,987	3,078
Accrued income		40	4,402	40	4,402
Other receivables		13,211	13,557	70	6,153
<b>Other receivables - other parties, net</b>		<b>19,050</b>	<b>41,936</b>	<b>3,097</b>	<b>13,633</b>
<b>Other receivables - net</b>		<b>19,050</b>	<b>41,936</b>	<b>13,838</b>	<b>20,492</b>
<b>Total trade accounts receivable and other receivables - net</b>		<b>240,640</b>	<b>265,890</b>	<b>232,595</b>	<b>209,572</b>
<b>Bad and doubtful debts expense for the year</b>		<b>5,982</b>	<b>953</b>	<b>5,874</b>	<b>355</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable - related parties</b>				
Within credit terms	1,305	5,310	87,264	25,961
Overdue:				
Less than 3 months	-	-	85,342	90,887
3-6 months	-	-	29,801	62,264
6-12 months	-	-	16,347	-
<b>Total</b>	<b>1,305</b>	<b>5,310</b>	<b>218,754</b>	<b>179,112</b>
Less allowance for doubtful accounts	-	-	-	-
<b>Trade accounts receivable - related parties, net</b>	<b>1,305</b>	<b>5,310</b>	<b>218,754</b>	<b>179,112</b>

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Trade accounts receivable</b>				
<b>- other parties</b>				
Within credit terms	141,196	167,468	-	3,007
Overdue:				
Less than 3 months	53,307	49,776	3	5,619
3-6 months	19,446	1,703	-	1,699
6-12 months	3,727	75	-	-
Over 12 months	8,998	795	6,229	7
<b>Total</b>	<b>226,674</b>	<b>219,817</b>	<b>6,232</b>	<b>10,332</b>
Less allowance for doubtful accounts	(6,389)	(1,173)	(6,229)	(364)
<b>Trade accounts receivable</b>				
<b>- other parties, net</b>	<b>220,285</b>	<b>218,644</b>	<b>3</b>	<b>9,968</b>
 <b>Total trade accounts receivable - net</b>	 <b>221,590</b>	 <b>223,954</b>	 <b>218,757</b>	 <b>189,080</b>

The normal credit term granted by the Group ranges from 15 days to 180 days.

## 10 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Finished goods	182,700	142,574	97,627	110,239
Work in progress	5,804	7,322	5,804	7,322
Raw materials	63,346	62,253	63,306	62,253
Packaging	132,156	179,796	130,992	179,053
Supplies	4,150	5,938	4,123	5,890
<b>Total</b>	<b>388,156</b>	<b>397,883</b>	<b>301,852</b>	<b>364,757</b>
Less Allowance for obsolete	(26,340)	(6,300)	(25,187)	(5,577)
<b>Net</b>	<b>361,816</b>	<b>391,583</b>	<b>276,665</b>	<b>359,180</b>
 Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	217,820	407,692	232,801	397,755
- Write-down	40,428	4,663	39,203	4,299
<b>Net</b>	<b>258,248</b>	<b>412,355</b>	<b>272,004</b>	<b>402,054</b>

## 11 Investments in subsidiaries

Name of subsidiaries	Type of business	Country of operation	Ownership interest		Separate financial statements				Dividend income for the year	
			2019	2018	Paid-up capital		Cost		2019	2018
					2019	2018	2019	2018		
(in thousand Baht)										
Direct subsidiaries										
Namu Life Plus Company Limited	Distribution of cosmetic and supplement	Thailand	100	100	5,000	5,000	52,655	52,655	23,000	79,997
Do Infinite Dream Company Limited	Management, technical, financing and enterprise service	Thailand	100	100	100,000	100,000	100,000	100,000	-	-
Dream Dermatology Company Limited	Distribution of cosmetic and supplement	Thailand	95	95	50,000	50,000	47,500	47,500	1,519	-
Skin Make Smiles Company Limited	Distribution of cosmetic	Thailand	70	70	1,250	1,250	875	875	-	-
Total							201,030	201,030	24,519	79,997
Indirect subsidiaries										
Do Day Dream Holding Pte.Ltd.	Holding company	Singapore	100	100	USD 2,000,000	USD 2,000,000				
Do Day Dream Trading Pte.Ltd.	General wholesale trade (include general importer and exporter)	Singapore	100	100	USD 300,000	USD 300,000				
Do Day Dream Philippines Corporation	General wholesale trade (include general importer and exporter)	Philippines	51	51	PHP 66,000,000	PHP 66,000,000				

## 12 Property, plant and equipment

Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>						
At 1 January 2018	59,596	138,475	100,040	17,899	9,372	325,382
Additions	-	3,523	4,560	-	17,382	25,465
Transfers	-	2,268	13,179	-	(15,447)	-
Disposals	-	-	(185)	-	-	(185)
<b>At 31 December 2018 and 1 January 2019</b>	<b>59,596</b>	<b>144,266</b>	<b>117,594</b>	<b>17,899</b>	<b>11,307</b>	<b>350,662</b>
Additions	-	2,205	7,461	1,368	4,520	15,554
Transfers	-	3,619	10,816	-	(14,435)	-
Disposals	-	-	(729)	-	-	(729)
<b>At 31 December 2019</b>	<b>59,596</b>	<b>150,090</b>	<b>135,142</b>	<b>19,267</b>	<b>1,392</b>	<b>365,487</b>
<b>Depreciation</b>						
At 1 January 2018	-	13,644	26,010	7,166	-	46,820
Depreciation charge for the year	-	7,097	19,060	3,558	-	29,715
Disposals	-	-	(94)	-	-	(94)
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>20,741</b>	<b>44,976</b>	<b>10,724</b>	<b>-</b>	<b>76,441</b>
Depreciation charge for the year	-	7,229	20,980	3,007	-	31,216
Disposals	-	-	(105)	-	-	(105)
<b>At 31 December 2019</b>	<b>-</b>	<b>27,970</b>	<b>65,851</b>	<b>13,731</b>	<b>-</b>	<b>107,552</b>
<b>Net book value</b>						
<b>At 31 December 2018</b>						
Owned assets	59,596	123,525	72,618	867	11,307	267,913
Assets under finance leases	-	-	-	6,308	-	6,308
	<b>59,596</b>	<b>123,525</b>	<b>72,618</b>	<b>7,175</b>	<b>11,307</b>	<b>274,221</b>
<b>At 31 December 2019</b>						
Owned assets	59,596	122,120	69,291	2,766	1,392	255,165
Assets under finance leases	-	-	-	2,770	-	2,770
	<b>59,596</b>	<b>122,120</b>	<b>69,291</b>	<b>5,536</b>	<b>1,392</b>	<b>257,935</b>

Separate financial statements						
	Land	Buildings and building improvements	Machinery and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<b>Cost</b>						
At 1 January 2018	59,596	138,475	98,806	17,899	9,372	324,148
Additions	-	3,523	4,131	-	17,363	25,017
Transfers	-	2,268	13,179	-	(15,447)	-
Disposals	-	-	(185)	-	-	(185)
<b>At 31 December 2018 and 1 January 2019</b>	<b>59,596</b>	<b>144,266</b>	<b>115,931</b>	<b>17,899</b>	<b>11,288</b>	<b>348,980</b>
Additions	-	2,205	6,961	-	4,539	13,705
Transfers	-	3,619	10,816	-	(14,435)	-
Disposals	-	-	(729)	-	-	(729)
<b>At 31 December 2019</b>	<b>59,596</b>	<b>150,090</b>	<b>132,979</b>	<b>17,899</b>	<b>1,392</b>	<b>361,956</b>
<b>Depreciation</b>						
At 1 January 2018	-	13,644	25,630	7,166	-	46,440
Depreciation charge for the year	-	7,097	18,731	3,558	-	29,386
Disposals	-	-	(94)	-	-	(94)
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>20,741</b>	<b>44,267</b>	<b>10,724</b>	<b>-</b>	<b>75,732</b>
Depreciation charge for the year	-	7,229	20,553	2,975	-	30,757
Disposals	-	-	(102)	-	-	(102)
<b>At 31 December 2019</b>	<b>-</b>	<b>27,970</b>	<b>64,718</b>	<b>13,699</b>	<b>-</b>	<b>106,387</b>
<b>Net book value</b>						
<b>At 31 December 2018</b>						
Owned assets	59,596	123,525	71,664	867	11,288	266,940
Assets under finance leases	-	-	-	6,308	-	6,308
	<b>59,596</b>	<b>123,525</b>	<b>71,664</b>	<b>7,175</b>	<b>11,288</b>	<b>273,248</b>
<b>At 31 December 2019</b>						
Owned assets	59,596	122,120	68,261	1,430	1,392	252,799
Assets under finance leases	-	-	-	2,770	-	2,770
	<b>59,596</b>	<b>122,120</b>	<b>68,261</b>	<b>4,200</b>	<b>1,392</b>	<b>255,569</b>



The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 and 2018 were as follow:

	2019 (in thousand Baht)	2018
Consolidated Financial Statements	16,989	5,436
Separate Financial Statements	16,601	5,430

#### Security

At 31 December 2019 the Company's property, plant and equipment with total net book value of Baht 95.61 million (2018: Baht 97.95 million) were pledged under long-term loans and credit facilities from financial institutions (Note 15).

### 13 Intangible assets

Consolidated financial statements				
	Note	Trademarks	Software licences	Total
(in thousand Baht)				
<b>Cost</b>				
At 1 January 2018		5,456	13,312	18,768
Acquisitions through business combinations	5	91,840	-	91,840
Additions		-	2,876	2,876
<b>At 31 December 2018 and 1 January 2019</b>		<b>97,296</b>	<b>16,188</b>	<b>113,484</b>
Additions		18	21	39
<b>At 31 December 2019</b>		<b>97,314</b>	<b>16,209</b>	<b>113,523</b>
<b>Amortisation and impairment losses</b>				
At 1 January 2018		187	2,082	2,269
Amortisation for the year		761	1,625	2,386
<b>At 31 December 2018 and 1 January 2019</b>		<b>948</b>	<b>3,707</b>	<b>4,655</b>
Amortisation for the year		761	1,721	2,482
Impairment loss		7,090	-	7,090
<b>At 31 December 2019</b>		<b>8,799</b>	<b>5,428</b>	<b>14,227</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>		<b>96,348</b>	<b>12,481</b>	<b>108,829</b>
<b>At 31 December 2019</b>		<b>88,515</b>	<b>10,781</b>	<b>99,296</b>

	Separate financial statements		
	Trademarks	Software licences (in thousand Baht)	Total
<b>Cost</b>			
At 1 January 2018	5,456	13,231	18,687
Additions	-	2,531	2,531
<b>At 31 December 2018 and 1 January 2019</b>	<b>5,456</b>	<b>15,762</b>	<b>21,218</b>
Additions	-	15	15
<b>At 31 December 2019</b>	<b>5,456</b>	<b>15,777</b>	<b>21,233</b>
<b>Amortisation</b>			
At 1 January 2018	187	2,075	2,262
Amortisation for the year	761	1,597	2,358
<b>At 31 December 2018 and 1 January 2019</b>	<b>948</b>	<b>3,672</b>	<b>4,620</b>
Amortisation for the year	762	1,677	2,439
<b>At 31 December 2019</b>	<b>1,710</b>	<b>5,349</b>	<b>7,059</b>
<b>Net book value</b>			
<b>At 31 December 2018</b>	<b>4,508</b>	<b>12,090</b>	<b>16,598</b>
<b>At 31 December 2019</b>	<b>3,746</b>	<b>10,428</b>	<b>14,174</b>

#### Impairment testing for trademarks

The recoverable amount was based on its value in use, determined by discounting the future cash flows. The key assumptions used in the estimation of value in use were expectations of future outcomes taking into account past experience adjusted for anticipated revenue growth and discount rate which calculated from weighted average cost of capital. According to the impairment testing, the estimated recoverable amount was lower than the carrying amount of trademarks. Therefore, the management considered to recognise an impairment loss of trademarks amounting to Baht 7.09 million for the year ended 31 December 2019 (2018 : nil).

#### 14 Restricted deposit as financial institution

As at 31 December 2019, the Group and the Company had restricted deposits at financial institutions totaling Baht 20.27 million in the consolidated statement of financial position and the separate statement of financial position (2018: Baht 20.27 million) in order to comply with conditions for using credit facilities of foreign financial institutions and as collateral for letters of guarantee issued by the depositary financial institutions in favour of state enterprises.

#### 15 Interest-bearing liabilities

	Consolidated financial statements/Separate financial statements					
	2019			2018		
	Secured	Unsecured	Total (in thousand Baht)	Secured	Unsecured	Total
Long-term loans from financial institutions	-	-	-	91,197	-	91,197
Finance lease liabilities	-	2,214	2,214	-	3,207	3,207
<b>Total interest-bearing liabilities</b>	<b>-</b>	<b>2,214</b>	<b>2,214</b>	<b>91,197</b>	<b>3,207</b>	<b>94,404</b>

<i>Assets pledged as security for liabilities as at 31 December</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Fixed deposit	14	20,273	20,273	20,273	20,273
Property, plant and equipment	12	95,614	97,948	95,614	97,948
<b>Total</b>		<b>115,887</b>	<b>118,221</b>	<b>115,887</b>	<b>118,221</b>

As at 31 December 2019 the Company had unutilised credit facilities totalling Baht 790 million (2018: Baht 840 million).

<b>Consolidated financial statements/Separate financial statements</b>						
2019			2018			
<i>Finance lease liabilities</i>	Minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Minimum lease payments	Interest	Present value of minimum lease payments
<i>Maturity period</i>						
Within 1 year	506	(97)	409	1,174	(181)	993
1 - 5 years	1,888	(83)	1,805	2,394	(180)	2,214
<b>Total</b>	<b>2,394</b>	<b>(180)</b>	<b>2,214</b>	<b>3,568</b>	<b>(361)</b>	<b>3,207</b>

## 16 Non-current provisions for employee benefits

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Defined benefit plan	2,296	7,096	2,134	5,985
<b>Total</b>	<b>2,296</b>	<b>7,096</b>	<b>2,134</b>	<b>5,985</b>

### *Defined benefit plan*

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, future salary growth risk and turnover rate risk.

<b><i>Present value of the defined benefit obligations</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
At 1 January	7,096	4,172	5,985	3,514
<b>Include in profit or loss</b>				
Current service cost	541	2,803	481	2,369
Past service cost	3	-	-	-
Interest on obligation	43	121	40	102
	<u>587</u>	<u>2,924</u>	<u>521</u>	<u>2,471</u>
<b>Included in other comprehensive income</b>				
Actuarial gain				
- Demographic assumptions	(3,522)	-	(3,363)	-
- Financial assumptions	(16)	-	(18)	-
- Experience adjustment	(1,849)	-	(991)	-
	<u>(5,387)</u>	<u>-</u>	<u>(4,372)</u>	<u>-</u>
<b>At 31 December</b>	<u><b>2,296</b></u>	<u><b>7,096</b></u>	<u><b>2,134</b></u>	<u><b>5,985</b></u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019.

<b><i>Principal actuarial assumptions</i></b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	2.67	2.89 - 2.95	2.67	2.89
Future salary growth	3 - 5	5	3 - 5	5
Employee turnover	0 - 63	0 - 39	0 - 63	0 - 39

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 16.02 years (2018:26 years).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<b><i>Effect to the defined benefit obligation At 31 December</i></b>	<b>Consolidated financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(302)	(1,101)	328	1,339
Future salary growth	314	1,361	(292)	(1,135)
Employee turnover	(37)	(1,196)	46	609
Future mortality	(2)	-	312	-

<b><i>Effect to the defined benefit obligation At 31 December</i></b>	<b>Separate financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(278)	(921)	304	1,121
Future salary growth	292	1,140	(272)	(950)
Employee turnover	(34)	(1,006)	43	599
Future mortality	(2)	-	312	-

**17 Share capital**

	Par value per share (in Baht)	2019 Number	2019 Baht (thousand shares/thousand Baht)	2018 Number	2018 Baht
Authorised shares at 31 December	<i>1</i>	<b><u>318,000</u></b>	<b><u>318,000</u></b>	<b><u>318,000</u></b>	<b><u>318,000</u></b>
<b><i>Issued and paid-up shares</i></b>					
At 1 January					
- ordinary shares	<i>1</i>	317,888	317,888	316,000	316,000
On 2 April 2018					
Warrants exercised	<i>1</i>	-	-	1,888	1,888
<b>At 31 December</b>					
<b>- ordinary shares</b>	<i>1</i>	<b><u>317,888</u></b>	<b><u>317,888</u></b>	<b><u>317,888</u></b>	<b><u>317,888</u></b>

***Exercised of Employee Stock Option Plan (ESOP)***

During the year ended 31 December 2018, ESOP were exercised and registered as issued and paid-up share capital of 1,887,700 shares (equivalent to Baht 1,887,700) with the proceeded of Baht 53.6 million.

Movements of stock options during the year ended 31 December 2019 and 2018 were as follows:

	<i>(in thousand unit)</i>
Stock options at 1 January 2018	2,000
Less: Exercised during the year	(1,888)
Unutilised stock options (expired)	(112)
<b>Stock options at 31 December 2018</b>	<b>-</b>
<b>Stock options at 31 December 2019</b>	<b>-</b>

### *Premium on ordinary shares*

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("Premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

## **18 Reserves**

### *Appropriate of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. Legal reserve is not available for dividend distribution. As at 31 December 2019 and 2018, the legal reserve has fully been set aside.

### *Other components of equity*

#### **Currency translation difference**

The currency translation differences recognized in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

## **19 Segment information and disaggregation of revenue**

### *Revenue*

The Group's operations and revenue are disclosed in the latest annual financial statements. The Group's main revenue comes from sales.

### *Segment*

Management considers that the Group operates in a single line of business, namely the manufacture and distribution of cosmetic, therefore, only one reportable segment.

### *Geographic information*

In presenting information on the basis of geographical segments, segment revenue is based on the

<i>For the year ended 31 December</i>	<b>Consolidated financial statement</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b>Disaggregation of revenue</b>		
<b>Primary geographic</b>		
Revenue from local sales	551,949	982,179
Revenue from export sales	177,116	267,456
<b>Total revenue</b>	<b>729,065</b>	<b>1,249,635</b>
<b>Timing of revenue recognition</b>		
At a point in time	729,065	1,249,635
Over time	-	-
<b>Total</b>	<b>729,065</b>	<b>1,249,635</b>
Gain (loss) from operations after elimination and allocation of inter-segment transactions	(60,367)	222,407
Financial cost	(613)	(9,497)
Tax (expense) income	7,763	(28,418)
<b>Profit (loss) for the year</b>	<b>(53,217)</b>	<b>184,492</b>

<i>For the year ended 31 December</i>	<b>Separate financial statement</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b>Disaggregation of revenue</b>		
<b>Primary geographic</b>		
Revenue from local sales	274,007	466,394
Revenue from export sales	98,507	128,572
<b>Total revenue</b>	<b>372,514</b>	<b>594,966</b>
<b>Timing of revenue recognition</b>		
At a point in time	372,514	594,966
Over time	-	-
<b>Total</b>	<b>372,514</b>	<b>594,966</b>
Gain from operations after elimination and allocation of inter-segment transactions	51,674	187,357
Financial cost	(613)	(9,497)
Tax expense	(2,596)	(17,753)
<b>Profit for the year</b>	<b>48,465</b>	<b>160,107</b>



## 20 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Wages and salaries		130,586	129,560	91,774	102,404
Bonus welfare and others		20,331	19,761	17,529	15,322
Defined contribution plans		7,898	7,994	6,549	6,691
Defined benefit plans	16	587	2,924	521	2,471
Share-based payment expenses		-	67	-	67
<b>Total</b>		<b>159,402</b>	<b>160,306</b>	<b>116,373</b>	<b>126,955</b>

### Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at rates ranging from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 21 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Raw materials and consumables used		146,100	339,050	162,874	329,390
Sales promotion and marketing expenses		391,192	455,661	5,536	13,282
Employee benefit expenses	20	159,402	160,306	116,373	126,955
Service fee		12,506	11,063	6,717	6,621
Depreciation and amortization		33,698	32,124	33,195	31,767
Office expense		26,467	19,387	21,274	16,546
Impairment of intangible asset		7,090	-	-	-
Others		80,352	63,986	73,790	28,991
<b>Total</b>		<b>856,807</b>	<b>1,081,577</b>	<b>419,759</b>	<b>553,552</b>

## 22 Income tax

<i>Income tax recognised in profit or loss</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	9,522	27,346	6,608	17,792
Adjustment for prior years	-	263	-	263
	<u>9,522</u>	<u>27,609</u>	<u>6,608</u>	<u>18,055</u>
<b>Deferred tax expense</b>				
Movements in temporary differences	(17,285)	809	(4,012)	(302)
	<u>(17,285)</u>	<u>809</u>	<u>(4,012)</u>	<u>(302)</u>
<b>Total income tax expense</b>	<u>(7,763)</u>	<u>28,418</u>	<u>2,596</u>	<u>17,753</u>

<b>Consolidated financial statements</b>						
<i>Income tax</i>	Before tax	2019	Net of tax	Before tax	2018	Net of tax
		Tax (expense) benefit			Tax (expense) benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan actuarial gains (losses)	5,387	(1,077)	4,310	-	-	-
<b>Total</b>	<u>5,387</u>	<u>(1,077)</u>	<u>4,310</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>Separate financial statements</b>						
<i>Income tax</i>	Before tax	2019	Net of tax	Before tax	2018	Net of tax
		Tax (expense) benefit			Tax (expense) benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan actuarial gains (losses)	4,372	(874)	3,498	-	-	-
<b>Total</b>	<u>4,372</u>	<u>(874)</u>	<u>3,498</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>Reconciliation of effective tax rate</b>	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	2019		2018		2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit (loss) before income tax expense		<u>(60,980)</u>		<u>212,910</u>		<u>51,061</u>		<u>177,861</u>
Income tax using the Thai corporation tax rate	20	(12,196)	20	42,582	20	10,212	20	35,572
Effect of different tax rates in foreign jurisdictions		6,683		1,073		-		-
Income tax reduction - current		(3,113)		(3,216)		(3,113)		(3,216)
Income not subject to tax		(29)		(16,007)		(4,903)		(15,999)
Expenses not deductible for tax purposes		3,269		2,461		885		2,207
Additional expenses deductible		(2,335)		(1,074)		(485)		(1,074)
Under (over) provided in prior years		-		263		-		263
Others		(42)		2,336		-		-
<b>Total</b>	<b>-</b>	<b><u>(7,763)</u></b>	<b>13</b>	<b><u>28,418</u></b>	<b>5</b>	<b><u>2,596</u></b>	<b>10</b>	<b><u>17,753</u></b>

<b>Deferred tax At 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deferred tax assets	24,550	7,030	7,104	2,535
Deferred tax liabilities	<u>(1,808)</u>	<u>(496)</u>	<u>(1,783)</u>	<u>(352)</u>
<b>Net</b>	<b><u>22,742</u></b>	<b><u>6,534</u></b>	<b><u>5,321</u></b>	<b><u>2,183</u></b>

<i>Deferred tax</i>	<b>At 1 January</b>	<b>Consolidated financial statements (Charged) / Credited to</b>		<b>At 31 December</b>
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2019</b>				
<b>Deferred tax assets</b>				
Inter-profit on inventory	2,805	6,482	-	9,287
Accounts receivable	234	1,044	-	1,278
Inventories	1,260	4,008	-	5,268
Property, plant and equipment and intangible assets	150	244	-	394
Non-current provisions for employee benefits	1,418	118	(1,077)	459
Loss carry forward	1,163	6,701	-	7,864
<b>Total</b>	<b>7,030</b>	<b>18,597</b>	<b>(1,077)</b>	<b>24,550</b>
<b>Deferred tax liabilities</b>				
Equity securities held for trading	(352)	(1,256)	-	(1,608)
Others	(144)	(56)	-	(200)
<b>Total</b>	<b>(496)</b>	<b>(1,312)</b>	<b>-</b>	<b>(1,808)</b>
<b>Net</b>	<b>6,534</b>	<b>17,285</b>	<b>(1,077)</b>	<b>22,742</b>

<i>Deferred tax</i>	<b>At 1 January</b>	<b>Consolidated financial statements (Charged) / Credited to</b>		<b>At 31 December</b>
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2018</b>				
<b>Deferred tax assets</b>				
Inter-profit on inventory	5,154	(2,349)	-	2,805
Accounts receivable	44	190	-	234
Inventories	1,159	101	-	1,260
Property, plant and equipment and intangible assets	90	60	-	150
Non-current provisions for employee benefits	820	598	-	1,418
Loss carry forward	76	1,087	-	1,163
<b>Total</b>	<b>7,343</b>	<b>(313)</b>	<b>-</b>	<b>7,030</b>
<b>Deferred tax liabilities</b>				
Equity securities held for trading	-	(352)	-	(352)
Others	-	(144)	-	(144)
<b>Total</b>	<b>-</b>	<b>(496)</b>	<b>-</b>	<b>(496)</b>
<b>Net</b>	<b>7,343</b>	<b>(809)</b>	<b>-</b>	<b>6,534</b>

<i>Deferred tax</i>	<b>At 1 January</b>	<b>Separate financial statements (Charged) / Credited to</b>		<b>At 31 December</b>
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2019</b>				
<b>Deferred tax assets</b>				
Accounts receivable	73	1,173	-	1,246
Inventories	1,115	3,922	-	5,037
Property, plant and equipment and intangible assets	150	244	-	394
Non-current provisions for employee benefits	1,197	104	(874)	427
<b>Total</b>	<b>2,535</b>	<b>5,443</b>	<b>(874)</b>	<b>7,104</b>
<b>Deferred tax liabilities</b>				
Equity securities held for trading	(352)	(1,256)	-	(1,608)
Others	-	(175)	-	(175)
<b>Total</b>	<b>(352)</b>	<b>(1,431)</b>	<b>-</b>	<b>(1,783)</b>
<b>Net</b>	<b>2,183</b>	<b>4,012</b>	<b>(874)</b>	<b>5,321</b>

<i>Deferred tax</i>	<b>At 1 January</b>	<b>Separate financial statements (Charged) / Credited to</b>		<b>At 31 December</b>
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2018</b>				
<b>Deferred tax assets</b>				
Accounts receivable	2	71	-	73
Inventories	1,086	29	-	1,115
Property, plant and equipment and intangible assets	90	60	-	150
Non-current provisions for employee benefits	703	494	-	1,197
<b>Total</b>	<b>1,881</b>	<b>654</b>	<b>-</b>	<b>2,535</b>
<b>Deferred tax liabilities</b>				
Equity securities held for trading	-	(352)	-	(352)
<b>Total</b>	<b>-</b>	<b>(352)</b>	<b>-</b>	<b>(352)</b>
<b>Net</b>	<b>1,881</b>	<b>302</b>	<b>-</b>	<b>2,183</b>

## 23 Earnings (loss) per share

### *Basic earnings (loss) per share*

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years by weighted-average number of ordinary shares calculation as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
<i>Profit (loss) attributable to ordinary shareholders for the year ended 31 December</i>				
<b>Profit (loss) for the year attributable to ordinary shareholders of the Company (basic)</b>	<u>(53,785)</u>	<u>181,409</u>	<u>48,465</u>	<u>160,107</u>
<b>Weighted average number of ordinary shares outstanding at 31 December</b>	<u>317,888</u>	<u>317,412</u>	<u>317,888</u>	<u>317,412</u>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<u>(0.17)</u>	<u>0.57</u>	<u>0.15</u>	<u>0.50</u>

## 24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Annual dividend	24 April 2019	May 2019	<u>0.50</u>	<u>158.94</u>
<i>2018</i>				
Annual dividend	24 April 2018	May 2018	<u>0.21</u>	<u>66.36</u>

## 25 Financial instruments

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

Consolidated financial statements					
At 31 December	Effective interest rate (% per annum)	Maturity period			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2019					
Financial Assets					
Fixed deposit	0.7 - 1.1	2,985	-	-	2,985
Restricted deposit as financial institutions	1.1 - 1.45	-	20,273	-	20,273
Total		2,985	20,273	-	23,258
Financial Liabilities					
Finance leases liabilities	4.80	409	1,805	-	2,214
Total		409	1,805	-	2,214

Consolidated financial statements					
At 31 December	Effective interest rate (% per annum)	Maturity period			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2018					
Financial Assets					
Fixed deposit	0.1 - 1.9	1,702,984	-	-	1,702,984
Debt securities held to maturity	1.82 - 1.83	397,803	-	-	397,803
Restricted deposit as financial institutions	0.9	-	20,273	-	20,273
Total		2,100,787	20,273	-	2,121,060
Financial Liabilities					
Long-term loans from financial Institutions	4.03, 4.25	29,492	61,705	-	91,197
Finance leases liabilities	4.10 - 6.96	993	2,214	-	3,207
Total		30,485	63,919	-	94,404



At 31 December	Separate financial statements				
	Effective interest rate (% per annum)	Maturity period			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2019					
Financial Assets					
Fixed deposit	0.7 - 1.1	2,985	-	-	2,985
Short term loan to subsidiaries	1.9	114,000	-	-	114,000
Restricted deposit as financial institutions	1.1 - 1.45	-	20,273	-	20,273
Total		116,985	20,273	-	137,258
Financial Liabilities					
Finance leases liabilities	4.80	409	1,805	-	2,214
Total		409	1,805	-	2,214

At 31 December	Separate financial statements				
	Effective interest rate (% per annum)	Maturity period			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
		(in thousand Baht)			
2018					
Financial Assets					
Fixed deposit	0.1 - 1.9	1,702,984	-	-	1,702,984
Debt securities held to maturity	1.82 - 1.83	397,803	-	-	397,803
Short term loan to subsidiaries	4.25	100,000	-	-	100,000
Restricted deposit as financial institutions	0.9	-	20,273	-	20,273
Total		2,200,787	20,273	-	2,221,060
Financial Liabilities					
Long-term loans from financial Institutions	4.03, 4.25	29,492	61,705	-	91,197
finance leases liabilities	4.10 - 6.96	993	2,214	-	3,207
Total		30,485	63,919	-	94,404

### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 December, the Group were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>				
<b>Singapore dollar</b>				
Cash and cash equivalents	423	57	-	-
Trade accounts payable and other payables	23	31	-	-
<b>Net exposure</b>	<b>423</b>	<b>88</b>	<b>-</b>	<b>-</b>
<b>Hong Kong dollar</b>				
Cash and cash equivalents	5,868	14,638	-	-
<b>Net exposure</b>	<b>5,868</b>	<b>14,638</b>	<b>-</b>	<b>-</b>
<b>United States dollar</b>				
Trade accounts receivable and other receivables	8,553	7,302	41,617	14,623
Trade accounts payable and other payables	4,730	7,656	4,730	7,656
<b>Net exposure</b>	<b>13,283</b>	<b>14,958</b>	<b>46,347</b>	<b>22,279</b>

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Carrying amount and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Consolidated / Separate financial statement</b>				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	

(in million Baht)

**31 December 2019****Financial assets measured at fair value**

Equity securities held for trading	2,908	-	2,908	-	2,908
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	<b>Consolidated / Separate financial statement</b>				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	

(in million Baht)

**31 December 2018****Financial assets measured at fair value**

Equity securities held for trading	1,102	-	1,102	-	1,102
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**Fair value of financial assets and liabilities**

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities are taken to approximate the carrying value as determined in the statement of financial position.

The fair value of financial lease liabilities are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

The Group has considered the level 2 fair value of debt securities held for trading based on net asset value as at the reporting date according to the fund's information released to the public as at 31 December 2019.

**26 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018

(in thousand Baht)

**Capital commitments**

Machinery and equipment	1,850	307	1,850	307
<b>Total</b>	<b>1,850</b>	<b>307</b>	<b>1,850</b>	<b>307</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>				
Within 1 year	10,149	7,741	4,929	2,272
1 - 5 years	7,152	8,908	4,058	532
<b>Total</b>	<b>17,301</b>	<b>16,649</b>	<b>8,987</b>	<b>2,804</b>
<b><i>Other commitments</i></b>				
Bank guarantee of electricity use	273	273	273	273
<b>Total</b>	<b>273</b>	<b>273</b>	<b>273</b>	<b>273</b>

## 27 Events after the reporting period

At the Extraordinary General Meeting of Shareholders on 7 February 2020, the Meeting resolved to approve the Company to purchase the 1,104,980 ordinary shares, representing 76.0 percent of the issued and paid-up ordinary shares of Kuron Corporation Limited (“Kuron”), and to purchase the 38,000 ordinary shares, representing 76.0 percent of the issued and paid-up ordinary shares of Alexi Training and Consulting Company Limited (“Alexi”), after Kuron receives a transfer of business including major assets and liabilities utilized in core business operation of P.N.D Transportation Company Limited (“PND”) as agreed for the purpose of organization restructuring before entering into this purchase transaction of ordinary shares, and, additionally, to approve the Company to grant an option to the shareholders of Kuron and Alexi who hold shares after the purchase of ordinary shares of Kuron and Alexi, to sell shares of Kuron in an amount of 348,940 shares, representing 24.0 percent of the issued and paid-up ordinary shares of Kuron and shares of Alexi in an amount of 12,000 shares, representing 24.0 percent of the issued and paid-up ordinary shares of Alexi within 2 years as from the date the purchase of this ordinary shares is completed to the Company in which the total value of transaction is not exceeding Baht 802.85 million.

On 29 November 2019, Skin Make Smiles Company Limited, a subsidiary, has agreed to make a joint investment and entered into a joint venture agreement with GP Club Company Limited, a juristic person established under the laws of the Republic of Korea, which is a Korean leading distributor of skincare products. The Company plans to establish an associated company in Thailand for such business.

At the board of directors’ meeting held on February 28, 2020, the board passed a resolution to approve the appropriation of dividend payment in respect of the Company’s profit for the year of Baht 0.125 per share, amounting to Baht 39.74 million. The dividend will be paid within May 2020. However, this resolution must be approved at the annual general shareholders’ meeting to be held in April 2020.

## 28 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

### (a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

### (b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to Baht 13.95 million on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

# Management Discussion and Analysis

For the years ended 31 December 2019

## Summary of Performance

### Sales Revenue

For the years ended 31 December 2018 and 2019, the Company recorded total sales revenue of THB 1,249.63 million and THB 729.06 million respectively. This equals to a sharp decline of 41.66% year on year. Domestic sales revenue dropped 43.82% from the same period of the previous year due to an unfavorable condition of the Company's traditional trade channel as the Company appointed a large-sized distributor for the channel since the first quarter of 2018 but later terminated the contract with the distributor which is effective on 30 June 2019. During the period, the Company was unable to make any sales through traditional trade channel or assign a new distributor while the contract was still applicable. After the termination, the Company stipulated a new policy to engage in distributing products for the channel itself starting July 2019. Initially, the Company will focus on distributing its products through big wholesaler stores in most provinces and supporting smaller retailers through sales materials.

Besides the distribution disruption, negative factors affecting tourism in Thailand still emerged and caused a material fall in the number of tourists especially from China which is our target customers. The number of Chinese tourists slid about 1% from the same period last year (source: International Tourist Arrivals to Thailand January-August 2019, Ministry of Tourism & Sports). The Company was fully aware of the situation and took actions by implementing new strategies and marketing plans to achieve better reach of both existing target customers and new customers.

International sales revenue also experienced a similar degree of decline by dropping 33.72% compared to last year as sales in China stagnated for 85% since the end of last year. Nevertheless, the Company's business expansion to the Philippines helps extend the customer base and diversify its revenue streams which mitigate the risk of reliance on sales in China. At present, the Company's products are well-received in the Philippines but still could not make up for the slowdown in sales in China. The Company is committed to expanding further to other potential countries and is in the process of conducting market feasibility studies in certain markets.

Apart from that, the Company was adversely affected by the compliance with the new Thai Financial Reporting Standard 15 (TFRS 15) regarding revenue from contracts with customers for the first time which is effective since 1 January 2019.

**Table 1 :** Sales Revenue by Product Line for the Three Months period ended 31 December (3M YoY)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended 31 December					
	2018		2019			
	THB mm	%	THB mm	%	THB mm	%
Sale Revenue						
Revenue from selling product under Company's trademark						
1) Facial skincare	142.15	51.26	115.27	61.30	(26.88)	(18.91)
2) Body care	5.17	1.86	5.05	2.69	(0.12)	(2.32)
3) Facial cleansing	70.16	25.30	29.62	15.75	(40.54)	(57.78)
4) Body cleansing	18.29	6.60	15.00	7.98	(3.29)	(17.99)
5) Sunscreen	7.93	2.86	5.75	3.06	(2.18)	(27.49)
6) Giftset	30.38	10.95	21.46	11.41	(8.92)	(29.36)
7) Other	0.05	0.02	0.64	0.33	0.57	1140.00
Total revenue from products under Company's trademark	274.13	98.85	192.79	102.52	(81.36)	(29.68)
Deduct Sales discount	(7.86)	(2.83)	(21.06)	(11.20)	(13.20)	167.94
Total sales	266.27	96.02	171.73	91.32	(94.54)	(35.51)
Other income <sup>/1</sup>	11.05	3.98	16.32	8.68	5.27	47.69
Total revenue	277.32	100.00	188.05	100.00	(89.27)	(32.19)

Notes: <sup>/1</sup> Other income comprises mainly of interest income and services revenue



**Table 2 :** Sales Revenue by Product Line for the Years ended 31 December (12M YoY)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For The Years Ended 31 December					
	2018		2019			
	THB mm	%	THB mm	%	THB mm	%
Sale Revenue						
Revenue from selling product under Company's trademark						
1) Facial skincare	689.76	52.90	500.68	62.86	(189.08)	(7.41)
2) Body care	39.39	3.02	32.47	4.08	(6.92)	(17.57)
3) Facial cleansing	127.77	9.80	81.67	10.25	(46.10)	(36.08)
4) Body cleansing	98.49	7.55	54.09	6.79	(44.40)	(45.08)
5) Sunscreen	32.12	2.46	20.70	2.60	(11.42)	(35.55)
6) Giftset	287.08	22.02	83.18	10.44	(203.90)	(71.03)
7) Other	0.17	0.01	1.38	0.18	1.21	711.76
Total revenue from products under Company's trademark	1,274.78	97.76	774.17	97.20	(500.61)	(39.27)
Deduct Sales discount	(25.15)	(1.93)	(45.11)	(5.66)	(19.96)	79.36
Total sales	1,249.63	95.83	729.06	91.54	(520.57)	(41.66)
Other income <sup>/1</sup>	54.35	4.17	67.38	8.46	13.03	23.97
Total revenue	1,303.98	100.00	796.44	100.00	(507.54)	(38.92)

Notes: <sup>1/</sup> Other income comprises mainly of interest income and services revenue**Table 3 :** Sales Revenue by Geography for the Three Months period ended Sep 30, 2019 and 31 Dec 2019 (3M QoQ)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended					
	30 September 2019		31 December 2019			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	134.44	70.09	117.79	62.64	(16.65)	(12.38)
2. Sale revenue from overseas customers	38.47	20.06	53.94	28.68	15.42	40.08
Total sales	172.91	90.15	171.73	91.32	(1.23)	(0.71)
Other income <sup>/1</sup>	18.89	9.85	16.32	8.68	(2.55)	(13.50)
Total revenue	191.80	100.00	188.05	100.00	(3.78)	(1.97)

Notes: <sup>1/</sup> Other income comprises mainly of interest income and services revenue

**Table 4 : Sales Revenue by Geography for the Three Months period ended 31 Dec 2019 (3M YoY)**

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended					
	30 September 2019		31 December 2019			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	217.12	78.29	117.79	62.64	(99.33)	(45.75)
2. Sale revenue from overseas customers	49.15	17.72	53.94	28.68	4.79	9.75
Total sales	266.27	96.02	171.73	91.32	(94.54)	(35.51)
Other income <sup>/1</sup>	11.05	3.98	16.32	8.68	5.27	47.69
Total revenue	277.32	100.00	188.05	100.00	(89.27)	(32.19)

Notes: <sup>/1</sup> Other income comprises mainly of interest income and services revenue

**Table 5 : Sales Revenue by Geography for the Years ended 31 Dec 2019 (12M YoY)**

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended					
	30 September 2019		31 December 2019			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	982.40	75.34	551.94	69.30	(430.46)	(43.82)
2. Sale revenue from overseas customers	267.23	20.49	177.12	22.24	(90.11)	(33.72)
Total sales	1,249.63	95.83	729.06	91.54	(520.57)	(41.66)
Other income <sup>/1</sup>	54.35	4.17	67.38	8.46	13.03	23.97
Total revenue	1,303.98	100.00	796.44	100.00	(507.54)	(38.92)

Notes: <sup>/1</sup> Other income comprises mainly of interest income and services revenue

## Cost of Goods Sold

Cost of goods sold for the years ended 31 December 2018 and 2019 stood at THB 412.35 million and THB 258.25 million respectively, equivalent to a 37.37% decrease. Cost of goods sold to sales revenue ratio slightly increased from 33.00% to 35.42% because of the depreciation costs increased 23.84% and others cost from obsolete goods.

**Table 6:** Cost of Goods Sold by Type of Expenses for the Years ended 31 Dec (12M YoY)

Cost of sales	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended					
	30 September 2019		31 December 2019			
	THB mm	%	THB mm	%	THB mm	%
Raw material and packaging	328.65	79.70	146.10	56.57	(182.55)	(55.55)
Labor costs	37.24	9.03	23.22	8.99	(14.02)	(37.65)
Depreciation costs	17.53	4.25	21.71	8.41	4.18	23.84
Freight expenses	1.94	0.47	1.89	0.73	(0.05)	(2.58)
Others <sup>/1</sup>	26.99	6.55	65.33	25.30	38.34	142.05
Total cost of sales	412.35	100.00	258.25	100.00	(154.10)	(37.37)
Proportion of cost of sales to sales revenue (%)		33.00		35.42		
Gross Profit Margin (%)		67.00		64.58		

Note: <sup>/1</sup> Other costs of goods sold mainly comprise warehouse rentals, utility charges and other expenses related to production.

## Gross Profit

Gross profit for the years ended 31 December 2018 and 2019 were THB 837.28 million and THB 470.81 million respectively or equivalent to gross profit margin of 67.00% and 64.58% respectively. The small drop in gross profit of the Company was derived from the slowdown in sales revenue during the year. In addition, gross profit margin slightly decreased as a result of the depreciation costs increased and others cost from obsolete goods.

## Sales Expenses

Considering sales expenses, the Company posted sales expenses for the years ended 31 December 2018 and 2019 of THB 510.49 million and THB 431.91 million respectively. This is equivalent to a significant decline of 15.39 % compared to the last year. This shows that the Company managed to properly slash sales expenses from the previous year to be in parallel with the plunge in sales revenue. Nevertheless, some of the sales expenses did not adjust promptly and did not fully mirror the slowdown in revenue as there is a lead time for certain expenses that the Company must plan in advance such as advertising expenses spent on various media. Furthermore, the Company introduced its new products in this year as below:

1. SNAILWHITE GOLD TRIPPLE LIFT SERUM
2. SOS HYALURON X3 CONCENTRATE SERUM
3. SOS HYALURON & COLLAGEN FREEZE-DRIED MASK
4. OXE'CURE ACNE CLEAR POTION
5. OXE'CURE ACNE CLEAR POWDER MUD
6. OXE'CURE ACNE CLEAR POWDER LOTION
7. PRETTIIFACE OASIS MOISTURIZING SERUM
8. PRETTIIFACE PORE-FECTING SERUM
9. PRETTIIFACE WINK BRIGHT WHITENING SERUM
10. PRETTIIFACE YOUTH-IFUL SERUM

Marketing communication was conducted nationwide for these new products. Additionally, marketing efforts were put continuously in the Philippines. Consequently, sales expenses to sales revenue ratio escalated moderately from 40.85% to 59.24% as the Company incurred additional expenses from its marketing.

**Table 7: Sales Expenses by Type of Expenses for the years ended 31 Dec (12M YoY)**

Selling expenses	Consolidated financial statements				Change Increase/(Decrease)	
	For Years ended 31 December					
	2018		2019			
	THB mm	%	THB mm	%	THB mm	%
Advertising and promotional expenses	455.66	89.26	372.26	86.19	(83.40)	(18.30)
Sales employee cost	22.99	4.50	34.63	8.02	11.64	50.63
Freight expenses	6.46	1.27	6.06	1.40	(0.40)	(6.19)
Others <sup>/1</sup>	25.38	4.97	18.96	4.39	(6.42)	(25.30)
Total selling expenses	510.49	100.00	431.91	100.00	(78.58)	(15.39)
% to sales revenue		40.85		59.24		

Notes: <sup>/1</sup> Other selling expenses mainly comprise market survey expenses and rental expenses for Namu Life Shop

## Administrative Expenses

The Company's administrative expenses for the years ended 31 December 2018 and 2019 were THB 158.73 million and THB 166.65 million respectively. This jump in administrative expenses of 4.99% year on year was derived from impairment of assets loss.

**Table 8: Administrative Expenses by Type of Expenses the Years ended 31 December (12M YoY)**

Administrative expenses	Consolidated financial statements				Change Increase/(Decrease)	
	For Years ended 31 December					
	2018		2019			
	THB mm	%	THB mm	%	THB mm	%
Administrative employee cost	100.08	63.05	101.49	60.90	1.41	1.41
Miscellaneous expenses	23.13	14.57	17.48	10.49	(5.65)	(24.43)
Depreciation and amortization	14.60	9.20	11.99	7.19	(2.61)	(17.88)
Tax and other fee	13.02	8.20	14.79	8.87	1.77	13.59
Others <sup>/1</sup>	7.90	4.98	20.90	12.55	13.00	164.56
Total administrative expenses	158.73	100.00	166.65	100.00	7.92	4.99
% to sales revenue		12.17%		20.92%		

Notes: <sup>/1</sup> Other administrative expenses mainly comprises of impairment of deteriorate products and allowance for doubtful account

## Net Profit(Loss)

The Company posted net profit(loss) of THB 184.49 million and THB (53.22) million for the years ended 31 December 2018 and 2019 respectively, equivalent to a huge drop of 128.85%. Net profit margin also plummeted from 14.15% to (6.68%). The fall in net profit margin was from the deceleration in sales revenue and the higher sales and administrative expenses mentioned earlier.

## Financial Position

### Total Assets

As of 31 December 2019, the Company's total assets stood at THB 4,956.71 million, shrinking 5.55% from the end of last year. The majority of total assets consists of cash and equivalents, short-term investments, trade receivables and other receivables and inventories and property, plant and equipment. Cash spent and repayments of loans from financial institutions.

### Total Liabilities

As of 31 December 2019, the Company held total liabilities of THB 194.12 million, falling at a rate of 26.88 % from the end of last year. Total liabilities declined as a result of the decrease in loans from financial institutions.

## Shareholders' Equity

As of 31 December 2019, shareholders' equity of the Company was recorded at THB 4,762.58 million. The minor drop in shareholders' equity of 4.42 % was mainly due to declining retained earnings as a result of the recent dividend payment in May.

## Financial Ratio

Financial Ratio	As of December 31, 2019	As of December 31, 2019
Liquidity Ratio (times)	24.87	23.97
Debt to Equity Ratio (times)	0.05	0.04
Return on Equity - ROE (%)	3.79	(1.10)
Return on Assets - ROA (%)	4.15	(1.0)
Net Profit Margin (%)	14.15	(6.68)

Please be informed accordingly.

Yours Sincerely,

Mr. Piyawat Ratchapolsitte  
Chief Financial Officer

# Corporate's Significant Information

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## The Company's General Information

<b>Company Name:</b>	Do Day Dream Public Company Limited
<b>Security's Symbol:</b>	DDD
<b>Nature of Business:</b>	Manufacturer and Distributor of Skin Care Products
<b>Head Office's Address:</b>	No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240, Thailand Tel: (+66) 2917 3055      Fax: (+66) 2917 3054 Corporate Website: <a href="http://www.dodaydream.com">http://www.dodaydream.com</a> Commercial Website: <a href="http://www.namulife.com">http://www.namulife.com</a>
<b>Factory's Address:</b>	No. 53 Moo 9, Rojana Road, Thanu Sub-district, U-thai District, Ayutthaya Province 13210, Thailand Tel: (+66) 35 246 885      Fax: (+66) 35 246 886
<b>Company Registration Number:</b>	0107560000109
<b>Registered Capital:</b>	318,000,000 THB (Total of 318,000,000 ordinary shares with par value of 1.00 Baht per share)
<b>Paid-up Capital:</b>	317,887,700 THB
<b>Securities Registrar:</b>	Thailand Securities Depository Company Limited No. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: (+66) 2009 9000      Fax: (+66) 2009 9991 TSD Call Center: (+66) 2009 9999
<b>Auditor:</b>	KPMG Phoomchai Audit Limited No. 195 Floor 48 Empire Tower, South Sathorn Road, Bangkok 10120 Tel: (+66) 2677 2000      Fax: (+66) 2677 2222
<b>Legal Advisor:</b>	Weerapong, Chinnavat and Partners Limited No. 540 Floor 22 Mercury Tower, Ploen Chit, Lumpini, Pathum Wan, Bangkok 10330 Tel: (+66) 2264 8000      Fax: (+66) 2657 2222

## Information of Subsidiaries and Affiliates

Company	Nature of Business	Shareholding Ratio	Share Registered / Paid-up Capital
<b>Domestic Subsidiaries</b>			
<b>1. Namu Life Plus Company Limited</b> Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 1888 Fax: (+66) 2917 3054 <a href="http://www.namulife.com">http://www.namulife.com</a>	Domestic distribution business for the Company's skin care products	100%	5 Million Baht (a par value of 1 Baht per share)
<b>2. Do Infinite Dream Company Limited</b> Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	("IHQ" / "International Headquarter") which holding shares in foreign subsidiaries of the Company	100%	100 Million Baht (a par value of 100 Baht per share) Paid-up capital of 25 Million Baht
<b>3. Dream Dermatology Company Limited</b> Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	Cosmeceutical product distribution business	95%	50 Million Baht (a par value of 100 Baht per share)
<b>4. Skin Make Smiles Company Limited</b> Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	Skin care manufacturing business targeting millennial customers	70%	5 Million Baht (a par value of 100 Baht per share) Paid-up capital of 1.25 Million Baht



Company	Nature of Business	Shareholding Ratio	Share Registered / Paid-up Capital
<b>Foreign Subsidiaries</b>			
<b>5. Do Day Dream Trading PTE Limited</b> Shareholding by Do Infinite Dream Company Limited / Incorporated in the Singapore Address: 1 Raffles Place #28-02, One Raffles Place, Singapore (048616)	Oversea distribution business for the Company's products	100% holding by a subsidiary	USD 300,000 (a par value of USD 1)
<b>6. Do Day Dream Holding PTE Limited</b> Shareholding by Do Infinite Dream Company Limited / Incorporated in the Singapore Address: 1 Raffles Place #28-02, One Raffles Place, Singapore (048616)	Holding company, business investment of the Company in oversea	100% holding by a subsidiary	USD 2 Million (a par value of USD1)
<b>7. Do Day Dream Philippines Corporation</b> Shareholding by Do Day Dream Holding PTE Limited / Incorporated in the Philippines Address: 2 <sup>nd</sup> Floor, F'7 Rallos Building, #49 Scout Rallos St, Brgy Laging Handa, Quezon City, 1103 Philippines	Oversea distribution business for the Company's products	51% holding by a subsidiary	PHP 66 Million (a par value of PHP 1)

## INVESTOR RELATIONS

32 Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240, Thailand

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## DO DAY DREAM PUBLIC COMPANY LIMITED

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