



**THE POWER TO  
ENHANCE LIFE**

## VISION AND MISSION

# THE POWER TO ENHANCE LIFE

through a culture of high performance, innovation  
and good governance

### ○ CONSUMERS

To enhance the lives of consumers every day  
through innovative products.

### ○ SHAREHOLDERS

To deliver the best value to shareholders through  
good corporate governance and profitable,  
long-term growth.

### ○ BUSINESS PARTNERSHIPS

To be the preferred and trusted partner of  
choice by delivering customer service  
beyond expectations.

### ○ COMMUNITY

To be a positive force in our communities.

### ○ EMPLOYEES

To create a high-performance and learning  
organization where employees are empowered,  
engaged, and committed to delivering their  
very best with passion and integrity.









## OUR VALUES

### ○ INTEGRITY

We are committed to high ethical standards, honouring our commitments, taking personal responsibility for our own actions, and treating everyone fairly with trust, respect, and care.

### ○ INNOVATIVE THINKING

We foster innovative thinking to enhance value for our consumers, customers, and ourselves.

### ○ TEAMWORK

We strive to work together effectively to achieve our goals while encouraging individual contributions.

### ○ PASSION TO WIN

We are determined to be the best and have a compelling desire to improve and win in the marketplace.



## CREATIVE WORKSPACE



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Credit : PanoramicStudio





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## MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



Mr. Surin Osathanugrah  
Chairman of the Board of Directors



*Osotspa is ready to advance into our  
128<sup>th</sup> year of operations together with  
our shareholders, consumers, customers,  
employees, business partners, communities,  
and society.*



The year 2018 was one of significant change, as Osotspa Public Company Limited transformed from a family business into a company listed on the Stock Exchange of Thailand. Over the last two years, Osotspa underwent a transformation and restructuring, welcomed new members to the management team who came from a variety of industries, and set up a new data management system to increase efficiencies, capabilities, and prepare for future growth and a move towards international markets.

Today, Osotspa is continuing to pursue growth while adhering to good governance, honesty, and transparency in conducting our business, giving back to society, and preserving the environment. With our vision of “Power to Enhance Life,” Osotspa is ready to advance into our 128th year of operations together with our shareholders, consumers, customers, employees, business partners, communities, and society.

## MESSAGE FROM CHAIRMAN OF THE EXECUTIVE COMMITTEE AND CEO



Mr. Petch Osathanugrah

Chairman of the Executive Committee and CEO



Osotspa was proud to be listed on the Stock Exchange of Thailand in 2018, drawing the tremendous interest and confidence of Thai investors. This success was important recognition of our strengths and demonstrated their faith in our long-term future.

### NO. 1 AMONG THAI CONSUMERS

Osotspa pays close attention to every step of our business, from examining the needs of consumers, innovating, researching and developing new products, improving manufacturing processes and distribution, to initiating marketing campaigns that deliver value and the positive experience our premium products offer to consumers. Today, we have many successful brands that are in the minds of consumers of all ages in Thailand and other countries. Our beverage brands rank number one in the energy drinks and functional drinks markets, while our personal care brands are continually growing.

### OUR COMMITMENT TO GENERATE HIGH RETURNS FOR INVESTORS

Despite undergoing many changes, Osotspa has achieved solid performance in cost management. Our Fitness First project resulted in the reduction of raw material costs, packaging costs, and logistics costs while improving our efficiency, resulting in higher profitability. We also invested in business development and strengthening our brand.

### INTERNATIONAL RECOGNITION OF OUR BRANDS

In 2018, M-150 received a “Brand of the Year” award for the second year in a row at the World Branding Forum’s “World Branding Awards 2018,” thanks to its successful integrated brand communication strategies and continual marketing strategies. In addition to this international recognition, the brand won a “Most Powerful Brands of Thailand 2018” award, proving that M-150 is the No.1 energy drink among consumers and the top-of-mind brand for Thais.

### INTRODUCING OUR THAI BRANDS TO INTERNATIONAL MARKETS

In the year 2019, Osotspa is committed to driving our growth by expanding into international markets, especially in strategic regions and countries such as Myanmar, where our new beverage production facility is located, to bring Thai brands and expand our business to an international level.

Osotspa is ready for our next move. We plan to grow in both the domestic and international markets and to enhance our capabilities and profitability, providing investors with strong and sustainable growth.

# THE BOARD OF DIRECTORS



1

**Mr. Surin Osathanugrah**  
Chairman of the Board of Directors

4

**Mr. Ratch Osathanugrah**  
Vice Chairman of the Board of Directors

2

**Mrs. Kannikar Chalitaporn**  
Vice Chairperson of the Board of Directors,  
Chairperson of the Risk Management Committee  
and Chief Advisor to the Executive Committee

5

**Mr. Petch Osathanugrah**  
Director, Chairman of the Executive Committee  
and CEO

3

**Mr. Somprasong Boonyachai**  
Independent Director,  
Vice Chairman of the Board of Directors and  
Chairman of the Nomination, Remuneration and  
Corporate Governance Committee

6

**Mr. Thana Chaiprasit**  
Director and Vice Chairman of  
the Executive Committee

7

**Mr. Pratharn Chaiprasit**  
Director and Vice Chairman of  
the Executive Committee





8

**Mr. Tasharin Osathanugrah**  
Director and member of the Executive Committee

9

**Mr. Niti Osathanugrah**  
Director, member of the Executive Committee  
and member of the Nomination, Remuneration  
and Corporate Governance Committee

10

**Mr. Sethaput Suthiwartnarueput**  
Director

11

**Mrs. Wannipa Bhakdibutr**  
Director, member of the Executive Committee,  
member of the Risk Management Committee  
and President

12

**Mr. Salin Pinkayan**  
Independent Director, member of  
the Nomination, Remuneration and  
Corporate Governance Committee and  
member of the Risk Management Committee

13

**Ms. Penchun Jarikasem**  
Independent Director and Chairperson of  
the Audit Committee

14

**Mr. Krirk Vanikkul**  
Independent Director and member of  
the Audit Committee

15

**Mrs. Sinee Thienprasiddhi**  
Independent Director and member of  
the Audit Committee

## EXECUTIVES



**1** **Mr. Petch Osathanugrah**  
Chairman of the Executive Committee and CEO

**4** **Mrs. Wannipa Bhakdibutr**  
President

**2** **Mr. Thana Chaiprasit**  
Vice Chairman of the Executive Committee

**5** **Mrs. Porntida Boonsa**  
Chief Financial Officer

**3** **Mr. Pratharn Chaiprasit**  
Vice Chairman of the Executive Committee

**6** **Mr. Nukit Chonlacoop**  
Chief Manufacturing Officer



**7** **Mr. Viwat Krisdhasima**  
Chief Supply Chain Officer

**8** **Ms. Vilairat Charoenwongse-Phelan**  
Chief R&D Officer

**9** **Ms. Suthipa Panyamahasup**  
Chief Marketing Officer – Thailand

**10** **Mr. Sze Tian Poh**  
Chief Marketing Officer – International Business

**11** **Mr. Sarayut Jitcharoongphorn**  
Chief Customer Development Officer – Thailand

**12** **Mr. Rob Rijnders**  
Chief Customer Development & RTM Officer –  
International Business

**13** **Mrs. Ratipat Phoemsap**  
Head of Controller

## COMPANY OVERVIEW

# KEY DEVELOPMENTS



## 1891

The Company (known as “Teck Heng Yoo” back then) was established as a small pharmaceutical company in Bangkok.



## 1977

Siam Glass Industry Co., Ltd., the first glass manufacturing company, was established to support the Company’s manufacturing needs.



## 1991

The Company expanded into baby care products by launching the **Babi Mild** brand.



The Company expanded into non-alcoholic beverage market by obtaining a license from Taisho Pharmaceuticals Co., Ltd. to introduce “Lipovitan-D” from Japan as the first energy drink brand in Thailand.

M-150, our flagship energy drink brand, was launched.

## 1985



Osotspa expanded into women’s beauty care products by launching the **Twelve Plus** brand.

## 1992

## 1965



## 2000

**Shark Cool Bite**, a carbonated energy drink served in a can format, was introduced to target premium, young consumers.



## 2012

Osotspa launched **C-Vitt**, a vitamin C drink under House Osotspa Foods Co., Ltd.

## 2016-2018

Osotspa implemented a major corporate restructuring involving its business structure, systems, processes, and way of working in addition to strengthening the Company with a professional team of Executives with extensive experience at various multinational corporations.



The Company expanded into the functional drinks market with the launch of **Peptein**, a soy peptide drink that provides enhanced cognitive and health benefits.



## 2007

Osotspa launched **Calpis**, a functional drink that contains lactobacillus under Calpis Osotspa Co., Ltd.



- Osotspa listed on the Stock Exchange of Thailand (SET).
- Osotspa launched **M-Presso**, a ready-to-drink coffee.
- Incorporation of Osotspa Myanmar Company Limited and groundbreaking for Osotspa's beverage factory in Thilawa, Myanmar.

## 2013

## 2018



## AWARDS & RECOGNITION



1

### World Branding Award 2018

M-150 was presented with the “Brand of the Year” award for the second consecutive year at the World Branding Forum’s “World Branding Award 2018” presentation ceremony, which took place at Kensington Palace in London.



2

### Thailand’s Most Admired Brand Award 2018

M-150 received the “Thailand’s Most Admired Brand Award 2018” in the energy drink category. The awards were based on a nationwide consumer survey conducted by BrandAge Magazine.



3

### The Most Powerful Brands of Thailand 2018

M-150 was recognized as one of “The Most Powerful Brands of Thailand 2018” for the third year at the “The Most Powerful Brands of Thailand 2018” ceremony, held by the Faculty of Commerce and Accountancy, Chulalongkorn University.

7

### Zero Accident Campaign Award 2018

Osotspa received the “Zero Accident Campaign Award 2018” at the 32<sup>nd</sup> National Occupational Safety and Health Conference, which was held under the theme “Culture of Prevention for Safety Thailand for Safety, Occupational Health, and Sustenance.”

8

### DMSc PT Award 2018

Osotspa received the “Department of Medical Sciences Practice Award (DMSc PT Award) 2018” at the Smart Quality 4.0 Expo 2018.

9

### CSR-DIW Continuous Award 2018

Siam Glass Industry Company Limited (Samutprakarn) received the “CSR-DIW Continuous Award” for the eighth consecutive year from the Department of Industrial Works.



4

4

#### **Superbrands Thailand's Choice 2018**

Twelve Plus received the "Superbrands Thailand's Choice 2018" award for the ninth consecutive year. This year, other five brands of Osotspa, M-150, Peptin, Babi Mild, Banner and Botan, also received this award.

10

#### **National Outstanding Best Practice Award on Safety, Occupational Health, and the Working Environment 2018**

Siam Glass Ayutthaya Company Limited and Greenville Company Limited received the "National Outstanding Best Practice Award on Safety, Occupational Health, and the Working Environment 2018" at the gold level from the Department of Labour Protection and Welfare.



5

5

#### **The Asset Triple A Regional Awards 2018**

Osotspa won "The Asset Triple A Regional Awards 2018" for 'Best Mid-Cap Equity' from The Asset, Asia's leading finance magazine.

11

#### **TLS 8001-2010 Certificate at the Basic Level 2018**

Greenville Company Limited received the "TLS 8001-2010 Certificate at the Basic Level (2018)" from Mr. Somkuan Sakultewanpitak, Chief of Bangkok's Labour Protection and Welfare Area 10.

6

#### **Call Center Award 2017**

Osotspa received the "Call Center Award 2017" from the Office of the Consumer Protection Board of Thailand and the Management System Certification Institute (Thailand) (MASCI).

12

#### **Plaque of Honour and Certificate for Supporting the Disabled**

Osotspa received a plaque of honour and certificate for supporting the disabled on Khon Kaen's National Disabled People Day 2018.

## COMPANY OVERVIEW

# FINANCIAL HIGHLIGHTS

Consolidated Financial Statements

(THB million)

### Statement of Income

	2018	2017	2016
Revenue from sales and services	24,297	25,027	32,267
Total revenue	24,971	25,340	33,004
Total expenses	21,442	21,895	29,561
Share of profit of associate and joint ventures	193	179	214
Profit for the year from continuing operations	3,036	2,899	2,981
Profit for the year from discontinued operations, net of tax <sup>(1)</sup>	27	40	0
Profit for the year	3,062	2,939	2,981
Profit attributable to owners of the parent	3,005	2,834	2,812

### Statement of Financial Position

(THB million)

Total assets	23,456	15,198	16,651
Total liabilities	5,153	11,759	11,937
Total shareholders' equity	18,303	3,439	4,714
Equity attributable to the owners of the parent	18,088	3,331	4,561

### Financial Ratios

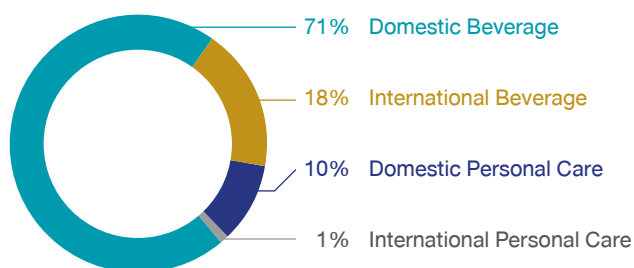
Net profit margin attributable to the owners of the parent (%)	12.0	11.2	8.5
Return on equity (%)	28.2	72.1	42.1
Return on assets (%)	15.8	18.5	16.7
Total debt to equity (times)	0.3	3.4	2.5
Earnings per share (THB/share) <sup>(2)</sup>	1.5	12.3	12.2

#### Notes:

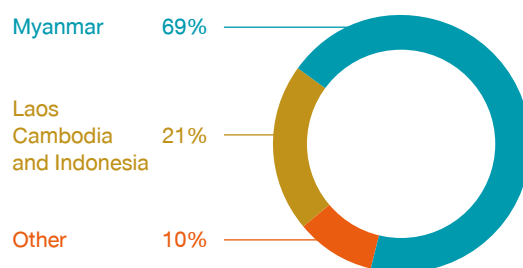
<sup>(1)</sup> In 2018, the Company disposed of its entire advertising media services business. This business was not a discontinued operation as at 31 December 2017 and the comparative statement of income has been re-presented to show the discontinued operation separately from continuing operations.

<sup>(2)</sup> In 2018, the Company changed the par value of its shares from THB 100/share to THB 1/share. As a result, the weighted average number of ordinary shares which was used in the calculation of basic earnings per share for the year ended 31 December 2016 and for the year ended 31 December 2017 were restated for comparative purposes, as if the change of the par value occurred in the previous periods.

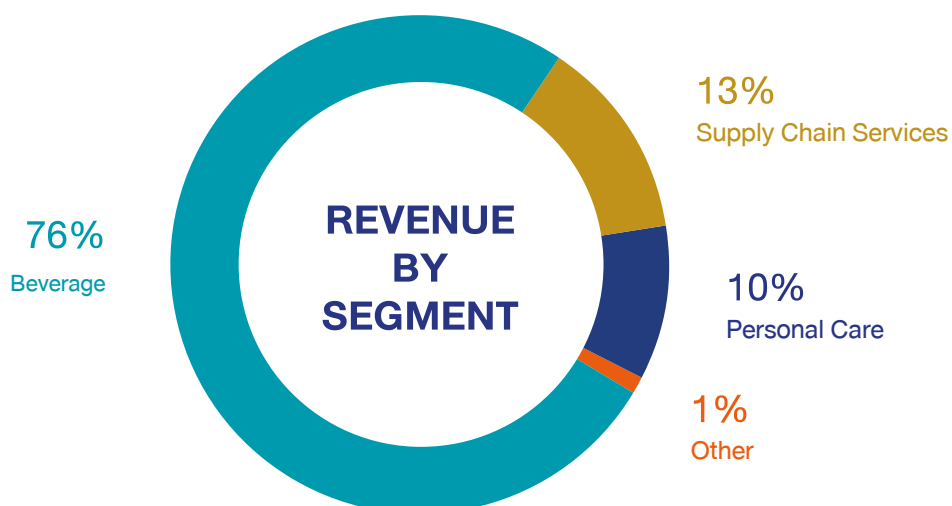




**REVENUE FROM  
SALES OF BEVERAGE  
AND PERSONAL CARE  
PRODUCTS**

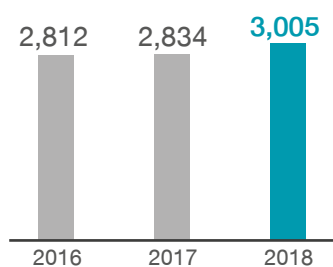


**REVENUE FROM  
INTERNATIONAL SALES**



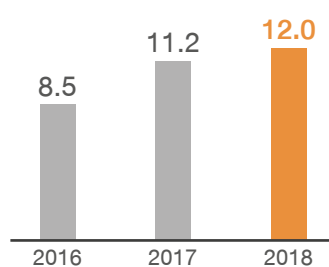
#### Profit\*

Unit : THB Million



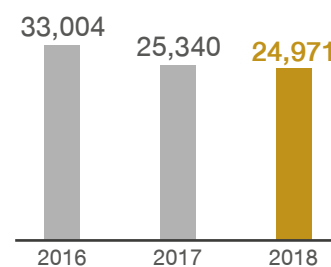
#### Net Profit\* Margin

Unit : %



#### Total Revenue

Unit : THB Million



#### Remark

\* Profit attributable to owners of the parent

## COMPANY OVERVIEW

# SECURITIES AND SHAREHOLDERS

## REGISTERED CAPITAL AND PAID-UP CAPITAL

As at 13 February 2019, Osotspa Public Company Limited ("Osotspa" or "The Company"<sup>1</sup>) registered capital is THB 3,003,750,000 comprising 3,003,750,000 ordinary shares at THB 1 par value per share and fully paid capital totalling THB 3,003,750,000.

## SHAREHOLDERS

Top 10 major shareholders (as at 13 February 2019)

No.	Major Shareholders	No. of Ordinary Shares (Shares)	% Of Total Shares
1.	The Orizon Group <sup>(2)</sup>	959,988,000	31.95
	• Orizon Limited <sup>(3)</sup>	537,148,600	17.88
	• Mr. Ratch Osathanugrah	152,953,700	5.09
	• Mr. Petch Osathanugrah	149,735,700	4.98
	• Mr. Purat Osathanugrah	30,037,500	1.00
	• Mr. Puree Osathanugrah	30,037,500	1.00
	• Mr. Katha Osathanugrah	30,037,500	1.00
	• Mr. Natee Osathanugrah	30,037,500	1.00
2.	Mr. Niti Osathanugrah	489,081,300	16.28
3.	Sub. Lt. Seri Osathanugrah	126,098,500	4.20
4.	Y INVESTMENT LTD.	90,000,000	3.00
5.	Mr. Tasharin Osathanugrah	87,395,000	2.91
6.	Mr. Pasuree Osathanugrah	87,395,000	2.91
7.	Ms. Quesara Osathanugrah	87,395,000	2.91
8.	CLMV THAILAND INVESTMENT LIMITED	64,850,000	2.16
9.	PJ SPRING INVESTMENT LIMITED	64,850,000	2.16
10.	Mr. Thana Chaiprasit	51,188,500	1.70

## Shareholding Agreement

-None-

## Other Types of Shares

-None-

### Notes:

<sup>1</sup>The Company refers to (1) Osotspa Public Company Limited or (2) Osotspa Public Company Limited and subsidiaries or (3) Osotspa Public Company Limited, subsidiaries and associated Company or (4) Subsidiaries or (5) associated company depends on its context.

<sup>2</sup>The Orizon Group consists of 7 shareholders: 1) Orizon Limited 2) Mr. Ratch Osathanugrah 3) Mr. Petch Osathanugrah 4) Mr. Purat Osathanugrah 5) Mr. Puree Osathanugrah 6) Mr. Katha Osathanugrah and 7) Mr. Natee Osathanugrah; who are a group of concert parties who intend to exercise their voting rights together with the aim of exercising control over their aggregate voting rights in the Company (acting in concert). Furthermore, the shares of Orizon Limited are directly and indirectly held by Orizon Holding Limited, Diamond Farm International Inc., and Eight Days a Week Inc. Even though, in the current situation, these 3 companies are not to be the shareholders in the Company, they intend to exercise their voting rights together with the aim of exercising control over their aggregate voting rights in the Company (acting in concert) in the same manner as the Orizon Group.

<sup>3</sup>Orizon Limited as a limited company incorporated under the laws of Hong Kong and wholly-owned by Orizon Holding Limited, in which Mr. Petch Osathanugrah, Mrs. Narumon Osathanugrah, Mr. Puree Osathanugrah, and Mr. Purat Osathanugrah are collective beneficiaries of 50% and Mr. Ratch Osathanugrah, Mr. Natee Osathanugrah, and Mr. Katha Osathanugrah are collective beneficiaries of 50%.

## DIVIDEND POLICY

### THE COMPANY'S DIVIDEND PAYMENT POLICY

The Board of Directors may consider a dividend payment following the regulations, laws, and Articles of Association of the Company which require shareholders' approval. However, the Board of Directors has the authority to approve an interim dividend payment whenever the Company has an appropriate profit. The Board of Directors shall subsequently inform shareholders at the next shareholders' meeting.

The Company has a dividend payout policy to shareholders of at least 60% of consolidated net profit after deducting the legal reserve specified by law or Articles of Association of the Company. Nonetheless, the consideration of a dividend payout shall depend on the Company's performance, financial position, cash flow, contractual obligations (i.e. loan payments), working capital, investment plans, general economic situation, and related factors as deemed appropriate by the Board of Directors and when in compliance with the laws & regulations.

### THE DIVIDEND PAYMENT POLICY OF THE COMPANY'S SUBSIDIARIES

The Board of Directors of the Company's subsidiaries may consider a dividend payment based on the subsidiary's ability to pay the dividend following the regulations, laws, and Articles of Association of the Company's subsidiaries which require shareholders' approval. However, the Board of Directors of the Company's subsidiaries has the authority to approve an interim dividend payment whenever the Company has an appropriate profit. The Board of Directors shall subsequently inform shareholders at the next shareholders' meeting.

The Board of Directors of the Company's subsidiaries may consider a dividend payout in the interest of shareholders, i.e. performance and financial position of the Company's subsidiaries, cash flow, contractual obligations (i.e. loan payments), working capital, investment plans, general economic situation, and related factors as deemed appropriate by the Board of Directors.

## OUR BUSINESS

# COMPANY INFORMATION & SHAREHOLDING STRUCTURE

### COMPANY INFORMATION

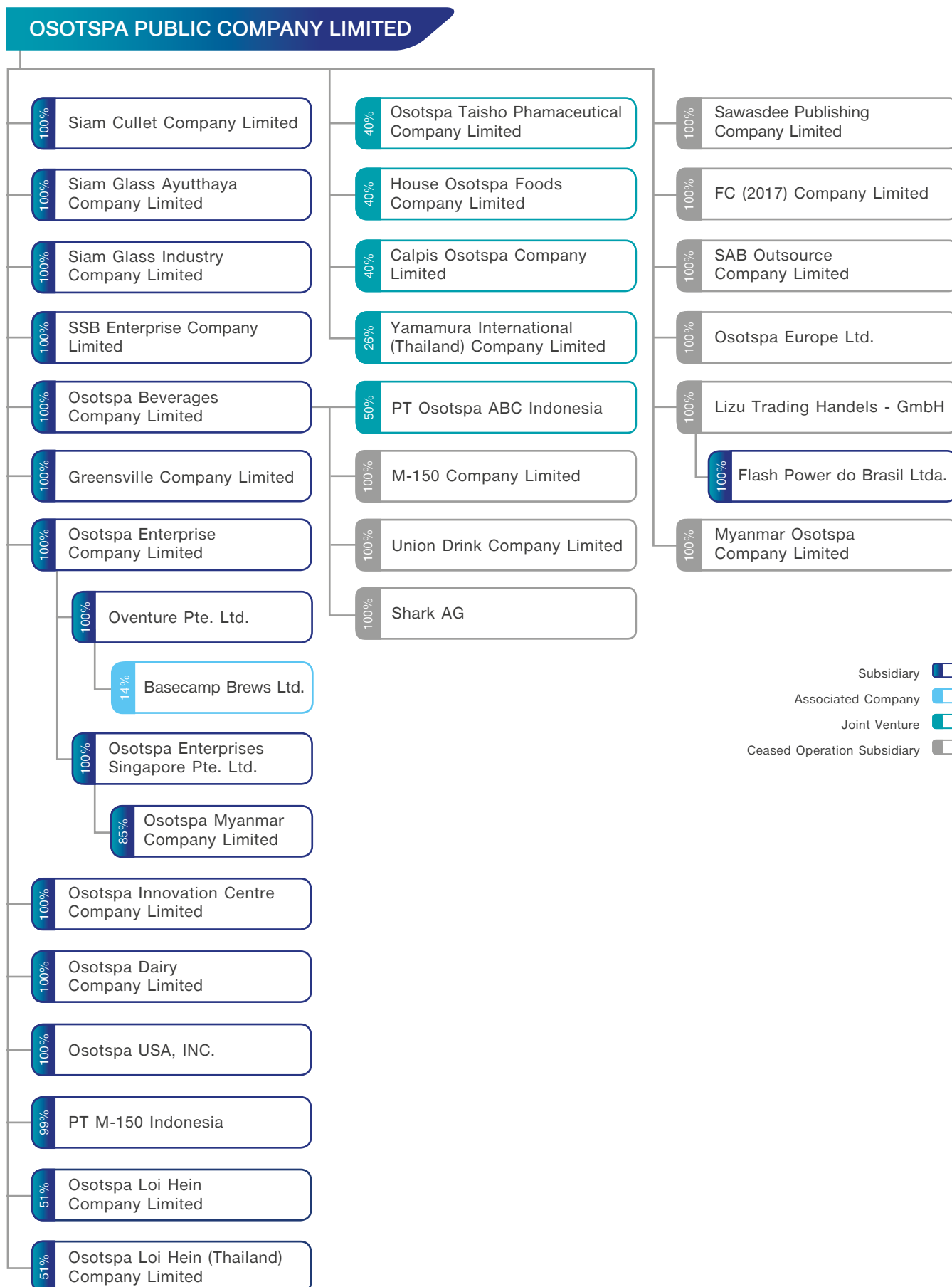
Company Name	Osotspa Public Company Limited
Type of Business	Produces and distributes consumer products with a focus on core products such as beverages and personal care, and the provision of product manufacturing, packaging, and distribution services.
Company Registration Number	0107561000081
Head Office	348 Ramkhamhaeng Road, Huamak, Bangkok, Bangkok 10240
Telephone	+66 2351 1000
Website	<a href="http://www.osotspa.com">www.osotspa.com</a>
Registered Capital	THB 3,003,750,000
Paid-up Capital	THB 3,003,750,000
Total Issued and Paid-Up Shares	3,003,750,000 shares
Par Value	THB 1.0
Company Secretary	E-mail: <a href="mailto:corpsec@osotspa.com">corpsec@osotspa.com</a>
Investor Relations	Tel: +66 2351 1152 E-mail: <a href="mailto:ir@osotspa.com">ir@osotspa.com</a>

### OTHER CONTACTS

Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Ratchadaphisek Road Dindaeng, Bangkok 10400 Tel: +66 2009 9999
Auditor	KPMG Phoomchai Audit Ltd. 50th-51st Floors, Empire Tower, 1 South Sathorn Road, Yannawa Sathorn, Bangkok 10120 Tel: +66 2677 2000

# SHAREHOLDING STRUCTURE

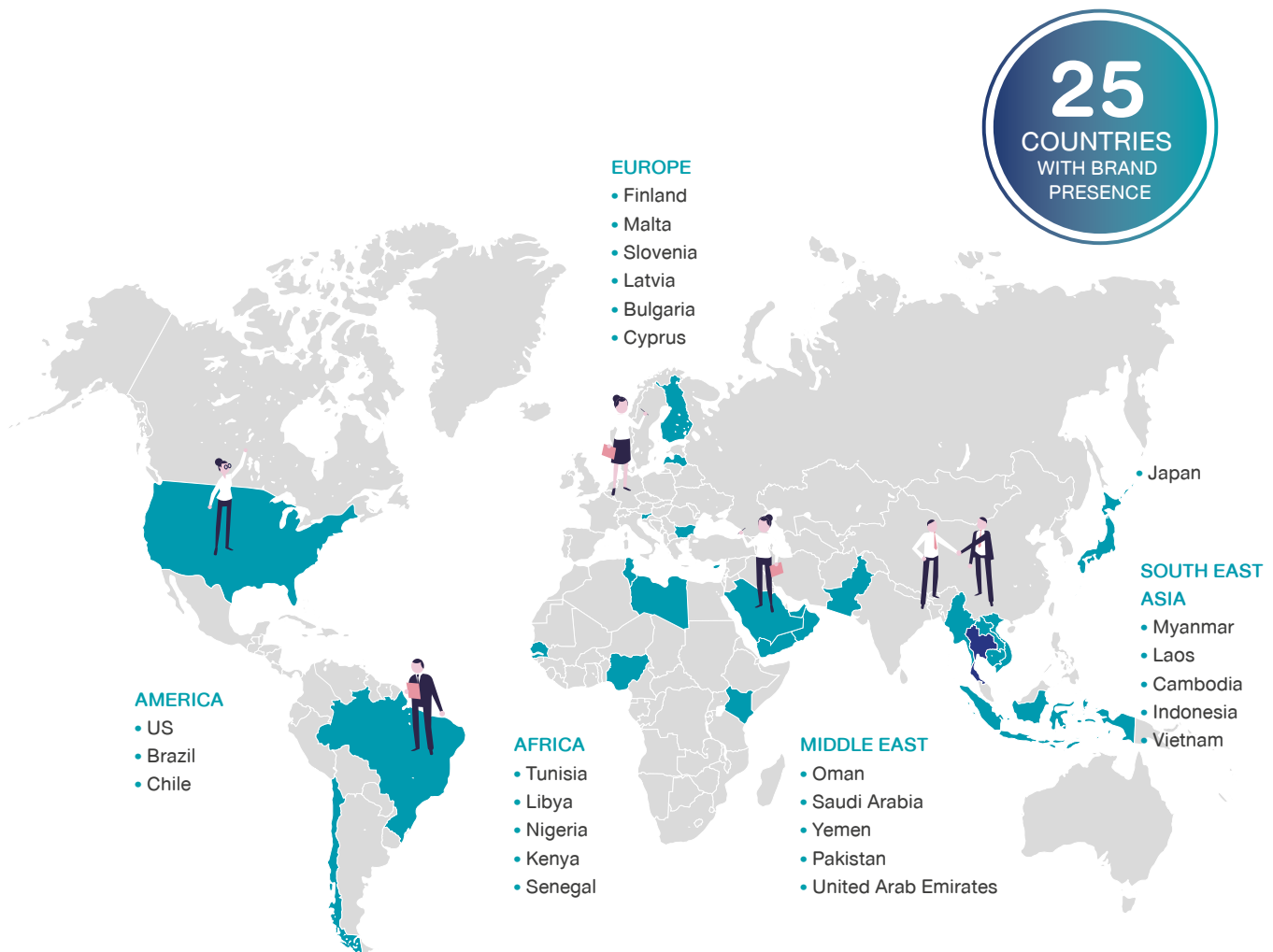
As at 31 December 2018





## OUR BUSINESS

# NATURE OF OUR BUSINESS



## INDUSTRY OVERVIEW

In 2018, the Thai economy grew by 4.1%. According to The Nielsen Company (Thailand) Ltd. (“Nielsen”), the overall beverage market grew by 0.7%, of which the energy drinks market segment grew by 0.6%, while the functional drinks market segment grew at a faster rate of 2.9%. Both markets showed improved growth trends in the fourth quarter of 2018, when key players stimulated the market with more activities. The functional drinks market segment was going from negative growth of 5.5% in the first half of 2018 to 11.0% growth in the second half. The strong market segment growth was primarily driven by C-Vitt doubling its manufacturing capacity and expanding distribution to traditional trade channel in May 2018.

In 2019, the Thai economy is expected to continue to expand by 4.2% YoY, according to a Bank of Thailand (BOT) forecast, which is slightly higher than the growth rate in 2018. Positive catalysts contributing to the economy’s expansion include favourable growth momentum in domestic spending, especially investments, which are expected to accelerate as reflected in rising production capacity in various industries; continuing investments in the government’s mega-projects such as the Eastern Economic Corridor (“ECC”), which will promote Thailand as a premier investment and business destination; and the relocation of production bases to Thailand by foreign businesses to avoid any negative impacts from the US-China trade war.

In addition, higher household consumption is projected to grow due to increasing budgets for welfare card holders, and several projects meant to support specific groups including farmers, the elderly, and SMEs. Finally, the tourism sector is expected to recover with a rise in the number of Chinese tourists, increased actions on safety standards, tourism promotion packages targeted at high-income travelers and long-distance tourists, as well as improved distribution of tourism revenue to secondary cities and local communities. These positive factors should help offset any slowdown in the global economy and the impacts of trade protectionism between the US and China. In 2019, the Company expects the energy drinks market to grow moderately, with better growth prospects for the functional drinks market.

## NATURE OF OUR BUSINESS

Osotspa produces, markets, and distributes consumer products with a focus on core products such as beverages, personal care, and the provision of product manufacturing, packaging, and distribution services. The Company's beverage products include energy drinks, sports drinks, ready-to-drink coffee, and functional drinks. Personal care products consist of baby care products and women's beauty care products, with some exposure to male grooming products. The Company also provides supply chain services in

the form of distribution and manufacturing for some of our joint ventures, and Original Equipment Manufacturer ("OEM") services.

While Thailand is the Company's primary market with an 83.7% contribution to total revenue from sales in 2018, the Company has a presence in 25 other countries throughout Asia, Africa, Eastern Europe, North America, and South America. Key markets include Myanmar, Laos, Cambodia, and Indonesia. The Company is also exploring opportunities in Vietnam, the United Kingdom, and China. Besides, our partnerships with Japanese food and beverage companies through various joint ventures, we produce, market, and distribute various beverages in Thailand.

## BEVERAGES

The Company views energy drinks, sports drinks, ready-to-drink coffee, and functional drinks products as part of a larger stimulating drinks market, informally referred to as **"Brain and Body Boost"** drinks.

Having multiple products across the "Brain and Body Boost" market that deliver similar functions allows the Company to capture further frequencies and opportunities for increased consumption. It also enables Osotspa to create synergies between the Company's beverage products to serve demand for a wider range of consumer habits.



“Wake-Me-Up” drinks, comprising energy drinks, sports drinks, and ready-to-drink coffees, respond to the needs of consumers who are seeking different benefits from stimulating drinks, for instance, beverages to start the day, such as coffee or energy drinks, beverages for consumers who are involved in outdoor activities, and beverages for consumers who need a boost for their everyday activities, such as electrolyte drinks. Functional drinks, or “Look Good, Feel Good” drinks, provide certain functional benefits to consumers.

The Company has implemented a multi-brand strategy with different price points for its beverage products to target specific groups of consumers based on consumer habits, behavior, and disposable incomes, which allow for tailored marketing and increased appeal to multiple consumer groups simultaneously.

The Company also relaunches and/or repositions existing products to target new consumer groups (such as the re-launch of Som In-Sum targeting female and younger consumers), or to capture additional consumption habits (such as the launch of the ready-to-drink coffee, M-Presso, earlier in the year).

Beverage products are distributed through an extensive distribution network of traditional trade and modern trade channels to reach consumers. Osotspa has over 470,000 points of sale across all provinces in Thailand and relies on a mix of distribution methods depending on the product type, existing level of product recognition, regions, and geography to extend the reach of distribution across all levels of the market and in all provinces of Thailand. For more established brands such as M-150 and Lipovitan-D, the Company organizes its distribution through wholesalers under traditional trade channels. In addition, Osotspa has begun to use complementary channels such as cash vans and vending machines to increase product availability and enhance brand visibility, as well as to improve speed to market and acquire market recognition for certain new products or brands in areas where market penetration is weaker.

## Energy Drinks

Energy drinks make up the main share of the Company’s business, constituting 74.2% of Osotspa’s total sales. Brands under the Company’s portfolio include M-150, Lipovitan-D, Chalarm, Som In-Sum, M-Storm, Shark, and Shark Cool Bite. The brands are distinguished by taste, pricing, target group, and brand positioning. The portfolio approach also provides the Company with the flexibility to introduce new brands and products to the market.

Furthermore, Osotspa is able to promptly address gaps in the market or growing trends with the support of its strong R&D team and relevant consumer insights. The Company responded to the growing trend of health and wellness by reactivating Som In-Sum in 2017 with a new advertising campaign to communicate the ginseng and honey ingredients, and further enhanced communications in 2018 by deploying both above and below the line marketing as well as on-the-ground activations to advertise the product’s benefits.

In August 2018, Osotspa launched Chalarm Black Galingale, the first-ever energy drink to contain the herbal benefit of black galingale to help stimulate overall health. This new variant of Chalarm received a positive response from the market and helped to elevate the Chalarm brand from a regional to a national brand.

As a result of this multi-brand strategy, Osotspa was able to maintain our energy drinks market share of 54.0% in Thailand at the portfolio level in 2018, with M-150 being the market leader. Thailand’s energy drinks market grew 0.6% YoY



in 2018 to THB 20,882 million (source: Nielsen), an improvement considering the market was in decline over the past few years. Going forward, Osotspa expects to continue to maintain its market share at 54.0% through the portfolio approach.

In 2018, Myanmar remained at the forefront of the Company's international sales, with 67.9% in revenue contributions to total international beverage sales. Shark and M-150 are sold in Myanmar, with Shark being the market leader catering to the premium consumer segment, while M-150 is targeted at the mass market. The Company currently distributes energy drinks in Myanmar through Osotspa Loi Hein Company Limited, a subsidiary in which Osotspa holds a 51.0% share. To further strengthen the Company's strong presence in the Myanmar market, the Company established a subsidiary, Osotspa Myanmar Company Limited in mid 2018. The new subsidiary, in which the Company has an 85.0% shareholding, will manufacture, market, and distribute energy drinks in Myanmar. Construction of a new beverage factory, located in the Thilawa Special Economic Zone, is already underway and is expected to be completed in the fourth quarter of 2019.

Cambodia, Laos, and Indonesia (with a combined 21.4% of the total International Beverage business) make up a group of important countries for the

Beverages segment. In each of these markets, we are strengthening our position with local marketing strategies and through strategic partnerships. In addition to our existing markets, Osotspa is also exploring opportunities in other markets such as Vietnam, the United Kingdom, and China, evaluating appropriate market entries with prospective partners.

Brand communications strategies for Osotspa's energy drinks brands vary according to the brand image, positioning, and target consumers. M-150 uses a combination of sports marketing, idol marketing, and music marketing. For sports marketing, M-150 is a title sponsor of the Thai League 2 M-150 Championship, a co-sponsor of Thai Leagues 1 and 3, a main sponsor of Thailand's National Football team, and an official sponsor of the global boxing superstar and two-time World Boxing Council super-flyweight world champion Srisaket Nakornlounng Promotion ("Srisaket"). For idol marketing, M-150 has retained Srisaket along with nationally-recognized singer Artiwara Kongmalai, or "Toon Bodyslam" as he is popularly known, as brand presenters to deliver the concept, "M-150 empowers and supports the Thai people." Both of these superstars are heroes to all Thais and serve as important role models for those who never give up in life and dare to follow their dreams. M-150 has also initiated comprehensive marketing activities through a wide range of channels that are helping to make it one of the most preferred and widely-accepted brands among consumers. Srisaket became a larger-than-life figure in 2018, gaining increased popularity both locally and internationally. Successfully defending his title in February 2018 against Juan Francisco Estrada in Los Angeles and then against Iran Diaz in October, he is the pride of the nation and proudly represents M-150 everywhere he goes. In January 2019, Nakornlounng Promotion and Srisaket announced a deal with Matchroom Boxing USA LLC and DAZN that includes multiple fights in the United States over the next two years. Osotspa expects this



IDOL MARKETING CONCEPT, "M-150 EMPOWERS AND SUPPORTS THE THAI PEOPLE."



deal will further increase the admiration and status of global champion Srisaket in addition to increasing the recognition and popularity of the M-150 brand both locally and internationally.

In 2018, M-150 also launched a new product offering “high 4 B vitamins,” containing Vitamins B3, B5, B6, and B12, which do not only help energize the body, but also improve brain functions. Full 360 degree communications support nationwide, coupled with Osotspa’s idol marketing using Toon Bodyslam as a brand presenter, helped strengthen M-150’s position as a market leader offering the best products available in the market, both in terms of market position and brand equity.

Together with these marketing strategies, in 2018, Osotspa also launched a number of campaigns for our Lipovitan-D brand (both thematic and consumer promotion campaigns), hosted local activities for the original Chalarm brand (concerts, event sponsorships, and on-the-ground promotional teams to increase reach) and full communications for the new Chalarm Black Galingale, as well as 360 degree communications for Som In-Sum.

### Sports Drinks

Osotspa has one sports drink brand, M-Electrolyte (previously known as M-Sport), which replenishes electrolytes lost during sports activities. M-Electrolyte was second in the sports drink market with a market share of 5.4% in 2018, according to Nielsen. With sales accounting for 0.8% of Osotspa’s total sales in 2018, the Company



plans to leverage the iconic “M” master brand and improve product offerings through consumer insights, with a target to increase market share.

### Ready-to-Drink Coffee

In February 2018, Osotspa branched out into a new category and launched M-Presso, a ready-to-drink (RTD) coffee under the iconic “M” brand, which is available in two variants: Espresso and Robusta. Our intention is to ensure that Osotspa’s products are available to consumers across all categories whenever they seek a stimulating beverage. M-Presso ended the year with a market share of 1.2% in 2018 (source: Nielsen). The Company will continue to leverage recognition of the “M” master brand together with promotions, as well as our wide distribution network, to boost market share.

### Functional Drinks

Osotspa has three functional drinks brands that offer different practical benefits to consumers. Peptein, a soy peptide drink that provides enhanced cognitive and health benefits, is a company-owned brand.

C-Vitt, the leading Vitamin C drink in the Thai market, is a brand under House Osotspa Foods Co., Ltd. which is a joint venture between the Company and House Foods Group, Inc. Calpis is a refreshment that contains lactobacillus and is a brand under Calpis Osotspa Co., Ltd., a joint venture between the Company and Asahi Group Holdings Southeast Asia. In both joint ventures, the Company has a 40.0% shareholding. Since





C-Vitt and Calpis are products that Osotspa manufactures and sells for the respective joint ventures, revenues from the sale of these brands are included under the Supply Chain Services segment in our notes to financial statements.

In 2018, revenue for the functional drinks market totaled THB 6,835 million, growing 2.9% YoY, (source: Nielsen) with other brands offering specific functional benefits. At the corporate level, Osotspa had the largest market share at 30.7%. At the brand level, C-Vitt has taken the No. 1 position in the functional drinks market since Q3 2018, with an exit market share of 25.0% in Q4 2018. Peptin and Calpis had a market share of 4.9% and 4.0%, respectively (source: Nielsen).

The functional drinks market saw faster growth in the second half of 2018, at 11.0% YoY, according to Nielsen. This strong growth was primarily driven by C-Vitt doubling its manufacturing capacity and expanding distribution through cash vans in May 2018. Functional drinks accounted for 8.3% of the Company's total sales in 2018. However, Osotspa sees further opportunities for growth in this market due to its small size and intends to expand our share of domestic retail sales in Thailand by introducing functional drinks in 2019 that address different consumer needs and/or habits, such as health, wellness, and age-related issues.

## PERSONAL CARE

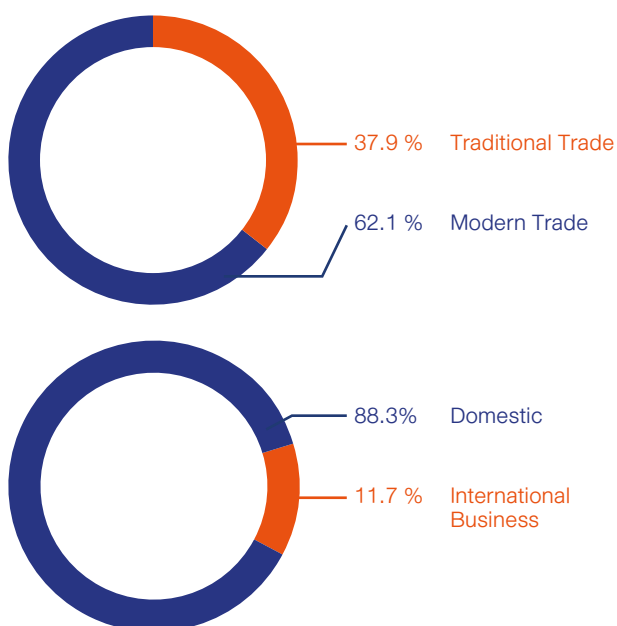
Osotspa Personal Care comprises baby care products (under the Babi Mild brand) and women's beauty care products (under the Twelve Plus brand). According to Nielsen, in 2018, Babi Mild was the number one brand in the liquid baby soaps segment in Thailand with a market share of 35.3% and was the number two brand in the baby talcum segment with a market share of 23.9%. Twelve Plus was the number one brand in women's cologne with a 43.2% share of the market in the first half of 2018, according to Frost & Sullivan.



The Company produces, markets, and distributes personal care products in Thailand, Myanmar, Cambodia, and Laos, with a majority of the revenue coming from Thailand. Contributions from the Cambodia, Laos, and Myanmar (CLM) markets are still small but have high growth potential. Osotspa extended our Personal Care business to the Vietnamese market in late 2018, and expects our products to be on store shelves around February 2019. With a wide distribution network, 62.1% of Osotspa's Personal Care products are distributed through modern trade channels. The domestic business accounted for 88.3% of total Personal Care sales.

In 2017, we implemented a major portfolio rationalization program to re-focus our resources on our core brands. This led to a significant decrease in the number of personal care product stock keeping units ("SKUs") over the past three years due to the phasing out of SKUs with low volumes and low gross profit margins. For instance, we had 1,292 personal care products on 1 January 2015, compared to 239 personal care products on 1 January 2018, which translated into higher gross profit margins and improved profit from operations during the Track Record Period.

Personal Care Products Channel Contribution



### Baby Care

The Babi Mild brand was launched in 1991 with the goal of becoming the most trusted brand among Thai mothers by providing them with natural and safe products. The brand's vision focuses on building strong brand equity under the product's "natural and mild" theme. Babi Mild targets 27 to 35-year-old pragmatic mothers with children up to 3 year of age. The Company considers adult consumers as the secondary target group for our baby care products, which are seen as mild and safe for sensitive skin. Osotspa further categorizes our baby care products into sub-categories, namely Baby Talcum, Baby Bath, Baby Moisturizers, and Baby Homecare (such as fabric detergent, fabric softener, and baby utensil wash), where Babi Mild is the number one or strong number two brand in each product sub-category.

Since late 2017, Babi Mild has further deepened its brand engagement with mothers by introducing a new innovation, Babi Mild White Sakura, which significantly elevated the performance of Babi Mild's portfolio with little cannibalization. White Sakura not only helped to reclaim Babi Mild's strong position in Baby Bath, but also drove the portfolio's competitiveness in Baby Talcum and Baby Moisturizers. In the second quarter of 2018, Babi Mild further reinforced its core portfolio by relaunching its iconic green variant with Ultra Mild Pure Natural, followed by the introduction of a complete line extension into the Home Care



category. In addition, Babi Mild took an entirely new approach to celebrating Mother's Day by launching a successful viral campaign that sparked conversations among mothers about the pressures they face in society raising babies and kids. This viral campaign received five million views within 24 hours, and reached a total of 21 million views during the campaign.



#### Women's beauty care

Twelve Plus was named one of the "Superbrands 2018" by Superbrands for the ninth consecutive year, and was also given the "Best New Product Launch" award by Watson's in 2016 for the launch of our Snail Whitening Lotion and Shower Cream. The brand also received the "Thailand Zocial Award 2019 for Best Brand Performance on Social Media by Category."

Twelve Plus is a brand for women in Thailand, Myanmar, Cambodia, and Laos. The brand's products emphasize their modern and youthful connotations, great fragrances, and functional benefits such as skin whitening enhancements. The target consumers are active and modern women from 18 to 25 years of age in the mass market, although the products are also attractive to some adults beyond this age group.

The Company further categorizes our women's beauty care products into Sub-categories, namely Fragrance, Talcum, Skin Cleansing, Deodorant, and Specialty (such as Cosmetics and Snail Whitening products).



In 2018, Twelve Plus took an important step to reinvigorate its brand and better connect with its target audience by revamping the brand's logo from "12 Plus"  to "Twelve Plus"  and rebuilding the brand's strong heritage of fabulous floral fragrances. With this brand revamp, new innovations were introduced every quarter to establish a new brand proposition of providing modern young women with high-quality beauty enhancing products that are anchored by the beauty and aromatic experience of flowers.

Twelve Plus' brand vision is focused on being the No. 1 choice for mass consumers for affordable, high-quality, beauty-enhancing products. In 2018, Twelve Plus launched the Perfume Fresh Powder Range, Perfume Body & Hair Mist, and Shower Serum under its core Twelve Plus categories. In addition, Twelve Plus launched its first collaborative innovation with popular girl group BNK48 in the fourth quarter of 2018. Twelve Plus x BNK48 products, perfume, and cosmetics were designed to help bring back the relevancy of Twelve Plus among its young female target group and to boost the brand's image.

#### Male Grooming

The Exit brand, products geared to male teens and young adults, was launched in 2001. We plan to reactivate this brand in 2019 with an impactful campaign through our partnership with BNK48, which also have young men as their core target. Exit will further build on its brand proposition of offering solutions for a variety of men's concerns by highlighting our deodorant and fragrance portfolio.

**CALPIS**  **House****TAISHO PHARMACEUTICAL CO., LTD.****NIHON YAMAMURA GLASS CO., LTD.**

### SUPPLY CHAIN SERVICES AND JOINT VENTURES

The Company provides supply chain services in the form of distribution and manufacturing (for some of our joint ventures) and OEM services. The size of our supply chain services business significantly decreased following the termination of our distribution agreement with Uni. Charm (Thailand) Co., Ltd. effective in March 2017.

Revenues generated under this segment include the production and distribution of our products through joint-venture agreements and OEM agreements with third parties. In the notes to the financial statements, this segment includes: (i) producing health and wellness products sold to our joint venture, Osotspa Taisho Pharmaceutical Co., Ltd; (ii) producing and/or co-packing certain beverage products and personal care products under joint venture and OEM agreements; and (iii) distributing products under our joint venture agreements (including our joint ventures House Osotspa Foods Co., Ltd. and Calpis Osotspa Co., Ltd., but excluding, for the sake of clarity, Lipovitan-D beverage products, for which sales are included in the beverage business line); (iv) selling glass bottles to our joint ventures and to third parties under OEM agreements; and (v) distributing personal care

products for Uni. Charm (Thailand) Co., Ltd. before 15 March 2017. In 2018, the supply chain services segment accounted for 12.5% of Osotspa's total revenues.

Under our joint venture agreement with Taisho Pharmaceutical Co., Ltd., we produce and import, or re-pack, health and wellness products including Krisnaklan Tra Kilane, Yathad 4, Tamjai, Banner and Utaitip, Krisnaklan Tra Kilane is an anti-diarrheal medicine and one of the first brands of traditional medicines that was marketed by Osotspa in Thailand 127 years ago. These products aim to capture the growing health and wellness needs of modern and ageing consumers and to become household traditional medicine brands.



OEM Services





With respect to OEM arrangements with Osotspa's joint ventures for beverage products, namely House Osotspa Foods Co., Ltd. for the distribution of C-Vitt and Calpis Osotspa Co., Ltd. for the distribution of the Calpis and Cawaii brands, the joint venture companies receive a license to market and distribute the relevant brands from the respective joint venture partners. Osotspa manufactures the products for the relevant joint ventures, while Osotspa Beverages Company Limited, as the exclusive distributor, distributes the products to third parties.

Under OEM arrangements for personal care products, we use our research and development capabilities to provide enhanced products and services to clients. Osotspa has production contracts with larger OEM clients with terms that generally range from one to two years, and the majority of our clients generally renew their OEM contracts with us.

Osotspa sells glass bottles to third parties when our glass bottle manufacturing facilities have spare capacity after servicing our own production needs. Sales of glass bottles are expected to fluctuate depending on the capacity and usage for our own beverage products. Sales generated from OEM glass bottles also help to leverage the fixed manufacturing costs of glass plants, contributing to overall beverage profitability.



## OTHER

The Company generates revenues from the sale of our confectionary products such as Botan and Ole candies, with the products produced by qualified third-party manufacturers and distributed through both traditional and modern trade channels.

The Company also has share of profit from our 23.4% shareholding in White Group PCL, which has businesses comprised of industrial chemicals trading, rental properties, and maintenance services. However, in November 2018, the Company sold off our stake in White Group PCL and booked a marginal net gain after tax from the divestment. Any equity gain from White Group's performance was recorded on a quarterly basis in our financial statements.

Furthermore, in September 2018, the Company completed its divestment of Interactive Communications Company Limited, a subsidiary of the group, and booked a gain on the sale totaling THB 12 million before tax. As Osotspa completely divested out of the media business, this transaction led to the reclassification of the Company's income statement for the year 2017, taking out all related items in the financial statements and combining them into one line below corporate tax expense called "Profit for the year from discontinued operations, net of tax."



## PRODUCT PROFILE

### BEVERAGES

#### Energy Drinks



- M-150 is the Company's flagship energy drinks brand. First introduced in 1985, M-150 is the number one energy drinks in Thailand, with a market share of 39.0% in 2018, according to Nielsen.
- The M-150 brand targets mass-market consumers aged 30 years and older, and sells for THB 10 per unit for a 150 ml bottle.
- M-150 was recognized as the "Most Powerful Brand in Thailand" by Marketeer Magazine in 2013-2017.
- It also received a "Brand of the Year" award from the World Branding Awards in 2017 and in 2018, which took place in London, England. M-150 is the only energy drinks brand from Thailand to ever be honored with this award. This important recognition further strengthens M-150's achievement in its brand communications strategies on the global stage, which includes idol marketing, sports marketing, and music marketing.
- M-150 also continues to bring pride to Osotspa after it was honored with an "Asia's Most Trusted Brand 2018" award. Again, it is the only Thai energy drinks brand to ever receive this award, which helps further reinforce M-150's success as Thailand's most popular energy drinks while increasing its brand recognition through a regional presence.
- Also in 2018, the brand was given a "Thailand's Most Admired Brand 2018" award from BrandAge Magazine.
- M-150 is also sold in Myanmar, Cambodia, Laos, Indonesia, and Vietnam.



- M-Storm was first introduced in a 150 ml glass bottle in 2010, followed by a 180 ml can in 2017, with both pack sizes selling for THB 15 per unit.
- The brand targets younger premium customers whose ages range from 25 to 35 years. The product contains D-ribose, which gives consumers an instant energy boost.



- Lipovitan-D is the second most popular brand by domestic sales value. Under license from Taisho, Lipovitan-D was introduced in 1965, followed by Lipo Plus, which was introduced to the market in 1999.
- The Lipo brand targets premium customers over the age of 40. Lipovitan-D in a 100 ml bottle and Lipo Plus in a 150 ml bottle sells for THB 12 per unit and THB 15 per unit respectively.



- Chalarm was introduced in 1990, targeting mass market consumers with the 150 ml bottle having a suggested retail price of THB 10 per unit.
- Chalarm is one of the most popular energy drinks brands in Thailand's northern and southern regions based on its share of the total domestic retail sales value in Thailand, according to Nielsen.
- Chalarm Black Galingale was launched in August 2018 as the first-ever energy drinks with the herbal benefit of black galingale to help stimulate overall health, strategically strengthening the Chalarm brand to turn it into a national brand.
- Chalarm Black Galingale targets male consumers over 30 years old who undertake physically strenuous tasks and who also believe in the benefits of this Thai herb. The 100 ml bottle has a suggested retail price of THB 10 per unit.



- Som In-Sum was first introduced in 2010 and reactivated with a new advertising campaign in 2017.
- Som In-Sum contains ginseng and honey. The brand targets mass market and female consumers, and sells for THB 10 per unit in a 100 ml bottle.



- Shark Cool Bite (also marketed as Shark in certain European countries) was introduced in 2000 as a carbonated energy drinks in various fruit flavors, as well as a zero-sugar version.
- The Shark Cool Bite brand targets premium segment consumers whose ages range from 18 to 35 years and are seeking a lifestyle refreshment beverage.
- It sells in the range of THB 25 to 70 per unit for a 250 ml aluminum can.



- Shark was introduced in 1998 as a special formulation for the Myanmar market.
- Shark brand targets premium market consumers in Myanmar. It sells for around 600 to 650 Burmese Kyat per unit (THB 14 to 15 per unit) for a 250 ml steel can.



- M-150 can was first introduced in Vietnam in 1998.
- M-150 can targets mass market consumers over 18 years of age, and sells in the range of THB 15 to 30 per unit for a 250 ml aluminum can.

## Sports Drinks



- M-Electrolyte was first introduced in 1994 under the M-Sport brand, which was rebranded to M-Electrolyte in late 2017 to target young consumers.
- The M-Electrolyte brand targets mass market consumers who need to replenish electrolytes lost due to sports activities, and sells for THB 10 per unit for a 250 ml bottle.

## Ready-to-Drink Coffee



- M-Presso ready-to-drink coffee was launched in February 2018, available in two variants–Robusta and Espresso.
- M-Presso targets consumers seeking the taste and aroma of freshly-roasted coffee together with its stimulating effects when working long hours. It sells at THB 15 per unit for a 180 ml can.

## Functional Drinks



- C-Vitt, which is sold under our House Osotspa Foods joint venture, was introduced in July 2012 as a Vitamin C drink in various fruit flavors.
- The C-Vitt brand targets consumers who are seeking their daily Vitamin C requirements in an easy and drinkable way, and sells for THB 15 per unit for a 140 ml bottle.



- Peptin was introduced in 2007.
- Peptin targets consumers who are seeking enhanced cognitive and health benefits. It sells for THB 38 per unit for a 100 ml bottle that contains 4,000 mg of soy peptide.



- Calpis, which is sold under our Calpis Osotspa joint venture, was introduced in 2013.
- Calpis, sold in non-carbonated and carbonated versions, targets the casual segment of the functional drinks market. This includes drinks generally served in larger sizes of 250 ml or more, which are preferred by consumers looking for a refreshing beverage with additional benefits for their health from the lactobacillus contained in these drinks, as well as the carbonated drink market.
- Sold in 140 ml and 300 ml plastic bottles, and a 245 ml can, with suggested retail prices that vary from THB 10 to 20 per unit, depending on the type and size of packaging.



- Cawaii, which is sold under our Calpis Osotspa joint venture, was introduced in 2017.
- Cawaii is a yoghurt-based drink that comes in two fruit flavors. It's made from fruit juice concentrates and contains lactobacillus. Consumers can choose from the Seven Berry flavor, which contains Vitamins A, C, and E, and the Prune Plus Acerola Cherry flavor, which contains Vitamin C and is fiber-rich.
- Sold in a 75 ml plastic bottle with a suggested retail price of THB 15 per unit.

## PERSONAL CARE

### Baby Care



#### Core baby talcum products:

- Babi Mild baby talcum was first introduced in Thailand in 1991. It was developed from natural ingredients to create a gentle and mild product fit for a baby's skin. Babi Mild baby talcum is available in different variants, including Ultra Mild Pure Natural and Ultra Mild White Sakura.
- Babi Mild baby talcum bottle sizes range from 50 g to 2x400 g bottle packs, and currently have suggested retail prices ranging from THB 12 to THB 99 per unit.



#### Core baby bath products:

- Babi Mild baby bath was first produced and distributed in Thailand in 1998. It was developed from natural ingredients to create a gentle and mild product fit for a baby's skin. Babi Mild baby bath is available in different variants, including Ultra Mild Pure Natural and Ultra Mild White Sakura.
- Babi Mild baby bath bottle sizes range from 125 ml to 850 ml, and currently have suggested retail prices ranging from THB 39 to THB 199 per unit. A 380 ml refill bag is also available at a suggested retail price of THB 93 per unit.



- Babi Mild baby bar soap was first produced and distributed in Thailand in 1989. It is available in different variants including Ultra Mild Pure Natural and Ultra Mild White Sakura.
- Babi Mild baby bar soap is sold in a single 75 g unit with a suggested retail price of THB 12, or THB 48 for a four-bar pack.



#### Core baby lotion and moisturizer products:

- Babi Mild lotion and moisturizers were first introduced in Thailand in 2009. They are marketed in various formats, such as lotion, oil, and creams. Babi Mild lotion and moisturizers are available in different variants including Ultra Mild Pure Natural and Ultra Mild White Sakura.
- Babi Mild baby lotion and moisturizers bottle sizes range from 50 ml to 400 ml, and their suggested retail prices range from THB 39 to THB 189 per unit.



#### Core baby homecare and fabric care products:

- Babi Mild homecare and fabric care products were first introduced in Thailand in 1998. They are available in different variants including Ultra Mild Pure Natural and Ultra Mild White Sakura.
- Babi Mild homecare and fabric care products include fabric wash, fabric softener, and cleaner.
- Babi Mild fabric wash bottle sizes range from 900 ml to 3,000 ml, with a suggested retail price ranging from THB 101 to THB 269 per unit. Babi Mild fabric wash is also available in a 600 ml pouch pack with a suggested retail price of THB 84 per unit, and a 3x600 ml pack with a suggested retail price of THB 230 per pack.
- Babi Mild fabric softener comes in a 3,000 ml single bottle size and retails for THB 198 per unit. Babi Mild fabric softener is also available in pouch packs ranging from 600 ml to 1,500 ml with a suggested retail price varying from THB 55 to THB 79 per pack. It is also available in a 3x600 ml pouch pack with a suggested retail price of THB 165 per pack.
- Babi Mild cleaner comes in a 650 ml to 1,600 ml bottle with a suggested retail price of THB 107 to THB 185 per unit. Babi Mild cleaner is also available in a 3x300 ml pouch pack with a suggested retail price of THB 237 per pack.

### Women's Beauty Care



#### Twelve Plus fragrance products:

- Twelve Plus fragrance products were first introduced in Thailand in 1992 targeted at teenage customers. They were one of the first products of this kind to target the mass market in Thailand.
- Twelve Plus fragrance products are available in different collections, including pocket cologne, moisturizing cologne, super natural, and eau de perfume. Bottle sizes range from 4 ml to 120 ml, and their suggested retail prices vary from THB 49 to THB 129 per unit.





#### Twelve Plus talcum products:

- Twelve Plus talcum was first introduced in Thailand in 1997. It was the first brand to market cooling talcum with a perfume fragrance in Thailand, catering to young women and creating a more beauty-oriented range of talcum products.
- Twelve Plus talcum is available in three key product ranges: Whitening complex, extra cool, and perfume fresh. Bottle sizes range from 50 mg to 300 mg, and their suggested retail prices vary from THB 20 to THB 95 per unit.



#### Twelve Plus skin cleansing products:

- Twelve Plus skin cleansing products were first introduced in Thailand in 2012. Twelve Plus skin cleansing is available as a Perfume Shower Serum.
- Twelve Plus skin cleansing products are sold in a 200 ml to 500 ml bottle with a suggested retail price of THB 52 to THB 135 per unit.



#### Twelve Plus specialty products:

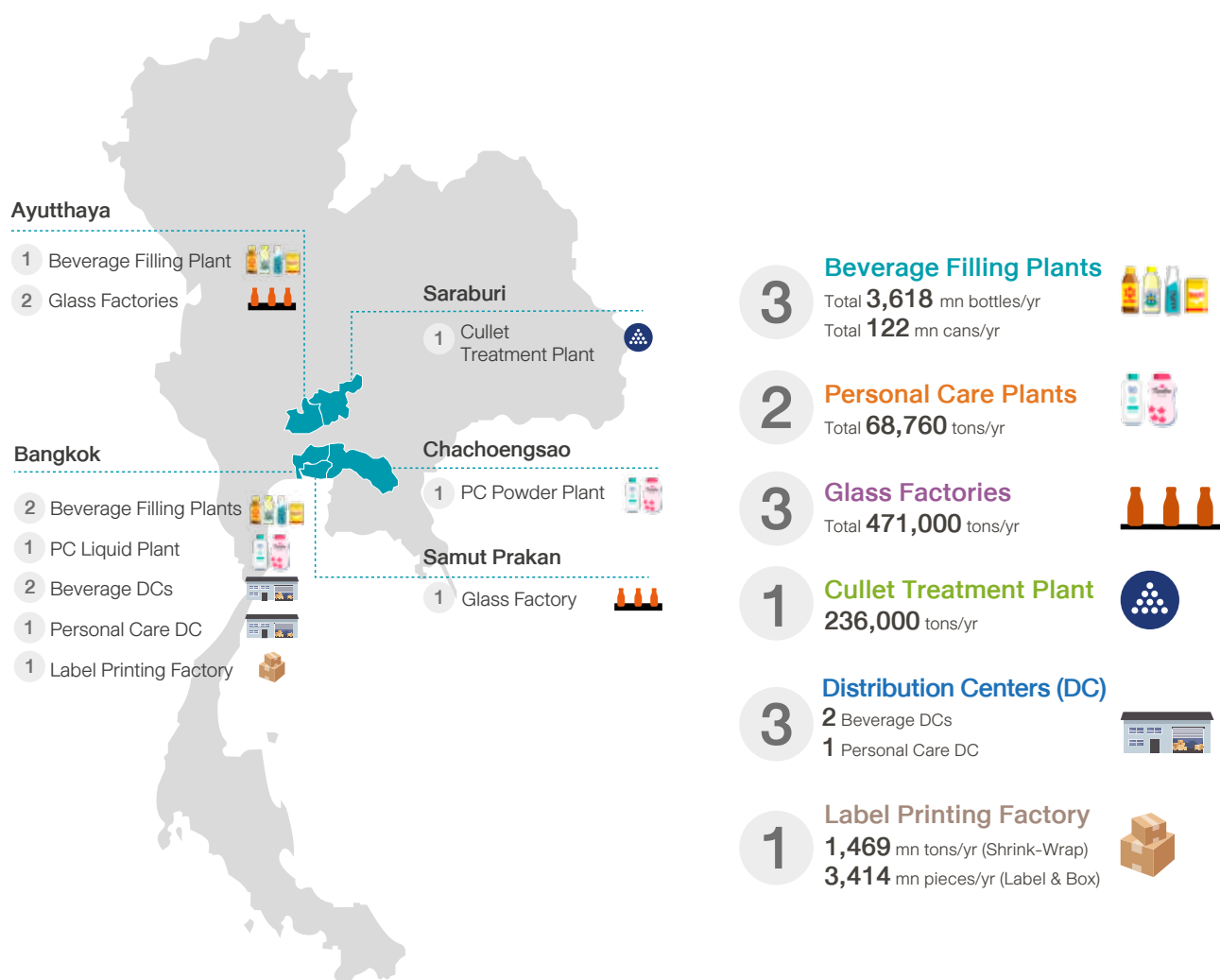
- Twelve Plus deodorant and Snail Whitening products have been produced and distributed in Thailand since 1995 and 2015, respectively.
- Twelve Plus deodorant is available in three key product ranges: Whitening Less Shave Nourish, Lineless Serum, and Whitening Nano Collagen, in a roll-on format.
- Twelve Plus roll-on deodorant sizes range from 12 ml to 45 ml and their suggested retail prices vary from THB 15 to THB 70 per unit.
- Twelve Plus cosmetic products include lip&cheek tint, pressed powder, and eyeliner with prices ranging from THB 129 to THB 299.
- Twelve Plus Snail Whitening products are available in three key product categories: Skin cleansing, body lotion, and deodorant.
- Twelve Plus Snail Whitening skin shower creams are available in 450 ml bottle which currently retail for THB 135. Twelve Plus Snail Whitening body lotions are available in a 150 ml bottle with a suggested retail price of THB 99. Twelve Plus Snail Whitening deodorants are available in 22 ml and 40 ml bottles with suggested retail prices of THB 37 and THB 70, respectively.



### Male Grooming



- Exit deodorant and fragrance was first produced and distributed in Thailand in 2000. Exit was developed to be a solution to men's grooming needs. Currently, Exit has products in the deodorant and fragrance categories.
- Exit deodorant is sold in bottle sizes ranging from 32.5 ml to 45 ml, and currently has suggested retail prices ranging from THB 38 to THB 72 per unit. Fragrance is sold in bottle sizes ranging from 60 ml to 100 ml with suggested retail prices of THB 45 to THB 67 per unit, respectively.



## PRODUCTION FACILITIES AND CAPACITY

The Company owns and operates ten production facilities in Thailand for both beverage and personal care products (shown on the map above). Osotspa has a fully integrated value chain for our beverage manufacturing, from a cullet cleaning plant to glass bottle manufacturing, and beverage mixing and filling factories. However, the Company sources bottle caps and aluminium or steel cans from third-party suppliers.

In aggregate, the total practical capacity for beverage filling lines is 3,740 million units per year, made up of 3,618 million bottles per year for bottling lines and 122 million cans per year for the canning line. Our bottling lines can produce non-carbonated beverages packaged from 75 ml to 250 ml bottles. Our canning line can produce both carbonated and non-carbonated beverages packaged from 180 ml to 330 ml cans.

The majority of our beverage products are produced internally, except for our coffee products. The Company may consider using third-party manufacturers depending on our needs and production capacities.

Osotspa is implementing a “Total Productive Maintenance” program in addition to digitization tools in both our production and supply chain. The Company is also building a new beverage filling factory in Myanmar, with plans to begin commercial operations at the end of 2019. In addition, the Company is planning to increase production capacity in Thailand during the period of 2020 to 2021.

The map above shows the locations of our production facilities and distribution centers (labelled “DC” in the Legend) for our beverage and personal care products:



Osotspa's Beverage Mixing & Filling Factory and Glass Factory in Ayutthaya.

## GLASS FACTORIES

The Company owns and operates three glass factories. With the advantage of economies of scale, Osotspa has a competitive advantage in maintaining margins on our bottled beverage products.

The Samutprakarn factory, under Siam Glass Industry Company Limited, has been operating since 1977, and is equipped with facilities to produce a wide variety of bottle sizes, making it suitable for the flexible demands of OEM work. The Company decommissioned one furnace at the Samutprakarn factory in May 2018 as it had reached the end of its working life and intends to decommission a second furnace in 2019 for the same reason.

The Siam Glass Ayutthaya factory, under Siam Glass Ayutthaya Company Limited, has been operating since 2012 with one furnace. It is our newest and most technologically-advanced glass factory, for which the Company has received an investment promotion certificate from the Board of Investment (BOI). The factory was designed to add a second furnace if needed to double its existing capacity in the event of increasing demand. Osotspa intends to replace the two furnaces at the Samutprakarn factory with a second furnace at the Siam Glass Ayutthaya factory in 2019.

The Ayutthaya factory, under Osotspa Public Company Limited, has been operating since 2004 with two furnaces, one of which temporarily ceased production for cold tank repairs from December 2017 to April 2018. In 2018, our glass factories had an aggregate practical capacity of 471,000 metric tons of glass per year. Each furnace functions independently, ensuring that operations can continue when

maintenance work is being carried out on the alternate furnace.

The Company sourced our glass bottle production machinery from well-known international suppliers, and our glass furnaces were designed by Nihon Yamamura Glass Company, Ltd., of Japan ("NYG") and Horn Glass Industries AG, of Germany. The Company has technical assistance agreements with NYG to help us to improve both product quality and productivity at our Ayutthaya and Samutprakarn plants through training, engineering and technical assistance, and knowledge and technology transfer.

In addition, in October 2009, we entered into a joint venture agreement with NYG to establish Yamamura International (Thailand) Co., Ltd. for the procurement, sale, and distribution of glass bottles, aluminum cans, plastic and metal caps, plastic containers, cardboard boxes, flexible packaging, and other packaging materials and related machine parts to facilitate the creation of a comprehensive distribution network in Thailand, Japan, and other Southeast Asian markets. The Company owns 26.0% of the outstanding shares of Yamamura International (Thailand) Co., Ltd. with NYG owning the remaining shares.

The Company sells a surplus supply of glass bottles to third-party customers in order to fully utilize our glass production capacity and generate sales revenue. The revenues generated from OEM glass bottles sales are reported under the supply chain services segment in our financial statements.



## BEVERAGE MIXING AND FILLING FACTORIES

The Company owns and operates beverage mixing and filling factories in Ayutthaya, Hua Mak, and Minburi, with a total of fourteen bottling lines and one can line. In addition, Osotspa is building a new beverage factory in Myanmar with plans to begin commercial operations at the end of 2019 to support that country's rapid growth. The Company sourced our beverage mixing and filling machinery and technology from suppliers in Germany, Italy, and Japan. As part of our business rationalization and cost optimization initiatives, Osotspa optimizes our inventory balance by using sales and operations planning processes to improve forecasting accuracy, which results in better production planning.

## LABEL PRINTING FACTORY

The Company has one label printing factory located in Jatujak. It uses automatic and semi-automatic technology to produce shrink-wrap, print labels, and manufacture boxes for our beverage products and certain health and wellness products.

## PERSONAL CARE PRODUCTS FACTORIES

Osotspa has two Personal Care products factories, under Greenville Company Limited, one for liquids and one for powders. The Company's liquids factory was built in 2015 at the Ladkrabang Industrial Estate in Bangkok, with a capacity of



38,520 tons of liquids per year, to double operational capacity, strengthen production capabilities with increased flexibility, and also establish a newer, larger and more advanced personal care research and development center. The center at Ladkrabang allows us to formulate new personal care products for our own use and for OEM clients including a wide variety of skincare products, together with laboratories that process herbal extracts, skin evaluations, quality control, packaging development, and stability testing.

In addition, our experienced research and development team is able to independently formulate new products. The Company also owns a library of over 1,000 formulas, allowing OEM clients to quickly select a formula for new product development or tailor made products that can be formulated as per their requirements. The center is vertically integrated, which helps shorten innovation lead times, while flexible manufacturing



Greenville Company Limited, Our Personal Care products factory in The Ladkrabang Industrial Estate



capabilities allow us to rapidly meet the changing needs of both OEM customers and end-consumers. Our powders plant commenced operations in 1998 in Suwintawong, Chachoengsao and has a current capacity of 30,240 tons of powders per year. The Company is building a new powders factory located next to our liquids factory in Ladkrabang Industrial Estate. This new plant will have the capability to produce cosmetic products and support flexibility for future growth in the Personal Care market.

## FITNESS FIRST

The Company has implemented a profitability improvement program called “Fitness First” to co-ordinate and structure our savings initiatives with the objective of improving efficiency and reducing waste, which will allow us to reinvest value back into the business and redistribute value to our shareholders. The first phase of the program began in 2017 and focuses on three main pillars: (i) raw materials and packaging materials in the form of savings on price or volume of raw materials, new formulations, or packaging designs; (ii) our logistics network through network optimization

initiatives (such as transportation optimization) and vendor management; and (iii) reducing administrative expenses by reviewing each expense and identifying opportunities for savings.

In 2018, we expanded the scope of the program to cover our manufacturing operations with an aim to reduce business waste in our manufacturing processes. For instance, our new furnace in Ayutthaya enables us to manufacture lighter glass bottles. To minimize the impact of the trend of increasing glass cullet prices in 2018, the Company implemented a new cullet sourcing strategy including supplier management, the right cullet types, and a cullet versus new material strategy to optimize the cost of glass cullet and glass factory yields. The Company also focused our efforts on profitability improvements for new products via pricing and cost optimization. We implemented a Net Revenue Management program (“NRM”) as one of the Fitness First pillars. This approach focuses specifically on optimizing pricing and promotions, monitoring and optimizing costs, and co-ordinating delivery of net revenue and gross profit targets across brands and customers.

## OUR BUSINESS

# BUSINESS OUTLOOK 2019

Osotspa's 2019 strategy and revenue growth targets are consistent with our mid-term strategy guidance, for which the Company expects revenues to grow in the mid-single digits. The Company plans to launch 2 to 4 innovations in our beverages portfolio, with a focus on functional drinks. Domestic energy drinks will remain focused on our core brand, M-150, and small brands with herbal benefits. Som In-sum and Chalarm Black Galingale will be further strengthened. For functional drinks, C-Vitt remains a key driver on top of new product launches. For Personal Care, our two key brands, Babi Mild and Twelve Plus, will be further strengthened, on top of new pillar launches in the facial and skin care segments.

CLM remains our key market outside Thailand with Myanmar as the main focus, where the key tasks are to further strengthen our core brands, Shark Myanmar and M-150, and implement a new route-to-market model. Our new manufacturing facility in Myanmar is expected to be completed by the end of 2019, after which Osotspa will be able to fully capture manufacturing margins. In addition, the Company expects to turn around our OEM sales, particularly OEM beverage sales, following the completion of furnace repairs at the Ayutthaya factory in the second quarter of 2018.

On the profitability side, the Company continues to put our best efforts in margin improvements through the Fitness First Project. Benefits in 2019 will come from a continuation of the 2018 Fitness First program, new lighter-weight bottles, warehouse

and distribution optimization, packaging optimization, and increased optimization of product formulations. Osotspa expects an improvement in beverage gross margins, particularly from cost efficiencies through key material cost stabilization and conversion cost improvements after commissioning the new glass plant at Siam Glass Ayutthaya (SGA2), which expects to start operations in mid-2019. Personal Care gross margin improvements will be driven by premiumization and mix transition. Overall profitability targets for 2019 are in line with our mid-term business plan.

The Company is also exploring market entry for new beverage products, with Vietnam and China as areas of interest. Studies have been initiated and progress and planning is ongoing for both countries. Osotspa also sees potential in growing our vending machine channel, with a potential partner identified, and we expect to close a deal within 2019.

On the operations side, Osotspa has fully implemented a robust Trade Promotion Management (TPM) system, which effectively integrates end-to-end trade and marketing promotion management processes for financial forecasting and claim settlements. This system will strengthen and simplify key business processes such as promotion planning, pre-and post-promotion evaluations, budget monitoring, and the approval process. The system will also enable us to maximize the value of our investments, based on timely and accurate financial information, such as percentage of return on investment (ROI) and customer and brand profitability.



## RISK FACTORS

### KEY RISK FACTORS RELATING TO OSOTSPA'S BUSINESS ARE AS FOLLOWS:

#### **1. Changes in consumer preferences or the Company's ability to innovate and market our products to effectively respond to such changes.**

Consumer trends and preferences, together with perceptions of, and confidence in, the safety and quality of the products Osotspa manufactures, markets, and sells, may change due to a variety of factors, all of which affect consumers' spending patterns and their willingness to purchase our products. These factors include: (i) aging of the general population; (ii) consumer concerns or perceptions regarding nutrition profiles; (iii) changes in consumption patterns; (iv) negative publicity resulting from regulatory enforcement actions; and (v) negative or inaccurate posts or comments in the media, including social media, about the Company, our products, or advertising campaigns and marketing programs.

Developing and introducing new products or variants of existing products can be risky and expensive. The Company cannot guarantee that our new products, flavors, and packaging, or that some of our existing products which we intend to reposition, will gain market acceptance, meet the particular tastes or requirements of consumers, meet our own target sales volumes or profit margins, or that our growth strategies will remain effective or will continue to be successful in the future if the Company misjudges consumer demand and preferences.

#### **2. Price volatility of key material supplies and energy, together with our potential inability to pass higher costs on to customers, resulting in increased production costs may impact the Company's profitability.**

The raw materials that Osotspa uses for the manufacturing and packaging of our products (including glass cullet) that are commodities are

subject to price volatility caused by many factors beyond our control, including changes in global supply and demand, market shortages, government incentives and controls, taxes and tariffs, and overall economic conditions. The Company may be unable to pass on to our customers any adjustments in prices, or increased costs of raw materials, packaging materials, or energy that the Company uses to manufacture our products, which would have a significant impact on our operating results. For example, in Thailand, where the Company generates the majority of our energy drinks sales, there has been no significant retail price adjustment for many years for energy drinks, due to competitive pressures and consumer expectations. Absent price adjustments charged to our customers, to maintain or increase our margins on these products, the Company must initiate measures to maintain or to decrease our production costs.

#### **3. Increased competition in the beverage products and personal care products segments.**

The beverage and personal care markets are highly competitive. The principal areas of competition for both markets are brand recognition, taste or scent, price, quality, product variety, product innovation, packaging, product convenience, advertising, marketing and promotional activity, distribution, service, and the ability to anticipate and effectively respond to consumer trends and market conditions. Osotspa's products compete with a wide range of beverages and personal care products produced by a relatively large number of local and international manufacturers.

The Company may also face new and heightened competition in expanding our product offerings to new markets or in targeting new consumer groups. If the Company is unable to compete effectively, we may be unable to grow or maintain sales or profit margins in the various markets in which we operate and we may lose market share, which could have a materially adverse effect on our business.

**4. Sales of a number of our key products have historically accounted for a significant portion of our total revenues.**

Osotspa's revenue and profitability are, and will, remain in the foreseeable future substantially dependent on sales of our top five brands by sales value (M-150, Shark/Chalarm, Lipovitan-D, Babi Mild, and Twelve Plus). In addition, the Company earns the majority of our sales from beverage and personal care products in Thailand. Accordingly, any factor adversely affecting the production and/or sale of our key products (in particular, our M-150 beverage products), would have a materially adverse effect on our business, financial results, and prospects.

**5. Ability to grow our business in other emerging markets or generally manage our future growth.**

Osotspa believes that our operations, and planned future operations outside of Thailand, particularly in Myanmar, Cambodia, Laos, Indonesia, the United Kingdom and potentially China, Vietnam and selected Eastern European and Middle Eastern countries, present future growth opportunities. However, there can be no assurance that our existing products, variants of our existing products, or new products will be accepted or successful in any particular developing or emerging market due to local or global competition, product pricing, cultural differences, consumer preferences, regulations and enforcement, or other reasons. The Company may experience difficulties during the initial and transitional stages of our expansion into existing or new international markets, particularly in countries where the Company has not yet established a strong distribution network.

**6. Risks inherent in the implementation of our business strategy in Myanmar.**

Sales of beverage products in Myanmar accounted for the largest proportion of the Company's total revenues from sales of beverage products in markets outside of Thailand. Under the current business model, Osotspa relies on our joint venture, Osotspa Loi Hein Co., Ltd., to market, promote, and distribute our beverage products pursuant to a distribution agreement with Loi Hein, which imports our pre-mix and manufactures and distributes beverage products in Myanmar.

*Risks related to the construction and operation of a new manufacturing facility.*

Osotspa intends to change our business model in Myanmar so that the Company can manufacture and sell our beverage products through a new joint venture with Loi Hein. In the middle of 2018 the Company entered into a joint venture agreement with Loi Hein to establish a new subsidiary in Myanmar, Osotspa Myanmar Co., Ltd., in which the Company and Loi Hein have an ownership of 85% and 15% respectively. In June 2018, the Company received an investment license from the Thilawa Special Economic Zone Management Committee together with certain corporate tax incentives related to this manufacturing facility. This project is currently in the construction phase and a number of relevant licenses must still be obtained. The completion and operation of this new manufacturing facility is subject to timing and execution risks.

*Risks related to carrying out business activities in Myanmar.*

The Company is expanding our business in Myanmar through the implementation of our new manufacturing business model. Our business and results of operations may be affected more significantly than is currently the case by legal, political, and economic developments, or even natural disasters. The Myanmar economy differs from the economies of most developed countries in many aspects, including the degree of government involvement, level of development, control over foreign investments, access to financing, and maturity and sophistication of the legal system and related regulations. Any of the above factors and uncertainties could have a significantly adverse effect on our business, operations, and prospects in Myanmar, and on our ability to successfully implement our strategy in Myanmar.

*Risks concerning protection of trademarks in Myanmar*

Currently, our existing trademarks in Myanmar are registered and filed with the Office of Registration Deeds (ORD) and have been published in newspapers in order to assert our ownership of these trademarks to the public, because there were no laws and regulations specifically regarding intellectual property in place.

In January 2019, the Myanmar government enacted the Trademarks Law, which will come into force in future. Once this law comes into force, we will have to re-register our existing trademarks in Myanmar with the relevant trademarks authority, by claiming the right of priority over these trademarks within a prescribed period, under which the right of priority will be based on the trademark registrations that we have already registered and filed with the ORD.

**7. Reliance on our wide distribution network and third-party distributors to distribute our products in Thailand and internationally; ability to prevent disruptions to our distribution network; successfully establishing new distribution networks in our target emerging markets, and maintaining good relationships with our existing distributors and other customers, and/or securing such agents.**

Osotspa's geographic coverage is one of the key components of our success. The Company owns and operates three distribution centers in Thailand that we also use to supply neighboring countries where we seek to develop our business, including Myanmar, Cambodia, and Laos. The Company has incurred, and may incur in the future, substantial expenses related to the improvement of existing distribution centers, and the establishment of new distribution centers and operations, including the establishment or rental of warehouses or warehouse space and the recruitment or redeployment of dedicated staff.

In addition, the Company supplies the distribution centers of our customers, which then distribute our products through their own distribution networks. The failure of these third-party distribution networks could adversely impact purchase orders from these customers.

Osotspa must maintain mutually-beneficial relationships with our key customers including distributors, convenience stores, supermarkets, and wholesalers, to compete effectively. The Company works with distributors in all of our international markets. Many of the distributors the Company uses for distributing our beverage products (except distributors we use for distributing our products overseas) also distribute our competitors' branded products. Osotspa's business

could be adversely affected if our brands prove to be less attractive to our existing distributors.

The Company also relies on our relationships with other customers such as wholesalers, retailers, supermarkets/hypermarkets, and convenience store chains. The loss of any of our key customers could have a materially adverse effect on our business, financial condition, results of operations, and prospects. In addition, our industry has been affected by changes in the retail landscape, including growth in the modern trade distribution model, resulting in large retailers with increased purchasing and bargaining power.

**8. Product contamination or issues or concerns with respect to product quality, safety, and integrity.**

Osotspa may be liable to consumers if the consumption or use of our products result, or is alleged to result, in undesirable side effects, health or safety issues, or damage.

A risk of contamination or deterioration exists during each stage of the production and distribution cycle, including during the production and delivery of raw materials, the bottling and packaging of our beverage and personal care products, the stocking and delivery of our products to customers, and the storage and shelving of our products at final points of sale. Product contamination may also occur as a result of food tampering, a risk that cannot be entirely eliminated even if the Company adheres to good manufacturing practices and conducts quality assurance testing throughout the manufacturing process and on finished products. In addition, from time to time, the Company may be subjected to false claims of contamination that could result in negative publicity that may adversely affect our reputation and product sales.

Products sold under our brands by retailers could also be counterfeit products manufactured without our lawful permission, or knowingly mislabeled and misrepresenting our name as the manufacturer in addition to the ingredients. It could prove difficult to identify these products before they have been consumed by end-consumers. If any of these counterfeit products were to cause injury to consumers, they may take legal action against

us, as they would mistakenly believe they had consumed one of our products. Any of the above could lead to negative publicity, liability claims, expensive production interruptions, product recalls, increased scrutiny, increased litigation costs, and financial penalties, which could, in turn, adversely affect our business, financial condition, results of operations, and prospects.

Some of our products have a relatively short shelf life, which means the Company's profitability could be adversely affected if we are unable to effectively forecast demand for our products and adequately manage demand, supply, and existing inventories.

**9. Our intellectual property rights and trade secrets are critical to our success, and the loss of such rights could materially adversely affect our business, financial condition, results of operations, and prospects.**

Brand recognition is critical to attract new consumers to our products and maintain the loyalty of existing customers. Our success depends on our ability to protect and promote our current and future products and to defend our intellectual property rights in our existing markets and in the markets we intend to enter. Osotspa also relies on trade secrets, such as the formulae for our Beverage and Personal Care products and proprietary know-how not protected by patents or trademarks, and continuing technological innovation that the Company seeks to protect, in part, by confidentiality agreements with suppliers, employees, and consultants. If our competitors or other business operators succeed in imitating our formulae and/or products while providing comparable products at competitive prices, our market share may decrease.

**10. Our success and ability to operate effectively depends on our ability to recruit and retain key Executives and other key personnel.**

Osotspa's success depends on the continued contributions of key personnel, including management, many of whom have many years of experience with our Group and/or in relevant industries and who would be difficult to replace. As a result, the loss of any key personnel, or our inability to recruit sufficiently-qualified personnel

to replace them in a timely manner, or at all, could materially adversely affect our business, financial condition, results of operations, and prospects.

Osotspa's success also depends on our ability to recruit and retain skilled, qualified, and experienced managers and personnel, and to motivate and train our staff to produce and to sell the products that we offer. As the Company is in the process of implementing strategies aimed at accelerating our growth in Thailand and overseas, our ability to recruit such managers and personnel will be even more important to our future development and business prospects.

**11. Increases in taxes on certain beverage products or new taxes on products Osotspa sells could have a materially adverse impact.**

Energy drinks and sports drinks are subject to an excise tax in Thailand, which represents a significant portion of our cost of sales of goods. Pursuant to the Excise Act B.E. 2560 (2017), the excise tax to which the Company is subject consists of two components: (i) a flat tax rate assessed on the retail sales price of the drinks (14% as at the date hereof), and (ii) a variable tax rate that varies based on the sugar content of the drinks. In addition, from time to time, certain government agencies or departments have considered instituting a new tax on beverages that include certain amounts of sugar or caloric sweeteners, such as the variable rate component of the excise tax that will increase in October 2019 and is set to continue to increase every two years until 2023.

Similar taxes have been discussed, implemented, or are expected to be implemented in a number of foreign tax jurisdictions or their subdivisions, such as in the United States and Europe, on soda and other sugary drinks, as well as energy products. If these tax rates were to increase, or new taxes or duties were imposed on certain products we manufacture, leading to an increase in the amount of tax payable, this could negatively impact the cost of our products and the results of our operations.

**12. Changes in government regulations, or failure to comply with existing regulations, could materially adversely affect our business, financial condition, results of operations, and prospects.**

As a producer, marketer, and distributor of beverage products, personal care products, and other products, the Company is subject to standards that apply to our operations, production, bottling, storage, packaging, distribution, sales, displays, advertising, marketing, labeling, transportation, composition, quality, and use, both in Thailand and in other relevant jurisdictions.

The Company is also subject to compliance with various laws and regulations, including general consumer protections, product safety, and trade competition laws and regulations in Thailand and other jurisdictions where we sell or distribute our beverages and personal care products. The operations of our production and distribution facilities in Thailand are subjected to various environmental laws and workplace regulations, including laws and regulations enacted by the Ministry of Public Health, Ministry of Industry, and Ministry of Natural Resources and Environment.

Additional and/or more stringent legislation may be introduced in respect to each of the foregoing subject areas. Compliance with, or any violation of, current and future applicable laws or regulations could result in various impacts. Such compliance or violation could also result in the imposition of new conditions with respect to our products, or risks relating to lawsuits or penalties.

### **13. Litigation, legal proceedings, and government and regulatory inquiries and/or proceedings.**

From time to time, the Company is or may be a party to various litigation claims and legal proceedings, government and regulatory inquiries and/or proceedings including, but not limited to, intellectual property, fraud, unfair business practices, false advertising, product liability, employee-related claims, breach of contract claims, and securities actions.

There is no guarantee that we will be successful in defending ourselves against such claims or proceedings, or that management's assessment of the materiality of these matters, including the accounting provisions made in connection to them, will be consistent with the ultimate outcome of such claims or proceedings. Our failure to successfully defend or settle any litigation or

legal proceedings or to accurately assess the materiality of such a claim could result in liabilities that could have a material adverse effect on our business, financial condition, results of operations, and prospects.

### **14. Fluctuations in foreign currency exchange rates may materially adversely affect our business, financial condition, results of operations, and prospects.**

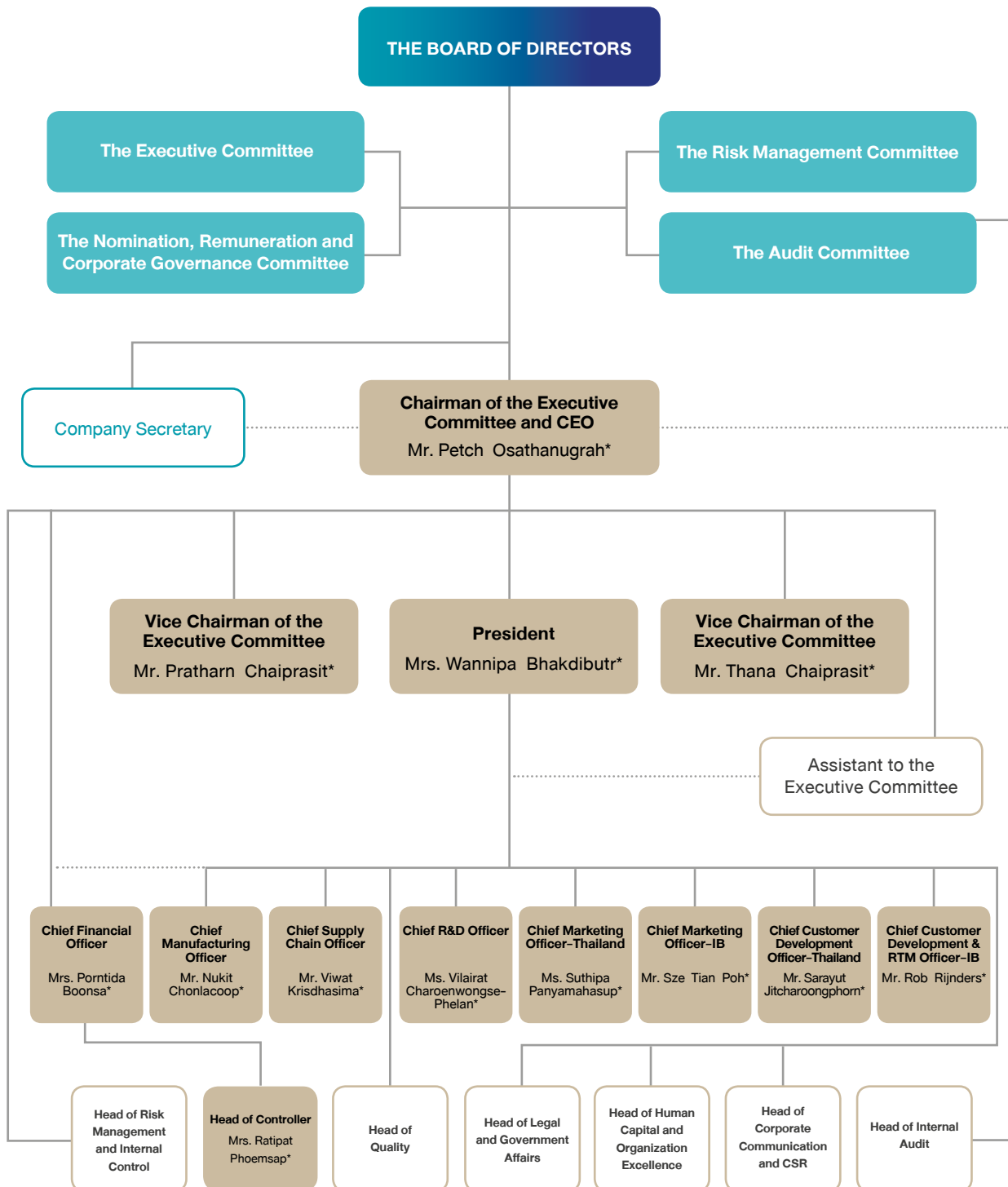
Osotspa's reporting currency is the Thai baht. However, the Company generates sales revenue in more than four currencies. The Company cannot be sure that the Thai baht will not be subject to future depreciation or volatility, or that the government's current exchange rate policy will not change in the future.

Therefore, the Company is exposed to foreign currency exchange rate risk with respect to our sales, expenses, profits, assets, and liabilities denominated in currencies other than the Thai baht. In addition, although the Company sources certain raw materials from local suppliers, those suppliers may, in turn, source the raw materials internationally, which exposes us to the risk of adverse foreign exchange movements being passed on to the Company. Foreign exchange variations may also impact our consolidated financial statements resulting from the consolidation process of our companies in the Group's financial statements for which their presentation currency is not Thai baht. Although such effects have not been and are not currently material, they could be more significant in the future, if the Company's operations outside of Thailand generate a significant portion of our net revenue or our consolidated assets and/or liabilities. The Company has generally not used instruments to hedge against all foreign currency risks and may therefore not be fully protected against foreign currency fluctuations.



## MANAGEMENT STRUCTURE

As at 1 February 2019, the Management Structure of the Company was as follows:



**Remark:**

\* The person who was the executive as per the definition of the notification of the Securities and Exchange Commission Kor Jor. 17/2551 Re: Determination of Definitions in Notifications relating to the Issuance and Offer for Sale of Securities (as amended)

## THE BOARD OF DIRECTORS AND SUB-COMMITTEES

### THE BOARD OF DIRECTORS

As at 31 December 2018, the Board of Directors was comprised of 15 members (including 4 women) as follows:

- 1. Mr. Surin Osathanugrah**  
Chairman of the Board of Directors
- 2. Mrs. Kannikar Chalitaporn**  
Vice Chairperson, Chairperson of the Risk Management Committee and Chief Advisor to the Executive Committee
- 3. Mr. Somprasong Boonyachai**  
Independent Director, Vice Chairman of the Board of Directors and Chairman of the Nomination, Remuneration and Corporate Governance Committee
- 4. Mr. Ratch Osathanugrah**  
Vice Chairman of the Board of Directors
- 5. Mr. Petch Osathanugrah**  
Director and Chairman of the Executive Committee and CEO
- 6. Mr. Thana Chaiprasit**  
Director and Vice Chairman of the Executive Committee
- 7. Mr. Pratharn Chaiprasit**  
Director and Vice Chairman of the Executive Committee
- 8. Mr. Tasharin Osathanugrah**  
Director and member of the Executive Committee
- 9. Mr. Niti Osathanugrah**  
Director, member of the Nomination, Remuneration and Corporate Governance Committee and member of the Executive Committee
- 10. Mr. Sethaput Suthiwartnarueput**  
Director
- 11. Mrs. Wannipa Bhakdibutr<sup>1</sup>**  
Director, member of the Executive Committee, member of the Risk Management Committee and President
- 12. Mr. Salin Pinkayan**  
Independent Director, member of the Nomination, Remuneration and Corporate Governance Committee, and member of the Risk Management Committee

### 13. Ms. PENCHUN JARIKASEM

Independent Director and Chairperson of the Audit Committee

### 14. Mr. KRIRK VANIKKUL

Independent Director and member of the Audit Committee

### 15. Mrs. SINEE THIENPRASIDDHI

Independent Director and member of the Audit Committee

Details about the Board of Directors are provided in the “Information of the Board of Directors, Executives and Company Secretary” section.

The scope, authority, and responsibilities of the Board of Directors are described in the “Corporate Governance” section.

### DIRECTORS AUTHORIZED TO SIGN FOR THE COMPANY WITH BINDING EFFECT

The Directors authorized to sign for the Company with binding effect are as follows:

Mr. Surin Osathanugrah,  
Mr. Niti Osathanugrah,  
Mr. Petch Osathanugrah,  
Mr. Ratch Osathanugrah  
one of these four jointly sign with

Mr. Pratharn Chaiprasit, or  
Mr. Thana Chaiprasit, or  
Mr. Tasharin Osathanugrah,  
Mrs. Wannipa Bhakdibutr

consisting of two persons and the Company's seal duly affixed, or;

Mr. Pratharn Chaiprasit,  
Mr. Tasharin Osathanugrah,  
Mrs. Wannipa Bhakdibutr

two of these three jointly sign with the Company's seal duly affixed, or;

Mr. Thana Chaiprasit,  
Mr. Tasharin Osathanugrah,  
Mrs. Wannipa Bhakdibutr

two of these three jointly sign with the Company's seal duly affixed.

<sup>1</sup>Mrs. Wannipa Bhakdibutr was appointed to be a Director, replacing Sub. Lt. Seri Osathanugrah (who resigned), by a resolution of the Board of Directors' Meeting No. 12/2018, dated 12 December 2018 and effective 13 December 2018.

## THE AUDIT COMMITTEE

As at 31 December 2018, the Audit Committee was comprised of the following three Independent Directors who qualified as prescribed in the Charter of the Audit Committee and the regulations of the Securities and Exchange Commission (SEC):

- 1. Ms. PENCHUN JARIKASEM**  
Chairperson of the Audit Committee
- 2. Mr. KRIRK VANIKKUL**  
Member of the Audit Committee
- 3. Mrs. SINEE THIENPRASIDDHI**  
Member of the Audit Committee

Ms. PENCHUN JARIKASEM, the Chairperson of the Audit Committee, is well respected and has a detailed understanding of, and experience in, accounting and finance.

Details about the Audit Committee are provided in the “Information of the Board of Directors, Executives and Company Secretary” section.

The scope, authority, and responsibilities of the Audit Committee are described in the “Corporate Governance” section.

Ms. CHULALUK SUWANNIKKAKUL was served as Head of Internal Audit and secretary to the Audit Committee from 1 January 2018, until 25 December 2018. Mrs. KANRAWE SANGNIKORNKIAT was appointed to act on behalf of both the Head of Internal Audit and secretary to the Audit Committee from 26 December 2018, until 31 December 2018.

Details about the scope, authority, and responsibilities of Internal Audit are described in the “Internal Control and Risk Management” section.

## THE RISK MANAGEMENT COMMITTEE

As at 31 December 2018, the Risk Management Committee was comprised of the following 5 members:

- 1. Mrs. KANNIKAR CHALITAPORN**  
Chairperson of the Risk Management Committee
- 2. Mr. SALIN PINKAYAN**  
Member of the Risk Management Committee
- 3. Mrs. WANNIPA BHAKDIBUTR**  
Member of the Risk Management Committee and President
- 4. Mrs. PORNTIDA BOONSA**  
Member of the Risk Management Committee and Chief Financial Officer

## 5. Mr. NUKIT CHONLACOOP

Member of the Risk Management Committee and Chief Manufacturing Officer

Details about the Risk Management Committee are provided in the “Information of the Board of Directors, Executives and Company Secretary” section.

The scope, authority, and responsibilities of the Risk Management Committee are described in the “Corporate Governance” section.

## THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

As at 31 December 2018, the Nomination, Remuneration and Corporate Governance Committee was comprised of the following 3 members:

- 1. Mr. SOMPRASONG BOONYACHAI**  
Chairman of the Nomination, Remuneration and Corporate Governance Committee
- 2. Mr. SALIN PINKAYAN**  
Member of the Nomination, Remuneration and Corporate Governance Committee
- 3. Mr. NITI OSATHANUGRAH**  
Member of the Nomination, Remuneration and Corporate Governance Committee

Details about the Nomination, Remuneration and Corporate Governance Committee are provided in the “Information of the Board of Directors, Executives and Company Secretary” section.

The scope, authority, and responsibilities of the Nomination, Remuneration and Corporate Governance Committee are described in the “Corporate Governance” section.

## THE EXECUTIVE COMMITTEE

As at 1 February 2019, the Executive Committee was comprised of the following 7 members:

- 1. Mr. PETCH OSATHANUGRAH**  
Chairman of the Executive Committee and CEO
- 2. Mr. THANA CHAIPRASIT**  
Vice Chairman of the Executive Committee
- 3. Mr. PRATHARN CHAIPRASIT**  
Vice Chairman of the Executive Committee
- 4. Mr. TASHARIN OSATHANUGRAH**  
Member of the Executive Committee
- 5. Mr. NITI OSATHANUGRAH**  
Member of the Executive Committee

**6. Mrs. Wannipa Bhakdibutr**  
Member of the Executive Committee and President

**7. Mrs. Porntida Boonsa**  
Member of the Executive Committee and Chief Financial Officer

**Remark:**

Mr. William James Martin Bruce was a member of the Executive Committee and Chief Strategy and Business Transformation Officer until 31 January 2019.

Mrs. Kannikar Chalitaporn is Chief Advisor to the Executive Committee.

Details about the Executive Committee are provided in the "Information of the Board of Directors, Executives and Company Secretary" section.

The scope, authority, and responsibilities of the Executive Committee are described in the "Corporate Governance" section.

## ATTENDANCE OF THE BOARD OF DIRECTORS AND SUB-COMMITTEES

In 2018, the Company convened a total of 12 Board of Directors' meetings, with an attendance ratio of 89.4%. The meeting and attendance details for

Sub-committees meetings that the Company also convened are listed below:

Name		No. of attended meetings / Total meetings				
		The Board of Directors (12 Times)	The Audit Committee (10 Times)	The Risk Management Committee (5 Times)	The Nomination, Remuneration and Corporate Governance Committee (8 Times)	The Executive Committee (21 Times)
1. Mr. Surin	Osathanugrah	12/12	-	-	-	-
2. Sub. Lt. Seri	Osathanugrah <sup>(1)</sup>	10/12	-	-	-	-
3. Mr. Ratch	Osathanugrah	10/12	-	-	-	-
4. Mr. Somprasong	Boonyachai	12/12	-	-	8/8	-
5. Mrs. Kannikar	Chalitaporn	10/12	-	5/5	-	-
6. Mr. Petch	Osathanugrah	12/12	-	-	-	20/21
7. Mr. Thana	Chaiprasit	9/12	-	-	-	18/21
8. Mr. Pratharn	Chaiprasit	12/12	-	-	-	21/21
9. Mr. Tasharin	Osathanugrah	11/12	-	-	-	19/21
10. Mr. Niti	Osathanugrah	12/12	-	-	8/8	20/21
11. Mr. Sethaput	Suthiwartnarueput <sup>(2)</sup>	10/12	-	-	-	4/7
12. Mr. Salin	Pinkayan	12/12	-	5/5	8/8	-
13. Ms. Penchun	Jarikasem	11/12	10/10	-	-	-
14. Mr. Krirk	Vanikkul	12/12	10/10	-	-	-
15. Mrs. Sinee	Thienprasiddhi	6/12 <sup>(4)</sup>	9/10	-	-	-
16. Mrs. Wannipa	Bhakdibutr <sup>(3)</sup>	-	-	5/5	-	21/21

**Remarks:**

<sup>(1)</sup> Sub. Lt. Seri Osathanugrah resigned from his directorship effective from 13 December 2018.

<sup>(2)</sup> Mr. Sethaput Suthiwartnarueput resigned as a member of the Executive Committee effective 15 April 2018.

<sup>(3)</sup> Mrs. Wannipa Bhakdibutr was appointed as a director, replacing Sub. Lt. Seri Osathanugrah, by the resolutions of the Board of Director Meeting No. 12/2018 which took place on 12 December 2018; and which took effect on 13 December 2018.

<sup>(4)</sup> Mrs. Sinee Thienprasiddhi had an accident thus she could not attend the meetings during the first half of 2018.

## EXECUTIVES

As at 1 February 2019, the Executives of the Company were comprised of the following 13 persons:

- 1. Mr. Petch Osathanugrah**  
Chairman of the Executive Committee and CEO
- 2. Mr. Thana Chaiprasit**  
Vice Chairman of the Executive Committee
- 3. Mr. Pratharn Chaiprasit**  
Vice Chairman of the Executive Committee
- 4. Mrs. Wannipa Bhakdibutr**  
President
- 5. Mrs. Porntida Boonsa**  
Chief Financial Officer
- 6. Mr. Nukit Chonlacoop**  
Chief Manufacturing Officer
- 7. Ms. Suthipa Panyamahasup**  
Chief Marketing Officer-Thailand
- 8. Mr. Sarayut Jitcharoongphorn**  
Chief Customer Development Officer-Thailand
- 9. Mr. Rob Rijnders**  
Chief Customer Development & RTM Officer-International Business
- 10. Mr. Viwat Krisdhasima**  
Chief Supply Chain Officer
- 11. Ms. Vilairat Charoenwongse-Phelan<sup>(1)</sup>**  
Chief Research and Development Officer
- 12. Mr. Sze Tian Poh<sup>(2)</sup>**  
Chief Marketing Officer—International Business
- 13. Mrs. Ratipat Phoemsap**  
Head of Controller

### Remarks:

<sup>(1)</sup>Ms. Vilairat Charoenwongse-Phelan was appointed as Chief Research and Development Officer effective 1 February 2019.

<sup>(2)</sup>Mr. Sze Tian Poh was appointed as Chief Marketing Officer-International Business effective 16 January 2019.

“Executive” is defined according to the definition of the Notification of the Securities and Exchange Commission (SEC) No. KorChor.17/2551 Re: Determination of Definitions in Notifications relating to the Issuance and Offer for Sale of Securities (as amended). The information shown in the “Information of the Board of Directors, Executives and Company Secretary” section.

## COMPANY SECRETARY

The Board of Directors' Meeting No. 3/2018 on 28 February 2018 resolved to appoint M.L. Kanidha Devakul as Company Secretary pursuant to section 89/15 of the Securities and Exchange Act B.E 2535.

The Board of Directors' Meeting No. 12/2018 on 12 December 2018 resolved to appoint Ms. Palica Mookhavesa as Company Secretary to replace M.L. Kanidha Devakul, who resigned from the Company.

The Company Secretary performs functions on matters as prescribed under section 89/15 of the Securities and Exchange Act and Corporate Governance policy as follows:

- (1) Preparing and keeping the following documents:
  - (a) A register of Directors;
  - (b) A notice calling a Directors meeting and minutes of the meeting of the Board of Directors;
  - (c) A notice calling a shareholders meeting and minutes of the shareholders meeting;
  - (d) Annual report of the Company.
- (2) Keeping a report on areas of interest of a Director and Executives and submitting a copy of the report under section 89/14 of the Securities and Exchange Act to the Chairman of the Board of Directors and Chairman of the Audit Committee within seven (7) business days from the date on which the Company has received such a report.
- (3) Convening the Board of Directors' meeting and shareholders meeting.
- (4) Advising on rules and regulations to the Board of Directors and Executives.
- (5) Arranging training sessions and orientations and providing the necessary information for being a Director to current and new Directors.
- (6) Co-ordinating and ensuring the Company is complying with all laws, objectives, Articles of Association of the Company, and the resolutions of the Board of Directors and shareholders meetings including the Corporate Governance Policy.
- (7) Performing any other acts as specified by the Board of Directors or in notifications of the Capital Market Supervisory Board.

The information of the Company Secretary is shown in the “Information of the Board of Directors, Executives and Company Secretary” section.



## REMUNERATION OF DIRECTORS AND EXECUTIVES

### Monetary Remuneration

#### 1. Director's Remuneration

The 2018 Annual General Meeting of Shareholders held on 22 March 2018, approved the remuneration of the Board of Directors and Sub-committees for 2018 as follows:

##### (1) Attendance fee

A rate of 50,000 baht/person/meeting is paid to every Director who is not a Company employee or Company advisor and who attends a Board of Director and Sub-committee meeting.

##### (2) Monthly remuneration

The following rates are paid to every Director who is not a Company employee or Company advisor:

#### The Board of Directors

Chairman	30,000	THB/month
Vice Chairman	20,000	THB/month
Director	15,000	THB/month

#### The Audit Committee

Chairman	20,000	THB/month
Director	15,000	THB/month

#### The Nomination, Remuneration and Corporate Governance Committee

Chairman	20,000	THB/month
Director	-	

#### The Risk Management Committee

Chairman	20,000	THB/month
Director	-	

#### The Executive Committee

Chairman	-	
Director	-	

#### Chief Advisor to

the Executive Committee	360,000	THB/month
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In 2018, the Company had remuneration to Directors totaling THB 16,320,000 as follows:

Name		Remuneration <sup>(1)</sup> (Baht)						Total
		The Board of Directors	The Audit Committee	The Nomination, Remuneration and Corporate Governance Committee	The Risk Management Committee	The Executive Committee	Chief Advisor to the Executive Committee	
1. Mr. Surin	Osathanugrah	960,000	-	-	-	-	-	960,000
2. Sub.Lt. Seri	Osathanugrah <sup>(2)</sup>	740,000	-	-	-	-	-	740,000
3. Mr. Ratch	Osathanugrah	740,000	-	-	-	-	-	740,000
4. Mr. Somprasong	Boonyachai	840,000	-	640,000	-	-	-	1,480,000
5. Mrs.Kannikar	Chalitaporn <sup>(3)</sup>	480,000	-	-	380,000	-	3,240,000	4,100,000
6. Mr. Petch	Osathanugrah <sup>(4)</sup>	-	-	-	-	-	-	-
7. Mr. Thana	Chaiprasit <sup>(4)</sup>	-	-	-	-	-	-	-
8. Mr. Pratharn	Chaiprasit <sup>(4)</sup>	-	-	-	-	-	-	-
9. Mr. Tasharin	Osathanugrah <sup>(4)</sup>	-	-	-	-	-	-	-
10. Mr. Niti	Osathanugrah	780,000	-	400,000	-	1,000,000	-	2,180,000
11. Mr. Sethaput	Suthiwartnarueput <sup>(4)(5)(6)</sup>	550,000	-	-	-	100,000	-	650,000
12. Mr. Salin	Pinkayan	780,000	-	400,000	250,000	-	-	1,430,000
13. Ms. Penchun	Jarikasem	730,000	790,000	-	-	-	-	1,520,000
14. Mr. Krirk	Vanikkul	780,000	730,000	-	-	-	-	1,510,000
15. Mrs.Sinee	Thienprasiddhi	480,000	530,000	-	-	-	-	1,010,000
16. Mrs.Wannipa	Bhakdibutr <sup>(7)</sup>	-	-	-	-	-	-	-
<b>Total</b>		<b>7,860,000</b>	<b>2,050,000</b>	<b>1,440,000</b>	<b>630,000</b>	<b>1,100,000</b>	<b>3,240,000</b>	<b>16,320,000</b>

#### Remarks:

<sup>(1)</sup> In 2018, the Company paid remuneration to Directors based on the number of meetings attended. Remuneration was also paid as specified by the Company to Directors who are not Company employees or advisors.

<sup>(2)</sup> Sub. Lt. Seri Osathanugrah resigned as a Director effective 13 December 2018.

<sup>(3)</sup> The Director received a monthly salary and advisory remuneration but did not receive remuneration as a Director until March 2018. However, she was qualified to receive remuneration beginning in April 2018.

<sup>(4)</sup> The Director received a monthly salary and advisory remuneration but did not receive remuneration as a Director.

<sup>(5)</sup> The Director received a monthly salary and advisory remuneration but did not receive remuneration as a Director until February 2018. However, he was qualified to receive remuneration since March 2018.

<sup>(6)</sup> Resigned his position as a member of the Executive Committee effective 15 April 2018.

<sup>(7)</sup> Mrs. Wannipa Bhakdibutr was appointed as a Director, replacing Sub. Lt. Seri Osathanugrah by a resolution of the Board of Directors' meeting No. 12/2018 dated 12 December 2018, which took effect on 13 December 2018.

## 2. Executive Remuneration

For the financial years ended 31 December 2018, the total remuneration to Executives (excluding the Head of Controller), including salary, annual bonus, and other considerations such as provident fund contributions, was THB 201 million.

### Other Remuneration

The 2018 Annual General Meeting of Shareholders on 22 March 2018 allocated newly-issued shares to Directors and/or Executives of the Company totaling not more than 3,000,000 shares, equivalent to 0.1% of the total offered shares after the offering period. The newly-issued shares were allocated from the share offering and sold at the same price as the shares in the offering. The details of the allocation of shares to Directors and Executives are as follows:

Directors and Executives*			Highest Allocation (Shares)
1.	Mrs. Kannikar Chalitaporn		500,000
2.	Mr. Somprasong Boonyachai		100,000
3.	Mr. Sethaput Suthiwartnarueput		100,000
4.	Ms. Penchun Jarikasem		100,000
5.	Mr. Krirk Vanikkul		100,000
6.	Mrs. Sinee Thienprasiddhi		100,000
7.	Mrs. Wannipa Bhakdibutr		500,000
8.	Mrs. Porntida Boonsa		260,000
9.	Mr. Nukit Chonlacoop		200,000
10.	Ms. Suthipa Panyamahasup		200,000
11.	Mr. Sarayut Jitcharoongphorn		200,000
12.	Mr. Rob Rijnders		200,000
13.	Mr. William James Martin Bruce		200,000
14.	Mr. Viwat Krisdhasima		200,000
15.	Mrs. Ratipat Phoemsap		40,000
<b>Total</b>			<b>3,000,000</b>

#### Remarks:

\* List of Directors and Executives at the allocation date.

## HUMAN RESOURCES

### Number of Employees

As at 31 December 2018, the Company had a total workforce of 3,656.

Business	No. of Employees
<b>Main business</b>	
Sales and Marketing Division (Domestic)	631
Sales and Marketing Division (Overseas)	264
Supply Chain Division	2,332
Support Division	429
<b>Total</b>	<b>3,656</b>
<b>By location</b>	
Thailand	3,412
Overseas	244
<b>Total</b>	<b>3,656</b>

Types of Employees	No. of Employees
<b>No. of employees (type)</b>	
Company employees	3,656
Contractors <sup>(1)</sup>	967
<b>Total</b>	<b>4,623</b>

#### Remarks:

<sup>(1)</sup>Contractors were mainly hired for production, logistics, and cargo.

The Company's employee turnover rate in 2018 (calculated from the ratio of resignations over the number of permanent employees) was 12.4%.

### Employee Remuneration

In 2018, the Company and subsidiaries paid the remuneration to the employees (monthly salary, bonus and other benefits) totally THB 2,230 million.

### Provident Fund

The company establishes a Provident Fund program for our employees to support financial security after retirement or resignation. The fund is formed under defined contribution plan managed by third party, Tisco securities. The company makes a monthly contribution at a rate of 3-5 percent of employees' basic monthly salary.

## HUMAN RESOURCES DEVELOPMENT POLICY

The Company is committed to increasing our employees' capabilities to support the expansion of our businesses domestically and internationally. The Company has introduced and encourages employees to develop through a 70:20:10 learning model, of which 70% is on-the-job training with challenging assignments, 20% is coaching and mentoring, and 10% is classroom training. The Company has a development plan to enhance employees' knowledge, skills, and capabilities in four dimensions, which are:

- (1) Mandatory training on our Corporate Governance Policy;
- (2) Leadership Skills;
- (3) Functional programs focused on specific functional knowledge; and
- (4) "Knowing the Business Program" about our end-to-end business processes.

The Company regularly evaluates employee performance and has succession plans in place for key positions at all levels to provide opportunities for talents to realize their potential and to move up to leadership and Executive positions.

To build employee engagement, the Company has set up the "Osotspa Club" to strengthen relationships between Company Executives and employees through Company activities such as Family Day, Sports Day, a domestic and international travel program, and others.



# INFORMATION OF THE BOARD OF DIRECTORS, EXECUTIVES AND COMPANY SECRETARY

## DIRECTORS

### MR. SURIN OSATHANUGRAH

Age 86

#### Position

- Chairman of the Board of Directors
- Authorized Director

#### Share Possession (%)

-None-

#### Relationship with other Directors and Executives

- Father of Mr. Niti Osathanugrah
- Uncle of Mr. Petch Osathanugrah
- Uncle of Mr. Ratch Osathanugrah
- Uncle of Mr. Thana Chaiprasit
- Uncle of Mr. Pratharn Chaiprasit
- Uncle of Mr. Tasharin Osathanugrah

#### Education

- Bachelor of Business Administration BABSON College, US

#### Certifications

#### Training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 28/2003
- Audit Committee Program (ACP) 10/2005
- The Role of Chairman Program (RCP) 27/2012
- The Role of Chairman Program (RCP) 38/2016
- The Board's Role in Mergers and Acquisitions (M&A) 1/2011

#### Professional Experience

- 2008-Present** • Chairman of the Board of Directors and Authorized Director, Osotspa PCL
- 1974-2008** • Vice Chairman of the Board of Directors, Osotspa Co., Ltd.
- 2012-Present** • Chairman, Osathanugrah Foundation
- 2005-Present** • Directors, Rajadamri PCL
- 1993-Present** • Chairman, Pichaisawat Co., Ltd.
- 1982-Present** • Chairman, Bangkok Rinvest Co., Ltd.
- 1980-Present** • Vice Chairman of the Board of Directors, Safety Insurance PCL
- 1962-Present** • Director, Osathanugrah Holding Co., Ltd.

### MRS. KANNIKAR CHALITAPORN

Age 71

#### Position

- Vice Chairperson of the Board of Directors
- Chief Advisor to the Executive Committee
- Chairperson of the Risk Management Committee

#### Share Possession (%)

0.024

#### Relationship with other Directors and Executives

-None-

#### Education

- Advanced Management Program (AMP), Harvard University
- Bachelor of Business, University of Colorado, US

#### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 149/2018
- The Role of Chairman Program (RCP) 7/2002

#### Professional Experience

- 2016-Present** • Vice Chairperson of the Board of Directors, Chief Advisor to the Executive Committee and Chairperson of the Risk Management Committee, Osotspa PCL
- 2018-Present** • Chairperson, Index living mall PCL
- 2016-2018** • Chairperson, Siam Commercial Foundation
- 2015-Present** • Vice Chairperson, Siam Commercial Foundation
- 2018-Present** • Director, The Siam Commercial Bank PCL
- 2016-2018** • Member of the Risk Oversight Committee, The Siam Commercial Bank PCL
- 2015-2018** • Chairperson of the Corporate Social Responsibility Committee, The Siam Commercial Bank PCL
- 2016-2018** • Vice Chairperson of the Corporate Social Responsibility Committee, The Siam Commercial Bank PCL
- 2015-2018** • Executives, The Siam Commercial Bank PCL
- 2008-2016** • Director of the Corporate Social Responsibility Committee, The Siam Commercial Bank PCL
- 2007-2015** • President, The Siam Commercial Bank PCL

## MR. SOMPRASONG BOONYACHAI

Age 62

### Position

- Independent Director
- Vice Chairman of the Board of Directors
- Chairman of the Nomination, Remuneration and Corporate Governance Committee

### Share Possession (%)

0.003

### Relationship with other Directors and Executives

-None-

### Education

- Master Degree in Engineering Asian Institute of Technology
- Bachelor of Engineering King Mongkut's University of Technology Thonburi

### Training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 65/2005
- Director Accreditation Program (DAP) 30/2004
- The Role of Chairman Program (RCP) 21/2009

### Other Training

- High Performance Board by IMD

### Professional Experience

- |                     |   |
|---------------------|---|
| <b>2016-Present</b> | <ul style="list-style-type: none"><li>• Independent Director, Vice Chairman of the Board of Directors and Chairman of the Nomination Remuneration and Corporate Governance Committee, Osotspa PCL</li></ul> |
| <b>2017-Present</b> | <ul style="list-style-type: none"><li>• Independent Director, Dusit Thani PCL</li><li>• Director, BEC world PCL</li></ul>   |
| <b>2008-Present</b> | <ul style="list-style-type: none"><li>• Vice Chairman of the Board of Director, Advanced Info Service PCL</li></ul>   |
| <b>2007-Present</b> | <ul style="list-style-type: none"><li>• Director, INTOUCH Holdings PCL</li></ul>  |
| <b>2008-2017</b>    | <ul style="list-style-type: none"><li>• Chairman of Board of Executive Directors, INTOUCH Holdings PCL</li></ul>  |
| <b>2002-Present</b> | <ul style="list-style-type: none"><li>• Director, Thaicom PCL</li><li>• Independent Director and Audit Committee, Power Light Engineering PCL</li></ul>   |
| <b>2016-2017</b>    | <ul style="list-style-type: none"><li>• Independent Director, Pruksa Real Estate PCL</li></ul>  |
| <b>2004-2016</b>    | <ul style="list-style-type: none"><li>• Director, Praram 9 Hospital Co., Ltd.</li></ul>   |

## MR. RATCH OSATHANUGRAH

Age 62

### Position

- Vice Chairman of the Board of Directors
- Authorized Director

### Share Possession (%)

- Acting in concert with Mr. Petch Osathanugrah and other shareholders totally 31.95

### Relationship with other Directors and Executives

- Nephew of Mr. Surin Osathanugrah
- Brother of Mr. Petch Osathanugrah
- Cousin of Mr. Niti Osathanugrah
- Cousin of Mr. Thana Chaiprasit
- Cousin of Mr. Pratharn Chaiprasit
- Cousin of Mr. Tasharin Osathanugrah

### Education

- MBA, Southern Illinois University, US
- Bachelor of Business Administration, Southern Illinois University, US
- Bachelor of Business Administration, Bangkok University

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 124/2016

### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2015-Present</b> | <ul style="list-style-type: none"><li>• Vice Chairman of the Board of Directors and Authorized Director, Osotspa PCL</li></ul>   |
| <b>2009-2014</b>    | <ul style="list-style-type: none"><li>• CEO, Osotspa Co., Ltd.</li></ul>   |
| <b>1994-2015</b>    | <ul style="list-style-type: none"><li>• Director, Osotspa Co., Ltd.</li></ul>  |
| <b>Present</b>      | <ul style="list-style-type: none"><li>• Director, Angelys Balek Co., Ltd.</li><li>• Director, Doisawasdee Hill Co., Ltd.</li><li>• Director, Shiseido (Thailand) Co., Ltd.</li><li>• Director, Isetan (Thailand) Co., Ltd.</li><li>• Director, Dream Loft Co., Ltd.</li><li>• Director, Bangkok Creative Elements Co., Ltd.</li><li>• Director, Akarat Property Co., Ltd.</li><li>• Director, Osathanugrah Holding Co., Ltd.</li><li>• Director, Osotspa USA Inc.</li><li>• Director, Campus Land Co., Ltd.</li><li>• Director, Campus Co., Ltd.</li></ul> |



## MR. PETCH OSATHANUGRAH

Age 64

### Position

- Director
- Chairman of the Executive Committee and CEO
- Authorized Director

### Share Possession (%)

- Acting in concert with Mr. Ratch Osathanugrah and other shareholders totally 31.95

### Relationship with other Directors and Executives

- Nephew of Mr. Surin Osathanugrah
- Brother of Mr. Ratch Osathanugrah
- Cousin of Mr. Niti Osathanugrah
- Cousin of Mr. Thana Chaiprasit
- Cousin of Mr. Pratharn Chaiprasit
- Cousin of Mr. Tasharin Osathanugrah

### Education

- Bachelor of Marketing, Southern Illinois University, US

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 127/2016

### Professional Experience

- |                     |   |
|---------------------|---|
| <b>2015-Present</b> | • Director, Chairman of the Executive Committee, CEO and Authorized Director, Osotspa PCL |
| <b>1983-2015</b>    | • Director, Osotspa Co., Ltd.   |
| <b>Present</b>      | • Director, O ground Co., Ltd.  |
| <b>2015-Present</b> | • President of Bangkok University   |
| <b>2013-Present</b> | • Chief Executive Officer, Bangkok University   |
| <b>1992-Present</b> | • Director of the University Council, Bangkok University                                  |
|                     | • Chairman, Shiseido (Thailand) Co., Ltd.   |
| <b>Present</b>      | • Director, Osathanugrah Holding Co., Ltd.  |
|                     | • Director, Bangkok Creative Elements Co., Ltd.   |
|                     | • Director, Digiday Co., Ltd.   |
|                     | • Director, BU property Co., Ltd.   |
|                     | • Director, Silent bark Co., Ltd.   |
|                     | • Director, Sozohub Co., Ltd.   |
|                     | • Director, Doisawasdee hill Co., Ltd.  |
|                     | • Director, Diamond Farm Holding Co., Ltd.  |
|                     | • Director, Campus Land Co., Ltd.   |
|                     | • Director, Campus Co., Ltd.  |
|                     | • Director, Sansab Social enterprise Co., Ltd.  |
|                     | • Director, Osotspa Myanmar Co., Ltd.   |
| <b>2010-Present</b> | • Director, Bangkok Art and Culture Centre Foundation                                     |

## MR. THANA CHAIPRASIT

Age 64

### Position

- Director
- Vice-Chairman of the Executive Committee
- Authorized Director

### Share Possession (%)

1.7

### Relationship with other Directors and Executives

- Nephew of Mr. Surin Osathanugrah
- Brother of Mr. Pratharn Chaiprasit
- Cousin of Mr. Niti Osathanugrah
- Cousin of Mr. Petch Osathanugrah
- Cousin of Mr. Ratch Osathanugrah
- Cousin of Mr. Tasharin Osathanugrah

### Education

- Ph.D. (Honorary) Doctor of Philosophy in Education, Ramkhamhaeng University
- Ph.D. (Honorary) Doctor of Business Administration in General Management, Chandrakasem Rajabhat University
- MINI MBA, Thammasat University
- Bachelor of Business Administration, Bangkok University

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 132/2016

### Other Training

- The National Defense College (combination of military officers and civilians) NDC 388
- 5<sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, the Office of the Administrative Courts of Thailand

### Professional Experience

- |                     |   |
|---------------------|---|
| <b>2014-Present</b> | • Director, Vice Chairman of the Executive Committee and Authorized Director, Osotspa PCL |
| <b>2007-2014</b>    | • Senior Executive Vice Chairman, Osotspa Co., Ltd.                                       |
| <b>1984-2014</b>    | • Director, Osotspa Co., Ltd.   |
| <b>Present</b>      | • Chairman of the Board, Advanced Information Technology PLC                              |
|                     | • Director, Osotspa Myanmar Co., Ltd.   |
|                     | • Directors, The International Table Tennis Federation                                    |
|                     | • Honorary Executive Board Official, The Asian Table Tennis Union                         |
|                     | • Honorary President, The Table Tennis Association of Thailand                            |
|                     | • Treasurer, The National Olympic Committee of Thailand                                   |
|                     | • Director, Thanarom Co., Ltd.  |
|                     | • Director, Siam Glass Industry Co., Ltd.   |
|                     | • Director, Doisawasdee Hill Co., Ltd.  |
|                     | • Director, Bua Ratchada Co., Ltd.  |

- Director, D-1 Co., Ltd.
- Director, Best One Intertrade Co., Ltd.
- Director, Minburi Vetchakij Co., Ltd.
- Director, Minburi Medical Co., Ltd.
- Director, PM Publishing Co., Ltd.
- Director, Afgo Holding Co., Ltd.
- Director, Osotspa Beverage Co., Ltd.
- Director, Greenville Co., Ltd.
- Director, Siam Glass Ayutthaya Co., Ltd.
- Director, SSB Enterprise Co., Ltd.
- Director, Siam Cullet Co., Ltd.
- Director, Osotspa Innovation Center Co., Ltd.
- Director, Osotspa Dairy Co., Ltd.
- Director, Osathanugrah Holding Co., Ltd.
- Director, Ruenbua Co., Ltd.
- Director, Thanakarn Co., Ltd.
- Director, Changwattana Avenue Co., Ltd.
- Director, Ratchaphuek Papaya Salad Co., Ltd.
- Director, Thachthana Co., Ltd.
- Director, Osotspa Enterprise Co., Ltd.
- Director, Osotspa Europe Ltd.
- Director, Myanmar Osotspa Co., Ltd.
- Director, Osotspa Enterprises Singapore Pte. Ltd.
- Director, Osotspa USA Inc.
- Director, Oventure Pte. Ltd.
- Director, Osotspa Loi Hein Co., Ltd.

## MR. PRATHARN CHAIPRASIT

Age 60

### Position

- Director
- Vice-Chairman of the Executive Committee
- Authorized Director

### Share Possession (%)

-None-

### Relationship with other Directors and Executives

- Nephew of Mr. Surin Osathanugrah
- Brother of Mr. Thana Chaiprasit
- Cousin of Mr. Niti Osathanugrah
- Cousin of Mr. Petch Osathanugrah
- Cousin of Mr. Ratch Osathanugrah
- Cousin of Mr. Tasharin Osathanugrah

### Education

- Master of Commerce Takushoku University, Japan
- Bachelor of Business Administration, Bangkok University

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 124/2016

### Professional Experience

- |                          |  |
|--------------------------|--|
| <b>2014-Present</b>      | <ul style="list-style-type: none"> <li>• Director, Vice-Chairman of the Executive Committee and Authorized Director, Osotspa PCL</li> </ul>  |
| <b>2007-2014</b>         | <ul style="list-style-type: none"> <li>• Senior Executive Vice Chairman, Osotspa Co., Ltd.</li> </ul>  |
| <b>1996-2014 Present</b> | <ul style="list-style-type: none"> <li>• Director, Osotspa Co., Ltd.</li> <li>• Director, Thanarom Co., Ltd.</li> <li>• Director, Doiawasdee hill Co., Ltd.</li> <li>• Director, Bua Ratchada Co., Ltd.</li> <li>• Director, D-1 Co., Ltd.</li> <li>• Director, Osotspa Beverage Co., Ltd.</li> <li>• Director, Siam Glass Industry Co., Ltd.</li> <li>• Director, Siam Glass Ayutthaya Co., Ltd.</li> <li>• Director, Greenville Co., Ltd.</li> <li>• Director, SSB Enterprise Co., Ltd.</li> <li>• Director, Siam Cullet Co., Ltd.</li> <li>• Director, Osotspa Innovation Center Co., Ltd.</li> <li>• Director, Osotspa Loi Hein (Thailand) Co., Ltd.</li> <li>• Director, Osotspa Loi Hein Co., Ltd.</li> <li>• Director, Osotspa Dairy Co., Ltd.</li> <li>• Director, House Osotspa Foods Co., Ltd.</li> <li>• Director, Osathanugrah Holding Co., Ltd.</li> <li>• Director, Ruenbua Co., Ltd.</li> <li>• Director, Thanakarn Co., Ltd.</li> <li>• Director, Changwattana Avenue Co., Ltd.</li> <li>• Director, Ratchapue Papaya Salad Co., Ltd.</li> <li>• Director, Osotspa Taisho Pharmaceuticals Co., Ltd.</li> <li>• Director, Osotspa Enterprise Co., Ltd.</li> <li>• Director, Calpis Osotspa Co., Ltd.</li> <li>• Director, Osotspa Europe Ltd.</li> <li>• Director, Myanmar Osotspa Co., Ltd.</li> <li>• Director, Osotspa Enterprises Singapore Pte. Ltd.</li> <li>• Director, Osotspa USA Inc.</li> <li>• Director, Oventure Pte. Ltd.</li> <li>• Director, Osotspa Myanmar Co., Ltd.</li> <li>• Managing Partner, Limited Partnership TPP Property</li> </ul> |

## MR. TASHARIN OSATHANUGRAH

Age 51

### Position

- Director
- Member of the Executive Committee
- Authorized Director

### Share Possession (%)

2.91

### Relationship with other Directors and Executives

- Nephew of Mr. Surin Osathanugrah
- Cousin of Mr. Niti Osathanugrah
- Cousin of Mr. Petch Osathanugrah
- Cousin of Mr. Ratch Osathanugrah
- Cousin of Mr. Thana Chaiprasit
- Cousin of Mr. Pratharn Chaiprasit

### Education

- Secondary Ravena High, US

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 124/2016

### Professional Experience

- 2008-Present**
- Director, Member of the Executive Committee and Authorized Director, Osotspa PCL
- Present**
- Director, Osotspa Beverage Co., Ltd.
  - Director, Siam Glass Industry Co., Ltd.
  - Director, Siam Glass Ayutthaya Co., Ltd.
  - Director, Greensville Co., Ltd.
  - Director, SSB Enterprise Co., Ltd.
  - Director, Osotspa Innovation Center Co., Ltd.
  - Director, Osotspa Dairy Co., Ltd.
  - Director, Osathanugrah Holding Co., Ltd.
  - Director, Ruenbua Co., Ltd.
  - Director, Thachthana Co., Ltd.
  - Director, Ducky Suki Co., Ltd.
  - Director, Doisawasdee Hill Co., Ltd.
  - Director, Osotspa Europe Ltd.
  - Director, Virintorn Co., Ltd.
  - Director, Osotspa Myanmar Co., Ltd.

## MS. PENCHUN JARIKASEM

Age 63

### Position

- Independent Director
- Chairperson of the Audit Committee

### Share Possession (%)

0.003

### Relationship with other Directors and Executives

-None-

### Education

- Master of Science (Business Administration), Thammasat University
- Bachelor of Arts, Faculty of Arts, Chulalongkorn University

### Training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 113/2009
- Board Matters and Trends (BMT) 6/2018
- Risk Management Program for Corporate Leaders Class (RCL) 13/2018
- Ethical Leadership Program (ELP) 11/2018
- Director Accreditation Program (DAP) 75/2008
- Audit Committee Program (ACP) 28/2009
- The Role of Chairman Program (RCP) 36/2015
- Monitoring Fraud Risk Management (MFM) 6/2011
- Monitoring the Quality of Financial Reporting (MFR) 9/2009

### Other Training

- The Executive Program in Energy Literacy for a Sustainable Future TEA (Class 6), Thailand Energy Academy (TEA)
- Bhumipalung Phandin for Top Executives (Class 3), Chulalongkorn University
- Capital Market Academy Leadership Program (CMA 4), Capital Market Academy (CMA)
- Senior Executive Program no. 77 (SEP 77), London Business School, UK

### Professional Experience

- 2016-Present**
- Independent Director, and Chairperson of the Audit Committee, Osotspa PCL
- 2018-Present**
- Director, and Chairperson of the Sub-committee for Finance and Accounting, State Railway of Thailand
  - Independent Director, and Chairperson of the Audit Committee, Ritta Holdings Co., Ltd.
  - Director, and Member of the Risk Management Committee, PTT Exploration and Production PCL

- 2017-Present** • Advisory Committee for Fund Raising and Listed Company Oversight, The Securities and Exchange Commission (SEC)
- 2016-Present** • Member of the Sub-Committee for Consideration of Regulations on the Issuance and Offering of Debt Securities, Derivatives and Structured Products, The Securities and Exchange Commission (SEC)
- 2016-2018** • Sub-Committee for Finance and Budgeting Improvement, Office of the Public Sector Development Commission (OPDC)
- 2016-2018** • Advisor, PTT Exploration and Production PCL
- 2011-2015** • Executive Vice President, Finance and Accounting Group, PTT Exploration and Production PCL

## MR. KRIRK VANIKKUL

Age 64

### Position

- Independent Director
- Member of the Audit Committee

### Share Possession (%)

0.003

### Relationship with other Directors and Executives

-None-

### Education

- Bachelor of Laws, (2<sup>nd</sup> Class Hons.), Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- B.A. in Jurisprudence (Hons. Oxon), Oxford University, UK
- Barrister-at-Law, Middle Temple, UK
- Advanced Management Program (AMP), Harvard University, US

### Training of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) 42/2004
- Finance for Non-Finance Director (FN)
- Improving the Quality of Financial Reporting (QFR) 3/2006
- Charter Director Course (CDC) 2008

### Professional Experience

- 2016-Present** • Independent Director and Member of the Audit Committee, Osotspa PCL
- 2018-Present** • Independent Director, Member of Audit Committee and Member of Nomination, Remuneration, and Good Corporate Governance Committee, L.P.N. Development PCL
  - Chairman of the Risk Oversight Committee, The Siam Commercial Bank PCL
- 2015-Present** • Independent Director, The Siam Commercial bank PCL
- 2017-2018** • Member of the Executive Committee, The Siam commercial bank PCL
- 2015-2018** • Expert Commission Member, Office of Knowledge Management and Development (Public Organization)
- 2012-Present** • Member of the Council of State, Office of the Council of State
- 2015-2017** • Independent Director, Italian-Thai Development PCL
- 2014-2015** • Chairman, Government Housing Bank
- 2009-2014** • Deputy Governor, Financial Institutions Stability, Bank of Thailand

## MR. NITI OSATHANUGRAH

Age 45

### Position

- Director
- Member of the Executive Committee
- Member of the Nomination Remuneration and Corporate Governance Committee

### Share Possession (%)

16.28

### Relationship with other Directors and Executives

- Son of Mr. Surin Osathanugrah
- Cousin of Mr. Petch Osathanugrah
- Cousin of Mr. Ratch Osathanugrah
- Cousin of Mr. Thana Chaiprasit
- Cousin of Mr. Pratharn Chaiprasit
- Cousin of Mr. Tasharin Osathanugrah

### Education

- Master of Arts in Economic Law, Chulalongkorn University
- Bachelor of Economics and Political Science Amherst College, Massachusetts, US

### Training of Thai Institute of Directors Association (IOD)

- DCP Refresher Course 2/2009
- Director Accreditation Program (DAP) 27/2004
- Audit Committee Program (ACP) 42/2013
- Role of the Compensation Committee (RCC) 13/2011
- Monitoring the Quality of Financial Reporting (MFR) 17/2013
- Monitoring Fraud Risk Management (MFM) 9/2013
- Board Reporting Program (BRP) 10/2013
- Monitoring the System of Internal Control and Risk Management (MIR) 15/2013
- Successful Formulation & Execution of Strategy (SFE) 18/2013
- Company Secretary Program (CSP) 49/2013
- Monitoring the Internal Audit Function (MIA) 14/2013
- Company Reporting Program (CRP) 5/2013
- The Board's Role in Merger and Acquisitions (M&A) 1/2011
- Director Certification Program DCP 253/2018

### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2016-Present</b> | <ul style="list-style-type: none"> <li>• Director, Member of the Executive Committee, Member of the Nomination Remuneration and Corporate Governance Committee and Authorized Director, Osotspa PCL</li> </ul> |
| <b>2016-2018</b>    | <ul style="list-style-type: none"> <li>• Member of the Risk Management Committee, Osotspa PCL</li> </ul>   |
| <b>1991-2016</b>    | <ul style="list-style-type: none"> <li>• Director, Osotspa Co., Ltd.</li> </ul>  |
| <b>2017-Present</b> | <ul style="list-style-type: none"> <li>• Director, The Thai Chamber of Commerce</li> </ul>   |

### 2015-Present

- Managing Director, Pichaisawat Co., Ltd.
- Managing Director, Bangkok Rinvest Co., Ltd.

### 2012-Present

- Director, Osathanugrah Foundation

### 2018-Present

- Director, Minor International PCL

### 2004-2018

- Risk Management Committee, Director and Nomination and Remuneration Committee, Cham Issara Development PCL

### 2004-Present

- Director, Safety Insurance PCL

### 1991-Present

- Director, Osathanugrah Holding Co., Ltd.

### 2011-2016

- Director, Osotspa Beverage Co., Ltd.
- Director, Siam Glass Ayutthaya Co., Ltd.



## MR. SALIN PINKAYAN

Age 50

### Position

- Independent Director
- Member of the Risk Management Committee
- Member of the Nomination Remuneration and Corporate Governance Committee

### Share Possession (%)

-None-

### Relationship with other Directors and Executives

-None-

### Education

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering University of Pennsylvania, US

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 84/2010
- Board Nomination and Compensation Program (BNCP) 1/2017

### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2016-Present</b> | • Independent Director, Member of the Risk Management Committee, and Member of the Nomination Remuneration and Corporate Governance Committee, Osotspa PCL |
| <b>2008-2016</b>    | • Independent Director, Osotspa Co., Ltd.  |
| <b>2011-Present</b> | • President, Southeast Asia Technology Co., Ltd.   |
| <b>2003-Present</b> | • Managing Director, Thai Developer Co., Ltd.  |
| <b>1993-Present</b> | • Director, Dynamic Engineering Consultants Co., Ltd.  |
|                     | • Director, Modern Technology Consultants Co., Ltd.  |

## MR. SETHAPUT SUTHIWARTNARUEPUT

Age 53

### Position

- Director

### Share Possession (%)

0.003

### Relationship with other Directors and Executives

-None-

### Education

- Ph.D. (Economics), Yale University, US
- M.Phil. (Economics), Yale University, US
- B.A. (Highest Honors) Economics, Swarthmore College, US

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 94/2012
- Advance Audit Committee Program (AACP) 21/2015
- Risk Management Committee Program (RMP) 6/2015

### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2016-Present</b> | • Director, Osotspa PCL  |
| <b>2016-2018</b>    | • Member of the Executive Committee, Osotspa PCL   |
| <b>2017-Present</b> | • Member of the Board of Directors, The Bank of Thailand (BOT)                               |
| <b>2015-Present</b> | • Director, Puey Ungphakorn Institute for Economic Research, The Bank of Thailand (BOT)      |
| <b>2014-Present</b> | • Member of the Monetary Policy Committee, The Bank of Thailand (BOT)                        |
| <b>2018-Present</b> | • Member of the Audit Committee, PTT Exploration and Production PCL                          |
| <b>2014-Present</b> | • Director and Chairman of the Risk Management Committee, PTT Exploration and Production PCL |
| <b>2016-Present</b> | • Member of the Nominating Committee, PTT Exploration and Production PCL                     |
| <b>2014-2017</b>    | • Member of the Audit Committee, PTT Exploration and Production PCL                          |

**MRS. SINEE THIENPRASIDDHI**

Age 60

**Position**

- Director
- Member of the Audit Committee

**Share Possession (%)**

0.003

**Relationship with other Directors and Executives**

-None-

**Education**

- The MacDuffie Springfield, MA, US

**Training of Thai Institute of Directors Association (IOD)**

- Director Certification Program (DCP) 65/2005
- Director Accreditation Program (DAP) 9/2004
- Finance for Non-Finance Director (FN) 22/2005
- Improving the Quality of Financial Reporting (QFR) 1/2006
- DCP Refresher Course 2/2009

**Other Training**

- Advances for Corporate Secretaries 29
- Fundamental Legal and Regulations on the Listed Company 8/2012

**Professional Experience**

- 2016-Present** • Independent Director and Member of the Audit Committee, Osotspa PCL
- 2017-Present** • Director, Thitinan Development Co., Ltd.
- 2018-Present** • Director, Cube Real Property Co., Ltd.
- 2016-Present** • Director, Charoonrasamee Co., Ltd.
- 2015-Present** • Director, Philippine Hoteliers International Center For Hospitality Education, Inc.
- 2014-Present** • Director, Dusit Excellence Co., Ltd.  
• Director, Dusit Fudu Management (Shanghai) Co., Ltd.
- 2013-Present** • Director, Dusit China Capital Co., Ltd.
- 2012-Present** • Director, Dusit USA Management Co., Ltd.
- 2011-Present** • Director, Dusit Bird Hotels Pvt. Ltd.  
• Director, DMS Property Investment Pvt. Ltd.
- 2010-Present** • Director, Philippine Hoteliers, Inc.  
• Director, Chanut and Children Co., Ltd.  
• Director, Dusit Management Co., Ltd.
- 2009-Present** • Director, Dusit Thai Properties PCL
- 2008-Present** • Director, Dusit Worldwide Co., Ltd.  
• Director, Dusit Overseas Co., Ltd.
- 2006-Present** • Director, Le Cordon Blue Dusit Co., Ltd.
- 2000-Present** • Director, Devarana Spa Co., Ltd.
- 1990-Present** • Director, Acme Printing Co., Ltd.
- 1988-Present** • Director, Thana Jirang Co., Ltd.
- 1979-Present** • Director and Executive Director, Dusit Thani PCL
- 2008-2016** • Company Secretary, Dusit Thani PCL
- 1980-2016** • Secretary to the Board of Director, Dusit Thani PCL
- 1976-Present** • Director, Piyasiri Co., Ltd.

**MRS. WANNIPA BHAKDIBUTR**

Age 55

**Position**

- Director
- President
- Member of the Executive Committee
- Member of the Risk Management Committee
- Authorized Director

**Share Possession (%)**

0.019

**Relationship with other Directors and Executives**

-None-

**Education**

- MBA, San Diego State University, US
- Bachelor of Economics Program, Kasetsart University

**Training of Thai Institute of Directors Association (IOD)**

- Director Certification Program (DCP) 246/2017

**Professional Experience**

- 2018-Present** • Director and Authorized Director, Osotspa PCL  
• Association President, Energy Drink Manufactures Association
- 2016-Present** • President, Member of the Executive Committee and Member of the Risk Management Committee, Osotspa PCL
- 2018** • Acting Chief Strategy & Business Transformation Officer, Osotspa PCL
- 2017-Present** • Chairperson of the Marketing Subcommittee, Thailand Institute of Scientific and Technological Research.  
• Director, Uni. Charm (Thailand) Co., Ltd.
- 2016-Present** • Director, Osotspa Beverage Co., Ltd.  
• Director, Siam Glass Industry Co., Ltd.  
• Director, Siam Glass Ayutthaya Co., Ltd.  
• Director, Greensville Co., Ltd.  
• Director, Osotspa Loi Hein (Thailand) Co., Ltd.  
• Director, Osotspa Taisho Pharmaceuticals Co., Ltd.  
• Director, House Osotspa Foods Co., Ltd.  
• Director, Calpis Osotspa Co., Ltd.  
• Director, Yamamura International (Thailand) Co., Ltd.
- 2015-2018** • Director, Government Savings Bank
- Present** • Director, Osotspa Enterprise Co., Ltd.  
• Director, Osotspa Enterprises Singapore Pte. Ltd.  
• Director, Oventure Pte. Ltd.  
• Director, Osotspa Myanmar Co., Ltd.
- 2015-2017** • Director, Thailand Institute of Scientific and Technological Research
- 2014-2016** • Director, The Zoological Park Organization  
• Vice-President Marketing Personal Care and Food, Unilever Thai Trading Limited Co., Ltd.

## EXECUTIVES

### MRS. PORNTIDA BOONSA

Age 52

#### Position

- Chief Financial Officer
- Member of the Executive Committee
- Member of the Risk Management Committee

#### Share Possession (%)

0.011

#### Relationship with other Directors and Executives

-None-

#### Education

- MBA with Distinction, Finance & Accounting, The Wharton School, University of Pennsylvania, US
- Bachelor of Accountancy, Chulalongkorn University, First Class Honors, Gold Medal

#### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP)
- Corporate Governance for Executives (CGE) 11/2018

#### Other Training

- Strategic CFO in Capital Markets Program
- Updated new TFRS Y2019 (7 Hours)

#### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2018-Present</b> | • Member of the Risk Management Committee, Osotspa PCL                       |
| <b>2017-Present</b> | • Chief Financial Officer and Member of the Executive Committee, Osotspa PCL |
| <b>2018</b>         | • Acting Chief Supply Chain Officer, Osotspa PCL                             |
| <b>2011-2017</b>    | • Director and Vice President Finance, Unilever Thai Trading Co., Ltd.       |

### MS. SUTHIPA PANYAMAHASUP

Age 45

#### Position

- Chief Marketing Officer-Thailand

#### Share Possession (%)

0.007

#### Relationship with other Directors and Executives

-None-

#### Education

- MBA, Monash University, Australia
- Bachelor of Arts (Communication Arts), Chulalongkorn University

#### Professional Experience

- |                  |  |
|------------------|--|
| <b>Present</b>   | • Chief Marketing Officer-Thailand, Osotspa PCL              |
| <b>2016-2019</b> | • Chief Marketing Officer, Osotspa PCL                       |
| <b>2014-2016</b> | • VP Homecare and Ice cream, Unilever Thai Trading Co., Ltd. |

### MR. NUKIT CHONLACOOP

Age 45

#### Position

- Chief Manufacturing Officer
- Member of the Risk Management Committee

#### Share Possession (%)

0.007

#### Relationship with other Directors and Executives

-None-

#### Education

- Bachelor of Engineering (Mechanical Engineering), Chulalongkorn University

#### Professional Experience

- |                     |  |
|---------------------|--|
| <b>2018-Present</b> | • Member of the Risk Management Committee, Osotspa PCL |
| <b>2018-Present</b> | • Chief Manufacturing Officer, Osotspa PCL             |
|                     | • Director, Siam Glass Industry Co., Ltd.              |
|                     | • Director, Siam Glass Ayutthaya Co., Ltd.             |
|                     | • Director, Siam Cullet Co., Ltd.                      |
|                     | • Director, Greenville Co., Ltd.                       |
| <b>2015-2018</b>    | • SSHE Manager, Esso (Thailand) PCL                    |
| <b>2014-2015</b>    | • Global Project Advisor, Esso (Thailand) PCL          |
| <b>2009-2014</b>    | • Block 3/4 Operation Manager, Esso (Thailand) PCL     |

## MR. ROB RIJNDERS

Age 50

### Position

- Chief Customer Development and RTM Officer-International Business

### Share Possession (%)

0.007

### Relationship with other Directors and Executives

-None-

### Education

- Master's Degree Economics, Free University Amsterdam, The Netherlands
- Bachelor Degree Business Economics, Hogeschool Utrecht (NL)

### Professional Experience

- |                  |   |
|------------------|---|
| <b>Present</b>   | • Chief Customer Development and RTM Officer-International Business, Osotspa PCL                            |
| <b>2017-2019</b> | • Chief International Business Officer, Osotspa PCL   |
| <b>Present</b>   | • Director, Osotspa Myanmar Co., Ltd.<br>• Director, PT. M-150 Indonesia<br>• Director, Basecamp Brews Ltd. |
| <b>2013-2017</b> | • VP Customer Development, Unilever Thai Holdings Co., Ltd.   |

## MR. SARAYUT JITCHAROONGPHORN

Age 48

### Position

- Chief Customer Development Officer-Thailand

### Share Possession (%)

0.007

### Relationship with other Directors and Executives

-None-

### Education

- MBA, University of Wisconsin Whitewater, US
- Bachelor of Business Administration Stevens Point, US

### Professional Experience

- |                  |  |
|------------------|--|
| <b>Present</b>   | • Chief Customer Development Officer-Thailand, Osotspa PCL |
| <b>2018-2019</b> | • Chief Customer Management Officer, Osotspa PCL           |
| <b>2016-2017</b> | • Head of General Trade Customer Development, Osotspa PCL  |
| <b>2010-2015</b> | • Senior Vice President, CPF Trading Co., Ltd.             |

## MR. VIWAT KRISDHASIMA

Age 54

### Position

- Chief Supply Chain Officer

### Share Possession (%)

0.007

### Relationship with other Directors and Executives

-None-

### Education

- PhD Engineering, Chemical Engineering, Oregon State University, US
- Master of Engineering (Chemical Engineering), Oregon State University, US
- Bachelor of Science (Chemical Engineering), Chulalongkorn University

### Training of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP) 143/2017

### Professional Experience

- |                     |   |
|---------------------|---|
| <b>2018-Present</b> | • Chief Supply Chain Officer, Osotspa PCL   |
| <b>2016-Present</b> | • Director, Bell Pepper Co., Ltd.<br>• Independent Director, Shera PCL                    |
| <b>2017-Present</b> | • Independent Director, Zarina Group PCL<br>• Director, Bell Pepper Development Co., Ltd. |
| <b>1994-2015</b>    | • Vice President-Supply Chain, Unilever Thai Services Ltd.                                |

## MS. VILAIRAT CHAROENWONGSE-PHELAN

Age 49

### Position

- Chief Research and Development Officer

### Share Possession (%)

-None-

### Relationship with other Directors and Executives

-None-

### Education

- Master of Food Science, The University of Reading, UK
- Bachelor of Food Science & Technology, Chulalongkorn University

### Professional Experience

<b>Present</b>	<ul style="list-style-type: none"><li>• Chief Research and Development Officer, Osotspa PCL</li></ul>
<b>2018-2019</b>	<ul style="list-style-type: none"><li>• Head of Research and Development Officer, Osotspa PCL</li></ul>
<b>Present</b>	<ul style="list-style-type: none"><li>• Director, Osotspa Innovation Center Co., Ltd.</li></ul>
<b>2015-2018</b>	<ul style="list-style-type: none"><li>• Vice President, R&amp;D-Innovation, Ferrara Candy Company, US</li></ul>
<b>2013-2015</b>	<ul style="list-style-type: none"><li>• R&amp;D Director, Pinnacle Food, US</li></ul>
<b>2010-2013</b>	<ul style="list-style-type: none"><li>• Senior R&amp;D Program Manager, PepsiCo North America</li></ul>

## MR. SZE TIAN POH

Age 52

### Position

- Chief Marketing Officer-International Business Marketing

### Share Possession (%)

-None-

### Relationship with other Directors and Executives

-None-

### Education

- MBA, University of Chicago, US
- Bachelor's Degree, Social Science, Science University of Malaysia

### Professional Experience

<b>Present</b>	<ul style="list-style-type: none"><li>• Chief Marketing Officer International Business Marketing, Osotspa PCL</li></ul>
<b>2018</b>	<ul style="list-style-type: none"><li>• Premium Skin Care Vice President, Unilever (Based in Singapore)</li></ul>
<b>2014-2018</b>	<ul style="list-style-type: none"><li>• Personal Care Cluster Lead SEAA, Unilever (Based in Singapore)</li></ul>

## MRS. RATIPAT PHOEMSAP

Age 47

### Position

- Head of Controller

### Share Possession (%)

0.001

### Relationship with other Directors and Executives

-None-

### Education

- Master of Accountancy, Chulalongkorn University
- Bachelor of Accountancy, Chulalongkorn University

### Training

- Year 2017 : Attended 40-hour training as per the Announcement of the Department of Business Development, Re: Determining criteria, procedures, and time for continuous knowledge development for the professional practice of accountants
- Updated new TFRS Y2019 (7 Hours)
- IFRS 15 Revenue from contracts with customers (15 Hours)
- TFRS for Properties, Plant and Equipment Y2018 (7 Hours)
- TFRS for PAEs Y2018 (7 Hours)
- Accounting Seminar "Business in the Age of Uncertainty by EY Office Limited" (4 Hours)
- TAS1 Training by KPMG (3 Hours)
- TFRS Talks 2018 (7 Hours)
- Tax related to Sales Promotion (7 Hours)
- Similarities and differences of the new TFRS vs tax (7 Hours)
- TFRS 2019 (7 Hours)
- DBD e-Filing (1 Hours)

### Professional Experience

<b>2014-Present</b>	<ul style="list-style-type: none"><li>• Head of Controller, Osotspa PCL</li></ul>
<b>Present</b>	<ul style="list-style-type: none"><li>• Director, Osotspa USA Inc.</li></ul>
<b>2014</b>	<ul style="list-style-type: none"><li>• Finance Manager, Nanyang Textile Co., Ltd.</li></ul>
<b>2010-2013</b>	<ul style="list-style-type: none"><li>• Assistant Controller, Pepsi-Cola (Thai) Trading Co., Ltd.</li></ul>



## COMPANY SECRETARY

### MS. PALICA MOKKHAVESA

Age 37

#### Position

- Company Secretary

#### Share Possession (%)

-None-

#### Relationship with other Directors and Executives

-None-

#### Education

- MBA, Ramkhamhaeng University
- Bachelor of Laws, Thammasat University

#### Training of Thai Institute of Directors Association (IOD)

- Company Secretary Program (CSP 95/2019)

#### Other Training

- Advances for Corporate Secretaries 2/2017 by TLCA

#### Professional Experience

<b>Present</b>	<ul style="list-style-type: none"><li>• Company Secretary, Osotspa PCL</li></ul>
<b>2016-2018</b>	<ul style="list-style-type: none"><li>• Assistant Company Secretary, Osotspa PCL</li></ul>
<b>2014-2016</b>	<ul style="list-style-type: none"><li>• Assistant Company Secretary, Sappe PCL</li></ul>
<b>2011-2014</b>	<ul style="list-style-type: none"><li>• Manager, Legal and Contract Department, Thanachart Bank PCL</li></ul>

### M.L. KANIDHA DEVAKUL

Age 42

#### Position

- Company Secretary

#### Share Possession (%)

-None-

#### Relationship with other Directors and Executives

-None-

#### Education

- Bachelor of Laws (First Class Honors), Chulalongkorn University

#### Training of Thai Institute of Directors Association (IOD)

- Company Secretary Program (CSP 63/2015)
- Board Reporting Program (BRP 25/2018)
- Company Reporting Program CRP (20/2018)

#### Professional Experience

<b>2016-2018</b>	<ul style="list-style-type: none"><li>• Company Secretary, Osotspa PCL</li></ul>
<b>2015-2016</b>	<ul style="list-style-type: none"><li>• AVP, Company Secretary Department Legal Division, Total Access Communication PCL</li></ul>
<b>2014-2015</b>	<ul style="list-style-type: none"><li>• Senior Associate, Debt &amp; Equity Capital Markets Weerawong, Chinnavat &amp; Partners Ltd.</li></ul>

## DIRECTORS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	OSP	Subsidiary																	Associate					
		OB	SGA	SGI	GVL	SSB	SCL	INV	OSPD	OLH (T)	OLH	OEN	OEL	MOCL	OSP US	OENS	OVT	OM	PTM	OTP	HOF	CO	YAMA	BCB
Mr. Surin Osathanugrah	X																							
Mrs. Kannikar Chalitaporn	///, V, Rx																							
Mr. Ratch Osathanugrah	///														/									
Mr. Somprasong Boonyachai	///,/, Nx																							
Mr. Petch Osathanugrah	/,Ex,0																	/						
Mr. Thana Chaiprasit	/,E,0	/	/	/	/	/	/	/	/		/	/	/	/	/	/	/	/						
Mr. Pratham Chaiprasit	/,E,0	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
Mr. Tasharin Osathanugrah	/,E	/	/	/	/	/		/	/		/							/						
Ms. Petchun Jarikasem	//, Ax																							
Mr. Krirk Vanikkul	//, A																							
Mr. Niti Osathanugrah	/,E,N																							
Mr. Salin Pinkayan	//,R,N																							
Dr. Sethaput Suthiwartnarueput	/																							
Mrs. Sinee Thienprasiddhi	//, A																							
Mrs. Wannipa Bhakdibutr	/,E,R,0	/	/	/	/				/		/				/	/	/		/	/	/			
Mrs. Porntida Boonsa	E,R,0																							
Mr. Nukit Chonlacoop	0,R		/	/	/		/																	
Ms. Suthipa Panyamahasup	0																							
Mr. Rob Rijnders	0																/	/						/
Mr. Sarayut Jitcharoongphorn	0																							
Mr. Sze Tian Poh	0																							
Mr. Viwat Krisdhasima	0																							
Ms. Vilairat Charoenwongse-Phelan	0						/																	
Mrs. Ratipat Phoemsap	0														/									

OSP = Osotsa PCL

### Subsidiary

SGI = Siam Glass Industry Co., Ltd.

SCL = Siam Cullet Co., Ltd.

OLH (T) = Osotsa Loi Hein (Thailand) Co., Ltd.

OSPUS = Osotsa USA Inc.

OB = Osotsa Beverages Co., Ltd.

OVT = Oventure Pte. Ltd.

GVL = Greenville Co., Ltd.

INV = Osotsa Innovation Center Co., Ltd.

OLH = Osotsa Loi Hein Co., Ltd.

OEL = Osotsa Europe Ltd.

OENS = Osotsa Enterprises Singapore Pte. Ltd.

OM = Osotsa Myanmar Company Limited

SGA = Siam Glass Ayutthaya Co., Ltd.

SSB = SSB Enterprise Co., Ltd.

OSPD = Osotsa Dairy Co., Ltd.

OEN = Osotsa Enterprise Co., Ltd.

MOCL = Myanmar Osotsa Company Limited

PTM = PT. M-150 Indonesia

### Associated Company

OTP = Osotsa Taisho Pharmaceutical Co., Ltd.

YAMA = Yamamura International (Thailand) Co., Ltd.

HOF = House Osotsa Foods Co., Ltd.

BCB = Basecamp Brews Ltd.

CO = Calpis Osotsa Co., Ltd.

### Remark

x = Chairman of the Board of Directors

/// = Vice Chairman of the Board of Directors

// = Independent Director

/ = Director

0 = Executive

Ax = Chairperson of the Audit Committee

A = Member of the Audit Committee

Ex = Chairman of the Executive Committee

E = Member of the Executive Committee

V = Chief Advisor to the Executive Committee

Nx = Chairman of the Nomination Remuneration & Corporate Governance Committee

N = Member of the Nomination Remuneration & Corporate Governance Committee

Rx = Chairperson of the Risk Management Committee

R = Member of the Risk Management Committee

## CORPORATE GOVERNANCE POLICY

The Board of Directors is committed to ensuring that the Company operates by following the principles of good corporate governance for long-term sustainable growth and is fully transparent to build confidence among shareholders, investors, and other stakeholders. The aim is to generate solid business performance and benefits for the Company under the guidance of The Securities and Exchange Commission of Thailand (SEC)'s Corporate Governance Code for Listed Companies 2017. Doing so will increase the Company's existing business performance to a higher level; establish clear, practical, and standardized guidelines; promote understanding; and create a positive work culture in the Company and Group of Companies as a whole. By working towards these objectives, the Company will be stronger and grow more sustainably in the future.

The Company's Corporate Governance Policy is based on 8 principles:

### **PRINCIPLE 1** Role and Responsibilities of the Board of Directors to Lead the Company and Create Sustainable Value:

- The Board of Directors understands their role and responsibilities as the principal body that supervises the Company to ensure good corporate governance, which covers: (i) setting objectives and targets; (ii) determining strategies and operating policy, as well as allocating significant resources to achieve Company objectives and targets; and (iii) monitoring, evaluating, and supervising reporting about the Company's performance in this regard;
- The Board of Directors has policies on corporate governance to create a sustainable business that will enable the Company to achieve its business targets;
- The Board of Directors has an obligation to supervise Directors and Executives to perform their obligations responsibly and with

accountability, duty of care, and loyalty in the best interests of the Company, as well as in compliance with laws, objectives, Articles of Association, Board of Directors' resolutions, and Shareholders Meetings' resolutions, including the Company's policies such as the Connected Transaction Policy, Anti-Corruption Policy, Schedule of Authority, and so on;

- The Board of Directors understands their role and responsibilities which include delegating duties and responsibilities to sub-committees and management, as well as monitoring and supervising their performance.

### **PRINCIPLE 2** Define Key Business Objectives and Targets for a Sustainable Business:

- The Board of Directors places great emphasis on setting key objectives and targets for the Company so that it grows in parallel with society in a sustainable manner; creates value and benefits for the Company, customers, partners, employees, shareholders, other stakeholders, and society as a whole; and builds an organizational culture within the framework of good corporate governance;
- The Company's business objectives, targets, and strategies, both annual and medium-term, shall incorporate and be aligned with relevant and trusted innovations and technologies.

### **PRINCIPLE 3** Structure, Composition, and Qualifications of Directors:

- The Board of Directors has the duties and responsibilities to establish and review its structure in terms of composition, qualifications, expertise, experience, and appropriate number of Directors for the business, and the proportion of Independent Directors that is appropriate and necessary to accomplish the established objectives and key targets. Details relevant to these duties and responsibilities are described in the Board of Directors' Charter;

- The Board of Directors shall select a suitable person to be the Chairman of the Board of Directors, and ensure that the Board of Directors' member composition and operation facilitate the exercising of discretion in making independent decisions;
- The Board of Directors shall supervise and ensure that the process of Director nominations for each committee is transparent and clear and that the qualifications of each member of the Board of Directors and sub-committees meet the specified criteria;
- The shareholders' meetings have authority to approve remuneration of Directors. Therefore, in proposing the remuneration of Directors to the shareholders' meetings, the Board of Directors shall consider a remuneration structure and rate that are suitable for the responsibilities and serve as an incentive for the Board of Directors to lead the organization to reach short-term and long-term goals;
- The Board of Directors shall supervise to ensure that each Director is responsible for their own duties and allows sufficient time to fulfil such duties;
- The Board of Directors has provided the framework and mechanism for regulating policies and operation of subsidiaries and associated companies which fit in with their respective businesses, as well as to ensure that subsidiaries and associated companies have the same understanding;
- The Board of Directors has a policy to conduct an annual performance evaluation of the Board of Directors, sub-committees and each individual Director. The evaluation result will be used in improving their performance;
- The Board of Directors shall supervise and ensure that each Director has knowledge and understanding of their roles and duties, manner of business operation, and laws relating to the business operation, as well as support every Director to constantly develop the skills and knowledge required for their performance of duties;
- The Board of Directors shall supervise and ensure that its operation is smooth and they can

gain access to necessary information, and have a Company Secretary who has the appropriate knowledge and experience necessary to support the Board of Directors' operation.

#### **PRINCIPLE 4** Nomination and Development of Top Executives and Human Resources Management:

- The Board of Directors shall ensure that the Chairman of the Executive Committee and CEO, and top Executives, who possess the knowledge, skills, experience, and attributes required to drive the Company to achieve its targets, have been nominated and advanced;
- The Board of Directors shall supervise the development of a proper remuneration structure and evaluation processes;
- The Board of Directors has a policy to understand the shareholding structure and relationships that may affect the management of the Company and their authority to control the operations of the business. This understanding will help avoid any obstacles to the Board of Directors performance of its duties. The Board of Directors shall ensure that all information that may affect the management of the business is properly disclosed.
- The Board of Directors shall monitor human resource management and development to ensure appropriate staffing levels, and that personnel are motivated and equipped with the proper knowledge, skills, and experience.

#### **PRINCIPLE 5** Nurturing Innovation and Responsible Business Operations:

- The Board of Directors strongly supports innovation to add business value together with generating benefits for all relevant stakeholders, and to be socially and environmentally responsible;
- The Board of Directors shall supervise and ensure that Management operates the business in a socially and environmentally-responsible way. These priorities will be integrated into the

Company's operational plans to allow every division in the organization to operate according to the Company's objectives, key targets, and business strategies. The Board of Directors shall establish a mechanism to ensure that the operations of the Company are ethical, socially and environmentally responsible, and do not infringe on the rights of stakeholders. In this regard, the Board of Directors has established guidelines on how to treat stakeholders as part of the Code of Conduct and will disclose all relevant and necessary information to stakeholders in an adequate, reliable, and timely manner;

- The Board of Directors shall supervise and ensure that Management efficiently and effectively allocates resources with regard to the impact on, and development of, resources throughout the value chain, so that the Company's objectives and key targets can be achieved in a sustainable way;
- The Board of Directors shall establish an organizational framework to regulate and manage information technology in order that it is consistent with the requirements of the Company, and ensure that information technology is utilized to increase business opportunities and operational developments as well as improve risk management, so that the Company can achieve its objectives and key targets.

#### **PRINCIPLE 6** Appropriate Risk Management and Internal Control Systems:

- The Board of Directors shall supervise and ensure that the Company has put in place risk management and internal control systems in order to achieve its objectives in an efficient manner and in compliance with all laws and relevant standards;
- The Board of Directors has appointed an Audit Committee, which shall be free to perform its duties efficiently and independently;
- The Board of Directors shall monitor and manage any potential conflicts of interest between the Company, Management, Board of Directors, and shareholders, as well as prevent any misuse of the Company's assets, data,

opportunities, and transactions with persons related to the Company in an undue manner;

- The Board of Directors has a clear anti-corruption policy outlined in the Code of Conduct. The anti-corruption policy shall be communicated and distributed to employees at all levels as well as third parties, in order that it be implemented and put into practice accordingly. The Board of Directors shall develop an anti-corruption program or guidelines and support activities that encourage employees to comply with all laws and regulations with respect to anti-corruption;
- The Board of Directors shall ensure the efficient and proper handling of complaints and whistleblowers. The guidelines for all employees to follow is explicitly outlined in the Whistle Blowing Policy, which includes: (i) the scope of complaints and whistleblowing; (ii) guidelines for making complaints and whistleblowing; (iii) protective measures afforded to employees who make complaints or are whistleblowers, as well as witnesses and any related persons; and (iv) appropriate channels for making complaints and whistleblowing, which must be available through more than one channel at a minimum. In this regard, the channels for making complaints and whistleblowing shall be disclosed on the Company's website or in the annual report.

#### **PRINCIPLE 7** Maintaining Financial Credibility and Information Disclosure:

- The Board of Directors is responsible for ensuring that the preparation of financial reports and the disclosure of significant information is accurate, adequate, provided in a timely manner, and in accordance with all applicable regulations, standards, and relevant guidelines;
- The Board of Directors shall monitor the Company's financial position to ensure sufficient financial liquidity and debt repayment capacity;
- In cases where the Company is facing financial difficulties or possible financial difficulties, the Board of Directors shall ensure that the business has a contingency plan in place or mechanisms to handle such difficulties with due regard to the rights of stakeholders;



- The Board of Directors has a policy to prepare sustainability reports as appropriate;
- The Board of Directors shall supervise and ensure that Management sets up an Investor Relations department to communicate and publicize news and information in a timely manner that may be useful to shareholders, investors, analysts, and related persons;
- The Board of Directors encourages the use of information technology for information dissemination purposes. In addition to information dissemination as required by specified rules, and through channels such as the Stock of Exchange of Thailand, the Board of Directors shall ensure that the information is disseminated in both Thai and English through other channels such as the Company's website, as well as providing information which is always up-to-date.

**PRINCIPLE 8** Ensure Engagement and Communications with Shareholders:

- The Company appreciates and emphasizes the rights of shareholders, such as the right to trade or transfer shares; to share in profits from the business; to receive adequate and complete news and information about the Company; to attend meetings and independently and equally exercise voting rights at shareholders meetings; to participate in major decisions that impact the Company (e.g. appointing/removing Directors, determining the remuneration of Directors, appointing/removing the auditor, determining the auditor's remuneration, dividend allocation, establishing and amending the Articles of Association and Memorandum of Association, capital reductions or increases, approving special transactions as required by law, and so on). Shareholders meetings are one of the important channels for the Company's shareholders to exercise their rights. Furthermore, the Company adheres to the principle of the equitable treatment of all shareholders.
- The Board of Directors has guidelines when organizing the Company's shareholders meetings that encourage and facilitate shareholders to exercise their rights, and respects the principle of the equal treatment of all shareholders as follows:
  - The Board of Directors shall supervise and ensure that shareholders are involved in the Company's major decision-making;

- The Board of Directors shall supervise and ensure that each shareholders meeting is carried out in a smooth, transparent, and efficient manner, and is conducive to shareholders exercising their rights;
- The Board of Directors shall supervise and ensure that the disclosure of resolutions from shareholders meetings and the preparation of the minutes are precise and complete.

## DIRECTOR'S STRUCTURE

The structure of the Company's directorship comprises the Board of Directors and 4 sub-committees-the Audit Committee, the Executive Committee, the Risk Management Committee, and the Nomination, Remuneration and Corporate Governance Committee.

## AUTHORITIES, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The resolutions of the Board of Directors' meeting No. 3/2018 on 28 February 2018, specified the authorities, duties, and responsibilities of the Board of Directors as follows:

1. The Board of Directors has authorities, duties, and responsibilities in the management and business operations of the Company and in the supervision of the business operations of the Company's subsidiaries to ensure they comply with applicable laws, objectives, and Articles of Association together with the resolutions of shareholders with honesty and prudence in order to protect the interests of the Company and shareholders. This includes monitoring the Company's operations so that they are conducted in accordance with laws applicable to the business conduct of the Company and its subsidiaries, which also include laws relating to bribery or corruption.
2. To determine the Company's vision, mission, targets, policies, strategies, directions, business plans, and annual budgets, including managing and supervising the business performance of the Management team to be in line with these criteria, in an efficient manner and in the best interests of the Company and its shareholders.

3. To continuously monitor the business performance of the Company and its subsidiaries to be in line with their respective operational plans and budgets.
4. To arrange for the Company and its subsidiaries to put in place proper and efficient systems for accounting, financial reporting, and auditing, including the accurate disclosure of important information within a reasonable period of time and in full compliance with applicable regulations and standards. In addition, the Board of Directors shall arrange for the Company to have proper and adequate systems for internal controls, internal audit, and storage of material documents so that all data can be examined or verified at any later date.
5. To consider agreeing with the selection and engagement of auditors as well as their remuneration as previously proposed for consideration by the Audit Committee. Such auditors as well as their remuneration will subsequently be submitted to the annual general meeting of shareholders for approval.
6. To consider establishing policies for risk management to cover all ranges of activities within the Company and to set up systems or processes for risk management, through proper, sufficient, and efficient contingency measures and control methods to lessen the potential impact on the Company's business operations.
7. To put in place, and abide by, a written policy on good corporate governance as per the principles of good corporate governance and apply this policy in an efficient and responsible manner towards all people with a concern for fairness.
8. To determine the management and administrative structure governing the Company's subsidiaries and associated companies such that the Board of Directors can then efficiently supervise them and be responsible for their business operations.
9. To appoint sub-committees and determine their scope of duties so that such sub-committees can assist and support the Board of Directors in performing their responsibilities.
10. To put in place performance assessment arrangements and suitable mechanisms for setting remuneration for top Executives.
11. To consider selecting and changing the authorized Directors of the Company in accordance with the Articles of Association of the Company.
12. To consider and propose the remuneration of Directors including the Board of Directors and sub-committees (as recommended by the Nomination, Remuneration, and Corporate Governance Committee) to the meeting of shareholders for approval. In considering such remuneration, such factors as (but not limited to) the Company's business operations and operational results, market conditions, industry practices, and existing economic conditions, as well as scopes of duties and responsibilities of the Directors, shall also be taken into account.
13. To consider and appoint the Company Secretary.
14. To consider and approve transactions on assets, acquisitions and dispositions, and investments in new businesses, as well as to perform any other activities as required by applicable laws, notifications, and regulations.
15. To consider and/or give opinions on connected transactions and/or any other transactions entered into by the Company and its subsidiaries (if the value of such transactions does not require consideration and approval from the meeting of shareholders) pursuant to applicable laws, notifications, and regulations.
16. To monitor, control, and prevent any conflict of interest between the Company's stakeholders and its subsidiaries.
17. To arrange for the proper disclosure of information on those persons who have conflicts of interest on stakeholders, and on related persons in an accurate, complete, proper, and timely manner, and in accordance with applicable laws, notifications, and regulations.
18. To prepare annual reports as well as to prepare and disclose financial statements which represent the financial condition and business operation of the Company during the previous year, and to present same to the meeting of shareholders for approval.

19. The Board of Directors may authorize any Director or any other persons to act on its behalf as deemed appropriate and/or within the period of time specified, provided that such authorization may be canceled, revoked, changed, or amended by the Board of Directors.

In so doing, such authorization shall not be in the nature of a power of attorney or sub-power of attorney that allows such authorized person(s) to have the authority to consider or approve transactions in which they or any third party may have a conflict of interest, have a vested interest in, or have any other sorts of conflicts of interest with the Company or the Company's subsidiaries (if any), except where it is the approval of transactions within the scope of policies and principles already contemplated and approved by the meetings of the Board of Directors or shareholders.

20. To seek opinions from external professional advisors as deemed necessary for proper decision-making on related matters.
21. Each Director has a duty to report their own vested interest or of those persons related to them who have a vested interest in the management and administration of the business affairs of the Company or its subsidiaries. Each Director also has a duty to report to the Company any transaction to be entered into with the Company, or with its subsidiaries or associated companies, which could give rise to a conflict of interest.
22. Every Director, including their respective spouses and children, shall not use any inside information of the Company, or of its subsidiaries or associated companies, for their own benefit or for the benefit of other persons, whether directly or indirectly, and regardless of whether or not they gain a benefit or earn something as a result.
23. To regularly examine/review the Board of Directors Charter at least once a year.
24. To consider and review on a regular basis, at least once a year, the suitability of the Corporate Governance Policy so as to ensure that it is in line with the Corporate Governance Code and to record it as part of the resolution

of the meeting of the Board of Directors. In this regard, each annual report and Form 56-1 shall disclose the outcome of such a review with a statement certifying that the Board has already considered and reviewed the application of the Corporate Governance Code in a context relevant to the business of the Company.

## **AUTHORITIES, DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

The resolutions of the Board of Directors' meeting No. 3/2018 on 28 February 2018 specified the authorities, duties, and responsibilities of the Audit Committee as follows:

1. To examine the Company's financial reports to ensure their accuracy and sufficient disclosure.
2. To examine the Company's internal controls and internal audit systems to ensure their suitability and efficiency and to determine the Internal Audit unit's independence, as well as to approve the appointment, transfer, and removal of Head of Internal Audit or any other person holding an equivalent position.
3. To examine the Company's risk management systems to ensure their suitability and efficiency.
4. To examine the Company's compliance with applicable laws on the securities and exchange regulations of the Stock Exchange of Thailand and laws relevant to the Company's business operations, as well as to examine the Company's subsidiaries so as to ensure that they comply with good corporate governance requirements and measures as described in the Company's Corporate Governance Policy.
5. To consider selecting and nominating an independent person(s) to be appointed as the auditor(s) of the Company, propose the auditor(s) remuneration, propose the removal of the auditor(s), and attend a meeting with the auditor(s) at least once a year without the presence or attendance of any Company Executives.
6. To consider connected transactions or transactions that may lead to conflicts of interest and the acquisition and disposition of the Company's assets, with each case being in compliance with applicable laws and regulations

of the Stock Exchange of Thailand, including those policies relating to connected transactions and good corporate governance of the Company with a view to ensuring that they be reasonable and serve the Company's best interests.

7. To perform any other acts as assigned by the Board of Directors, with approval from the Audit Committee.
8. To prepare and disclose any other reports which the Audit Committee believes should be informed to shareholders and investors in general, within the scope of duties and responsibilities as assigned by the Board of Directors.
9. To prepare the Audit Committee's reports and disclose the same in the Company's annual reports and keep the Board of Directors regularly informed of the Audit Committee's activities.
10. In performing its duties, if the Audit Committee discovers, or is in any doubt about a transaction or act which may have a significant impact on the financial status and business operations of the Company, the committee shall report its concerns to the Board of Directors so as to rectify this within the period of time that the committee sees fit. In this circumstance, the types of transactions or acts requiring such reporting are as follows:
  - a. Transactions which constitute any conflict of interest;
  - b. Any fraud, unusual matter, or significant incompetence or defect within the Internal Control unit;
  - c. Breaches of applicable laws on securities and exchange, regulations of the Stock Exchange of Thailand, and laws relevant to the Company's business operations.

## REPORTS OF THE AUDIT COMMITTEE

1. To prepare reports and disclose the same in the Company's annual report, provided that such reports shall cover matters or items as required by the Stock Exchange of Thailand and assigned by the Chairman of the Audit Committee.

2. To report on the Audit Committee's activities to the Board of Directors on a regular basis including:
  - a. Minutes of the Audit Committee's meetings which expressly contain their opinions on matters requiring their consideration;
  - b. Reporting on matters considered or determined by the Audit Committee during the year;
  - c. Reporting their opinions on financial statements and the outcome of internal audit exercises;
  - d. Any other matter which the Audit Committee believes should be brought to the attention of the Board of Directors.
3. If any of the following matters are discovered or detected, the Audit Committee shall report this immediately to the Board of Directors so as to seek the necessary guidelines or solutions:
  - a. Any occurrence of any fraud, unusual matter, or significant incompetence or defect within the Internal Control unit;
  - b. Any occurrence of conflicts of interest;
  - c. Dubious circumstances potentially resulting in a violation of applicable laws or regulations of the Stock Exchange of Thailand and/or laws relevant to the Company's business operations;
  - d. Any other matter or occurrence which the Audit Committee believes should be brought to the attention of the Board of Directors.

## SELF-EVALUATION OF THE AUDIT COMMITTEE

The Audit Committee shall conduct a self-evaluation of their performance at least once a year and report the results of such self-evaluations to the Board of Directors. This Charter will be reviewed on a regular basis at least once a year.

## AUTHORITIES, DUTIES AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

The resolutions of the Board of Directors' meeting No. 3/2018 on 28 February 2018 specified the authorities, duties, and responsibilities of the Executive Committee as follows:

1. To manage the Company's business affairs in its ordinary course of business, including considering and setting targets, policies, business plans, and business strategies and directions, as well as the annual budgets of the Company and those of companies within the Group. This includes any expansion of the Company's business, investments, financial plans, management structure, and policies on human resource management, as well as considering and scrutinizing any proposal made by Management before being presenting to the Board of Directors for approval.
2. To supervise the Company's business operations and follow up on operational results and the financial condition of the Company, ensuring they are in line with the policies, strategies, plans, targets, and budgets as approved by the Board of Directors. Supervising and following up on operational results and the financial condition of companies within the Group, including efficient and effective resource allocation and management, consideration of the impact and development of resources through the value chain in order to sustainably achieve the objectives and main targets, and reporting on these results and developments on a regular basis to the Board of Directors.
3. To manage information technology to be in line with the Company's business requirements, as well ensuring that information technology is implemented to enhance business opportunities and to develop business operations such that the Company can achieve its objectives and targets.
4. To oversee management and set up policies on the management structure of the Company's subsidiaries and associated companies so that the Executive Committee can manage, and be accountable to the management and business operations of such subsidiaries and associated companies, in an efficient manner. To follow up on the management of such subsidiaries and associated companies so as to preserve investments made by the Company. In this regard, the Executive Committee is authorized by the Board of Directors to consider nominating any appropriate person to represent the Company by way of acting as Directors of

such subsidiaries and associated companies, including defining the scope of duties and responsibilities of those Directors in such subsidiaries and associated companies.

5. To consider and approve the entry into contracts or the conduct of ordinary business or ancillary activities in support of such ordinary business under general commercial terms, the opening and closure of bank and financial institution accounts, the use of financial services within credit limits and/or within the budget as approved by the Board of Directors or as approved in principle by the Board, as well as in accordance with the Schedule of Authority as approved by the Board of Director.
6. To consider the Company's profits and losses and to propose interim dividend payments to the Board of Directors for approval.
7. To consider annual dividend payments and propose the same to the Board of Directors for approval prior to further submitting the same to the meeting of shareholders.
8. To issue any power of attorney delegating its authority to any one person(s) to perform any act under the supervision of the Executive Committee or to issue any power of attorney delegating such person(s) to have the authority and within a period of time as deemed appropriate by the Executive Committee. The Executive Committee may cancel, revoke, change, or amend any person(s) to be so authorized or such power of attorney.

In so doing, the delegation of such authority or the issue of the power of attorney shall not be of a nature that allows such authorized person(s) to have authority or power to approve transactions in which they or any third party may have a conflict of interest (as this term is so defined in any applicable regulation or notification of the Capital Market Supervisory Board, the Stock Exchange of Thailand, and/or competent agencies), have a vested interest in, or have any other sorts of conflicts of interest with the Company, its subsidiaries and/or related companies. In this regard, the Executive Committee shall also not have the authority to approve such matters, and such matters must be proposed to the meetings of



the Board of Directors and/or shareholders (as the case may be) for approval, except where such matters are transactions in the Company's ordinary course of business with general commercial terms as per any applicable regulation or notification of the Capital Market Supervisory Board, the Stock Exchange of Thailand, and/or competent agencies.

9. To consider and give an opinion on issues which require the approval of the Board of Directors, except where such issues are otherwise authorized by the Board of Directors to be handled by any sub-committee.
10. To seek independent opinions from any other professional advisors as deemed necessary at the expense of the Company.
11. To invite and solicit the management team or any person related to the Company for their opinion, to meet, or gain information, as well as to request data from other divisions of the Company and those of its subsidiaries as supporting information for further consideration on any related matters.
12. To perform any other duties as assigned by the Board of Directors.
13. The Executive Committee shall have a duty to report on the outcome of their work performance and their operational results to the Board of Directors at least once a year. This Charter will be reviewed on a regular basis at least once a year.

## **AUTHORITIES, DUTIES AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE**

The resolutions of the Board of Directors' meeting No. 11/2018 on 14 November 2018, specified the authorities, duties, and responsibilities of the Risk Management Committee as follows:

1. To consider and identify key risks of the Company's business operations, such as strategic risks, financial risks, operational risks, legal risks, regulatory risks, marketing risks, and all other risks that may affect the Company's reputation, including suggestions on any protections and risk management measures. In this regard, such matters shall

be set as part of the policies together with guidance on how to manage or allocate such risks in a proper and efficient manner, including advising the Board of Directors and the Management team on risk management.

2. To prepare risk management plans and processes for the Company.
3. To supervise and support risk management measures so that risks can be managed successfully by way of evaluating all risk factors for appropriate decision making. The Risk Management Committee has the duty to follow and assess the Company's compliance with the risk management framework. In addition, it shall also review the sufficiency of the risk management policies and systems and improve operational procedures with a view to continually minimizing risks to suit the business conditions of the Company.
4. To communicate with the Audit Committee on significant risks in order to evaluate the adequacy of the Company's internal control systems.
5. To regularly report on the outcome of risk assessments and performance, with acknowledgement by the Board of Directors. Any significant occurrence or issue that may have a material impact on the financial status and results of the Company's performance must promptly be reported to the Board for consideration.
6. To perform any other acts as assigned by the Board of Directors.
7. To seek an independent opinion(s) from any professional advisor(s) as deemed necessary at the expense of the Company.
8. To request data from other units of the Company and its subsidiaries as supporting information for further consideration on related issues.
9. The Risk Management Committee shall have a duty to report the outcome of their work performance and their operational results to the Board of Directors at least once a year. This Charter will be reviewed on a regular basis at least once a year.

## **AUTHORITIES, DUTIES AND RESPONSIBILITIES OF THE NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE**

The resolutions of the Board of Directors' meeting No. 3/2018 on 28 February 2018, specified the authorities, duties, and responsibilities of the Nomination, Remuneration, and Corporate Governance Committee as follows:

### **1. Nomination**

- a. To consider the structure and composition of the Board of Directors ensuring suitability to the business organization, its operations, and state of affairs;
- b. To define the procedure and criteria for the nominations, including the qualifications of persons to be nominated as Directors and the Chairman of the Executive Committee;
- c. To consider selecting and screening any person who is suitably qualified to be a Director, Chairman of the Executive Committee, as well as other sub-committee members, and to propose their nominations at meetings of the Board of Directors and/or shareholders for approval.

### **2. Remuneration**

- a. To determine policies and criteria on remuneration, whether in monetary or non-monetary terms, for the Board of Directors and Chairman of the Executive Committee, including the remuneration structure for senior Company Executives and other sub-committees, ensuring fairness, with recommendations made at meetings of the Board of Directors and/or shareholders for approval;
- b. To conduct any other activities as assigned by the Board of Directors that involve remuneration and nominations.

### **3. Corporate Governance**

- a. To determine policies on good corporate governance involving the Company's business conduct as well as policies on corporate social responsibility, and to present such policies at the meetings of the Board of Directors and/or shareholders for approval;

- b. To offer practical guidelines and suggestions on good corporate governance to the Board of Directors;
- c. To foster an ethical organizational culture and good corporate governance, and to monitor compliance by the Company's personnel, as per the Company's principles of good corporate governance and ethics;
- d. To review and improve the suitability of the policy on good corporate governance and present the same to the Board of Directors;
- e. To conduct any other activities as assigned by the Board of Directors which are concerned with remuneration and nominations.

4. The Nomination, Remuneration, and Corporate Governance Committee is authorized to seek an independent opinion(s) from professional advisor(s) as deemed necessary at the expense of the Company.

5. The Nomination, Remuneration, and Corporate Governance Committee is empowered to request data from other divisions of the Company and those of its subsidiaries as supporting information for further consideration on any related matters.

## **THE NOMINATION AND APPOINTMENT OF DIRECTORS AND EXECUTIVES**

In order to nominate the Company Directors and Executives, the Nomination, Remuneration, and Corporate Governance Committee drafts policies to seek appropriate Directors and/or Executives before proposing their nominations at the Board of Directors and/or shareholders meetings in compliance with the Company's related charters, Articles of Association, related laws, and Corporate Governance Policy. In order to protect minority shareholders, the Company arranges the nomination of Directors individually at shareholders meetings.

## **THE BOARD OF DIRECTORS**

### **COMPOSITION**

1. The Board of Directors shall be composed of no less than five (5) Directors, the majority of whom shall reside in the Kingdom of Thailand.

2. Structure of the Board of Directors: At least one-third (1/3) of the total number of Directors shall be independent, provided that the total number of Independent Directors is not less than three (3) Directors.

Each Independent Director shall be free from any undue influence by Executives and major shareholders, and shall have no involvement or interest in financial matters or business management. Furthermore, they shall be fully qualified as required by applicable regulations of the Capital Market Supervisory Board, the Securities and Exchange Commission (SEC), and other relevant laws.

The Board of Directors shall consist of the members of the Audit Committee of no less than three (3) persons. In this regard, the members of the Audit Committee shall be fully qualified with duties and responsibilities as required by applicable rules of the Securities and Exchange Commission (SEC), the office of the SEC, the Stock Exchange of Thailand, and other relevant laws.

3. The Board of Directors shall select one Director to be the Chairman of the Board of Directors and, if appropriate, the Board of Directors may select one or more Directors to be Vice Chairman of the Board of Directors.
4. The appointment of Directors shall be made in compliance with the Company's Articles of Association and in accordance with all applicable legal requirements. The appointment shall be clear and transparent. The educational background and professional work experience of such persons with sufficient details shall be taken into account by the Board of Directors and shareholders in making their decisions on the appointments.

## QUALIFICATIONS OF THE BOARD OF DIRECTORS

1. Each Director shall possess knowledge, abilities, and experience which are of benefit to the Company's business operations. They shall have honesty, integrity, and ethics in conducting business operations. They shall also have sufficient time to fully dedicate their knowledge and abilities, as well as to perform their duties, for the Company.

2. Each Director shall not possess characteristics prohibited by the laws on public limited companies, securities and exchange, and any other applicable laws governing the business operations of the Company. They shall possess the credible attributes as required by The Securities and Exchange Commission.
3. Each Director on the Board of Directors can serve as a Director in other companies, provided that such Directorship shall not hinder their performance of duties and their expression of independent opinion in their capacity as a Director of the Company.
4. No Director may engage in any business of a nature similar to, and in competition with, the business of the Company or that of the Company's subsidiaries and may not become a partner or Director in any juristic entity engaging in any business of a nature similar to, and in competition with, the business of the Company or that of the Company's subsidiaries, whether such engagement will be in the interest of such Director or other persons, except where such engagement is notified to the meeting of shareholders prior to such Director being appointed by the resolution of shareholders.
5. Each Director shall promptly inform the Company and the Company's subsidiaries if such Director has any vested interest, whether directly or indirectly, in any contract made by the Company or the Company's subsidiaries, or increases or decreases their shareholding in the Company or the Company's subsidiaries (as the case may be).

## QUALIFICATIONS OF INDEPENDENT DIRECTORS

Independent Directors shall be free from any undue influence from Company Executives and major shareholders, shall have no interest in financial matters and business management, and shall be fully qualified by the Securities and Exchange Commission (SEC) and relevant laws as follows:

1. Holds no more than 1% of all shares with voting rights of the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority. This includes shares held by anyone who is affiliated with them.

2. Not involved in the management, employees, staff, consultants with monthly salary or entities with controlling authority over the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority, either at the present time or within two years prior to his/her appointment as an Independent Director.
  3. No connection by blood or legal registration as father, mother, spouse, sibling, son/daughter, or spouse of the son/daughter of another Director. Further, an Independent Director has no such connection with an Executive, a major shareholder, or an entity with controlling authority or an individual who will be nominated as a Director, Executive, or entity with controlling authority over the Company or the subsidiary.
  4. No business relationship with the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority in such a manner that may obstruct their exercise of independent discretion. Furthermore, an Independent Director is not a significant shareholder or an entity with controlling authority over a party with a business relationship with the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority, either at the present time or within two years prior to his/her appointment as an Independent Director. Such business relationships include a trading transaction occurring on a conventional basis for the conduct of business; a rent or lease of property; a transaction involving assets or services; a provision or an acceptance of financial assistance through means of a loan, a guarantee, or the use of an asset as collateral against debt; and other similar actions which result in the Company or the party to the contract having a debt to be repaid to another party for an amount greater than three (3%) of net tangible assets (NTA) of the Company, or greater than twenty (20) million baht, whichever is lower. This amount is determined by the calculation of Related Transaction value as per the announcement of The Securities and Exchange Commission. It includes debt(s) arising within one year prior to the day of the business relationship with the same party.
  5. An Independent Director is not an auditor of the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority, and not a significant shareholder (holding more than 10% of all shares with voting rights of the Company, including shares held by linked entities), an entity with controlling authority, or a partner to the audit office with which the auditors of the parent company, a subsidiary, a joint/associated company, a major shareholder, or an entity with controlling authority are associated at the present time, or have been within two years prior to his/her appointment as an Independent Director.
  6. Not a person rendering any professional service or a legal or financial consultant who is paid more than two million baht in service fees per year by the Company, the parent company, a subsidiary, a joint company, a major shareholder, or an entity with controlling authority, and not a significant shareholder or an entity with controlling authority over the Company or a partner to such a professional service provider at the present time or within two years prior to his/her appointment as an Independent Director.
  7. Not a Director who is appointed to be a nominee of a Director of the Company, a major shareholder, or a shareholder who is connected to a major shareholder.
  8. An Independent Director does not engage in a business of the same nature as, and which is significantly competitive to, that of the Company, the parent company, or a subsidiary. An Independent Director is not a significant partner in a partnership, or a Director with involvement in the management, employees, staff, consultant with a monthly salary, or who holds more than 1% of all shares with voting rights, of another company which is engaged in a business of the same nature as, and which is significantly competitive to, that of the Company or a subsidiary.
- An Independent Director does not have any other characteristic which prevents him or her from opining freely on the operations of the Company.

Following their appointment, Independent Directors may be assigned by the Board of Directors to make collective decisions involving the business of the Company, the parent company, a subsidiary, a joint/associated company, a subsidiary of equal level, a major shareholder, or an entity with controlling authority, as a collective decision.

## **TENURE AND ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS**

1. The election of directors shall be made in accordance with the Company's Articles of Association and applicable laws. In so electing, the structure, size, and composition of the Board of Directors, together with the current demands and future development plans of the Company, shall be taken into consideration. The composition of the Board of Directors shall be appropriate and correspond with the Company's demands in terms of expertise, capacity, diversity, gender, and age.
2. In each annual general meeting of shareholders, one-third (1/3) of the Directors shall retire from the office. If the number of Directors is not a multiple of three (3), then the number nearest to one-third (1/3) shall retire from the office.
3. Each Director who retires by the end of their tenure is eligible for re-election.
4. In addition to retiring by the end of their tenure, each Director shall retire in the following cases:
  - a. Death;
  - b. Resignation;
  - c. Lack of required qualifications or having characteristics prohibited by the laws on public limited companies and/or securities and exchange;
  - d. Removal by a resolution of the shareholders' meeting with a vote of not less than three-fourths (3/4) of the total number of shareholders present in such meeting and having the right to vote, provided that the total number of shares held by those shareholders is in aggregate not less than half of the total number of shares held among them;
  - e. Removal by a court order.

5. If any Director of the Board of Directors wishes to resign from their position, they shall submit a written resignation letter to the Board of Directors. Such resignation shall be effective from the time the resignation letter reaches the Company.
6. In the case where any position on the Board of Directors becomes vacant due to any reason other than retirement by the end of such individual's tenure, the Board of Directors (acting upon a resolution of the meeting of the Board of Directors with votes of no less than three-fourths (3/4) of the total number of remaining Directors) will appoint any person (as so recommended by the Nomination, Remuneration, and Corporate Governance Committee) with qualifications meeting the requirements of, and having no characteristics prohibited by, the laws on public limited companies and/or securities and exchange as well as related regulations, to assume such position in the next Board of Directors' meeting (unless the tenure of such Director is less than two (2) months). Such appointed person shall remain in the office for the period equal to the remaining duration of the Director whom such person replaces.

## **THE AUDIT COMMITTEE**

1. The Audit Committee is appointed by the Board of Directors to monitor, review, and promote good corporate governance in the Company and confirm that the Company conducts its business operations in line with business strategies and policies; complies with all applicable requirements and laws; manages and controls business risks; prepares accurate financial reports and selects a proper accounting policy; puts in place adequate and suitable internal control systems and effective internal audit systems; and prepares connected transactions with related persons in order to avoid conflicts of interest.



## COMPOSITION

1. The Audit Committee shall be composed of at least three (3) Independent Directors.
2. The Board of Directors is empowered to appoint the members of the Audit Committee and select one of the members to be the Chairman of the Audit Committee.
3. The Head of Internal Audit or any other person holding an equivalent position shall act as the Secretary to the Audit Committee.

## QUALIFICATIONS

1. Each member of the Audit Committee must be an Independent Director and possess full qualifications as required in the Board of Directors Charter and applicable rules of the Capital Market Supervisory Board, the Securities and Exchange Commission (SEC), the Office of the SEC, as well as other applicable laws.
2. Each member of the Audit Committee shall have sufficient knowledge and experience to perform their duties in their capacity as members of the Audit Committee. The Audit Committee shall include at least one member with adequate knowledge and experience in examining the reliability of financial statements.
3. Each member of the Audit Committee shall not be any Director authorized by the Board of Directors to make decisions on the business operations of the Company, its parent company, its subsidiaries, its associated companies, its subsidiaries at the same level in the organization, its major shareholders, or its controlling persons.
4. Each member of the Audit Committee can serve as a Director in other companies, provided that such directorship shall not hinder their performance of duties in their capacity as a Director of the Company.
5. Each member of the Audit Committee shall not serve as a Director of any parent company or subsidiary, or of any other listed company of similar status or level.

## TENURE AND ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

1. Each member of the Audit Committee shall have their terms of service equal to the tenure of their Directorship of the Company. Each member who retires by the end of their tenure is eligible for re-appointment.

In addition to retiring by the end of their tenure as described above, each member shall retire in the following cases:

- a. Death;
  - b. Resignation;
  - c. Lack of required qualifications or having characteristics prohibited by the laws on public limited companies and/or securities and exchange;
  - d. Removal by a resolution of the Board of Directors;
  - e. Removal by a court order;
  - f. Retiring from being a Director of the Company.
2. If any member of the Audit Committee wishes to resign from their position, they shall submit a written resignation letter one month in advance to the Chairman of the Audit Committee, together with the reason(s) for this resignation, in which case the Chairman of the Audit Committee will propose such resignation to the Board of Directors for consideration and approval, as well as submit such resignation letter to the Stock Exchange of Thailand. It is for the Board of Directors to consider appointing any other fully-qualified person as a substitute for the resigning member.
  3. In the case where any member of the Audit Committee resigns or retires before their respective terms of service, the Company shall promptly report the same to the Stock Exchange of Thailand. The resigning or retiring member of the Audit Committee can explain the reasons for such resignation or retirement to the Office of the Securities and Exchange Commission (SEC).
  4. In the case where all members of the Audit Committee retire as a group from their terms of service, all such members shall continue as acting members of the Audit Committee and carry on with their duties until the new Audit Committee is put in place.

5. In the case where any position in the Audit Committee becomes vacant due to reasons other than retirement by the end of a member's tenure, which results in the number of members of the Audit Committee falling below three (3) persons, the Board of Directors will appoint any qualified person as recommended by the Nomination, Remuneration, and Corporate Governance Committee to assume such position within three months following the date on which the number of members falls below the minimum number, so that the Audit Committee shall maintain the number of members as required by law.
6. In the event of a necessary increase of, or reduction in, the number of members of the Audit Committee, such increase or reduction shall be in accordance with a resolution of the Board of Directors.

## THE EXECUTIVE COMMITTEE

The Executive Committee is appointed by the Board of Directors and is responsible for managing business operations to be in-line with the Company's strategy, mission, policies, targets, and business plans. The Executive Committee is also responsible for controlling, scrutinizing, supervising, and performing any act as assigned by the Board of Directors. The purpose of this Charter is to ensure that the members of the Executive Committee understand their roles, duties, and responsibilities, and this Charter be adopted and followed accordingly as a guideline for the performance of their duties.

## COMPOSITION

1. The Executive Committee shall be composed of Directors and Executives and have at least five (5) members.
2. The Board of Directors is empowered to appoint one member of the Executive Committee to be the Chairman of the Executive Committee.
3. The President and Chief Financial Officer are ex-officio members of the Executive Committee.
4. The Company Secretary shall act as the Secretary to the Executive Committee, unless assigned otherwise by the Executive Committee.

## QUALIFICATIONS

1. Each member of the Executive Committee shall possess the knowledge, abilities, and experience which are of benefit to the Company's business operations. They shall have honesty, integrity, and ethics in conducting business operations and also have sufficient time to fully dedicate their knowledge and abilities, as well as to perform their duties, for the Company.
2. Each member of the Executive Committee shall be fully qualified and not possess any characteristics prohibited by the laws on public limited companies, securities and exchange, and any other applicable laws governing the business operation of the Company. They shall not lack any credible attributes which are required to be possessed by the Securities and Exchange Commission (SEC).
3. Each member of the Executive Committee shall immediately notify the Company if they have any vested interest, whether directly or indirectly, in any contract entered into by the Company or if they hold, or increase or decrease the holding of, shares in the Company or in any Company subsidiary.

## TENURE AND ELECTION OF MEMBERS OF THE EXECUTIVE COMMITTEE

1. Each member of the Executive Committee shall retire in the following cases:
  - a. Death;
  - b. Resignation;
  - c. Lack of required qualifications or having characteristics prohibited by the laws on public limited companies and/or securities and exchange;
  - d. Removal by a resolution of the Board of Directors;
  - e. Removal by a court order;
  - f. Retiring from being a Director or a member of the Company's management team.
2. If any member of the Executive Committee wishes to resign from their position, they shall submit a written resignation letter to the Chairman of the Executive Committee. Such

resignation will be effective from the time the resignation letter is received by the Chairman of the Executive Committee.

3. In the case where any position in the Executive Committee becomes vacant, the Board of Directors shall appoint any qualified person as recommended by the Nomination, Remuneration, and Corporate Governance Committee to assume such position, provided that the number of members of the Executive Committee shall in no circumstances fall below the required minimum number.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee is appointed by the Board of Directors and is responsible for determining a policy on risk management covering certain types of risks, including ensuring that risk management systems and processes be put in place to control and minimize the impact of risks on the Company's business. The key role of the Risk Management Committee is to identify risks which are relevant to the conduct of the Company's business, as well as to establish risk prevention measures and to monitor the Company's observance of such measures.

The purpose of this Charter is to ensure that the Risk Management Committee understands their roles, duties, and responsibilities, and that this Charter be adopted and followed accordingly as a guideline for the performance of their duties.

### **COMPOSITION**

1. The Risk Management Committee shall be composed of Directors and Executives and have at least three (3) members.
2. The Board of Directors is empowered to appoint one member of the Risk Management Committee to be the Chairman of the Risk Management Committee.
3. The President, Chief Financial Officer, and Chief Manufacturing Officer are ex-officio members of the Risk Management Committee.
4. The Head of Risk Management & Internal Control or any other person holding an equivalent position shall act as the Secretary of the Risk Management Committee unless the Risk Management Committee instructs otherwise.

### **QUALIFICATIONS**

1. Each member of the Risk Management Committee shall possess the knowledge, abilities, and experience which are of benefit to the Company's business operations. They shall have honesty, integrity, and ethics in conducting business operations. They shall also have sufficient time to fully dedicate their knowledge and abilities, as well as to perform their duties, for the Company. In particular, they shall be knowledgeable on the management of relevant risks which may arise and affect the business operations of the Company.
2. Each member of the Risk Management Committee shall not possess any characteristics prohibited by the laws on public limited companies, securities and exchange, and any other applicable laws governing the business operation of the Company. They shall not lack any credible attributes which are required to be possessed by the Securities and Exchange Commission (SEC).
3. Each member of the Risk Management Committee shall immediately notify the Company if they have any vested interest, whether directly or indirectly, in any contract entered into by the Company, or if they increase or decrease the holding of shares in the Company or in any Company subsidiary.

### **TENURE AND ELECTION OF MEMBERS OF THE RISK MANAGEMENT COMMITTEE**

1. Each member of the Risk Management Committee shall retire in the following cases:
  - a. Death;
  - b. Resignation;
  - c. Lack of required qualifications or having characteristics prohibited by the laws on public limited companies and/or securities and exchange;
  - d. Removal by a resolution of the Board of Directors;
  - e. Removal by a court order;
  - f. Retiring from being a Director or a member of the Company's management team.

2. If any member of the Risk Management Committee wishes to resign from their position, they shall submit a written resignation letter to the Chairman of the Risk Management Committee. Such resignation will be effective from the time the resignation letter is received by the Chairman of the Risk Management Committee.
3. In the case where any position in the Risk Management Committee becomes vacant, the Board of Directors shall appoint any qualified person as recommended by the Nomination, Remuneration, and Corporate Governance Committee to assume such position, provided that the number of members of the Risk Management Committee shall in no circumstances fall below the required minimum number.

## **NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE**

The Nomination, Remuneration, and Corporate Governance Committee is appointed by the Board of Directors and is responsible for determining a policy on the nomination and screening of any appropriate person to be a Director and/or senior Executive prior to proposing such person to a meeting of the Board of Directors and/or the shareholders for appointment. The Nomination, Remuneration, and Corporate Governance Committee also establishes the criteria for the amount of remuneration for Directors and senior Executives at a level which is proper and reflects their performance. The Nomination, Remuneration and Corporate Governance Committee also plays an important role in developing the policy on corporate governance and monitoring the compliance of the business operation to be in line with good corporate governance for the Company.

The purpose of this Charter is to ensure that the Nomination, Remuneration, and Corporate Governance Committee understands their roles, duties, and responsibilities, and that this Charter be adopted and followed accordingly as a guideline for the performance of their duties.

## **COMPOSITION**

1. The Nomination, Remuneration, and Corporate Governance Committee shall be composed of the Company's Directors and have at least three (3) members, the majority of whom (more than half) are Independent Directors.
2. The Board of Directors is empowered to appoint a member of the Nomination, Remuneration, and Corporate Governance Committee to be the Chairman of the Nomination, Remuneration, and Corporate Governance Committee, provided that the Chairman is an Independent Director.
3. The Company Secretary shall act as the Secretary to the Nomination, Remuneration, and Corporate Governance Committee, unless assigned otherwise by the Nomination, Remuneration, and Corporate Governance Committee.

## **QUALIFICATIONS**

1. Each member of the Nomination, Remuneration, and Corporate Governance Committee shall possess the knowledge, abilities and experience which are of benefit to the Company's business operations. They shall be knowledgeable on corporate governance and have honesty, integrity and ethics in conducting business operations. They shall also have sufficient time to fully dedicate their knowledge and abilities, as well as to perform their duties, for the Company.
2. Each member of the Nomination, Remuneration, and Corporate Governance Committee shall be fully qualified and not possess any characteristics prohibited by the laws on public limited companies, securities and exchange, and any other applicable laws governing the business operation of the Company. They shall not lack any credible attributes which are required to be possessed by the Securities and Exchange Commission (SEC).
3. Each member of the Nomination, Remuneration, and Corporate Governance Committee shall immediately notify the Company if they have any vested interest, whether directly or indirectly, in any contract entered into by the Company, or if they increase or decrease the holding of shares in the Company or in any Company subsidiary.

## **TENURE AND ELECTION OF MEMBERS OF THE NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE**

1. Each member of the Nomination, Remuneration, and Corporate Governance Committee shall retire in the following cases:
  - a. Death;
  - b. Resignation;
  - c. Lack of required qualifications or having characteristics prohibited by the laws on public limited companies and/or securities and exchange;
  - d. Removal by a resolution of the Board of Directors;
  - e. Removal by a court order;
  - f. Retiring from being a Director of the Company.
2. If any member of the Nomination, Remuneration, and Corporate Governance Committee wishes to resign from their position, they shall submit a written resignation letter to the Chairman of the Nomination, Remuneration, and Corporate Governance Committee, and such resignation will be effective from the time the resignation letter is received by the Chairman of the Nomination, Remuneration, and Corporate Governance Committee.
3. In the case where any position in the Nomination, Remuneration, and Corporate Governance Committee becomes vacant, the Board of Directors will appoint any qualified Director of the Company as recommended by the Nomination, Remuneration, and Corporate Governance Committee to assume such position, provided that the number of members of the Nomination, Remuneration, and Corporate Governance Committee shall in no circumstances fall below the required minimum number.

## **CHAIRMAN OF EXECUTIVE COMMITTEE AND PRESIDENT**

The Board of Directors ensures that the Chairman of the Executive Committee and the President are appointed in an appropriate manner by assigning the Nomination, Remuneration, and Corporate Governance Committee to conduct the procedure and nominate an appropriate person. The Board

of Directors also monitors the performance of the Chairman of the Executive Committee and the President in an appropriate manner.

## **SUBSIDIARIES AND ASSOCIATED COMPANIES' GOVERNANCE**

The Board of Directors has provided the framework and mechanism for regulating the policies and operations of the Company's subsidiaries and associated companies that fit in with their respective businesses. The Board of Directors also ensures that subsidiaries and associated companies have the same understanding on the following matters:

### **1. Management Structure of Subsidiaries and Associated Companies**

The Company has set up a management structure that subsidiaries and associated companies must adopt, as their management are responsible for their own business performance, which can be monitored efficiently. There is also a mechanism to monitor the business operations of subsidiaries and associated companies to protect and preserve the Company's investments, as follows:

#### **1.1 Nomination of Individuals as Directors of Subsidiaries and Associated Companies**

The Company will nominate individuals who have qualifications and competency suitable for the business operation of subsidiaries and associated companies to be Directors in numbers that reflect the proportion of shares the Company holds in the subsidiaries or associated companies. The Board of Directors will assign the Executive Committee to nominate suitable individuals to be the Company's representative as Directors in the subsidiaries and associated companies.

#### **1.2 Scope of Duties and Responsibilities of Directors in Subsidiaries and Associated Companies**

Directors who have been appointed to serve in each subsidiary or associated company shall have the scope of duty and responsibility defined in the objectives, Articles of Association, and resolutions



of the Board of Directors' meetings, as well as those required in the resolutions of shareholders' meetings of that subsidiary or associated company. Directors also have the duty to supervise executives and employees of subsidiaries and associated companies to ensure that their conduct is in accordance with the objectives, articles of association, and resolutions of the Board of Directors' meetings, as well as resolutions of the Company's shareholders' meetings.

Directors of subsidiaries have the duty to comply with business operations policies that support the Group to achieve long-term objectives and targets, and must exercise discretion in managing subsidiaries in the interests of both the subsidiaries and the Group as a whole. They will also present reports on the business performance to the Executive Committee or Board of Directors on a regular basis.

Directors of subsidiaries must perform in accordance with the Company's Code of Conduct and policies, as well as the Corporate Governance Policy established by the Company. They also have the duty to supervise subsidiaries to ensure that there are internal control and risk management systems that are sufficiently proper, efficient, and comprehensive.

## **2. Disclosing Information About Subsidiaries**

Subsidiaries must report to the Company any plan regarding business operations, business expansion, major investment projects, and participation in joint investments with other operators. In this regard, the Company may request subsidiaries to provide explanations or submit documents to back up its consideration of such plans, to which the subsidiaries must strictly and immediately comply. In the case where the Company finds any significant issue, the Company may notify a subsidiary to provide further explanation and/or submit additional documents for the Company's consideration.

## **3. Using Inside Information of Subsidiaries**

Directors, Executives, employees, staff, or assignees of subsidiaries including their spouses and children, as well as any individual who is related to those persons, are prohibited from using inside information about the Company and its subsidiaries, either obtained from performing their duties or by any other means, which has or may have significant impact on the Company and/or its subsidiaries, for their interest or others' interest, either directly or indirectly, and whether or not there is anything given or obtained in return.

## **4. Transactions Executed by Directors, Executives, or Individuals who are Related to Subsidiaries**

Directors, Executives, or individuals who are related to subsidiaries must strictly comply with the Company's policy on transactions that may lead to a conflict of interest with the Group.

## **5. Financial Control of Subsidiaries**

Subsidiaries must submit monthly performance and financial statements as required by law, as well as provide information supporting the preparation of these financial statements. They consent that the Company may use this information to support the preparation of consolidated financial statements or the Company's performance reports. Subsidiaries have the duty to report any major financial problems to the Company when they are detected, or after any request is made by the Company to perform an audit and provide a report on the findings.

## **SCHEDULE OF AUTHORITY**

The Board of Directors approve the Company's Schedule of Authority to improve work efficiency by assigning Directors and Executives to operate under their authority in areas such as budgets, human resources, domestic and export sales, marketing and product development, treasury, operations management, withdrawals, accounts and financing, and so on. Significant transactions such as major investments, business expansion, mortgages, acquisition and disposition of assets, or connected transactions require the Board of Directors or shareholders approval beforehand.

## POLICY ON THE PREVENTION OF INSIDER TRADING

The Company realizes the importance of preventing the use of inside information about the Group for one's own interest or for the interest of others, if such information is material and not yet disclosed to the public. Therefore, the Company has a policy that prohibits Directors, Executives, and employees of the Group, as well as related persons, from insider trading. The disclosure of the Company's inside information to third parties or non-related persons prior to the public disclosure of such information through The Stock Exchange of Thailand is forbidden. Directors, Executives, and employees of the Group are required to strictly comply with insider trading prohibitions and restrictions as prescribed in The Securities and Exchange Act, B.E. 2535 (1992) (as amended), as follows:

1. Directors, Executives, and the employees of the Group are prohibited from informing, disclosing, or endorsing any false information, or any information that may be materially misleading about the Company's financial status, business performance, securities price, or any other information related to the Company in a manner which is likely to adversely affect the prices of the Company's securities or investors' decisions to invest in the Company's securities.
2. Directors, Executives, and employees as well as all related persons of the Group are not allowed to analyze or forecast any financial status, business performance, securities price, or any other information relating to the Company by using any false, incomplete, or materially misleading information for the purpose of such analysis or forecast. In addition, they shall not neglect to consider the accuracy of such information nor distort any information to be used in such analysis or forecast, and shall not give an opinion on such analysis or forecast to the public in a manner that is likely to adversely affect the price of the Company's securities or investors' decisions to invest in the Company's securities.

3. Directors, Executives, and employees as well as all related persons of the Group who are aware of, or possess, the Company's insider information, shall not:
  - a. Purchase or sell securities, or enter into any future contracts for securities (as the case may be) in their own names, or in the names of other persons, unless it falls under the exemptions as specified by The Securities and Exchange Act B.E. 2535 (1992), as amended;
  - b. Disclose any insider information to other persons, whether directly or indirectly and by whatever means, with knowledge that, or in a manner they should know that, the recipient of such information may make use of it to engage in securities trading or enter into future contracts (as the case may be), in their own names or in the names of other persons, except when such an act would not constitute any undue advantage over others, or otherwise as specified by The Securities and Exchange Commission (SEC).

For the above purposes:

"insider information" means any information which is not yet disclosed to the public in general and which is material to the changes in price or value of securities.

"affect the securities price" means any impact which causes the price of securities to rise, decline, or stay, or which stabilizes the price of securities.

Directors, Executives, and individuals holding senior executive positions in the accounting and finance department (including their respective spouses and children) must report any change in securities holding to The Securities and Exchange Commission as per Section 59 of The Securities and Exchange Act, B.E. 2535 (1992) (as amended) within three (3) working days of the purchase, sale, or transfer of such securities, and send a copy to the Company Secretary for information and to summarize the same for presentation at a Board of Director's meeting on a quarterly basis.

## POLICY ON THE PREVENTION OF CONFLICT OF INTEREST

In order to ensure that Directors, Executives, and employees are given guidelines on their performance of duties with integrity and without seeking personal interest that conflicts with the Company's interests, and to fully adhere to securities and exchange laws, the Company has established a policy on preventing conflicts of interest as follows:

1. Directors, Executives, and employees are prohibited from business operation or participation in any business that is of the same nature or competes with the business of the Company or its subsidiaries, and from becoming partners or Directors in other juristic entities that are of the same nature and compete with the business of the Company or its subsidiaries, whether for personal interest or for the interest of others.
2. Directors, Executives, and employees must avoid performing actions that would lead to a conflict of interest and avoid transactions that are connected to themselves or related persons. In the event that such transactions are required to be made, the Directors, Executives, and employees must notify the Company of the relationship or connection to themselves or related persons in such transactions and shall not take part in approving such transactions.
3. Connected transactions and conflict of interest transactions are subject to all relevant regulations of The Office of the Securities and Exchange Commission (Office of the SEC), The Capital Market Commission, and The Stock Exchange of Thailand. Such transactions must be presented to the Audit Committee and the Board of Directors for careful consideration of the appropriateness of those transactions. Those transactions must also be disclosed according to the rules of The Stock Exchange of Thailand and/or other relevant agencies.
4. Directors and Executives must prepare interest reports for themselves and their respective related persons, to be used as basic information

for supervision in terms of vested interest every year, and must always prepare such reports when any change occurs. The Board of Directors has assigned the Company Secretary to collect such information and prepare reports to be proposed to the Audit Committee and the Board of Directors to be used for audit and supervision in terms of conflict of interest.

Directors have a duty to report their interest prior to the consideration of the agenda in question in a Board of Director's meeting and shall have it recorded in the minutes of the same meeting to ensure that Directors with a significant interest that may cause them not to express an opinion independently be excluded from attending the meeting while the agenda in question is being considered.

5. Directors and Executives have the duty to report the holding of securities issued by the Company that belong to them, their respective spouses, cohabitation partner, or children. In addition, they shall have the duty to report holding of securities issued by any juristic person in which such Directors or Executives, their spouses, cohabitation partner, or children have a combined shareholding of more than 30% of all eligible voting shares and hold the largest shareholding proportion in such juristic person. This report shall be made to The Office of the SEC within seven (7) working days from the date of purchase, sell, transfer, or acquisition of securities (only in the case where the names of such Directors or Executives do not yet appear in the database of The Office of the SEC, except if the Company has already provided the names of such Directors and Executives to The Office of the SEC), or within three (3) working days from the date of purchase, sale, transfer, or acquisition of securities (only in the case where the names of such Directors and Executives are already recorded in the database of The Office of the SEC). This is for the purpose of compliance with Section 59 of The Securities and Exchange Act, B.E. 2535 (1992) (as amended).

6. In regulating the use of insider information, the Company forbids Directors, Executives, or employees from exploiting or publishing the Company's insider information which has not yet been publicly disclosed for illegitimate benefits. Further, the Company also forbids Directors, Executives, or employees in the unit that receives inside information from exploiting such information to trade on the Company's securities during a period of one month prior to the public disclosure of the Company's financial statements and for a period of 24 hours after the time of such disclosure to the public.

## **FAIR BUSINESS PRACTICES**

Osotspa is determined to conduct our business with transparency and fairness, in compliance with applicable laws and regulations as well as with the full co-operation of government directives and policies. The Company strives to be a good corporate citizen by building credibility with investors and all stakeholders, creating added value and promoting sustainable growth. This includes managing the Company to international standards, encouraging employees to recognize the importance of regulatory compliance, fair competition in achieving our business goals, and maintaining operational excellence in producing and delivering high-quality products to consumers as one of our core values of being a leading company.

## **ANTI-CORRUPTION**

Osotspa is committed to and has a policy to counter corruption in any form. The Company values and promotes a high standard of integrity, business ethics, and transparency in the course of doing business according to our Code of Conduct, as well as an effective management system that is transparent and auditable, supports ongoing training to raise employees' awareness of business ethics and the importance of honesty, and monitors anti-corruption compliance. The Company has established key principles related to anti-corruption as follows:

- a. Employees are prohibited from accepting gifts, entertainment, and any benefits from distributors, business partners, and suppliers to ensure business dealings or decisions are not influenced by such actions. Non-compliance or alleged misconduct shall be investigated, and the confirmed cases shall be subject to disciplinary actions as per the Company's regulations.
- b. Osotspa manages procurement activities through a systematic approach with required authorization levels clearly defined in the Schedule of Authority. Procurement procedures outline transactions requiring competitive bidding or quotation comparisons, including fair and transparent selection and the basis for awarding contracts.
- c. Osotspa has an Internal Audit function to perform business unit audits. Internal Audit also has a dedicated investigator who examines and investigates any irregularities, working closely with the Human Resources and Legal functions.
- d. Osotspa has established well-defined and transparent procurement guidelines. High-value transactions require a review by the Procurement Committee, including a review by the external auditor.

## **SPECIFIC POLICY AND GUIDELINE ON ANTI-CORRUPTION**

Recognizing the importance of anti-corruption, the Board of Directors approved a specific policy explicitly addressing Anti-Corruption in early 2018, which was added to the Code of Conduct and Business Ethics. The objective is to reaffirm the Company's position, and promote programs that increase awareness among personnel at all levels about having an anti-corruption mindset. This policy sets out guidelines that are in line with the principles of good corporate governance, which must be strictly adhered to by everybody at Osotspa including Directors, management, and employees.

## ANTI-CORRUPTION GUIDELINES

Employees at all levels must follow the guidelines set out as follows:

1. Adhere to the Anti-corruption Policy, Code of Conduct and Business Ethics, and the Company's rules and regulations, and not engage in any form of corruption directly or indirectly.
2. Do not act dishonestly or with the intent to corrupt, nor give or accept bribes to/from stakeholders to achieve business assignments or objectives for the Company, oneself, or others.
3. Do not neglect or ignore any acts which may involve the Company in any corruption. It is the duty of employees to report such acts to their supervisors or to a responsible person, and to fully co-operate in any investigation.
4. Be cautious with activities that may be sensitive or create a risk involving corruption.
5. Do not accept or demand gifts, both monetary and non-monetary, from business counterparts or other related parties, which could affect decision making in performing job duties.

Giving or accepting gifts, entertainment, and donations must not have the intent as a bribe, kickback, support for a political movement, or facilitating or exchanging for an illegitimate benefit or advantage. The Gifts, Entertainment and Donations Policy announced by the Company's Chairman of the Executive Committee, which provides practical guidance, must be observed.

Donations to charities must be made under the name of the Company to organizations operating for social benefit and wellness, and which are well-recognized. The donation must be transparent, made through an established process, legal and monitored, and checked that it is not used for bribery. Contributions, in the form of money, company products, or assets provided to any events or activities, must be conducted under the name of the Company, with the aim of promoting the Company's business and image. Again, the process must be transparent, legal, and follow the Company's operating procedures.

6. Business dealings and procurement with the government or private sector, including interactions with personnel of government agencies or the private sector, whether local or foreign, must be transparent, honest, and in compliance with relevant laws.
7. The Company has a policy of political neutrality. Individual employees have their own political rights and freedoms under the law. In political actions or activities, the Company's name or resources shall not be involved, in order to maintain the Company's neutral position or as protection from reputational damage caused by involvement in political movements.

## MEASURES AND COMPLIANCE PROGRAM

1. The Company supports and encourages employees at all levels to recognize the importance of and to have a mindset to combat corruption. We have a system of internal controls in place to prevent corruption and bribery in all forms, including to risk-assess business processes that may be vulnerable to corruption or fraud.
2. The compliance program also extends to human resource management processes including recruitment, promotion, training, performance appraisals, and compensation administration. Supervisors have a responsibility to communicate and make sure that their subordinates have an understanding of the program and to monitor their compliance in ongoing works.
3. The Company will fairly treat and protect employees or persons who report clues or evidence involving corruption related to the Company and its affiliates, including employees who refuse corruption, by using protection measures for those who report and/or co-operate in reporting incidents as specified in the Whistleblowing Policy.
4. Engaging in corruption is considered a guilt according to personnel administration regulations. Employees involved in acts of corruption are subject to disciplinary actions as well as legal penalties, if such action is against the law.



5. The Company will review the guidelines and compliance program on a regular basis to keep them in line with changes in laws, regulations, and our operating conditions.

## **RESPECT AND NON-VIOLATION OF HUMAN RIGHTS**

The Company conducts our business with respect for human rights. We promote the protection of human rights and freedoms as well as equal treatment as a foundation of our human resource management and development. We do not discriminate against people of different nationalities, genders, or classes, nor do we employ minors.

## **FAIR LABOR TREATMENT**

The Company has developed our human resources management function on the basis of fair treatment for our employees and respect for human rights, while enhancing opportunities for job advancement. We implement our human resources management function based on the following guidelines:

1. To understand and comply with all laws applicable to the Company's operations in all locations.
  - a. We do not employ illegal workers or use child labour.
  - b. We do not discriminate against any individual based on a personal relationship with that individual, or his or her ethnicity, nationality, gender and sexual preference, age, religion, disability, personal views, or any other conditions or characteristics that are not related to the workplace.
2. To set up and regularly review compensation and benefit packages to ensure fairness for both the Company and our employees.
3. To recruit, select, and employ people based on their qualifications, experience, and ability to work. Both internal and external job candidates are fairly treated during our transparent recruitment process.
4. To enhance employees' knowledge, skills, and capabilities by providing human resources development programs in four dimensions:

- a. A Mandatory Program to introduce the Company's Corporate Governance Policy.
  - b. A Leadership Program to enhance employees' leadership skills so they match with each level of job functions in the Company.
  - c. A Functional Program to strengthen the necessary skills and capabilities of our employees so they can perform functional operations.
  - d. A Knowing the Business Program to provide employees with end-to-end business knowledge about the Company.
5. To ensure a safe working environment, the Company aims to reduce the number of work-related accidents to zero. The Company also provides food courts, a fitness center, relaxation rooms, and a health care centre for all employees to encourage a happy workplace.

## **REMUNERATION OF AUDITOR**

### **AUDIT FEE**

In 2018, the Company and its subsidiaries paid audit fees totaling THB 12.6 million to the audit firm, which engaged the auditor.

### **NON-AUDIT FEE**

In 2018, the Company and its subsidiaries obtained other non-audit services from the audit firm and other related parties of the audit firm that employed the auditor, totaling THB 7.5 million in fees. This included the review of financial information and preparation of the Comfort Letter for the initial public offering to foreign investors, auditing compliance with the conditions of the BOI Promotion Certificate, tax consultancy, consultation for the registration of dissolution of overseas subsidiaries, and consultation for selling the Company's investment in Future Marketing Communications Group Company Limited to other parties.

## REPORTS OF THE SUB-COMMITTEES

### AUDIT COMMITTEE REPORT

Dear Shareholders,

Osotspa Public Company Limited (the Company) is an organization aimed at enhancing the quality of life for consumers and society with modern products and innovations through our organizational culture that focuses on achieving success in operating excellence and adhering to good corporate governance in our business operations to maintain the benefits for shareholders and other stakeholders. The Audit Committee and Internal Audit, in line with this direction, are appointed by the Board of Directors to govern, oversee, and review the Company's processes and their conformity with the Corporate Governance Code (CG Code) to ensure that the risk management and internal control systems remain effective in accordance with the changing business environment as well as to ensure that the Company's work processes and goals are closely monitored as we strive towards achieving a sustainable future.

The Audit Committee (the Committee) is comprised of three Independent Directors who are qualified with professional experience in the fields of administration, accounting, finance, and law, which

fulfills the composition and qualifications stated by the applicable Stock Exchange of Thailand announcement. The Audit Committee includes Ms. Penchun Jarikasem as Chairperson of the Audit Committee, Mr. Krirk Vanikkul as a member of the Committee, and Mrs. Sinee Thienprasiddhi as a member of the Committee. Ms. Chulaluk Suwannikkakul was Head of Internal Audit and the secretary of the Audit Committee during the period of 1 January 2018 to 25 December 2018. Mrs. Kanrawee Sangnikornkiat was Acting Head of Internal Audit and Acting Secretary of the Audit Committee for the period of 26 to 31 December 2018.

The Audit Committee independently performs its duties in accordance with the scope of the duties and responsibilities assigned by the Board of Directors, specified in writing in the Charter of the Audit Committee and in compliance with the requirements stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

In 2018, the Audit Committee held ten (10) meetings with details as shown below:

Name	Title	Attendance/Total Meeting
Ms. Penchun Jarikasem	Chairperson	10/10
Mr. Krirk Vanikkul	Member	10/10
Mrs. Sinee Thienprasiddhi	Member	9*/10

**Note :** \*Mrs. Sinee Thienprasiddhi took leave of absence from attending the Audit Committee Meeting 4/2561, held on 10 May 2018, due to an accident requiring ankle surgery. However, she has reviewed the meeting documents and commented on that meeting.

The key responsibilities of the Committee are to assist the Board of Directors in fulfilling its oversight responsibilities in relation to preparation and disclosure of financial reporting; the effectiveness of the system of risk management and internal control; compliance with relevant legal and regulatory requirements; monitoring the qualifications, expertise, resources, and independence of both the internal and external auditors; and assessing the auditor's performance and effectiveness. The Committee regularly reports on its activities and recommendations to the Board of Directors. Whenever the Committee has any questions or considers that there should be a corrective action or improvement required concerning any aspect of risk management and internal control, financial reporting, or audit-related activities, the Committee promptly reports these matters to the Board of Directors. The Committee's significant activities are summarized below.

## **REVIEW OF FINANCIAL REPORT**

The Audit Committee reviewed the interim financial information; the consolidated and separate financial statements jointly with the auditors and management regarding the accuracy and completeness of the financial statements; adjustment of key journal entries and account estimations affecting the statements; adequacy and suitability of account recording; audit scope; that information disclosure was accurate, complete, and adequate; and the external auditor's independence. All of this ensured that the preparation of the financial statements followed legal requirements and accounting standards under generally accepted accounting principles that are credible and timely, and that adequate information was disclosed in such statements for the benefit of financial statement users.

In addition, the Audit Committee discussed exclusively with the external auditor the audit plans, risk, and internal control as well as its independence to fulfill its responsibilities and provide its opinion. For the 2018, the external auditors did not make any significant observations and did not find any unusual circumstances. The Committee is therefore of the opinion that the Company has a proper financial reporting process to disclose its financial information without information that is in conflict with the material facts and prepared in accordance with Thai Financial Reporting Standards.

## **REVIEW OF RELATED-PARTY TRANSACTIONS OR CONFLICT-OF-INTEREST TRANSACTIONS**

The Audit Committee reviewed the related-party transactions or conflict-of-interest transactions of the Company in accordance with the notifications of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The review suggested that related-party transactions of the Company were reasonable, in the best interests of the Company, and did not preferentially benefit any particular parties.

## **REVIEW OF RISK MANAGEMENT**

The Board of Directors, the Risk Management Committee, and management have given priority to Risk Management by assessing internal and external risk factors together with their impact and likelihood, and regularly updates its performance to the Board of Directors. The Committee also followed up on and acknowledged risk management outcomes from the reports and reviewed the effectiveness of risk management practices based on the reports of the individual management responsible and the result of the internal audit and the external auditor. These actions led the guarantee of risk management capabilities to ward off or mitigate potential impacts within risk tolerance levels.

## **REVIEW OF INTERNAL CONTROL SYSTEM**

The Board of Directors emphasized the importance of a good internal control system and its significant duty to assure that the Company has an appropriate and adequate internal control system to ensure that its operations are in line with its goals, objectives, laws, and regulations. For the 2018, the Company hired an external consultant from Pricewaterhouse Coopers ABS (PwC) to review the internal control system of the Company as well as seven subsidiaries. With the findings revealing no material effect on the Company's businesses, notwithstanding, there were some issues about processing control that have already been improved and will be continuously monitored by Internal Audit.

In addition, the Audit Committee reviewed an assessment result of the adequacy of the internal control system and its compliance with The Securities and Exchange Commission (SEC)

guidelines required for a company undergoing an Initial Public Offering, and the results of an internal audit and an external audit. With no material aspect or defects potentially affecting the Company and with continual corrective actions following the advice of the Audit Committee, Internal Audit, and the external auditor, it can be logically concluded that the Company has an adequate and effective internal control system.

## REVIEW OF GOOD CORPORATE GOVERNANCE (WHISTLEBLOWING POLICY)

The Audit Committee further enhanced good corporate governance practices and considered processes to report fraud or corruption, such as providing a channel for employees, shareholders, and external parties to direct their complaints and report suspected violations of laws, the Code of Conduct, and ask questions about financial statements and internal control systems. The whistleblowing system was also set up to include whistleblower protection measures and to treat all complaints with a view to protecting the appellant with the strictest confidentiality.

In addition, the Audit Committee considered and acknowledged the compliance statement for the Code of Conduct, for which employees are represented to their managers up to the Chief Executive Officer. The representation process and the content of the statement ensured that compliance with the Code of Conduct and relevant laws were well regarded.

## OVERSIGHT OF INTERNAL AUDITING

To ensure the independence of the Internal Audit function, Internal Audit directly reported to and was supervised by the Audit Committee in accordance with the Charter of the Internal Audit established in 2018.

The Audit Committee also reviewed the annual internal audit plans, its performance, and audit engagement reports. The Committee provided recommendations and monitored corrective actions for significant issues for good governance and adequate internal controls. It also reviewed development and training plans to ensure that personnel possess proper knowledge and professional skills including performing independent internal audits, and the adequacy and suitability of Internal Audit's resources.

## APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee considered the nomination of auditors by taking into account their independence, skills, knowledge, capabilities, and experience. The Audit Committee recommended the appointment of the auditor from KPMG Phoomchai Audit Ltd., namely Mr. Ekkasit Chuthamsatid, CPA License No. 4195, as the approved auditor by the Securities and Exchange Commission (SEC) for the Company's financial statements, including the audit fee for the year ended 31 December 2018.

## THE AUDIT COMMITTEE'S PERFORMANCE APPRAISAL

The Audit Committee conducted its own performance assessment for the group committee and individuals for 2018 and reported the findings to the Board of Directors. The self-assessment was due to be benchmarked against guidelines from the Securities and Exchange Commission and concluded that it was graded "Very Good" and effective.

Based on the Audit Committee's performance this year, as reported above, it is reasonably believed that the Company achieved good corporate governance; has an internal control system that is adequate and suitable for its businesses; effective risk management; accurate and credible accounting systems and financial reports; and compliance with the laws and regulations concerning its businesses.

The Audit Committee prudently and independently performed its duties with excellent co-operation from the Board of Directors, the management, the external auditor, and Internal Audit.

For and on behalf of the Audit Committee of Osotspa Public Company Limited



(Ms. Penchun Jarikasem)  
Chairperson of the Audit Committee

## RISK MANAGEMENT COMMITTEE REPORT

Dear Shareholders,

Recognizing the importance of having a risk management process, the Board of Directors of Osotspa Public Company Limited appointed a Risk Management Committee at their meeting No. 3/2018, held on 28 February 2018, to define a strategy, policy, objectives, and framework for all aspects of enterprise risk management. The objectives were to mitigate or control the impact of risks, both external and internal, on business operations and bring them to acceptable levels, and to oversee that the risk management process in place is effective and is gradually ingrained into corporate culture by integrating risk management as part of the Company's strategic and operating plans. This will ensure the Company's operations meet business objectives, support sustainable growth, and create long-term value for shareholders.

The Risk Management Committee is chartered with duties and a scope of responsibilities in line with the principles prescribed in the corporate governance guidelines of the Security Exchange Commission (SEC). They include identification of risks that may impact the Company, assessing the likelihood and potential severity or impact of risks, determining plans or actions to control and mitigate risks, and providing advice and suggestions for managing risks effectively. Currently, the Risk Management Committee is comprised of five members including an Independent Director, Executive Directors, and senior Executive officers, all of whom are knowledgeable, competent, and well experienced, as follows:

- |    |               |             |             |
|----|---------------|-------------|-------------|
| 1. | Mrs. Kannikar | Chalitaporn | Chairperson |
| 2. | Mr. Salin     | Pinkayan    | Member      |
| 3. | Mrs. Wannipa  | Bhakdibutr  | Member      |
| 4. | Mrs. Porntida | Boonsa      | Member      |
| 5. | Mr. Nukit     | Chonlacoop  | Member      |

In 2018, the Risk Management Committee conducted five meetings. The Committee reported the results of reviews and progress made to the Board of Directors quarterly. The risk management

activities achieved by the Risk Management Committee can be summarized as follows:

1. Review and concur to draft a Risk Management Policy, which was subsequently approved by the Board of Directors and formally implemented in the Company. The policy lays out a risk management framework in line with the principles of good corporate governance, which helps to reduce the impact of identified risks and increases the likelihood of the Company achieving business success consistent with its strategies and operating plans, operating in compliance with applicable laws and regulations, and, in turn, benefiting all stakeholders.
2. Review, advise, and get agreement on a draft Risk Appetite Statement, which was subsequently approved by the Board of Directors. The Risk Appetite Statement defines applicable risk tolerances and the levels of impact that the Company accepts. Thus, it guides appropriate risk management and the monitoring process with consistent and measurable reference points.
3. Review and give advice on a Crisis Management Structure and Business Continuity Plan. The plans were subsequently agreed to by the Board of Directors, and were implemented across the Company to safeguard employee wellness and protect the assets, business operations, and reputation of the Company. The plans define the structure and roles of the Crisis Management Team at both the corporate level and the operating site level, including guidelines for managing emergencies or crises, and identifying alternate office sites for preparedness. In addition, the Committee encouraged the Company to organize a crisis training workshop with simulated scenarios for the management team to learn and practice.
4. Review and monitor progress in managing key risks identified and assessed as having significant impact on the business. The Committee ensured the measures or mitigations



deployed were adequate, followed up, and advised on mitigations for risks including strategic, operating, financial, and others, considering both external and internal factors.

5. Reviewed risk management plans for the Company's significant investment projects, ensuring the investments were managed in a way consistent with the Company's strategic direction.
6. Reviewed complaints about product quality issues received from consumers that could negatively impact consumer confidence or the Company's reputation. The Committee followed up with a root cause analysis and recommended remedial actions, which management immediately accepted, as well as mapping out a plan for uplifting manufacturing and production standards as a long-term resolution.

7. Reviewed the results of the Company's campaigns for working safely and social and environmental responsibility. The Committee provided advice to management for continued improvements to help make a safety mindset part of the corporate culture. In 2018, the Company achieved impressive safety performance, with the number of work-related safety incidents decreasing by more than 50% from the previous year, the best ever recorded.

The Risk Management Committee assures shareholders that it is dedicated to supporting the Board of Directors in pursuing sustainable growth for the Company through the application of an appropriate and adequate risk management process.



(Mrs. Kannikar Chalitaporn)

On Behalf of the Risk Management Committee

## NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE REPORT

The Charter of the Nomination, Remuneration, and Corporate Governance Committee (the Committee) of Osotspa Public Company Limited states that the Committee must consist of at least three Directors, and that the majority of them must be Independent Directors. It also defines the Committee's responsibilities as summarised below:

1. To review the structure and composition of the Company's Board of Directors, including the suitable number of Directors given the nature of the Company's business, and determine the rules and procedures for recruitment and qualifications of, and identify, suitable candidates for the roles of Directors, Chief Executive Officer, and committee members, before they are proposed for consideration at a meeting of the Company's Board of Directors.
2. To formulate the policy for reviewing the rules for determining financial and non-financial compensation for the Directors and the Chief Executive Officer, as well as the compensation structure for senior Executives and committee members, to ensure that they are appropriate and fair, before they are proposed for consideration at a meeting of the Company's Board of Directors.
3. To formulate and introduce the policies, guidelines, and recommendations to ensure good governance of the Company's business, determine corporate social responsibility policies, and review and revise the corporate governance policies as appropriate, before they are proposed for consideration at a meeting of the Company's Board of Directors.

In 2018, the Committee held eight meetings, which were attended by all members of the Committee. Matters transacted at those meetings can be summarised as follows:

1. Nominate the persons who will replace the Directors retiring by rotation or by resignation, whose characteristics are not prohibited by

the laws governing public limited companies or the laws governing securities and exchange, and whose qualifications, vision, skills, and experience will be useful for the Company's business.

2. Consider and nominate the suitable persons for filling any vacancies in the committees, for review and approval by the Board of Directors;
3. Review and determine the rules for fixing remunerations for the Directors, committee members, Chief Executive Officer, and senior Executives, as follows:
  - 3.1 Propose the rules for fixing the remunerations for the Directors and committee members as appropriate for their added roles and commensurate based on the data provided in the results of a survey on the compensation of Directors of listed companies in the same sector on the Stock Exchange of Thailand, and in line with corporate governance requirements for disclosure of the policy and rules applicable to fixing Directors' remunerations that reflect each Director's roles and responsibilities.
  - 3.2 Review and determine the rules for fixing the remunerations for the Chief Executive Officer and senior Executives based on their performance and achievements as measured by key performance indicators (or KPIs), taking into account their assigned roles and responsibilities, the size of the business, and the overall economic situation.
  - 3.3 Review the Employee Joint Investment Programme (EJIP) introduced to offer additional incentives to the Executives and talents, as well as improve employee engagement and promote sustainable growth and operating efficiency.
4. Review and propose the KPIs and target setting for the Chief Executive Officer and senior Executives.

5. Review and provide comments on the Company's compliance and anti-corruption guidelines and programs.
6. Promote compliance with the Company's Corporate Governance Policy and Code of Conduct in the performance of the Company's activities and for the roles of the Company's Directors, Executives, and officers.
7. Encourage the Directors and Executives to enroll in courses and attend seminars both locally and internationally as appropriate, as a way to enhance their management knowledge, capabilities, skills, and vision to ensure

excellence and sustainability in the conduct of the Company's business and develop and improve their capabilities in line with the Company's corporate governance principles.

The Committee reported the outcomes of its meetings to the Board of Directors regularly. In 2018, the Committee performed their roles under the Charter to the best of their ability and exercised prudence when giving their independent, useful advice to the Board of Directors, the shareholders, and all stakeholders, as appropriate.

On Behalf of the Nomination, Remuneration, and Corporate Governance Committee



Mr. Somprasong Boonyachai  
Chairman of the Nomination, Remuneration,  
and Corporate Governance Committee

## INTERNAL CONTROL AND RISK MANAGEMENT

### INTERNAL CONTROL SYSTEM

The Board of Directors is aware of the importance of having a good internal control system that is efficient and adequate for business operations in accordance with the principles of good corporate governance. In this regard, the Board of Directors assigned the Audit Committee to continuously review and evaluate the internal control system. The Audit Committee was assisted by the Internal Audit function, which is independent from management and reports directly to the Audit Committee, to evaluate all business units in accordance with the standards of the internal audit profession, in terms of conducting operations with effective and adequate controls so achieving business objectives can be assured and losses are minimized; financial reports are accurate and reliable; and information is disclosed adequately and in a timely manner.

Osotspa's system of internal control has continued to evolve with various enhancements in accordance with the guidelines of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), based on the framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is comprised of the following five components:

#### 1. CONTROL ENVIRONMENT

The Company strives to create a culture and environment of sound and effective internal controls across all business units. All management and employees have responsibility for internal control by operating the Company's business using a straightforward approach, acting with integrity and transparency, and treating stakeholders with honesty in accordance with the principles stated in the Company's Code of Conduct and the Corporate Governance Policy. The Company has communicated these policies and related expectations to all management and employees so they know how to comply, and assures compliance through its internal auditing and employee performance appraisal processes.

The Company's management and leadership team sets business objectives and develops operating plans for both the short term and long term, and determines related Key Performance Indicators for evaluating the performance of the business units. The Board of Directors has appointed sub-committees to provide oversight, including the Executive Committee; Nomination, Remuneration, and Corporate Governance Committee; Audit Committee; and Risk Management Committee, with charters that clearly define each committee's roles and responsibilities.

The duties of the Board of Directors are separate from those of management. The Company has an organizational structure appropriate for operating the business that considers various factors, with critical roles appropriately segregated in accordance with good control concepts; lines of supervision and reporting defined; and roles and responsibilities for individual positions documented in job descriptions. Approval authority and review levels of Company's personnel are systematically defined and documented in the Schedule of Authority (SOA).

The Company has a Human Resources Administration Policy in place as a guideline for recruiting talented and qualified personnel, and employee development programs to strengthen their knowledge and unlock their potential.

#### 2. RISK ASSESSMENT

The Company has a Risk Management Policy that is included as part of the Corporate Governance Policy. Communications and training in this area was conducted for management and employees to integrate risk management into the business processes across all operations.

Our risk management process is in line with the best practices of the risk management framework. The process includes risk identification covering external and internal factors that may impact the ability of the Company's operations to meet set

business objectives including strategic, operating, financial, investment, and compliance aspects; and assessment of risks with regard to their likelihood and potential impacts. All management has the duty to manage risks. The Risk Management Unit has the duty to co-ordinate, advise, and monitor all units and periodically report summarized status and progress to the Risk Management Committee so they can assess the program's effectiveness and advise appropriate and adequate mitigations for avoiding or reducing impacts.

### 3. CONTROL ACTIVITIES

The Company defines control measures in operating guidelines and procedures. Examples include determining approval authority limits; segregation of duties among approval, recording/accounting, and asset custodianship for the purpose of checks and balances; and establishing both preventive and detective control measures. The Company developed a clear Conflict of Interest Policy that is included as part of the Corporate Governance Policy. The policy prohibits Directors, management, and employees from seeking personal gain or benefits conflicting those of the Company. In addition, the Company has a Connected Party Transaction Policy, which provides guidance for entering into transactions with related parties and connected persons. Transactions with a related party and with connected persons require a review by the Audit Committee.

The Company has an Internal Control Unit staffed by employees with knowledge of and expertise in the internal control system. The unit supports core business processes development for continued improvement to suit changing business conditions and environments by assessing and designing work processes and building in controls to fit the risk assessed. This includes supporting business units in developing operating guidelines and procedures, and providing advice for putting controls appropriate for the operations in place.

### 4. INFORMATION & COMMUNICATIONS

The Company recognizes the importance of the information management system. This includes the communication and disclosure of information that is accurate, credible, and timely; the management

of information flows in supporting timely business decision making; security of the information system; safeguarding and protecting information; efficient business continuity; and information system recovery plans or measures to counter cyber-security threats. The Company has also put in place guidelines for document retention with complete indexing that facilitates retrieval in case of audits.

The Company established an Investor Relations function to co-ordinate and communicate with our investors and shareholders. We have a customer service hotline at (+66) 2351 1111 as a channel for the public to get information about our products. In addition, the Company provides channels for insiders and outsiders to lodge complaints or communicate about other matters by e-mail ([hotline@osotspa.com](mailto:hotline@osotspa.com)), through our website ([www.osotspa.com](http://www.osotspa.com)), or by writing directly to the Chairman of the Audit Committee, the Board of Directors, or the Head of Internal Audit.

### 5. MONITORING & EVALUATION

The Company has a process for monitoring compliance and evaluating the effectiveness of established controls. This is achieved through an internal audit process by our Internal Audit function, which is independent from line management. The audit findings and reports are addressed to the head of the function and copied to the Chairman of the Executive Committee, the CEO, and the President. The summary of the findings and control issues are reviewed with the Audit Committee at least quarterly.

Internal Audit also follows up on the progress of control findings or issues that require resolution according to a set timeline to ensure that business processes are continuously improved and controls are adequate, so there are no recurrences or no material impact on operating performance, assets, or the financial position of the Company.

At meeting number 02/2019 on 27 February 2019, the Board of Directors evaluated the adequacy of the Company's internal controls. The concluded opinion was consistent with that of the Audit Committee, which was that the internal controls in place were adequate, appropriate for the size and



complexity of the business and current conditions of the Company, and that there were no significant control weaknesses that would have material impacts on the Company's operations. However, the Board of Directors encourages management to continue enhancing the standards of the internal control system. The Company believes that a sound internal control system will help to increase confidence in our corporate governance practices, which will enable sustainable business growth and, in turn, create value for stakeholders and shareholders over the long term.

## INTERNAL AUDIT OFFICE

### PURPOSE AND MISSION:

The purpose of Osotspa Group's internal auditing is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. The mission of the internal audit function is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insights. The internal audit function helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

### SCOPE OF INTERNAL AUDIT ACTIVITIES:

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Company. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Company's strategic objectives are appropriately identified and managed.
- The actions of the Company's officers, Directors, employees, and contractors are in compliance with the Company's policies, procedures, and applicable laws, regulations, and governance standards.

- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Company.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and adequately protected.

The Head of Internal Audit will report periodically to senior management and the Audit Committee regarding:

- The internal audit function's purpose, authority, responsibility, plan, performance relative to its plan, and resource requirements.
- The internal audit function's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities and unacceptable responses to risks by management.

The Head of Internal Audit also co-ordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit function may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit function does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## RESPONSIBILITIES:

The Head of Internal Audit has responsibility to the Audit Committee and senior management as follows:

- Submit a risk-based internal audit plan for review and approval at least annually.
- Review and adjust the internal audit plan, as necessary, in response to changes in Osotspa's business, risks, operations, programs, systems, and controls.
- Communicate the impact of resource limitations on the internal audit plan, and any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact the Company are considered and communicated to senior management and the Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit function.
- Ensure adherence to the Company's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.
- Ensure conformance of the internal audit function with the Standards, using the following qualifications:
  - If the internal audit function is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Head of Internal Audit will ensure that the internal audit function conforms to the Standards, even if the internal audit function also conforms to the more restrictive requirements of other authoritative bodies.

## PROFILE OF INTERNAL AUDIT

### MS. CHULALUK SUWANNIKKAKUL

Age 46

#### Position

- Head of Internal Audit

#### Share Possession (%)

-None-

#### Relation among Family with other Directors and Executives

-None-

#### Education

- Master Degree Major Business Administration from Thammasat University
- Bachelor Degree Major Accounting from Ramkhamhaeng University

#### Training program

- Internal Auditing Program for Auditing Profession - IIA Thailand and Stock Exchange of Thailand

#### Professional Experience

- 2016-2018** • Head of Internal Audit, Osotspa PCL
- 2012-2015** • Regional Internal Audit Manager, DSG International (Thailand) PCL
- 2008-2010** • Internal Audit Manager, Mermaid Maritime PCL
- 2011-2012** • Country Compliance Officer, MSD (Thailand) Co., Ltd.
- 2006-2007** • Internal Audit Manager, YIC Asia Corporation Co., Ltd.
- 2003-2006** • Business Process Support Senior Specialist Senior, General Motors Thailand Co., Ltd.
- 1999-2002** • Internal Auditor, Nestle Foods (Thailand) Co., Ltd.

### MRS. KANRAWEE SANGNIKORNKIAT

Age 44

#### Position

- Head of Internal Audit

#### Share Possession (%)

-None-

#### Relation among Family with other Directors and Executives

-None-

#### Education

- Master Degree Major Industrial Economic from The National Institute of Development Administration
- Bachelor Degree Major Accounting Information System from Chulalongkorn University

#### Certification

- Certified Internal Auditors (CIA)

#### Professional Experience

- 2019-Present** • Head of Internal Audit, Osotspa PCL
- Dec 2018** • Acting Head of Internal Audit, Osotspa PCL
- 2017-2018** • Director of Internal Audit, Thoresen Thai Agencies PCL
- 2015-2017** • Head of Group IT Audit, Kiatnakin Phatra Financial Group
- 2006-2015** • Head of Application Audit Section, CIMB Thai Bank PCL
- 2003-2006** • Senior Accountant, Eastern Water Resources Development and Management PCL
- 2001-2003** • Financial & Accounting Manager, Thai-Scan Water System Co., Ltd.
- 2000-2001** • Senior Consulting Manager, East-West Consulting & Education Co., Ltd.
- 1998-2000** • Senior Accountant, Colorlux (Thailand) Co., Ltd.

## CORPORATE GOVERNANCE

# CONNECTED TRANSACTIONS

Below is a list of connected transactions that the Company and/or our subsidiaries have entered into, with persons/companies who may have a conflict of interest, for the year ended 31 December 2018.

CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
Mr. Petch Osathanugrah	<ul style="list-style-type: none"> <li>• Director and Chairman of the Executive Committee and CEO</li> <li>• Shareholder of the Company and one of the beneficiaries of Orizon Limited, which holds majority shares in the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Land rental</li> </ul>	250,000	<ul style="list-style-type: none"> <li>• Osotspa Beverages Co., Ltd., a subsidiary of the Company, entered into a short-term lease agreement with Mr. Petch Osathanugrah and Mr. Ratch Osathanugrah, who co-owns the land, in order to lease two rai, 31 square meters (3,324 square meters) of land in the Hua Mak Sub-district, Bangkapi District, Bangkok. The land, which is located near our offices, is to be used as a parking area for our transport trucks to facilitate business operations and the transport of goods.</li> <li>• Under the contract, the rental fee is THB 100,000 per month, divided evenly between Mr. Petch Osathanugrah and Mr. Ratch Osathanugrah, amounting to THB 50,000 each.</li> <li>• The contract was from 1 November 2017 to 31 December 2018 (one year, two months).</li> <li>• The parties agreed to cancel the above short-term lease agreement because Osotspa Beverages Co., Ltd. did not use such land, resulting in the end of the lease agreement on 31 May 2018.</li> <li>• Rental rates and rental conditions are as agreed between the parties.</li> </ul>

CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
Mr. Ratch Osathanugrah	<ul style="list-style-type: none"> <li>Vice Chairman of the Board of Directors</li> <li>Shareholder of the Company and one of the beneficiaries of Orizon Limited, which holds majority shares in the Company</li> </ul>	<ul style="list-style-type: none"> <li>Land rental expense</li> </ul>	250,000	<ul style="list-style-type: none"> <li>Osotspa Beverages Co., Ltd., a subsidiary of the Company, entered into a short-term lease agreement with Mr. Petch Osathanugrah and Mr. Ratch Osathanugrah, who co-own the land, in order to lease two rai, 31 square meters (3,324 square meters) of land in the Hua Mak Sub-district, Bangkok District, Bangkok. The land, which is located near our offices, is to be used as a parking area for our transport trucks to facilitate business operations and the transport of goods.</li> <li>Under the contract, the rental fee is THB 100,000 per month, divided evenly between Mr. Petch Osathanugrah and Mr. Ratch Osathanugrah, amounting to THB 50,000 each.</li> <li>The contract was from 1 November 2017 to 31 December 2018 (one year, two months).</li> <li>The parties agreed to cancel above short-term lease agreement because Osotspa Beverages Co., Ltd. did not use such land, resulting in the end of the lease agreement on 31 May 2018.</li> <li>Rental rates and rental conditions are as agreed between the parties.</li> </ul>
		<ul style="list-style-type: none"> <li>Land and building rental expense</li> </ul>	9,600,000	<ul style="list-style-type: none"> <li>The Company entered into a lease agreement with Mr. Ratch Osathanugrah in order to lease nine rai, 51 square meters (14,601 square meters) of land and a building located at No. 15/3 Moo 2, Vibhavadi-Rangsit Road, Lat Yao Sub-district, Chatuchak District, Bangkok to be used for our publishing and packaging factory.</li> <li>The Company executed the lease contract on 30 August 2016 for a term of three years from 1 August 2016 to 31 July 2019. Under the contract, the rental fee is THB 800,000 per month.</li> <li>Rental rates and rental conditions are as agreed between the parties and the rental rate and conditions are consistent with nearby land and building rental rates.</li> </ul>



CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
Mr. Thana Chaiprasit	<ul style="list-style-type: none"> <li>Director and Vice Chairman of the Executive Committee</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from sales of goods</li> </ul>	24,589	<ul style="list-style-type: none"> <li>Greensville Co., Ltd., a subsidiary of the Company, sold personal care gift sets to Mr. Thana Chaiprasit during the New Year's festival at a sales price determined by cost plus a margin. The sales price and trade terms are on an arm's length basis for non-related persons.</li> </ul>
Mr. Tasharin Osathanugrah	<ul style="list-style-type: none"> <li>Director and member of the Executive Committee</li> <li>Shareholder of the Company</li> </ul>	<ul style="list-style-type: none"> <li>Consulting fee</li> </ul>	1,787,850	<ul style="list-style-type: none"> <li>The Company engaged Mr. Tasharin Osathanugrah to provide advice, suggestions, and assistance on our management and business operations, and in particular, the business operations of our subsidiaries.</li> <li>The Company paid a consultancy fee of THB 595,950 per month to Mr. Tasharin Osathanugrah, which was based on his experience and expertise. Mr. Tasharin Osathanugrah is a Director of our Company and is also a Director of nine of our subsidiaries.</li> <li>The consultancy service agreement had a term of one year from 1 April 2017 to 31 March 2018. The Company did not renew the agreement upon its expiration on 31 March 2018. During the term of the agreement, Mr. Tasharin Osathanugrah, as our consultant, did not receive any remuneration as a Director.</li> </ul>
Mrs. Kannikar Chalitaporn	<ul style="list-style-type: none"> <li>Vice Chairperson of the Board of Directors, Chief Advisor to the Executive Committee, Chairperson of the Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Consulting fee</li> </ul>	1,500,000	<ul style="list-style-type: none"> <li>The Company engaged Mrs. Kannikar Chalitaporn to provide advice, suggestions, and assistance on our management and business operations, and, in particular, the marketing and sales strategies for local and international markets, especially in the CLMV region and Indonesia.</li> <li>Mrs. Kannikar Chalitaporn has experience and expertise in management and business operations, and particularly in marketing and sales strategies for local and international markets, especially in the CLMV region and Indonesia.</li> <li>The Company paid a consulting fee of THB 500,000 per month based on her experience and expertise. Prior to joining our Company, Mrs. Kannikar Chalitaporn was a director and consultant to leading companies in Thailand in the consumer goods and retail sectors.</li> </ul>

CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
				<ul style="list-style-type: none"> <li>The meeting of the Board of Directors No. 2559/3, held on 15 March 2016, resolved to approve the engagement of Mrs. Kannikar Chalitaporn as our consultant and paid remuneration at the rate of THB 100,000 per meeting. During the consultancy period, the Company paid a consulting fee of THB 500,000 per month.</li> <li>The Company had entered into the consultancy agreement with Mrs. Kannikar Chalitaporn, which had a term of one year from 1 October 2017 to 30 September 2018 but we terminated the agreement with effect on 31 March 2018.</li> <li>During the term of the agreement, Mrs. Kannikar Chalitaporn, as our consultant, did not receive any remuneration as a director.</li> </ul>
Thachthana Co., Ltd.	<ul style="list-style-type: none"> <li>Common directors are as follows: <ul style="list-style-type: none"> <li>- Sub. Lt. Seri Osathanugrah</li> <li>- Mr. Thana Chaiprasit</li> <li>- Mr. Tasharin Osathanugrah</li> </ul> </li> <li>Mr. Tasharin Osathanugrah, Director, a member of the Executive Committee and Shareholder of the Company, holds 20.00% of the shares in Thachthana Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from sales of goods</li> </ul>	111,120	<ul style="list-style-type: none"> <li>Greensville Co., Ltd., a subsidiary of the Company, manufactures and sells dishwashing liquid to Thachthana Co., Ltd. to be used in its operation of a restaurant and determined the sales price by cost plus a margin. The sales price and trade terms are on an arm's length basis.</li> </ul>
Ducki Suki Co., Ltd.	<ul style="list-style-type: none"> <li>Common directors are as follows: <ul style="list-style-type: none"> <li>- Sub. Lt. Seri Osathanugrah</li> <li>- Mr. Tasharin Osathanugrah</li> </ul> </li> <li>Mr. Tasharin Osathanugrah, Director, a member of the Executive Committee and Shareholder of the Company, holds 10.00% of the shares in Ducki Suki Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from sales of goods</li> </ul>	43,200	<ul style="list-style-type: none"> <li>Greensville Co., Ltd., a subsidiary of the Company, manufactures and sells dishwashing liquid to Ducki Suki Co., Ltd. to be used in its operation of a restaurant and determined the sales price by cost plus a margin. The sales price and trade terms are on an arm's length basis.</li> </ul>

CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
The Advisor Co., Ltd. ( <i>Financial advisory</i> )	<ul style="list-style-type: none"> <li>Common director is Mr. Sethaput Suthiwartnarueput, the Director of The Advisor Co., Ltd. until 31 January 2018.</li> <li>Mr. Sethaput Suthiwartnarueput, the Director and a member of the Executive Committee of the Company, holds 12.00% of the shares in The Advisor Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Consulting fee</li> </ul>	1,000,000	<ul style="list-style-type: none"> <li>The Company paid a consulting fee to The Advisor Co., Ltd. to provide advice on our business direction and plans for a one-year term each from 1 March 2017 to 28 February 2018 to advise on adding value to the business of the Company at the rate of THB 500,000 per month based on The Advisor Co., Ltd.'s experience and expertise in providing business advice to leading companies in Thailand, as well as its capability to provide an economic and market overview, and outlook and strategic plans beneficial to our operations. However, we did not renew the agreement after its expiration.</li> </ul>
Bangkok University ( <i>Educational institution</i> )	<ul style="list-style-type: none"> <li>Mr. Petch Osathanugrah, Shareholder, Director, Chairman of the Executive Committee and CEO of the Company, is the Chancellor, a member of the Executive Committee, and a university council member at Bangkok University.</li> </ul>	<ul style="list-style-type: none"> <li>Other expenses</li> </ul>	45,725	<ul style="list-style-type: none"> <li>The Company provided a grant of THB 40,000 and M-150 and M-Electrolyte products worth THB 5,725 to support a stage play organized by the Faculty of Communication Arts, Bangkok University in February 2018 at its Kluay Nam Thai campus. Part of the proceeds from the play were donated to Baan Dek Ramintra School of the Christian Foundation for the Blind in Thailand under Royal Patronage.</li> <li>Such activities are considered corporate social responsibility (CSR) activities, which benefit society and help support the younger generation, and also promote the Company's products and image.</li> </ul>
		<ul style="list-style-type: none"> <li>Other expenses</li> </ul>	23,638	<ul style="list-style-type: none"> <li>The Company provided a grant of THB 20,000 and Shark and Peptin beverage products worth THB 3,638 to support the FAB Degree Show 2018, which is an exhibition of student theses, organized by the School of Fine and Applied Arts, Bangkok University, and held from 4 to 5 June 2018.</li> <li>Such activities are considered corporate social responsibility (CSR) activities, which benefit society and help support the younger generation, and also promote the company's products and image.</li> </ul>
		<ul style="list-style-type: none"> <li>Advertising expenses</li> </ul>	516,480 <sup>1</sup>	<ul style="list-style-type: none"> <li>Spa-Hakuhodo Co., Ltd., a subsidiary of the Company, was engaged to produce advertising media for Bangkok University at prices and terms as agreed by the parties on an arm's length basis.</li> </ul>

<sup>1</sup>Transaction Value for January 2018

CONNECTED PERSON/COMPANY	RELATIONSHIP	TRANSACTION	VALUE (BAHT)	NECESSITY AND RATIONALE FOR THE TRANSACTION
Dynamic Engineering Consultant Co., Ltd. <i>(Engineering and Financial Activities Consultant)</i>	•Mr. Salin Pinkayan, an Independent Director, a member of the Risk Management Committee and a member of the Nomination Remuneration and Corporate Governance Committee of the Company, is the Director of Dynamic Engineering Consultant Co., Ltd. and holds a direct and indirect shareholding of 46.75%.	• Preparation and presentation of architectural conceptual design	1,003,000	<ul style="list-style-type: none"> <li>• However, the Company divested Spa-Hakuhodo Co., Ltd. in January 2018. Therefore, such a transaction will no longer be considered a connected transaction going forward.</li> <li>• The Company engaged Dynamic Engineering Consultant Co., Ltd. to prepare and present the architectural conceptual design with respect to our plant layout and optimization of space utilization of plant areas located in the Rojana Industrial Estate, Ayutthaya Province. The Company engaged Dynamic Engineering Consultant Co., Ltd. due to its experience in engineering and architectural design works and its capability to provide all-round impact assessment and analysis.</li> <li>• The Company engaged Dynamic Engineering Consultant Co., Ltd., given its experience in architectural conceptual design works for the food and beverage industry in Myanmar, to prepare the architectural conceptual design and plant layout of our planned energy drink production plant in the Thilawa Special Economic Zone.</li> <li>• In engaging Dynamic Engineering Consultant Co., Ltd., the Company complied with our selection and engagement procedure and the price payable for the services is comparable to the prices proposed by other companies.</li> </ul>
		• Plant architectural conceptual design	2,700,000	<ul style="list-style-type: none"> <li>• Greenville Co., Ltd., a subsidiary of the Company, engaged Dynamic Engineering Consultant Co., Ltd. to do the architectural conceptual design with respect to our new talcum manufacturing plant, located in Ladkrabang Industrial Estate, Bangkok, given the value of new plant construction is higher than repairing the old plant. Greenville Co., Ltd. then engaged Dynamic Engineering Consultant Co., Ltd. to do the architectural conceptual design for the new plant.</li> <li>• A bidding process was held by our subsidiary according to our selection and engagement procedures. Dynamic Engineering Consultant Co., Ltd. was the successful bidder, as it had the lowest bid when compared to the prices proposed by other companies.</li> </ul>
		• Other payables (Remark: For accounting purposes, the conceptual design was booked as a part of plant construction in asset.)	642,000	



## CONNECTED TRANSACTION POLICIES

The meeting of the Board of Directors of the Company No. 3/2018 on 28 February 2018, resolved to approve the policy and guidelines on the entry of connected transactions and related party transactions of the Company with related persons or juristic persons, or persons or juristic persons who may have a conflict of interest in the future with the Company, in compliance with the law governing securities and exchange and the relevant notifications, requirements, regulations, and rules prescribed by the Thai Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, the SEC Office, and the Stock Exchange of Thailand (SET), in order to ensure that the entry into such transactions are transparent, free of any transfer of benefits, and are in the best interests of the Company and its shareholders. The Company will comply with the requirements in relation to the disclosure of the related party transactions in the auditor's notes shown in the audited financial statements and annual report (Form 56-1).

In the case where any connected transaction requires approval by a meeting of the Board of Directors or a meeting of shareholders of the Company, the Company will arrange for the Audit Committee to hold a meeting to consider and approve such transaction based on necessity and reasonableness, and the opinion of the Audit Committee on such transaction will be proposed at the meeting of the Board of Directors or the meeting of shareholders of the Company, as the case may be, in order to ensure that the entry into such transactions benefit and are in the best interest of the Company and its shareholders. The Company will adhere to the following principles while considering any such transaction:

## ENTRY INTO TRANSACTIONS WHICH ARE COMMERCIAL AGREEMENTS ON CONVENTIONAL COMMERCIAL TERMS

The Company's management may approve a connected transaction, or related party transaction, which is a commercial agreement on normal commercial terms between the Company, or its Group companies, and its Director, Executive, related person/juristic person, or person/juristic person which may have a conflict of interest if the value of the transaction does not exceed the limit prescribed by the provisions of the SET, the Capital Market Supervisory Board, and the SEC Office, and provided that it is a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiations and without any dependent interest resulting from the status of the Director, Executive, related person/juristic person, or person/juristic person which may create a conflict of interest, as the case may be. Further, the commercial terms of such transaction shall have been approved by management or shall be in compliance with the principle approved by the Board of Directors; however, if such transaction is of medium or large value as prescribed by the provisions of the SET, the Capital Market Supervisory Board, and the SEC Office, the transaction must be approved by the Executive Committee. Upon approval by the Board of Directors or the Executive Committee, as the case may be, the transaction must be proposed for review by the Audit Committee and disclosed in the Annual Registration Statement and Annual Report of the Company.



### **ENTRY INTO TRANSACTIONS WHICH ARE COMMERCIAL AGREEMENTS ON NON-CONVENTIONAL COMMERCIAL TERMS**

Entry into transactions which are commercial agreements on non-conventional commercial terms must be reviewed and opined by the Audit Committee. The Audit Committee will consider the necessity and reasonableness of the transaction with respect to the transaction's price by taking into consideration normal commercial terms applicable in the same industry, making a comparison with an independent third party's price, market price, price, and terms on an arm's length basis and the reasonableness and fairness of the transaction's price or terms. The Audit Committee will then propose its opinion to the Board of Directors for approval. However, if the value of the transaction exceeds the limit prescribed by the provisions of the SET, the Capital Market Supervisory Board, and the SEC Office, after the transaction has been approved by the Board of Directors, it must be proposed for further consideration and approval by a meeting of the shareholders of the Company.

### **FUTURE RELATED PARTY TRANSACTIONS**

Upon completion of the offering by the Company, any entry into connected transactions or related party transactions in the future between the Company or its Group companies and its related person/juristic person or person/juristic person which may have a conflict of interest, will be

made in compliance with the SEC Act and the relevant regulations, notifications, orders or provisions of the Capital Market Supervisory Board, SEC, and SET. To enter into any future related party transaction, the best interest of the Company and all its shareholders must be taken into account, no benefit can be transferred from the Company or its shareholders, and the entry into such transactions must be transparent.

In case of transactions in the ordinary course of business of the Company which may be recurring in the future, the Company will determine the rules and practice guidelines according to its normal course of business based on prices and terms which it believes are appropriate, fair, reasonable, and verifiable. The transaction will then be proposed to the Audit Committee to give an opinion on the reasonableness of the transaction. The Company may also arrange for a qualified expert, such as an independent auditor or appraiser, to give an opinion on the transaction as the independent asset appraiser. The opinion of the Audit Committee or such qualified expert will be provided to the Board of Directors or shareholders of the Company, as the case may be.

Further, any director having an interest in the related party or connected transaction being proposed to the Board of Directors will not attend the meeting of the Board of Directors at which the entry into such transaction is being considered.

## SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



For over 127 years, Osotspa's commitment to conducting our business and contributing to society has been reflected in the company's original name, **Teck Heng Yoo**, which means **prosperity from charity**.

Osotspa conducts our business with good governance and a responsibility to all stakeholders including consumers, partners, employees, shareholders, communities, and society. Through our vision of the "Power to Enhance Life," Osotspa undertakes our CSR activities with a focus on five dimensions:



QUALITY OF LIFE



SPORTS



PUBLIC HEALTH



DISASTER ASSISTANCE



EDUCATION



## QUALITY OF LIFE

Osotspa has supported people with disabilities since 2012 when we established the “Osotspa... Life’s Better” project. The company initiated job training projects in compliance with the law to promote and support people with disabilities (Section 35) under the concept of “teaching a man to fish to feed him for a lifetime.” The objective of these projects, in line with the law, was to provide practical assistance to help those with disabilities to support themselves and be productive members of society. Since 2017, Osotspa has helped 60 people with disabilities in seven cities throughout Khon Kaen province. Many were disabled through work-related accidents and faced considerable challenges in their daily lives. Osotspa recently received an honor plate and certificate in recognition of this support in addition to sponsoring Khon Kaen’s People With Disabilities Day 2018, where we discussed how our projects are having a positive impact during a special talk and encouraged other organizations to also offer their support.

People with disabilities benefit from Osotspa in three ways:

- 1) Power of Physical:** In collaboration with public health networks, we support their physical well-being;
- 2) Power of Mental:** We help renovate their homes to accommodate their conditions or disabilities, giving them hope and inspiration, and helping them

to regain their confidence in leading a normal life;  
**3) Power of Life:** We review their skills, abilities, and potential, and offer customized job training. In addition, we provide any necessary equipment. Osotspa helps them with logo design and packaging, as well as finding markets for them. The company builds opportunities for them to work, earn an income, and improve their quality of life.

## SPORTS

Sports provide a dual benefit of improved health and happiness. Being aware of the many benefits of sports, Osotspa is an active sponsor of sports organizations at the local, national, and international levels. We have long supported the sports sector by donating funds and our products to a variety of associations, including the Thailand Boxing Association, the Thailand Amateur Weightlifting Federation (TAWA), the Table Tennis Association of Thailand, the Thai Cycling Association, the Takraw Association of Thailand, and the Royal Aeronautic Sports Association of Thailand (RASAT), to help support athletic development and prepare both amateur and professional athletes for sports competitions. We encourage athletes to do their very best and bring pride to the country.







## PUBLIC HEALTH

The Osotspa Foundation was established in 1995 by Mr. Surat Osathanugrah, the former CEO, who was determined to give something back to society by supporting public health initiatives, including sponsoring the dental prosthesis plan, a Royal Project that provides dentures to senior citizens, in collaboration with the Ministry of Public Health.

On the first trading day of Osotspa shares on the Stock Exchange of Thailand, the foundation donated 3,810,000 baht, allowing 127 underprivileged patients to have cataract surgery, in addition to building a dialysis treatment center to improve patient care at Banphaeo General Hospital in Samut Sakhon.



## DISASTER ASSISTANCE

Osotspa donates funds and goods to help victims of natural disasters such as floods, tsunamis, and earthquakes in Thailand and throughout the region.

## EDUCATION

Over the past 30 years, Osotspa has awarded over 300 scholarships to medical, pharmaceutical, and nursing students, allowing recipients to support their communities by improving access to local healthcare and services.



## OUR BUSINESS IS ECO-FRIENDLY

Our Safety, Health, and Environment (SHE) committees work hard to reduce our environmental impact. We introduce measures to protect the environment and address any impacts caused by our operations. We manage our resources through the 3Rs:

### REDUCE

We reduce fuel consumption. Waste heat from our bottle manufacturing plant is reused through a vaporizing process to generate water for the bottle washing process, using a waste heat boiler. Reusing this waste heat saves around 1.4 million liters of fuel oil per year.

### REUSE

Our highly-efficient wastewater treatment system was installed to avoid causing direct and indirect environmental impacts. In compliance with Department of Industrial Works regulations, a special team is assigned to manage wastewater treatment before water is released. Some treated wastewater is used to water trees and vegetation in the plant's green areas.



### RECYCLE

Our plant implemented technology that can use cullets for as much as 90% of raw materials. This reduces the amount of sand consumed in the manufacturing process. We also use sodium carbonate to lower the melting temperature to save energy. The melting process is powered by heat from natural gas, through the use of efficient, energy-saving glass furnaces that we brought in from Japan and Germany.

Our goal is to run our business with care and sensitivity for the environment. This is an important part of Osotspa's corporate philosophy as we believe that businesses must not have any detrimental impact on the environment, communities, and society.

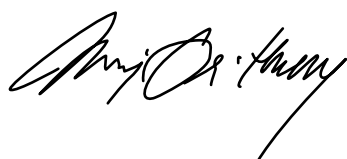


## FINANCIAL POSITION AND PERFORMANCE

# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the consolidated financial statements of Osotspa Public Company Limited (the “Company”) and its subsidiaries including the separated financial statements of the Company which have been prepared in accordance with the appropriate accounting policies and have been consistently applied. The aforementioned financial statements are prepared using careful judgement and the best estimation and in accordance with Thai Financial Reporting Standards. The notes to the financial statements adequately and transparency disclose the important details for shareholders and normal usages. The external auditors of the Company has audited the financial statements and expressed an unqualified opinion in the auditor’s report.

The Board of Directors has provided the system of controls and risk management including the effective internal controls system in order to have reasonable assurance that the financial records are accurate, complete and adequate to maintain and preserve the assets of the Company and to protect any causes of fraud or significant irregular operations.



**Mr. Surin Osathanugrah**  
Chairman of the Board of Directors

The Board of Directors has appointed the Audit Committee, entirely comprised of independent directors, to be responsible for reviewing the accuracy and adequacy of the financial statements as well as review the internal control system, internal audit system, the risk management system including the related party transaction disclosure. The opinions of the Audit Committee on these issues is showed in the Audit Committee Report contained in this annual report.

The Board of Directors considers that the internal control system and the internal audit of the Company provide credibility to the consolidated financial statements of the Company and its subsidiaries including the separated financial statements of the Company for the year ended 31 December 2018 which the financial position, financial performance and cash flows are fairly presented in accordance with Thai Financial Reporting Standards.



**Mrs. Wannipa Bhakdibutr**  
Director and President



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Osotspa Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of Osotspa Public Company Limited and its subsidiaries (the “Group”) and of Osotspa Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of income, 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 2018 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 3 and 9 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company's inventories are consumer products which have short lives and their sales and selling prices are subject to the market situation. Consequently, long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realisable value which involves management's judgment. This is an area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Inquiry of the management to obtain an understanding of policy in relation to setting provision for net realisable value of inventories and reviewing the compliance with this policy;</li> <li>- Evaluating the design and implementation and also testing of operating effectiveness of internal controls relating to inventory management and attending inventory counts and observing the condition of inventories;</li> <li>- Testing the accuracy of inventory aging by checking samples of relevant supporting documents;</li> <li>- Assessing the appropriateness of the provision for realisable value for obsolete inventory by challenging the assumptions, category of inventory, comparing with historical experience and testing calculation;</li> <li>- Testing the valuation of inventories by comparing their costs against their expected realisable values less relevant selling expenses, and checking samples of relevant supporting documents; and</li> <li>- Considering the adequacy of disclosure in accordance with the financial reporting standard.</li> </ul>
Accrued trade discounts	
Refer to Notes 3 and 21 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>There is high competition in the market for energy drink and personal care product. The Group and the Company offers several types of promotional offers to several groups of customers such as traditional trade customers, modern trade customers and end-consumers. As a result, the completeness of accrued trade discounts, which has differences in types of promotional offers, is an area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Inquiry of the management to obtain an understanding of types and terms of trade discounts, policy in relation to accruing trade discounts and also reviewing the compliance with this policy;</li> <li>- Evaluating the design and implementation and also testing of operating effectiveness of internal controls relating to the sales process and accrued trade discounts;</li> <li>- Selecting samples of accrued trade discounts at the end of reporting period by checking relevant supporting documents and payment in subsequent period and testing computation of trade discounts;</li> <li>- Selecting samples of accrued trade discounts for completeness by checking outstanding approved trade discounts at the end of reporting period;</li> <li>- Selecting samples of trade discounts during the years by checking relevant supporting documents;</li> <li>- Selecting samples of trade discounts in subsequent period by checking relevant supporting document; and</li> <li>- Considering the adequacy of disclosure in accordance with the financial reporting standard.</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.



(Ekkasit Chuthamsatid)  
Certified Public Accountant  
Registration No. 4195

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2019

## FINANCIAL POSITION AND PERFORMANCE

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

Osotspa Public Company Limited and its Subsidiaries

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	5	4,486,425,292	375,734,359	3,482,184,684	53,916,348
Current investments	6	3,500,276,469	9,046,629	3,491,781,976	-
Trade accounts receivable	7	2,617,453,909	2,502,487,884	1,887,321,169	1,557,059,324
Other current receivables	8	412,690,423	334,611,823	238,861,715	234,650,882
Short-term loan to related parties	4	-	-	1,330,542,046	498,732,920
Inventories	9	1,557,231,227	1,743,520,339	970,617,949	1,190,123,417
Other current assets		66,462,627	136,448,912	63,887,737	133,944,022
Non-current assets classified as held for sale	10	-	1,186,078,508	-	99,999,800
<b>Total current assets</b>		<b>12,640,539,947</b>	<b>6,287,928,454</b>	<b>11,465,197,276</b>	<b>3,768,426,713</b>
<b>Non-current assets</b>					
Investments in associates	12	207,901,611	621,496,581	-	306,694,074
Investments in subsidiaries	13	-	-	3,033,807,696	1,384,387,696
Investments in joint ventures	12	588,732,490	544,839,296	139,961,326	159,330,335
Other long-term investments	6	1,810,899,690	55,851,145	1,810,899,690	55,851,145
Investment properties	14	641,819,909	206,186,732	824,936,374	351,972,452
Leasehold rights	15	332,395,032	-	-	-
Property, plant and equipment	16	6,517,727,438	6,933,202,820	3,992,402,692	4,401,331,946
Intangible assets	17	211,669,916	191,720,773	200,950,666	178,761,232
Deferred tax assets	18	159,683,701	224,599,142	87,760,806	165,785,600
Other non-current assets		344,798,055	131,779,875	24,521,265	104,447,544
<b>Total non-current assets</b>		<b>10,815,627,842</b>	<b>8,909,676,364</b>	<b>10,115,240,515</b>	<b>7,108,562,024</b>
<b>Total assets</b>		<b>23,456,167,789</b>	<b>15,197,604,818</b>	<b>21,580,437,791</b>	<b>10,876,988,737</b>

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



## STATEMENT OF FINANCIAL POSITION

Osotspa Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	19	-	6,020,000,000	-	6,020,000,000
Trade accounts payable	20	1,980,864,927	1,901,850,710	1,344,172,122	1,374,458,612
Other current payables	21	2,149,743,445	2,436,559,082	1,448,167,925	1,794,184,055
Short-term borrowings from related parties	4, 19	-	-	940,064,861	629,824,592
Current portion of long-term borrowings					
from financial institutions	19	-	61,740,000	-	-
Current portion of finance lease liabilities	19	31,958,111	26,915,320	7,011,949	5,263,597
Income tax payable		435,119,662	238,959,605	226,939,686	151,926,173
Other current liabilities		3,590,746	11,922,450	3,168,055	11,496,747
Liabilities included in non-current assets					
classified as held for sale	10	-	393,953,124	-	-
<b>Total current liabilities</b>		<b>4,601,276,891</b>	<b>11,091,900,291</b>	<b>3,969,524,598</b>	<b>9,987,153,776</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	19	109,843,729	100,674,235	25,343,993	25,848,713
Provisions for employee benefits	22	441,160,919	432,603,501	269,936,577	265,003,883
Deferred tax liabilities	18	-	132,017,456	-	-
Other non-current liabilities		1,156,698	975,000	3,208,098	1,134,000
<b>Total non-current liabilities</b>		<b>552,161,346</b>	<b>666,270,192</b>	<b>298,488,668</b>	<b>291,986,596</b>
<b>Total liabilities</b>		<b>5,153,438,237</b>	<b>11,758,170,483</b>	<b>4,268,013,266</b>	<b>10,279,140,372</b>

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

## STATEMENT OF FINANCIAL POSITION

Osotspa Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
<b>Shareholders' Equity</b>		2018	2017	2018	2017
		<i>(in Baht)</i>			
Share capital:	23				
Authorised share capital		<u>3,003,750,000</u>	<u>231,000,000</u>	<u>3,003,750,000</u>	<u>231,000,000</u>
Issued and paid-up share capital		3,003,750,000	231,000,000	3,003,750,000	231,000,000
Share premium	23	11,847,802,049	-	11,847,802,049	-
Retained earnings					
Appropriated to legal reserve	24	265,100,000	23,100,000	265,100,000	23,100,000
Unappropriated		3,033,342,663	2,988,165,361	2,112,171,363	260,511,565
Surplus on business combination under common control	24	353,101,177	328,048,605	73,950,400	73,950,400
Other components of shareholders' equity	24	<u>(415,334,085)</u>	<u>(239,502,340)</u>	<u>9,650,713</u>	<u>9,286,400</u>
<b>Equity attributable to owners of the parent</b>		<b>18,087,761,804</b>	<b>3,330,811,626</b>	<b>17,312,424,525</b>	<b>597,848,365</b>
Non-controlling interests		<u>214,967,748</u>	<u>108,622,709</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<b>18,302,729,552</b>	<b>3,439,434,335</b>	<b>17,312,424,525</b>	<b>597,848,365</b>
<b>Total liabilities and shareholders' equity</b>		<b>23,456,167,789</b>	<b>15,197,604,818</b>	<b>21,580,437,791</b>	<b>10,876,988,737</b>

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

## Osotspa Public Company Limited and its Subsidiaries

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

# STATEMENT OF COMPREHENSIVE INCOME

Osotspa Public Company Limited and its Subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
Note		2018	2017	2018	2017
		(in Baht)			
<b>Profit for the year</b>		<b>3,062,080,307</b>	<b>2,939,182,928</b>	<b>4,830,301,152</b>	<b>2,464,264,598</b>
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translating foreign operations		(152,783,357)	(3,689,421)	-	-
Gains (losses) on remeasuring available-for-sale investments	29	455,391	(4,129,650)	455,391	(4,129,650)
Share of other comprehensive income of associates and joint ventures	12	(476,735)	(1,134,425)	-	-
Income tax relating to items that will be reclassified	18, 29	(91,078)	825,930	(91,078)	825,930
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(152,895,779)</b>	<b>(8,127,566)</b>	<b>364,313</b>	<b>(3,303,720)</b>
<b>Items that will not be reclassified to profit or loss</b>					
Gains on remeasurements of defined benefit plans	22, 29	1,010,038	64,167,075	7,073,307	24,964,852
Income tax relating to items that will not be reclassified	18, 29	(257,338)	(12,799,839)	(1,414,661)	(4,992,971)
<b>Total items that will not be reclassified to profit or loss</b>		<b>752,700</b>	<b>51,367,236</b>	<b>5,658,646</b>	<b>19,971,881</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(152,143,079)</b>	<b>43,239,670</b>	<b>6,022,959</b>	<b>16,668,161</b>
<b>Total comprehensive income for the year</b>		<b>2,909,937,228</b>	<b>2,982,422,598</b>	<b>4,836,324,111</b>	<b>2,480,932,759</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		2,878,698,129	2,879,623,165	4,836,324,111	2,480,932,759
Non-controlling interests		31,239,099	102,799,433	-	-
<b>Total comprehensive income for the year</b>		<b>2,909,937,228</b>	<b>2,982,422,598</b>	<b>4,836,324,111</b>	<b>2,480,932,759</b>

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

# STATEMENT OF CHANGES IN EQUITY

Osotspa Public Company Limited and its Subsidiaries

For the year ended 31 December 2017													
Balance at 1 January 2017													
	231,000,000	-	23,100,000	4,215,039,267	328,048,605	50,307,487	(298,635,025)	12,590,120	(261,993)	(235,999,411)	4,561,188,461	152,407,708	4,713,596,169
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
Increase paid-up share capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	233	233
Dividends	-	-	-	(4,110,000,000)	-	-	-	-	-	-	(4,110,000,000)	(146,584,665)	(4,256,584,665)
Total contributions by and distributions to owners of the Company	-	-	-	(4,110,000,000)	-	-	-	-	-	-	(4,110,000,000)	(146,584,432)	(4,256,584,432)
Total transactions with owners, recorded directly in equity	-	-	-	(4,110,000,000)	-	-	-	-	-	-	(4,110,000,000)	(146,584,432)	(4,256,584,432)
Comprehensive income for the year													
Profit	-	-	-	2,833,667,907	-	-	-	-	-	-	2,833,667,907	105,515,021	2,939,182,928
Other comprehensive income	-	-	-	49,458,187	-	-	935,216	(3,303,720)	(1,134,425)	(3,502,929)	45,955,258	(2,715,588)	43,239,670
Total comprehensive income for the year	-	-	-	2,883,126,094	-	-	935,216	(3,303,720)	(1,134,425)	(3,502,929)	2,879,623,165	102,799,433	2,982,422,598
Balance at 31 December 2017													
	231,000,000	-	23,100,000	2,988,165,361	328,048,605	50,307,487	(297,699,809)	9,286,400	(1,396,418)	(239,502,340)	3,330,811,626	108,622,709	3,439,434,335

The accompanying notes are an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

### Osotspa Public Company Limited and its Subsidiaries

For the year ended 31 December 2018															
Balance at 1 January 2018															
Transactions with owners, recorded directly in equity															
Contributions by and distributions to owners of the Company															
23	Issue of ordinary shares	2,772,750,000	11,847,802,049	-	23,100,000	2,988,165,361	328,048,605	50,307,487	(297,659,809)	9,286,400	(1,396,418)	(239,502,340)	3,330,811,626	108,622,709	3,439,434,335
32	Dividends	-	-	-	-	(2,742,300,000)	-	-	-	-	-	-	(2,742,300,000)	(66,615,094)	(2,808,915,094)
Total contributions by and distributions to owners of the Company		2,772,750,000	11,847,802,049	-	-	(2,742,300,000)	-	-	-	-	-	-	11,878,252,049	112,392,587	11,990,644,636
Changes in ownership interests in subsidiaries															
Loss of control from disposal of subsidiaries		-	-	-	-	23,381,762	25,052,572	(50,307,487)	-	-	1,873,153	(48,434,334)	-	(37,286,647)	(37,286,647)
Total changes in ownership interests in subsidiaries		-	-	-	-	23,381,762	25,052,572	(50,307,487)	-	-	1,873,153	(48,434,334)	-	(37,286,647)	(37,286,647)
Total transactions with owners, recorded directly in equity		2,772,750,000	11,847,802,049	-	-	(2,718,918,238)	25,052,572	(50,307,487)	-	-	1,873,153	(48,434,334)	11,878,252,049	75,105,940	11,953,357,989
Comprehensive income for the year															
Profit		-	-	-	-	3,005,342,840	-	-	-	-	-	-	3,005,342,840	56,737,467	3,062,080,307
Other comprehensive income		-	-	-	-	752,700	-	-	(127,284,989)	364,313	(476,735)	(127,397,411)	(126,644,711)	(25,498,368)	(152,143,079)
Total comprehensive income for the year		-	-	-	-	3,006,095,540	-	-	(127,284,989)	364,313	(476,735)	(127,397,411)	2,878,698,129	31,239,099	2,909,937,228
24	Transfer to legal reserve	-	-	242,000,000	-	(242,000,000)	-	-	-	-	-	-	-	-	-
Balance at 31 December 2018															
Balance at 31 December 2018		3,003,750,000	11,847,802,049	265,100,000	3,033,342,663	353,101,177	-	-	(424,984,798)	9,650,713	-	(415,334,085)	18,087,761,804	214,967,748	18,302,729,552

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



## STATEMENT OF CHANGES IN EQUITY

Osotspa Public Company Limited and its Subsidiaries

Separate financial statement								
	Note	Retained earnings			Surplus on business combination under common control	Other components of shareholders' equity		
		Issued and paid-up share capital	Share premium	Legal reserve		Unappropriated (in Baht)	Available-for-sale investments	Total shareholders' equity
For the year ended 31 December 2017								
Balance at 1 January 2017		231,000,000	-	23,100,000	1,886,275,086	73,950,400	12,590,120	2,226,915,606
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
Dividends	32	-	-	-	(4,110,000,000)	-	-	(4,110,000,000)
Total distributions to owners of the Company		-	-	-	(4,110,000,000)	-	-	(4,110,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(4,110,000,000)	-	-	(4,110,000,000)
Comprehensive income for the year								
Profit		-	-	-	2,464,264,598	-	-	2,464,264,598
Other comprehensive income		-	-	-	19,971,881	-	(3,303,720)	16,668,161
Total comprehensive income for the year		-	-	-	2,484,236,479	-	(3,303,720)	2,480,932,759
Balance at 31 December 2017		231,000,000	-	23,100,000	260,511,565	73,950,400	9,286,400	597,848,365

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

## STATEMENT OF CHANGES IN EQUITY

Osotspa Public Company Limited and its Subsidiaries

Separate financial statement								
	Note	Retained earnings			Other components of shareholders' equity			
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Surplus on business combination under common control	Available-for-sale investments	Total shareholders' equity
For the year ended 31 December 2018								
Balance at 1 January 2018		231,000,000	-	23,100,000	260,511,565	73,950,400	9,286,400	597,848,365
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares	23	2,772,750,000	11,847,802,049	-	-	-	-	14,620,552,049
Dividends	32	-	-	-	(2,742,300,000)	-	-	(2,742,300,000)
Total contributions by and distributions to owners of the Company		2,772,750,000	11,847,802,049	-	(2,742,300,000)	-	-	11,878,252,049
Total transactions with owners, recorded directly in equity		2,772,750,000	11,847,802,049	-	(2,742,300,000)	-	-	11,878,252,049
Comprehensive income for the year								
Profit		-	-	-	4,830,301,152	-	-	4,830,301,152
Other comprehensive income		-	-	-	5,658,646	-	364,313	6,022,959
Total comprehensive income for the year		-	-	-	4,835,959,798	-	364,313	4,836,324,111
Transfer to legal reserve	24	-	-	242,000,000	(242,000,000)	-	-	-
Balance at 31 December 2018		3,003,750,000	11,847,802,049	265,100,000	2,112,171,363	73,950,400	9,650,713	17,312,424,525

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

# STATEMENT OF CASH FLOWS

Osotspa Public Company Limited and its Subsidiaries

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year		3,062,080,307	2,939,182,928	4,830,301,152	2,464,264,598
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense	29	693,649,602	720,298,681	539,503,440	404,850,786
Finance costs		81,176,630	97,517,842	84,472,212	100,748,779
Depreciation		1,046,482,762	1,046,361,910	576,589,585	528,964,802
Amortisation of intangible assets		27,793,025	30,759,737	25,400,142	20,532,000
Employee benefit expenses	22	70,728,398	237,869,563	45,354,951	127,974,107
(Reversal of) Impairment losses on investment in associates	12	(28,518,389)	28,518,389	-	-
(Reversal of) Impairment losses on investment in subsidiaries	13	-	-	(4,837,401)	522,617,179
Impairment losses on investment in joint ventures	12	-	-	19,369,009	53,570,201
Reversal of impairment losses on investment properties	14	(8,314,453)	(3,369,550)	-	-
(Reversal of) Impairment losses on property, plant and equipment	16	(15,954,271)	11,624,432	(20,521,832)	11,283,197
Unrealised gain on exchange rate		(675,438)	(2,905,216)	(282,287)	(33,713,782)
Exchange differences on translating foreign operations		(122,747,793)	(16,881,272)	-	-
Share of profit of investments in associates and joint ventures	12	(188,111,140)	(299,144,645)	-	-
Reversal of bad and doubtful debts expenses		(3,163,902)	(253,342,666)	(5,058,343)	(701,662,917)
Losses on inventories devaluation	9	139,571,262	70,495,114	86,576,790	49,709,688
Gain on disposal of investments		(158,431,740)	(20,289,070)	(1,163,092,019)	(1,891,990)
(Gain) loss on disposal of investment properties		(26,149,354)	926,429	(26,149,354)	-
Gain on disposal of property, plant and equipment		(139,701,629)	(65,317,417)	(77,439,330)	(38,793,243)
Loss on write off of property, plant and equipment		18,551,982	41,096,617	18,551,953	40,552,233
Loss on write off of intangible assets		3,490	40,568	-	-
Dividends income		(213,800)	(288,800)	(2,634,509,254)	(760,228,207)
Interest income		(36,173,798)	(10,794,819)	(65,626,015)	(20,696,968)
		4,411,881,751	4,552,358,755	2,228,603,399	2,768,080,463

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

# STATEMENT OF CASH FLOWS

Osotspa Public Company Limited and its Subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2018	2017	2018	2017
	(in Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(110,339,741)	845,175,563	(330,552,916)	1,038,792,908
Other current receivables	(33,319,479)	951,188,708	21,074,624	892,768,547
Inventories	45,923,702	(169,663,623)	131,701,278	105,960,119
Other current assets	69,980,941	(8,780,036)	70,056,285	(7,050,777)
Other non-current assets	601,378	(1,511,388)	2,301,388	(1,755,595)
Trade accounts payable	113,422,662	(869,344,928)	(31,262,854)	(869,630,546)
Other current payables	(282,858,087)	175,784,496	(298,810,257)	199,862,289
Other current liabilities	(5,149,964)	277,004	(8,328,692)	7,143,283
Other non-current liabilities	181,698	-	2,074,098	1,134,000
Employee benefit obligations paid	(90,639,954)	(441,749,808)	(64,629,181)	(377,924,571)
<b>Net cash generated from operating</b>	<b>4,119,684,907</b>	<b>5,033,734,743</b>	<b>1,722,227,172</b>	<b>3,757,380,120</b>
Tax paid	(507,454,251)	(716,560,225)	(311,637,095)	(470,631,779)
<b>Net cash from operating activities</b>	<b>3,612,230,656</b>	<b>4,317,174,518</b>	<b>1,410,590,077</b>	<b>3,286,748,341</b>
<i>Cash flows from investing activities</i>				
Cash outflows from increase of investment in subsidiaries	-	-	(1,649,420,000)	(339,190,412)
Proceeds from repayment of investments in subsidiaries	-	-	4,837,401	59,028,350
Proceeds from disposal of subsidiaries, net of cash disposed	715,052,156	-	825,194,126	-
Acquisition of investment in associates	(207,901,611)	-	-	-
Advance payment for purchasing of investment in associates	(94,253,365)	-	-	-
Proceeds from sale of investment in associates and joint ventures	741,416,225	33,332,000	741,416,225	-
Proceeds from sale of equity securities available for sale	2,842,277	6,036,990	2,842,277	6,036,990
Proceeds from sale of other long-term investments	-	17,120,797	-	-
Proceeds from sale of investment properties	29,024,545	11,370,171	29,024,545	-
Proceeds from sale of property, plant and equipment	216,393,330	106,300,990	109,935,232	49,643,646
Acquisition of investment properties	-	(12,113,699)	-	(12,113,699)
Acquisition of property, plant and equipment	(1,255,114,529)	(1,023,129,814)	(672,248,834)	(931,297,013)
Acquisition of intangible assets	(35,771,871)	(45,074,778)	(35,346,071)	(45,068,128)
Acquisition of leasehold rights	(363,560,751)	-	-	-
Increase (decrease) in other current investments	(875,371)	12,328,899	-	-
Increase in debt securities available for sales (in private fund)	(5,191,622,154)	-	(5,191,622,154)	-
Cash outflow on short-term loans	(44,532,500)	-	(6,461,148,350)	(3,017,044,978)
Proceeds from repayment of short-term loans	44,532,500	-	5,629,339,224	3,563,312,058
Dividends received	138,983,531	250,095,200	2,634,509,254	760,228,207
Interest received	18,790,579	11,220,838	51,725,584	20,569,821
<b>Net cash from (used in) investing activities</b>	<b>(5,286,597,009)</b>	<b>(632,512,406)</b>	<b>(3,980,961,541)</b>	<b>114,104,842</b>

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

# STATEMENT OF CASH FLOWS

Osotspa Public Company Limited and its Subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
Note		2018	2017	2018	2017
		(in Baht)			
<b>Cash flows from financing activities</b>					
Increase (decrease) in bank overdrafts and short-term borrowings					
from financial institutions		(6,033,486,457)	633,486,457	(6,020,000,000)	620,000,000
Proceeds from short-term borrowings from related parties		-	-	11,038,476,874	10,387,300,188
Repayment of short-term borrowings from related parties		-	-	(10,728,236,604)	(10,212,475,596)
Repayment of long-term borrowings		(61,740,000)	(82,360,000)	-	-
Payment by a lessee for reduction of the outstanding liability					
relating to finance leases		(31,354,346)	(7,967,878)	(5,795,368)	(3,785,871)
Proceeds from issue of ordinary shares		14,934,750,000	-	14,934,750,000	-
Payments of expenses relating to the share offering		(390,531,729)	-	(390,531,729)	-
Proceeds from issue of shares for non-controlling interests					
in subsidiary		179,007,881	233	-	-
Dividends paid to owners of the Company	32	(2,742,300,000)	(4,110,000,000)	(2,742,300,000)	(4,110,000,000)
Dividends paid to non-controlling interests		(66,615,094)	(146,584,665)	-	-
Interest paid		(84,348,494)	(93,557,491)	(87,723,373)	(97,523,416)
<b>Net cash from (used in) financing activities</b>		<b>5,703,381,761</b>	<b>(3,806,983,344)</b>	<b>5,998,639,800</b>	<b>(3,416,484,695)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>4,029,015,408</b>	<b>(122,321,232)</b>	<b>3,428,268,336</b>	<b>(15,631,512)</b>
Cash and cash equivalents at 1 January		375,734,359	579,731,116	53,916,348	69,547,860
Cash and cash equivalents classified as non-current assets					
held for sales	10	81,675,525	(81,675,525)	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>4,486,425,292</b>	<b>375,734,359</b>	<b>3,482,184,684</b>	<b>53,916,348</b>
<b>Non-cash transactions</b>					
Purchase of assets under finance lease agreements		63,234,347	121,778,413	7,039,000	24,787,852
Outstanding receivable from sale of property, plant and equipment		-	-	429,265	-
Outstanding payable from purchases of property, plant					
and equipment and intangible assets		177,805,669	185,016,797	106,373,285	177,815,173
Advance payment for purchasing of property, plant					
and equipment		222,123,629	90,564,031	11,676,389	89,301,281
Outstanding payable from purchases of debt securities					
available for sales (in private fund)		55,658,427	-	55,658,427	-
Debt-Equity swap by transferring trade accounts					
receivable - subsidiary to investments in subsidiary		-	-	-	239,078,063

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

## NOTES TO THE FINANCIAL STATEMENTS

Osotspa Public Company Limited and its Subsidiaries  
For the year ended 31 December 2018

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# NOTES TO THE FINANCIAL STATEMENTS

Osotspa Public Company Limited and its Subsidiaries  
For the year ended 31 December 2018

These notes form an integral part of the 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 authorised for issue by Board of Directors on 27 February 2019.

## 1 General information

Osotspa Public Company Limited (Formerly Osotspa Company Limited), the “Company”, is incorporated in Thailand and has its registered office at 348 Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240.

At the annual general meeting of shareholders of the Company held on 22 March 2018, the shareholders approved the resolution of conversion of the Company into a public limited company and resolved to change the Company's name to “Osotspa Public Company Limited”. The Company changed its name and conversion to the Ministry of Commerce on 2 April 2018 and has resolved to action for initial public offering (“IPO”) and listing of its ordinary shares on the Stock Exchange of Thailand (“SET”).

The Company was listed on the Stock Exchange of Thailand (“SET”) on 17 October 2018.

The Company and its subsidiaries, the “Group”, are principally engaged in the manufacture and distribution of consumer products, comprising energy drinks and personal care products. In addition, the Group also provides manufacturing services, distribution, and advertising media services. However, during 2018, the Group has discontinued operation about advertising media services. Details of the Company's subsidiaries as at 31 December 2018 and 2017 are given in note 13.

## 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 (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 37.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Investment in associate and joint ventures	Equity method
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (o)

**(c) Functional and presentation currency**

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

**(d) 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. 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:

Note 12      Classification of the joint arrangement.

**(ii) Assumptions and estimation uncertainties**

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

Note 9      Allowance for decline in value of inventories adjusted to net realisable value

Note 18, 29   Current and deferred taxation

Note 18      Recognition of deferred tax assets: availability of future taxable profit against  
which tax losses carried forward can be used

Note 22      Measurement of defined benefit obligations: key actuarial assumptions; and

Note 35      Recognition and measurement of provisions and contingencies: key assumptions about the  
likelihood and magnitude of an outflow of resources.

### **(iii) Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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 (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14 Investment properties; and
- Note 33 Financial instruments

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **(a) *Basis of preparation of the financial statements***

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

### ***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.

In the separate financial statements, investments in subsidiaries are accounted for using the cost less accumulated impairment loss method.

### ***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.

### ***Interests in equity-accounted investees***

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

In the separate financial statements, investments in associates and joint ventures are accounted for using the cost less accumulated impairment loss method.

### ***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) Business combination under common control**

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

**(c) 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. Gain or loss on exchange rate are recognised in profit or loss. Transactions hedged by cross currency and interest rate swap contracts are recognised by forward exchange rates. Foreign exchange differences arising on translation are recognised in profit or loss. The forward premiums or discount cost are deferred and amortised by the straight-line method over the term of the cross currency and interest rate swap contracts.

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.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint

venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(d) *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.

**(e) *Trade and other current accounts receivable***

Trade and other current accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(f) *Inventories***

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

Cost is calculated using the average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost and includes an appropriate share of production overheads based on normal operating capacity.

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 is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(g) *Non-current assets classified as held for sale***

Non-current assets, comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

**(h) *Investments in other debt and equity securities***

Debt securities and marketable equity securities, other than those securities held for trading 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 on available-for-sale



monetary items, are recognised directly in equity. Impairment losses 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. In case of an investments in interest bearing securities, the interest is recorded in profit or loss using the effective interest rate method.

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

The fair value of financial instruments classified as 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.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

### ***(i) Investment properties***

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	10 years
Buildings	20 - 30 years

### ***Reclassification to property, plant and equipment***

When the use of an investment properties changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(j) *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 an 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.

***Reclassification to investment properties***

When the use of a property changes from owner-occupied to investment properties, its carrying amount is recognised and reclassified as investment properties.

***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:

Land improvements	5 - 20 years
Building	10 - 30 years
Building improvements	3 - 20 years
Machinery and factory equipment	2 - 12 years
Vehicles	5 - 10 years
Furniture, fixtures and office equipment	3 - 10 years

No depreciation is provided on freehold land, major spare parts and assets under construction.

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

**(k) Intangible assets**

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

**Amortisation**

Amortisation is calculated 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:

Computer software and others	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(l) 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.

An impairment loss is recognised if the carrying amount of an assets exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

### ***Calculation of recoverable amount***

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other 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.

#### ***(m) Interest-bearing liabilities***

Interest-bearing liabilities are recognised at cost.

#### ***(n) Trade and other current accounts payable***

Trade and other current accounts payable are stated at cost.

#### ***(o) 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's 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 regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. 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 recognised 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 occurs.

#### ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### ***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 recognises 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.

### ***(p) 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.

### ***(q) Revenues***

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

#### ***Sale of goods and services rendered***

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Advertising income is recognised in profit or loss based on accrual basis or by the stage of completion can be measured reliable. The stage of completion is determined from the work performed.

### ***Investments***

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

### ***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. Contingent rentals are recognised as income in the accounting period in which they are earned.

### ***Dividend income***

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

### ***Interest income***

Interest income is recognised in profit or loss as it accrues.

## ***(r) Finance cost***

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 periods of time to be prepared for its intended use or sale.

## ***(s) 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.

## ***(t) 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.

**(u) *Discontinued operations***

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

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

Basic earnings per share 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 year.

**(w) *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.

#### 4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associates and joint ventures are described in notes 12 and 13. Relationship with key management and other related parties were as follows:

Related Parties	Country of incorporation/ Nationality	Nature of relationships
Key management personnel	Thailand	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 Company.
D-1 Co., Ltd.	Thailand	Common directors with the Company
Advanced Information Technology Public Company Limited	Thailand	Common directors with the Company
Isetan (Thailand) Co., Ltd.	Thailand	Common directors with the Company
Minburi Vetchakij Co., Ltd.	Thailand	Common directors with the Company
Minburi Medical Co., Ltd.	Thailand	Common directors with the Company
The Advisor Co., Ltd.	Thailand	Common directors with the Company
Bangkok University	Thailand	Common directors with the Company
Bangkok Engineering Services & Technology Co., Ltd.	Thailand	Common directors with the Company
Dynamic Engineering Consultants Co., Ltd.	Thailand	Common directors with the Company
Ducky Suki Co., Ltd.	Thailand	Common directors with the Company
Thachthana Co., Ltd.	Thailand	Common directors with the Company
Rajadamri Hotel Public Company Limited	Thailand	Common directors with the Company
Changwattana Avenue Co.,Ltd.	Thailand	Common directors with the Company
Bell Peppers Co., Ltd.	Thailand	The Company's key management as a director and shareholder
I-DAC (Bangkok) Co., Ltd.	Thailand	Subsidiary of joint venture until 31 January 2018
Media Insight Co., Ltd.	Thailand	Subsidiary of joint venture until 31 January 2018

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

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods	Market price
Purchases of goods	Cost plus margin
Sales of assets	Contractually agreed price
Purchases of assets	Contractually agreed price
Rental income	Contractually agreed price
Dividend income	Right to receive dividend
Service income	Contractually agreed price
Management income	Contractually agreed price
Wages	Contractually agreed price
Management fee	Contractually agreed price
Consulting fee	Contractually agreed price
Advertising and promotion expenses	Contractually agreed price
Other income and other expenses	Contractually agreed rate
Rental expenses	Contractually agreed price
Interest income	Interest rate at 1.9% to 6.26% per annum
Interest expenses	Interest rate at 1% to 1.5% per annum
Key management personnel compensation	Authorised by director and/or shareholders

Significant transactions for the year 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>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Continuing operations</b>				
<b>Subsidiaries</b>				
Sales of goods	-	-	11,078,913	11,932,270
Purchases of goods	-	-	4,621,863	4,246,910
Dividend income	-	-	2,495,526	583,084
Management income	-	-	75,360	69,544
Rental income	-	-	9,714	7,864
Bad debt recovery	-	-	-	166,559
Other income	-	-	8,061	2,844
Wages	-	-	-	48,683
Management fee	-	-	231,127	219,310
Advertising and promotion expenses	-	-	20,901	16,701
Interest income	-	-	36,585	18,377
Interest expenses	-	-	11,323	9,111
Rental expenses	-	-	766	3,065
Other expenses	-	-	500	3,403
Sales of assets	-	-	15,311	-
Purchases of assets	-	-	790	12,000

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<b>Joint ventures</b>				
Sales of goods	516,097	412,375	3,537,432	3,341,349
Purchases of goods	1,113,189	840,165	296,679	184,389
Dividend income	-	-	120,000	156,000
Rental income	1,620	1,620	1,620	1,620
Other income	38,337	50,309	28,809	28,012
Other expenses	64	1,778	64	24
Sales of assets	-	3	-	3
<b>Associates</b>				
Purchases of goods	2,339	1,245	-	-
Dividend income	-	-	18,770	20,855
<b>Key management personnel</b>				
Sales of goods	25	-	-	-
Rental expenses	10,100	10,960	9,600	10,600
Consulting fee	3,288	11,364	3,288	11,364
Sales of assets	-	93	-	93
Key management personnel compensation				
Short-term employee benefits	197,479	154,149	184,171	144,875
Post-employment benefits	3,770	4,408	3,128	4,408
Total key management personnel compensation	<u>201,249</u>	<u>158,557</u>	<u>187,299</u>	<u>149,283</u>
<b>Other related parties</b>				
Sales of goods	553	528	93	73
Advertising and promotion expenses	34,034	417,751	34,034	417,751
Dividend income	165	165	165	165
Other expenses	4,547	7,808	4,309	7,649
Purchases of assets	5,800	5,399	3,100	4,300
<b>Discontinued operation</b>				
<b>Joint ventures</b>				
Service income	686	25,543	-	-
Other income	97	1,162	-	-
Other expenses	991	15,148	-	-
<b>Associates</b>				
Service income	20	240	-	-
<b>Other related parties</b>				
Service income	516	22,730	-	-
Other expenses	2,943	441	-	-

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

<i>Trade accounts receivable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	494,162	277,457
Joint ventures	670,925	509,458	636,129	497,302
Other related parties	90	75	24	18
	<b>671,015</b>	<b>509,533</b>	<b>1,130,315</b>	<b>774,777</b>
Less allowance for doubtful accounts	-	-	(10,137)	(11,130)
<b>Net</b>	<b>671,015</b>	<b>509,533</b>	<b>1,120,178</b>	<b>763,647</b>
Reversal of bad and doubtful debts expense for the year	-	-	(474)	(383,875)
<i>Other current receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	52,677	48,347
Joint ventures	156,685	78,575	27,558	28,161
	<b>156,685</b>	<b>78,575</b>	<b>80,235</b>	<b>76,508</b>
Less allowance for doubtful accounts	(20,964)	(21,113)	(39,427)	(43,056)
<b>Net</b>	<b>135,721</b>	<b>57,462</b>	<b>40,808</b>	<b>33,452</b>
Reversal of bad and doubtful debts expense for the year	-	-	(3,913)	(9,893)
<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<b>Interest rate</b>	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<i>Short-term loans to:</i>				
Subsidiaries	1.9 - 3.2	2.1	-	-
Joint ventures	4 - 6.26	4 - 6.26	60,534	60,965
			<b>60,534</b>	<b>60,965</b>
Less allowance for doubtful accounts			(60,534)	(60,965)
<b>Short-term loans to related parties, net</b>			<b>1,370,542</b>	<b>538,733</b>
			<b>60,534</b>	<b>60,965</b>
Less allowance for doubtful accounts			(40,000)	(40,000)
<b>Short-term loans to related parties, net</b>			<b>1,330,542</b>	<b>498,733</b>
Reversal of bad and doubtful debts expense for the year			-	(90,000)

Movements during the years ended 31 December of loans to related parties were as follows:

**Short-term loans to:**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
At 1 January	-	-	538,733	1,085,000
Increase	-	-	6,416,616	3,017,045
Decrease	-	-	(5,584,807)	(3,563,312)
	-	-	1,370,542	538,733
Less allowance for doubtful accounts	-	-	(40,000)	(40,000)
<b>At 31 December</b>	-	-	1,330,542	498,733
<b>Joint ventures</b>				
At 1 January	60,965	66,860	-	-
Exchange rate revaluation	(431)	(5,895)	-	-
	60,534	60,965	-	-
Less allowance for doubtful accounts	(60,534)	(60,965)	-	-
<b>At 31 December</b>	-	-	-	-
<b>Total short-term loans to related parties</b>				
At 1 January	60,965	66,860	538,733	1,085,000
Increase	-	-	6,416,616	3,017,045
Decrease	-	-	(5,584,807)	(3,563,312)
Exchange rate revaluation	(431)	(5,895)	-	-
	60,534	60,965	1,370,542	538,733
Less allowance for doubtful accounts	(60,534)	(60,965)	(40,000)	(40,000)
<b>At 31 December</b>	-	-	1,330,542	498,733

**Trade accounts payable - related parties**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	643,752	706,450
Joint ventures	775,363	568,595	36,112	12,364
<b>Total</b>	<b>775,363</b>	<b>568,595</b>	<b>679,864</b>	<b>718,814</b>

**Other current payables - related parties**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	41,113	39,077
Joint ventures	27	12,536	27	12,536
Key management personnel	1,115	532	1,115	532
Other related parties	1,566	82,761	877	82,700
<b>Total</b>	<b>2,708</b>	<b>95,829</b>	<b>43,132</b>	<b>134,845</b>



<i>Short-term borrowings from related parties</i>	<i>Interest rate</i>		<i>Consolidated financial statements</i>		<i>Separate financial statements</i>	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Short-term borrowings from:</i>						
Subsidiaries	1 - 1.5	1 - 1.5	-	-	940,065	629,825
<b>Short-term borrowings from related parties</b>			<b>-</b>	<b>-</b>	<b>940,065</b>	<b>629,825</b>

Movements during the years ended 31 December of borrowings from related parties were as follows:

<i>Short-term borrowings from:</i>	<i>Consolidated financial statements</i>		<i>Separate financial statements</i>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
At 1 January	-	-	629,825	455,000
Increase	-	-	11,038,477	10,387,300
Decrease	-	-	(10,728,237)	(10,212,475)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>940,065</b>	<b>629,825</b>

<i>Other non-current liabilities</i>	<i>Consolidated financial statements</i>		<i>Separate financial statements</i>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>	<b>-</b>	<b>-</b>	<b>3,026</b>	<b>1,134</b>

#### **Factory managing service agreement**

The Company has entered into a factory management service agreement with a subsidiary whereby the latter provided managing services to manufacture glassware and consulting in managing glassware factory commencing 1 January 2018 and terminated on 31 December 2018. The company agrees to pay the monthly fee of Baht 10.3 million.

#### **Cash pooling system agreement**

The Company has entered into cash pooling system agreement with some subsidiaries. Any interest income and expense to be derived out of this pooling system is calculated at average borrowing or fixed deposit for 1 year interest rate from commercial banks plus 0.5% and the repurchase rate minus 0.5%, respectively. The principal outstanding balances resulting from the pooling system at the reporting date were presented as "Short-term loans to related parties" and "Short-term borrowings from related parties", respectively in the statement of financial position.

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	854	761	-	-
Cash at banks - current accounts	188,399	175,426	20,137	22,521
Cash at banks - savings accounts	453,064	199,547	101,540	31,395
Cash at banks - fixed accounts (maturity period less than 3 months from the acquisition date)	3,833,600	-	3,350,000	-
Cash at bank - savings account (in private fund)	10,508	-	10,508	-
<b>Total</b>	<b>4,486,425</b>	<b>375,734</b>	<b>3,482,185</b>	<b>53,916</b>

## 6 Other investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Short-term deposits at financial institutions	8,494	9,047	-	-
Debt securities available for sale (in private fund)	3,491,782	-	3,491,782	-
<b>Total</b>	<b>3,500,276</b>	<b>9,047</b>	<b>3,491,782</b>	<b>-</b>
 Other long-term investments				
Equity securities available for sale	8,113	11,880	8,113	11,880
Debt securities available for sale (in private fund)	1,758,816	-	1,758,816	-
Other non-marketable equity securities	53,986	53,986	53,986	53,986
Allowance for impairment	(10,015)	(10,015)	(10,015)	(10,015)
<b>Net</b>	<b>1,810,900</b>	<b>55,851</b>	<b>1,810,900</b>	<b>55,851</b>

### ***Debt securities available for sale***

During the year 2018, the Company established private funds and engaged independent assets management companies. As at 31 December 2018, the value of private funds outstanding totalling Baht 5,261.1 million (including cash at banks - savings account as disclosed in note 5 to financial statements). Those private funds have invested in debt securities which are considered as investment grade with return rates from 1.62% to 3.13% per annum.

## 7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	671,015	509,533	1,130,315	774,777
Other parties		2,380,392	2,458,025	767,223	794,004
<b>Total</b>		<b>3,051,407</b>	<b>2,967,558</b>	<b>1,897,538</b>	<b>1,568,781</b>
Less allowance for doubtful accounts		(433,953)	(465,070)	(10,217)	(11,722)
<b>Net</b>		<b>2,617,454</b>	<b>2,502,488</b>	<b>1,887,321</b>	<b>1,557,059</b>
Reversal of bad and doubtful debts expense for the year		(3,534)	(22,753)	(986)	(383,639)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	671,005	509,533	1,027,744	679,242
Overdue:				
Less than 3 months	10	-	89,241	53,351
3-6 months	-	-	2,746	31,054
6-12 months	-	-	-	3,626
Over 12 months	-	-	10,584	7,504
	<b>671,015</b>	<b>509,533</b>	<b>1,130,315</b>	<b>774,777</b>
Less allowance for doubtful accounts	-	-	(10,137)	(11,130)
	<b>671,015</b>	<b>509,533</b>	<b>1,120,178</b>	<b>763,647</b>
<b>Other parties</b>				
Within credit terms	1,801,616	1,744,929	717,627	757,415
Overdue:				
Less than 3 months	121,760	219,475	49,409	34,335
3-6 months	887	3,395	115	1,626
6-12 months	257	2,088	-	545
Over 12 months	455,872	488,138	72	83
	<b>2,380,392</b>	<b>2,458,025</b>	<b>767,223</b>	<b>794,004</b>
Less allowance for doubtful accounts	(433,953)	(465,070)	(80)	(592)
	<b>1,946,439</b>	<b>1,992,955</b>	<b>767,143</b>	<b>793,412</b>
<b>Net</b>	<b>2,617,454</b>	<b>2,502,488</b>	<b>1,887,321</b>	<b>1,557,059</b>

The normal credit term granted by the Group ranges from 10 days to 100 days (2017: 15 days to 100 days).

## 8 Other current receivables

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4				
Other current receivables - related parties		156,685	78,575	80,235	76,508
Less allowance for doubtful accounts		(20,964)	(21,113)	(39,427)	(43,056)
		<u>135,721</u>	<u>57,462</u>	<u>40,808</u>	<u>33,452</u>
<b>Other parties</b>					
Revenue department receivable		90,670	101,019	32,903	46,324
Other current receivables		94,174	69,172	79,856	53,013
Advance payment		7,991	67,426	7,642	63,344
Prepaid expenses		63,100	50,853	48,822	42,279
Accrued income		14,912	1,756	14,912	135
Interest receivable		18,548	-	17,655	-
Less allowance for doubtful accounts		(12,426)	(13,076)	(3,736)	(3,896)
		<u>276,969</u>	<u>277,150</u>	<u>198,054</u>	<u>201,199</u>
<b>Net</b>		<u>412,690</u>	<u>334,612</u>	<u>238,862</u>	<u>234,651</u>
Bad and doubtful debts expense (reversal) for the year		<u>370</u>	<u>(230,590)</u>	<u>(4,073)</u>	<u>(228,024)</u>

During the year 2017, the Company successfully negotiated with a counterparty so the Company received repayment of debt in amounting to Baht 218 million which has been previously set up allowance for doubtful debt.

## 9 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	785,951	783,195	550,095	580,249
Work in process	14,368	21,053	5,657	10,890
Raw materials	543,011	548,540	316,986	374,836
Packing materials	203,776	332,014	138,482	206,739
Spare part and factory supplies	119,358	68,046	39,798	22,187
Goods in transit	17,865	25,751	17,865	24,869
	<u>1,684,329</u>	<u>1,778,599</u>	<u>1,068,883</u>	<u>1,219,770</u>
Less allowance for decline in value	(127,098)	(35,079)	(98,265)	(29,647)
<b>Net</b>	<u>1,557,231</u>	<u>1,743,520</u>	<u>970,618</u>	<u>1,190,123</u>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost of goods sold	16,274,395	16,693,935	14,126,139	14,074,483
- Write-down to net realizable value	139,571	70,495	86,577	49,710
<b>Total</b>	<u>16,413,966</u>	<u>16,764,430</u>	<u>14,212,716</u>	<u>14,124,193</u>

## 10 Non-current asset classified as held for sale

On 31 January 2018, the Company sold all of its investments in Futures Marketing Communications Group Co., Ltd., a subsidiary of the Company, to Hakuodo Capital (Thailand) Co., Ltd. and Hakuodo Asia Pacific Co., Ltd. The initial purchase price was Baht 947.5 million according to the resolution of the Board of Directors' meeting held on 19 December 2017.

Movements during the year ended 31 December 2018 of non-current assets classified as held for sale were as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<b>Non-current assets classified as held for sale</b>		
At 1 January 2018	1,186,079	100,000
Decrease during the period	(26,425)	-
Disposals during the period	(1,159,654)	(100,000)
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>
<b>Liabilities included in non-current assets classified as held for sale</b>		
At 1 January 2018	393,953	-
Decrease during the period	(35,217)	-
Disposals during the period	(358,736)	-
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>

Book value of assets and liabilities of Futures Marketing Communications Group Co., Ltd. and its subsidiaries as at 31 January 2018 (loss of control date) and as at 31 December 2017 was as follows:

		Consolidated financial statements		Separate financial statements	
	Note	31 January 2018	31 December 2017	31 January 2018	31 December 2017
		<i>(in thousand baht)</i>			
<b>Assets</b>					
Cash and cash equivalents		115,452	81,676	-	-
Trade accounts receivable		262,625	303,725	-	-
Other current receivables		25,467	40,103	-	-
Inventories		15,161	11,289	-	-
Investments in associates	12	13,900	14,005	-	-
Investments in subsidiaries	13	-	-	100,000	100,000
Investments in joint ventures	12	645,531	650,430	-	-
Property, plant and equipment		9,855	10,301	-	-
Intangible assets		10,171	10,819	-	-
Deferred tax assets		14,628	17,110	-	-
Other non-current assets		46,864	46,621	-	-
<b>Total assets</b>		<b>1,159,654</b>	<b>1,186,079</b>	<b>100,000</b>	<b>100,000</b>

	Consolidated financial statements		Separate financial statements	
Note	31 January 2018	31 December 2017	31 January 2018	31 December 2017
	<i>(in thousand baht)</i>			
<b>Liabilities</b>				
Bank overdrafts	-	13,486	-	-
Trade accounts payable	235,037	252,559	-	-
Other current payables	44,866	52,112	-	-
Finance lease liabilities	201	211	-	-
Other current liabilities	15,127	12,599	-	-
Provisions for employee benefits	63,505	62,986	-	-
<b>Total liabilities</b>	<b>358,736</b>	<b>393,953</b>	<b>-</b>	<b>-</b>

The Group and the Company recognised gain on disposal of investment of Baht 61.6 million and Baht 725.2 million, respectively which are summarised as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
The initial purchase price from contract	947,498	947,498
Less adjustment of the received amount from contract conditions and cost of disposal of investment in subsidiary	(122,304)	(122,304)
Net received amount from disposal of investment in subsidiary	825,194	825,194
Less the carrying amount of net assets and liabilities	(800,918)	(100,000)
Non - controlling interests	37,287	-
<b>Gain on disposal of investment</b>	<b>61,563</b>	<b>725,194</b>

#### Cumulative income or expense recognised in other comprehensive income

As at 31 December 2017, there is cumulative income or expense recognised in other comprehensive income relating to the disposal group amounting to Baht 48.9 million.

## 11 Disposal of subsidiary and discontinued operation

In September 2018, the Group sold its 100% interest in Interactive Communications Company Limited, a subsidiary of the Group, for Baht 20.0 million in cash. On the disposal date, the carrying amount of Interactive Communications Company Limited's net assets in the Group's consolidated financial statements was Baht 7.7 million. The Group recognised a gain on disposal of Baht 12.3 million, which is included in gain on disposal of investments in profit or loss.



Carrying amounts of net assets and liabilities of Interactive Communications Company Limited at loss of control date was as follows:

<b>Consolidated financial statements</b> <i>(in thousand Baht)</i>	
<b>Assets</b>	
Cash and cash equivalents	14,670
Trade accounts receivable	25,609
Other current receivables	9,387
Inventories	584
Property, plant and equipment	898
Intangible assets	270
Deferred tax assets	1,827
Other non-current assets	12,124
<b>Total assets</b>	<b>65,369</b>
<b>Liabilities</b>	
Trade accounts payable	38,567
Other current payables	9,028
Income tax payable	278
Other current liabilities	650
Provisions for employee benefits	9,133
<b>Total liabilities</b>	<b>57,656</b>
Net received amount from disposal of the subsidiary	19,979
Less carrying amounts of net assets and liabilities	(7,713)
<b>Gain from disposal of the subsidiary</b>	<b>12,266</b>

The Group sold its subsidiaries, comprising its entire advertising media services business. This business was not a discontinued operation as at 31 December 2017 and the comparative statement of income has been re-presented to show the discontinued operation separately from continuing operations.

	Consolidated financial statements	
Year ended 31 December	2018	2017
	(in thousand Baht)	
Results of discontinued operation		
Revenues from services	197,594	841,970
Other income	3,107	28,462
Total revenues	200,701	870,432
Cost of rendering of services	120,925	658,046
Selling and administrative expenses	41,041	297,154
Finance costs	9	46
Total expenses	161,975	955,246
Share of profit (loss) of associates and joint ventures	(4,526)	120,072
Results from operating activities	34,200	35,258
Income tax	(7,648)	5,011
Results from operating activities, net of income tax	26,552	40,269
Profit (loss) attributable to:		
Owners of the parent	24,613	48,602
Non-controlling interests	1,939	(8,333)
Profit for the year from discontinued operation	26,552	40,269
Basic earnings per share (in Baht)	0.01	0.21

Year ended 31 December	Consolidated financial statements	
	2018	2017
	(in thousand Baht)	
Cash flows from (used in) discontinued operation		
Net cash from operating activities	57,421	16,434
Net cash from investing activities	27	114,180
Net cash used in financing activities	(13,505)	(8,011)
Net cash from discontinued operation	<u>43,943</u>	<u>122,603</u>

## 12 Investments in associates and joint ventures

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<b>Associates</b>				
At 1 January	621,497	653,792	306,694	306,694
Acquisitions	207,902	-	-	-
Share of net profit of associates from continuing operations	28,744	32,440	-	-
Share of net profit (loss) of associates from discontinued operations	(104)	1,042	-	-
Dividend income	(18,770)	(23,254)	-	-
Reclassified to non-current assets classified as held for sale	104	(14,005)	-	-
Allowance for impairment	28,518	(28,518)	-	-
Disposals	(659,989)	-	(306,694)	-
<b>At 31 December</b>	<b><u>207,902</u></b>	<b><u>621,497</u></b>	<b><u>-</u></b>	<b><u>306,694</u></b>
<b>Joint ventures</b>				
At 1 January	544,839	1,172,637	159,330	212,901
Share of net profit of joint ventures from continuing operations	163,893	146,633	-	-
Share of net profit (loss) of joint ventures from discontinued operation	(4,422)	119,030	-	-
Disposals	-	(15,345)	-	-
Dividend income	(120,000)	(226,552)	-	-
Differences on exchange rate revaluation	(477)	(1,134)	-	-
Reclassified to non-current assets classified as held for sale	4,899	(650,430)	-	-
Allowance for impairment	-	-	(19,369)	(53,571)
<b>At 31 December</b>	<b><u>588,732</u></b>	<b><u>544,839</u></b>	<b><u>139,961</u></b>	<b><u>159,330</u></b>
<b>Total investments in associates and joint ventures</b>	<b><u>796,634</u></b>	<b><u>1,166,336</u></b>	<b><u>139,961</u></b>	<b><u>466,024</u></b>

Investments in associates and joint ventures as at 31 December and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements											
Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost		Equity		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(in thousand Baht)											
<b>Associates</b>											
Time Broadcast Co., Ltd.	Thailand	-	-	-	-	-	-	-	-	-	2,399
White Group Public Company Limited	Thailand	-	23	-	178,500	-	306,694	-	621,497	18,770	20,855
Basecamp Brews Ltd	United Kingdom	14	-	208,871	-	207,902	-	207,902	-	-	-
						207,902	306,694	207,902	621,497	18,770	23,254
<b>Joint ventures</b>											
Calpis Osotspa Co., Ltd.	Thailand	40	40	720,000	288,000	288,000	288,000	49,543	75,055	-	-
House Osotspa Foods Co., Ltd.	Thailand	40	40	167,000	167,000	66,800	66,800	196,281	113,162	-	-
Osotspa Taisho Pharmaceutical Co., Ltd.	Thailand	40	40	100,000	100,000	40,000	40,000	336,198	351,019	120,000	156,000
Yamamura International (Thailand) Co., Ltd.	Thailand	26	26	15,000	15,000	3,900	3,900	6,710	5,603	-	-
PT Osotspa ABC Indonesia	Indonesia	50	50	34,476	34,476	17,238	17,238	-	-	-	-
Delphys Hakhodo (Thailand) Co., Ltd.	Thailand	-	-	-	-	-	-	-	-	-	20,500
Myanmar Spa Today Far East Advertising Limited	Republic of the Union of Myanmar	-	-	-	-	-	-	-	-	-	3,240
Media Intelligence Co., Ltd.	Thailand	-	-	-	-	-	-	-	-	-	18,000
Hakhodo (Bangkok) Co., Ltd.	Thailand	-	-	-	-	-	-	-	-	-	28,812
						415,938	415,938	588,732	544,839	120,000	226,552
						623,840	722,632	796,634	1,166,336	138,770	249,806
Total investments in associates and joint ventures											

At 31 December 2017, the equity method included investments in associate and joint ventures of the group of Future Marketing Communications Group Co., Ltd., which are classified to non-current assets as held for sale as disclosed in note 10 were as follows:

	Ownership interest (%)	The equity method (in thousand Baht)
<b>Associate</b>		
Time Broadcast Co., Ltd.	30	14,005
		<u>14,005</u>
<b>Joint ventures</b>		
Delphys Hakuhoodo (Thailand) Co., Ltd.	41	215,789
Myanmar Spa Today Far East Advertising Limited	36	8,349
Media Intelligence Co., Ltd.	30	147,524
Spa-Today-Far East (Thailand) Co., Ltd.	36	1,450
Hakuhoodo (Bangkok) Co., Ltd.	49	277,318
SOCIUS Co., Ltd.	49	-
		<u>650,430</u>
<b>Total</b>		<u><u>664,435</u></u>

**Separate financial statement**

	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>(in thousand Baht)</i>												
<b>Associate</b>												
White Group Public Company Limited	-	23	-	178,500	-	306,694	-	-	-	306,694	18,770	20,855
						<b>306,694</b>				<b>306,694</b>	<b>18,770</b>	<b>20,855</b>
<b>Joint ventures</b>												
Calpis Osotspa Co., Ltd.	40	40	720,000	720,000	288,000	288,000	(231,553)	(212,184)	56,447	75,816	-	-
House Osotspa Foods Co., Ltd.	40	40	167,000	167,000	66,800	66,800	(25,315)	(25,315)	41,485	41,485	-	-
Osotspa Taisho Pharmaceutical Co., Ltd.	40	40	100,000	100,000	40,000	40,000	-	-	40,000	40,000	120,000	156,000
Yamamura International (Thailand) Co., Ltd.	26	26	15,000	15,000	3,900	3,900	(1,871)	(1,871)	2,029	2,029	-	-
					<b>398,700</b>	<b>398,700</b>	<b>(258,739)</b>	<b>(239,370)</b>	<b>139,961</b>	<b>159,330</b>	<b>120,000</b>	<b>156,000</b>
<b>Total investments in associates and joint ventures</b>					<b>398,700</b>	<b>705,394</b>	<b>(258,739)</b>	<b>(239,370)</b>	<b>139,961</b>	<b>466,024</b>	<b>138,770</b>	<b>176,855</b>

None of the Group's associates and joint ventures are publicly listed and consequently do not have published price quotations, except for White Group Public Company Limited which is listed on the Stock Exchange of Thailand. The fair value of the Company's investment in White Group Public Company Limited as at 31 December 2017 was Baht 621.5 million.

## ***Acquisitions and disposals of investment in associates and joint ventures***

### ***2018***

On 23 November 2018, the Company sold all 23.37% interest in the issued and paid up capital of White Group Public Company Limited, an associate of the Company, for a consideration of Baht 750.8 million with expenses directly attributable to sale of Baht 9.4 million. The Group and the Company recognised a gain of Baht 81.4 million and Baht 434.7 million, respectively, in profit or loss for the year ended 31 December 2018.

On 24 December 2018, a subsidiary made a new investment in 14% of the issued and paid up capital of Basecamp Brews Ltd, incorporated in the United Kingdom, for a consideration of GBP 5.1 million. The subsidiary has significant influence over the financial policies and operation and therefore Basecamp Brews Ltd became an associate of the Group. In addition, in December 2018, the subsidiary paid for investment in 6% of the issued and paid up capital of Basecamp Brews Ltd, for a consideration of GBP 2.3 million to existing shareholders in Basecamp Brews Ltd, which the process of transferring was completed in January 2019, as a result the Group's total interest in Basecamp Brews Ltd to 20% in January 2019.

### ***2017***

On 1 January 2017, Future Marketing Communications Group Company Limited sold its 3.33% interest in the issued and paid up capital of Media Intelligence Co., Ltd., a joint venture of the Group, for a consideration of Baht 33.3 million. The Group recognised a gain of Baht 18.0 million on the sale in profit or loss of consolidated financial statements for the year ended 31 December 2017.



## Associates and joint ventures

The following table summarises the financial information of the associates and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	White Group Public Company Limited		Basecamp Brews Ltd		Calpis Osotspa Co., Ltd.		Osotspa Taisho Pharmaceutical Co., Ltd.		House Osotspa Foods Co., Ltd.	
	2018 <sup>(1)</sup>	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>									
Revenue	1,030,788	1,140,414	-	-	435,054	528,687	3,661,457	3,776,360	1,198,734	730,758
Profit (loss) from continuing operations	123,009	137,479	-	-	(63,781)	(41,816)	262,948	283,859	207,799	123,725
Other comprehensive income	-	(250)	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>123,009</b>	<b>137,229</b>	<b>-</b>	<b>-</b>	<b>(63,781)</b>	<b>(41,816)</b>	<b>262,948</b>	<b>283,859</b>	<b>207,799</b>	<b>123,725</b>
Group's share of total comprehensive income	28,744	32,440	-	-	(25,512)	(16,727)	105,179	113,544	83,119	49,490
Current assets	-	1,412,195	139,814	-	113,785	147,755	1,594,542	1,593,525	798,474	451,958
Non-current assets	-	531,545	1,474	-	284,604	314,141	13,852	9,142	4,410	5,078
Current liabilities	-	(145,780)	(5,579)	-	(272,176)	(274,258)	(742,703)	(702,078)	(311,988)	(173,800)
Non-current liabilities	-	(43,573)	(837)	-	(2,356)	-	(25,193)	(23,040)	(192)	(331)
<b>Net assets</b>	<b>-</b>	<b>1,754,387</b>	<b>134,872</b>	<b>-</b>	<b>123,857</b>	<b>187,638</b>	<b>840,498</b>	<b>877,549</b>	<b>490,704</b>	<b>282,905</b>
Carrying amount of interest in associate/joint venture	-	621,497	207,902	-	49,543	75,055	336,198	351,019	196,281	113,162
<b>a Includes:</b>										
- depreciation and amortisation					33,098	32,989	1,278	1,211	789	857
- interest expense					3,497	3,263	-	1	-	-
- income tax expense					-	-	67,770	73,226	51,078	29,563
<b>b Includes cash and cash equivalents</b>					2,996	6,313	665,669	731,195	397,225	183,125
<b>c Includes current financial liabilities (excluding trade and other payables and provisions)</b>					218,010	209,000	-	-	-	-
<b>d Includes non-current financial liabilities (excluding trade and other payables and provisions)</b>					359	-	-	-	-	-

<sup>(1)</sup> Data from 1 January 2018 upto loss of control date

### ***Immaterial joint ventures***

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

	<b>Immaterial joint ventures</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial joint ventures	<b>6,710</b>	<b>5,603</b>
Group's share of:		
- Profit from continuing operations	1,107	325
- Other comprehensive income	-	-
- Total comprehensive income	<u><b>1,107</b></u>	<u><b>325</b></u>

## **13 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	1,384,388	1,487,765
Acquisitions	1,649,420	578,268
Proceeds from redemption of investment	(4,837)	(59,028)
Allowance for impairment	4,837	(522,617)
Reclassified to non-current assets classified as held for sale (see note 10)	-	(100,000)
At 31 December	<u><b>3,033,808</b></u>	<u><b>1,384,388</b></u>

Details of subsidiaries and indirect subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of subsidiaries and indirect subsidiaries	Country of Incorporation	Type of business	Ownership interest (%)	
			2018	2017
<b>Subsidiaries</b>				
Myanmar Osotspa Company Limited	Republic of the Union of Myanmar	Ceased operation	100.00	100.00
Osotspa USA, Inc.	United States of America	Providing of marketing services	100.00	100.00
LIZU Trading Handels GmbH	Austria	Ceased operation	100.00	100.00
Osotspa Dairy Co., Ltd.	Thailand	Property renting	100.00	100.00
Vivant (Thailand) Co., Ltd.	Thailand	Ceased operation and completed the liquidation in February 2018	-	100.00
Sawasdee Publishing Co., Ltd.	Thailand	Ceased operation	100.00	100.00
Greensville Co., Ltd.	Thailand	Manufacturing and distribution of personal care products	100.00	100.00
Siam Glass Industry Co., Ltd.	Thailand	Manufacturing and distribution of glass	100.00	100.00
Osotspa Beverages Co., Ltd.	Thailand	Distribution of beverage	100.00	100.00
SAB Outsource Co., Ltd.	Thailand	Ceased operation	99.98	99.98
Osotspa Innovation Centre Co.,Ltd. (Formerly Wallgreen Co., Ltd.)	Thailand	Research and development (Formerly Manufacturing of beverage concentrates and premixes )	100.00	99.98
Siam Glass Ayutthaya Co., Ltd.	Thailand	Manufacturing and distribution of glass	100.00	100.00
SSB Enterprise Co., Ltd.	Thailand	Manufacturing of beverage concentrates and premixes	99.98	99.98
Siam Cullet Co., Ltd.	Thailand	Distribution of cullet	99.98	99.98
Osotspa Europe Limited	Cyprus	Ceased operation	100.00	100.00
Osotspa Loi Hein Company Limited	Republic of the Union of Myanmar	Retail and wholesale of beverages	51.00	51.00
Osotspa Loi Hein (Thailand) Co., Ltd.	Thailand	Importation and distribution of beverages	50.99	50.99
Edelpure de Beauté Sàrl	Switzerland	Ceased operation and completed the liquidation in September 2018	-	100.00
FC (2017) Co., Ltd.	Thailand	Ceased operation	100.00	100.00
PT. M-150 Indonesia	Indonesia	Importation and distribution of beverages	99.00	99.00
Osotspa Enterprise Co., Ltd.	Thailand	Invest in other companies	99.98	99.98
Future Marketing Communications Group Company Limited	Thailand	Consulting in marketing	-	100.00

Name of subsidiaries and indirect subsidiaries	Country of Incorporation	Type of business	Ownership interest (%)	
Indirect subsidiaries			2018	2017
Held by Osotspa Beverages Co., Ltd.				
M-150 Company Limited	Thailand	Ceased operation	99.98	99.98
Union Drink Company Limited	Thailand	Ceased operation	100.00	100.00
Shark AG	Austria	Ceased operation	100.00	100.00
Osotspa Beverage (Guangzhou) Co., Ltd.	China	Ceased operation and completed the liquidation in July 2018	-	100.00
Held by LIZU Trading Handels GmbH				
Flash Power do Brasil Ltda	Brazil	Obtaining licensing fee for use of trademark	100.00	100.00
Held by Osotspa Enterprise Co., Ltd.				
Osotspa Enterprises Singapore Pte. Ltd.	Singapore	Invest in other companies	100.00	100.00
Oventure Pte. Ltd.	Singapore	Invest in other companies	100.00	-
Held by Osotspa Enterprises Singapore Pte. Ltd.				
Osotspa Myanmar Co., Ltd.	Republic of the Union of Myanmar	Manufacturing and distribution of beverages	85.00	-
Held by Future Marketing Communications Group Company Limited				
SPA-HAKUHODO Company Limited	Thailand	Advertising agency and production of advertising media	-	74.90
Spicy H Company Limited	Thailand	Advertising agency and production of advertising media	-	74.89
Interactive Communications Company Limited	Thailand	Advertising agency and production of advertising media	-	100.00

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

Name of subsidiaries	Separate financial statements									
	Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
					<i>(in thousand Baht)</i>					
Myanmar Osotspa Company Limited	9,771	9,771	8,232	8,232	(8,232)	(8,232)	-	-	-	-
Osotspa USA, Inc.	105,162	105,162	160,644	160,644	(160,644)	(160,644)	-	-	-	-
LIZU Trading Handels GmbH	324,105	324,105	324,570	324,570	(324,570)	(324,570)	-	-	-	-
Osotspa Dairy Co., Ltd.	463,567	463,567	90,000	90,000	-	-	90,000	90,000	-	-
Vivant (Thailand) Co., Ltd.	-	50,000	-	50,000	-	(50,000)	-	-	-	-
Sawasdee Publishing Co., Ltd.	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Greenville Co., Ltd.	6,500	6,500	6,500	6,500	-	-	6,500	6,500	673,729	149,495
Siam Glass Industry Co., Ltd.	400,000	400,000	429,782	429,782	-	-	429,782	429,782	156,999	-
Osotspa Beverages Co., Ltd.	354,950	354,950	354,950	354,950	-	-	354,950	354,950	547,865	60,342
SAB Outsource Co., Ltd.	1,000	1,000	1,000	1,000	-	-	1,000	1,000	15,997	-
Osotspa Innovation Centre Co., Ltd. (Formerly Wallgreen Co., Ltd.)	31,300	1,000	31,300	1,000	-	-	31,300	1,000	20,395	-
Siam Glass Ayutthaya Co., Ltd.	780,000	480,000	780,000	480,000	-	-	780,000	480,000	787,332	-
SSB Enterprise Co., Ltd.	1,000	1,000	1,000	1,000	-	-	1,000	1,000	134,973	79,984
Siam Cullet Co., Ltd.	1,000	1,000	1,000	1,000	-	-	1,000	1,000	89,382	-
Osotspa Europe Limited	266,237	266,237	307,119	307,119	(307,119)	(307,119)	-	-	-	-
Osotspa Loi Hein Company Limited	33,907	33,907	16,646	16,646	-	-	16,646	16,646	36,067	63,988
Osotspa Loi Hein (Thailand) Co., Ltd.	1,000	1,000	510	510	-	-	510	510	32,787	65,675
Edelpure de Beauté Sàrl	-	690	-	709	-	(709)	-	-	-	-
FC (2017) Co., Ltd.	5,000	5,000	50	50	(50)	(50)	-	-	-	-
PT. M-150 INDONESIA	4,071	4,071	5,384	5,384	(5,384)	(5,384)	-	-	-	-
Osotspa Enterprise Co., Ltd.	1,320,120	1,000	1,320,120	1,000	-	-	1,320,120	1,000	-	-
Future Marketing Communications Group Company Limited <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	163,600
	<u>3,839,807</u>	<u>2,241,096</u>	<u>(805,999)</u>	<u>(856,708)</u>	<u>3,033,808</u>	<u>1,384,388</u>	<u>2,495,526</u>	<u>583,084</u>		

<sup>(1)</sup> At 31 December 2017, the investment in Future Marketing Communications Group Co., Ltd. amounting to Baht 100 million was classified to non-current assets held for sale as disclosed in note 10 and it was disposed on 31 January 2018.

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations.

### ***Acquisitions and disposals of investments***

#### ***2018***

On 31 January 2018, the Company sold all of its investments in Futures Marketing Communications Group Company Limited, a subsidiary of the Company in according to the resolution of the Board of Directors' meeting held on 19 December 2017 which was classified to non-current assets classified as held for sale in 2017 (Details in note 10).

On 25 January 2018, the Board of Directors of Siam Glass Ayutthaya Co., Ltd., a subsidiary of the Company, approved to call up the additional paid-in capital from the Company amounting to Baht 300 million by calling up additional paid-in capital in April 2018. Siam Glass Ayutthaya Co., Ltd. received payment for all additional paid-in capital in April 2018.

On 29 November 2018, the Extraordinary Meeting of the Shareholders of Osotspa Enterprise Co., Ltd., a subsidiary of the Company, approved to increase the registered share capital for oversea investment amounting to Baht 1,499 million by calling up additional paid-in capital amounting to Baht 1,319.1 million equivalent to 88% of the additional registered share capital.

On 6 December 2018, the Extraordinary Meeting of the Shareholders of Osotspa Innovation Centre Co., Ltd. (formerly Wallgreen Co., Ltd.), a subsidiary of the Company, approved to increase the registered share capital for research and development amounting to Baht 101 million by calling up additional paid-in capital amounting to Baht 30.3 million equivalent to 30% of the additional registered share capital.

#### ***2017***

During the first quarter and the third quarter of 2017, the Company paid for the capital increase in LIZU Trading Handels GmbH, amounting to Euro 700,000 and Euro 7,600,000 respectively in the total amount of Euro 8,300,000 according to the resolutions of the Shareholders' Meeting of the subsidiary. Moreover, during the third quarter of 2017, the Company received repayment of investment from LIZU Trading Handels GmbH, amounting to Euro 1,363,213.

During the second quarter of 2017, the Company paid for the capital increase in Osotspa Europe Limited by Debt - Equity Swap amounting to Euro 6,297,809 and paid for the capital increase by cash amounting to Euro 452,191 in the total amount of Euro 6,750,000 according to the resolutions of the Shareholders' Meeting of the subsidiary.

On 23 November 2017, the Company made a new investment in 99.98% of the issued and paid-up capital of Osotspa Enterprise Co., Ltd., which incorporated in Thailand, in the amount of Baht 999,800. Osotspa Enterprise Co., Ltd., thereby, became a subsidiary of the Company.

### ***Impairment loss on investment in subsidiaries***

During the year ended 31 December 2017, the Company recognised impairment loss on investment in Osotspa Europe Limited of Baht 256.2 million, LIZU Trading Handels GmbH of Baht 262.0 million, and Vivant (Thailand) Co., Ltd. of Baht 4.4 million in profit or loss because these companies ceased their operation and recoverable amount of investments were less than their carrying amount.



## 14 Investment properties

	Consolidated financial statements			
	Land	Land improvements	Buildings	Total
	(in thousand Baht)			
<b>Cost</b>				
At 1 January 2017	194,669	28,552	67,583	290,804
Additions	12,114	-	-	12,114
Disposals	(12,297)	-	-	(12,297)
<b>At 31 December 2017 and 1 January 2018</b>	<b>194,486</b>	<b>28,552</b>	<b>67,583</b>	<b>290,621</b>
Transfers from property, plant, and equipment	427,528	-	30,543	458,071
Disposals	(2,875)	-	(1,300)	(4,175)
<b>At 31 December 2018</b>	<b>619,139</b>	<b>28,552</b>	<b>96,826</b>	<b>744,517</b>
<b>Depreciation and impairment losses</b>				
At 1 January 2017	3,370	28,552	54,370	86,292
Depreciation charge for the year	-	-	1,512	1,512
Reversal of impairment loss	(3,370)	-	-	(3,370)
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>28,552</b>	<b>55,882</b>	<b>84,434</b>
Depreciation charge for the year	-	-	3,174	3,174
Transfers from property, plant, and equipment	-	-	24,703	24,703
Disposals	-	-	(1,300)	(1,300)
Reversal of impairment loss	-	-	(8,314)	(8,314)
<b>At 31 December 2018</b>	<b>-</b>	<b>28,552</b>	<b>74,145</b>	<b>102,697</b>
<b>Net book value</b>				
At 1 January 2017	191,299	-	13,213	204,512
<b>At 31 December 2017 and 1 January 2018</b>	<b>194,486</b>	<b>-</b>	<b>11,701</b>	<b>206,187</b>
<b>At 31 December 2018</b>	<b>619,139</b>	<b>-</b>	<b>22,681</b>	<b>641,820</b>

	Separate financial statements		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2017	333,759	17,818	351,577
Additions	12,114	-	12,114
<b>At 31 December 2017 and 1 January 2018</b>	<b>345,873</b>	<b>17,818</b>	<b>363,691</b>
Transfers from property, plant, and equipment	475,636	15,619	491,255
Disposals	(2,875)	(1,300)	(4,175)
<b>At 31 December 2018</b>	<b>818,634</b>	<b>32,137</b>	<b>850,771</b>
<b>Depreciation</b>			
At 1 January 2017	-	11,326	11,326
Depreciation charge for the year	-	393	393
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>11,719</b>	<b>11,719</b>
Depreciation charge for the year	-	392	392
Transfers from property, plant, and equipment	-	15,024	15,024
Disposals	-	(1,300)	(1,300)
<b>At 31 December 2018</b>	<b>-</b>	<b>25,835</b>	<b>25,835</b>
<b>Net book value</b>			
At 1 January 2017	333,759	6,492	340,251
<b>At 31 December 2017 and 1 January 2018</b>	<b>345,873</b>	<b>6,099</b>	<b>351,972</b>
<b>At 31 December 2018</b>	<b>818,634</b>	<b>6,302</b>	<b>824,936</b>

Investment properties comprise vacant lands, land and building that are leased to other parties for a period of 3 to 10 years (2017: 3 to 30 years). Subsequent renewals are negotiated with the lessees.

The fair value of investment properties as at 31 December 2018 of the Group and the Company was Baht 1,531.4 million and Baht 1,781.0 million respectively (2017: Baht 434.8 million and Baht 567.7 million respectively). The fair value determined by independent professional valuers, at open market values on an existing use basis and income approach. The fair value measurement for investment property has been categorised as a Level 3 fair value.

## 15 Leasehold rights

During the third quarter of 2018, a subsidiary entered into a land sublease agreement amounting to USD 11 million with Myanmar Japan Thilawa Development Ltd. for our factory construction and operation in the Republic of the Union of Myanmar. The land is located in the Thilawa Special Economic Zone. The agreement shall be effective for 48 years 7 months commencing on 3 July 2018 and end on 9 February 2067. The subsidiary has an option to extend the lease tenure for a further term of 25 years based on terms and conditions stipulated in the agreement.

Movements during the years ended 31 December of leasehold rights were as follows:

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Cost</b>		
At 1 January	-	-
Additions	363,561	-
Transfers to property, plant, and equipment	(3,727)	-
Effect of translation for foreign operations	(27,439)	-
<b>At 31 December 2018</b>	<b>332,395</b>	<b>-</b>

## 16 Property, plant and equipment

### Consolidated financial statements

	Land	Land improvements	Buildings	Building improvements	Machinery and factory equipment (in thousand Baht)	Vehicles	Furniture, fixtures and office equipment	Major spare parts	Assets under construction and installation	Total
<b>Cost</b>										
At 1 January 2017	1,156,507	113,005	3,492,392	323,892	10,271,063	976,035	747,672	47,840	1,048,780	18,177,186
Additions	-	490	904	5,758	30,693	118,648	26,698	38,758	910,798	1,132,747
Transfers	-	231,808	(8,323)	395,097	(33,993)	(3)	189,656	(15,280)	(758,962)	-
Transfers from inventory	-	-	-	-	-	-	-	46,358	-	46,358
Disposals and write-off	(1,080)	-	(129,111)	(21,398)	(112,788)	(223,207)	(100,411)	-	(193)	(588,188)
Reclassified to non-current assets										
classified as held for sale	-	-	-	(32,375)	-	(15,165)	(51,797)	-	-	(99,337)
Effect of translation for foreign operations	-	-	-	-	-	(2,603)	(865)	-	-	(3,468)
<b>At 31 December 2017</b>										
and 1 January 2018	1,155,427	345,303	3,355,862	670,974	10,154,975	853,705	810,953	117,676	1,200,423	18,665,298
Additions	-	1,473	1,280	11,531	86,174	64,473	65,620	48,206	889,779	1,168,536
Transfers	-	2,970	371,135	389,744	872,850	-	78,157	(50,285)	(1,664,571)	-
Transfers from (transfers to) inventory	-	-	-	-	-	-	-	(5,825)	1,227	(4,598)
Transfers from leasehold rights	-	-	-	-	-	-	-	-	3,727	3,727
Transfers to investment properties	(427,528)	-	(28,143)	(2,400)	-	-	-	-	-	(458,071)
Disposals and write-off	(2,650)	(10)	(2,035)	(1,088)	(1,072,805)	(354,396)	(47,344)	(4,436)	(19,304)	(1,504,068)
Decrease from disposal of subsidiaries	-	-	-	(16,521)	-	-	(6,165)	-	-	(22,686)
Effect of translation for foreign operations	-	-	-	-	-	(3,440)	(977)	-	(4,284)	(8,701)
<b>At 31 December 2018</b>	<b>725,249</b>	<b>349,736</b>	<b>3,698,099</b>	<b>1,052,240</b>	<b>10,041,194</b>	<b>560,342</b>	<b>900,244</b>	<b>105,336</b>	<b>406,997</b>	<b>17,839,437</b>

## Consolidated financial statements

	Land	Land improvements	Buildings	Building improvements	Machinery and factory equipment (in thousand Baht)	Vehicles	Furniture, fixtures and office equipment	Major spare parts	Assets under construction and installation	Total
<b>Depreciation and impairment losses</b>										
At 1 January 2017	-	80,099	1,616,361	136,915	8,183,151	632,398	603,392	-	18,562	11,270,878
Depreciation charge for the year	-	10,861	145,645	53,772	641,014	111,674	81,884	-	-	1,044,850
(Reversal of) impairment losses	-	-	(3,494)	(613)	10,754	-	(149)	4,436	690	11,624
Transfers	-	72,318	(158,704)	87,176	(79,517)	(3)	78,730	-	-	-
Disposals and write-off	-	-	(80,142)	(20,679)	(111,949)	(193,490)	(98,746)	-	-	(505,006)
Reclassified to non-current assets classified as held for sale	-	-	-	(28,690)	-	(13,709)	(46,637)	-	-	(89,036)
Effect of translation for foreign operations	-	-	-	-	-	(572)	(643)	-	-	(1,215)
<b>At 31 December 2017</b>										
<b>and 1 January 2018</b>										
Depreciation charge for the year	-	163,278	1,519,666	227,881	8,643,453	536,298	617,831	4,436	19,252	11,732,095
(Reversal of) impairment losses	-	15,059	150,080	78,139	626,526	92,047	81,458	-	-	1,043,309
Transfers	-	-	-	-	2,800	-	(198)	696	(19,252)	(15,954)
Transfer to investment properties	-	-	(46)	46	204	-	(204)	-	-	-
Disposals and write-off	-	-	(22,381)	(2,322)	-	-	-	-	-	(24,703)
Decrease from disposal of subsidiaries	-	(10)	(2,035)	(998)	(1,065,277)	(271,264)	(45,426)	(4,436)	-	(1,389,446)
Effect of translation for foreign operations	-	-	-	(16,484)	-	-	(5,304)	-	-	(21,788)
<b>At 31 December 2018</b>										
<b>Net book value</b>										
At 1 January 2017	-	178,327	1,645,284	286,262	8,207,706	355,968	647,467	696	-	11,321,710
Owned assets	1,156,507	32,906	1,876,031	186,977	2,087,912	330,395	144,280	47,840	1,030,218	6,893,066
Assets under finance leases	-	-	-	-	-	13,242	-	-	-	13,242
<b>At 31 December 2017 and 1 January 2018</b>										
Owned assets	1,155,427	182,025	1,836,196	443,093	1,511,522	198,854	193,122	113,240	1,181,171	6,814,650
Assets under finance leases	-	-	-	-	-	118,553	-	-	-	118,553
<b>At 31 December 2018</b>										
Owned assets	725,249	171,409	2,052,815	765,978	1,833,488	72,612	252,777	104,640	406,997	6,385,965
Assets under finance leases	-	-	-	-	-	131,762	-	-	-	131,762
<b>At 31 December 2018</b>										
Owned assets	725,249	171,409	2,052,815	765,978	1,833,488	204,374	252,777	104,640	406,997	6,517,727

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 7,303.5 million (2017: Baht 7,119.6 million).

**Separate financial statements**

<i>(in thousand Baht)</i>										
<b>Cost</b>	Land	Land improvements	Buildings	Building improvements	Machinery and factory equipment	Vehicles	Furniture, fixtures and office equipment	Major spare parts	Assets under construction and installation	Total
At 1 January 2017	859,401	-	2,252,769	239,128	6,463,051	382,043	521,078	47,840	1,028,482	11,793,792
Additions	-	-	490	2,745	22,041	25,168	23,525	38,758	834,790	947,517
Transfers	-	231,808	(9,722)	391,407	(79,690)	(3)	189,632	(27,837)	(695,595)	-
Disposals and write-off	-	-	(92,859)	(280)	(53,610)	(119,256)	(84,624)	-	(179)	(350,808)
<b>At 31 December 2017</b>										
At 1 January 2018	859,401	231,808	2,150,678	633,000	6,351,792	287,952	649,611	58,761	1,167,498	12,390,501
Additions	-	1,472	1,160	10,961	45,360	7,074	61,432	34,669	511,100	673,228
Transfers from inventory	-	-	-	-	-	-	-	-	1,227	1,227
Transfers	-	2,970	371,347	385,756	811,893	-	77,697	(28,278)	(1,621,385)	-
Transfers to investment properties	(475,636)	-	(13,219)	(2,400)	-	-	-	-	-	(491,255)
Disposals and write-off	(2,650)	(10)	(1,934)	-	(958,257)	(126,337)	(39,662)	-	(18,552)	(1,147,402)
<b>At 31 December 2018</b>	<b>381,115</b>	<b>236,240</b>	<b>2,508,032</b>	<b>1,027,317</b>	<b>6,250,788</b>	<b>168,689</b>	<b>749,078</b>	<b>65,152</b>	<b>39,888</b>	<b>11,426,299</b>
<b>Depreciation and impairment losses</b>										
At 1 January 2017	-	-	1,179,544	72,505	5,782,187	270,759	424,072	-	18,562	7,747,629
Depreciation charge for the year	-	7,573	92,372	45,001	284,761	41,270	57,596	-	-	528,573
Impairment losses	-	-	-	-	10,748	-	(155)	-	690	11,283
Transfers	-	72,318	(158,704)	87,176	(79,517)	(3)	78,730	-	-	-
Disposals and write-off	-	-	(49,791)	(20)	(53,609)	(111,450)	(83,446)	-	-	(298,316)
<b>At 31 December 2017</b>										
At 1 January 2018	-	79,891	1,063,421	204,662	5,944,570	200,576	476,797	-	19,252	7,989,169
Depreciation charge for the year	-	11,761	98,470	74,977	293,963	27,131	69,895	-	-	576,197
Impairment losses	-	-	-	-	(1,074)	-	(196)	-	(19,252)	(20,522)
Transfers	-	-	-	-	204	-	(204)	-	-	-
Transfers to investment properties	-	-	(12,702)	(2,322)	-	-	-	-	-	(15,024)
Disposals and write-off	-	(10)	(1,935)	-	(951,243)	(104,867)	(37,869)	-	-	(1,095,924)
<b>At 31 December 2018</b>	<b>-</b>	<b>91,642</b>	<b>1,147,254</b>	<b>277,317</b>	<b>5,286,420</b>	<b>122,840</b>	<b>508,423</b>	<b>-</b>	<b>-</b>	<b>7,433,896</b>

## Net book value

At 31 December 2017  
and 1 January 2018

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 5,805.1 million (2017: Baht 5,355.5 million)



## 17 Intangible assets

	Consolidated financial statements			
	Computer software	Others	Intangible assets under installation	Total
	(in thousand Baht)			
<b>Cost</b>				
At 1 January 2017	149,610	60,000	89,550	299,160
Additions	10,273	-	42,094	52,367
Transfers	131,644	-	(131,644)	-
Write-off	(1,429)	-	-	(1,429)
Reclassified to non-current assets classified as held for sale	(5,693)	(60,000)	-	(65,693)
Effect of translation for foreign operations	30	-	-	30
<b>At 31 December 2017 and 1 January 2018</b>	<b>284,435</b>	<b>-</b>	<b>-</b>	<b>284,435</b>
Additions	8,230	-	39,785	48,015
Transfers	39,785	-	(39,785)	-
Write-off	(1,906)	-	-	(1,906)
Decrease from disposal of subsidiaries	(522)	-	-	(522)
<b>At 31 December 2018</b>	<b>330,022</b>	<b>-</b>	<b>-</b>	<b>330,022</b>
<b>Amortisation and impairment losses</b>				
At 1 January 2017	74,527	43,636	-	118,163
Amortisation charge for the year	23,487	7,273	-	30,760
Write-off	(1,389)	-	-	(1,389)
Reclassified to non-current assets classified as held for sale	(3,965)	(50,909)	-	(54,874)
Effect of translation for foreign operations	54	-	-	54
<b>At 31 December 2017 and 1 January 2018</b>	<b>92,714</b>	<b>-</b>	<b>-</b>	<b>92,714</b>
Amortisation charge for the year	27,793	-	-	27,793
Write-off	(1,903)	-	-	(1,903)
Decrease from disposal of subsidiaries	(252)	-	-	(252)
<b>At 31 December 2018</b>	<b>118,352</b>	<b>-</b>	<b>-</b>	<b>118,352</b>
<b>Net book value</b>				
At 1 January 2017	75,083	16,364	89,550	180,997
<b>At 31 December 2017 and 1 January 2018</b>	<b>191,721</b>	<b>-</b>	<b>-</b>	<b>191,721</b>
At 31 December 2018	211,670	-	-	211,670

	Separate financial statements		
	Computer software	Intangible assets under installation	Total
	(in thousand Baht)		
<b>Cost</b>			
At 1 January 2017	114,026	89,550	203,576
Additions	2,974	42,094	45,068
Transfers	131,644	(131,644)	-
<b>At 31 December 2017 and 1 January 2018</b>	<b>248,644</b>	<b>-</b>	<b>248,644</b>
Additions	7,805	39,785	47,590
Transfers	39,785	(39,785)	-
<b>At 31 December 2018</b>	<b>296,234</b>	<b>-</b>	<b>296,234</b>
<b>Amortisation</b>			
At 1 January 2017	49,351	-	49,351
Amortisation charge for the year	20,532	-	20,532
<b>At 31 December 2017 and 1 January 2018</b>	<b>69,883</b>	<b>-</b>	<b>69,883</b>
Amortisation charge for the year	25,400	-	25,400
<b>At 31 December 2018</b>	<b>95,283</b>	<b>-</b>	<b>95,283</b>
<b>Net book value</b>			
At 1 January 2017	64,675	89,550	154,225
<b>At 31 December 2017 and 1 January 2018</b>	<b>178,761</b>	<b>-</b>	<b>178,761</b>
<b>At 31 December 2018</b>	<b>200,951</b>	<b>-</b>	<b>200,951</b>

## 18 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	162,096	226,920	(2,412)	(134,338)
Set off of tax	(2,412)	(2,321)	2,412	2,321
<b>Net deferred tax assets (liabilities)</b>	<b>159,684</b>	<b>224,599</b>	<b>-</b>	<b>(132,017)</b>

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	90,173	168,107	(2,412)	(2,321)
Set off of tax	(2,412)	(2,321)	2,412	2,321
<b>Net deferred tax assets</b>	<b>87,761</b>	<b>165,786</b>	<b>-</b>	<b>-</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements					
		(Charged) / credited to:		Reclassified to non-current assets classified as held for sale	Exchange difference	
	At 1 January 2017	Profit or loss	Other comprehensive income			At 31 December 2017

Consolidated financial statements						
	(Charged) / credited to:		Decrease from disposal of investment in subsidiaries		Exchange difference	At 31 December 2018
	At 1 January 2018	Profit or loss	Other comprehensive income			
				(in thousand Baht)		
<b>Deferred tax assets</b>						
Trade accounts receivable and other current receivables (Allowance for doubtful debt)	1,149	(139)	-	-	-	1,010
Inventories (Allowance for decline in value)	7,016	18,404	-	-	-	25,420
Provisions for employee benefits	86,731	4,083	(257)	(1,930)	(163)	88,464
Unrealised intercompany profit	17,314	6,552	-	-	-	23,866
Accrued termination benefits	3,706	(3,706)	-	-	-	-
Provision	95,133	(83,817)	-	-	-	11,316
Others	15,871	(5,871)	-	2,586	(566)	12,020
<b>Total</b>	<b>226,920</b>	<b>(64,494)</b>	<b>(257)</b>	<b>656</b>	<b>(729)</b>	<b>162,096</b>
<b>Deferred tax liabilities</b>						
Available-for-sale securities (Surplus on revaluation of investment)	(2,321)	-	(91)	-	-	(2,412)
Temporary difference from subsidiaries' unappropriated retained earnings	(132,017)	132,017	-	-	-	-
<b>Total</b>	<b>(134,338)</b>	<b>132,017</b>	<b>(91)</b>	<b>-</b>	<b>-</b>	<b>(2,412)</b>
<b>Net</b>	<b>92,582</b>	<b>67,523</b>	<b>(348)</b>	<b>656</b>	<b>(729)</b>	<b>159,684</b>

	Separate financial statements			
	At 1 January 2017	(Charged) / credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Trade accounts receivable and other current receivables (Allowance for doubtful debt)	1,239	(341)	-	898
Inventories (Allowance for decline in value)	12,110	(6,180)	-	5,930
Other current assets	4,620	(1,143)	-	3,477
Other non-current assets (Allowance for impairment losses on property, plant and equipment)	6,151	2,257	-	8,408
Provisions for employee benefits	65,551	(7,557)	(4,993)	53,001
Accrued terminate benefits	22,498	(21,238)	-	1,260
Provision	30,892	64,241	-	95,133
<b>Total</b>	<b>143,061</b>	<b>30,039</b>	<b>(4,993)</b>	<b>168,107</b>
<b>Deferred tax liabilities</b>				
Available-for-sale securities (Surplus on revaluation of investment)	(3,147)	-	826	(2,321)
<b>Total</b>	<b>(3,147)</b>	<b>-</b>	<b>826</b>	<b>(2,321)</b>
<b>Net</b>	<b>139,914</b>	<b>30,039</b>	<b>(4,167)</b>	<b>165,786</b>

	Separate financial statements			
	(Charged) / credited to:			
	At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
	(in thousand Baht)			
<b>Deferred tax assets</b>				
Trade accounts receivable and other current receivables <i>(Allowance for doubtful debt)</i>	898	(134)	-	764
Inventories <i>(Allowance for decline in value)</i>	5,930	13,723	-	19,653
Other current assets	3,477	550	-	4,027
Other non-current assets <i>(Allowance for impairment losses on property, plant and equipment)</i>	8,408	(7,982)	-	426
Provisions for employee benefits	53,001	2,401	(1,415)	53,987
Accrued terminate benefits	1,260	(1,260)	-	-
Provision	95,133	(83,817)	-	11,316
<b>Total</b>	<b>168,107</b>	<b>(76,519)</b>	<b>(1,415)</b>	<b>90,173</b>
<b>Deferred tax liabilities</b>				
Available-for-sale securities <i>(Surplus on revaluation of investment)</i>	(2,321)	-	(91)	(2,412)
<b>Total</b>	<b>(2,321)</b>	<b>-</b>	<b>(91)</b>	<b>(2,412)</b>
<b>Net</b>	<b>165,786</b>	<b>(76,519)</b>	<b>(1,506)</b>	<b>87,761</b>

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Temporary differences	88,531	94,689	214,950	221,218
Tax losses carry forward	87,177	101,311	-	-
<b>Total</b>	<b>175,708</b>	<b>196,000</b>	<b>214,950</b>	<b>221,218</b>

The Group have not recognised the tax losses which will expire from 2019 onward and the deductible temporary differences which do not expire under current tax legislation as deferred tax assets because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

As at 31 December 2018 and 2017, no deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future except for the temporary differences arising from the investments in the Group of Futures Marketing Communications Group Co., Ltd. which the Company already recorded in 2017 and reversed the temporary differences in 2018 as a result of the disposal of the investment in the Group of Futures Marketing Communications Group Co., Ltd. in accordance with note 10.

## 19 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Current</b>					
Short-term borrowings from financial institutions					
Unsecured		-	6,020,000	-	6,020,000
Short-term borrowings from related parties					
Unsecured	4	-	-	940,065	629,825
Current portion of long-term borrowings from financial institutions					
Unsecured		-	61,740	-	-
Current portion of finance lease liabilities		31,958	26,916	7,012	5,263
<b>Total current interest-bearing liabilities</b>		<b>31,958</b>	<b>6,108,656</b>	<b>947,077</b>	<b>6,655,088</b>
<b>Non-current</b>					
Finance lease liabilities		109,844	100,674	25,344	25,849
<b>Total non-current interest-bearing liabilities</b>		<b>109,844</b>	<b>100,674</b>	<b>25,344</b>	<b>25,849</b>

### Short-term borrowings from financial institutions

As at 31 December 2017, the Group and the Company had promissory notes which are repayable within one year, bearing interest at rates ranging from 1.56% to 1.65% per annum.

### Long-term borrowings from financial institutions

Consolidated financial statements				
Agreement dated	Amount of long-term loans (in million Baht)	Interest rate (% per annum)	Term of loan	Repayment term
21 August 2013	350	3.95	5 years	Every three-month, each period by Baht 20.59 million. The first payment was paid in September 2014 and the last repayment is due on 31 August 2018.

As at 31 December 2018, the Group and the Company had unutilised credit facilities covering bank overdrafts and short-term borrowings from financial institutions totaling Baht 10,429.8 million and 10,394.8 million respectively. (2017: Baht 8,721.0 million and 8,580.0 million respectively).



## Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

Consolidated financial statements						
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in thousand Baht)					
Within one year	40,226	(8,268)	31,958	34,835	(7,919)	26,916
After one year but within five years	121,497	(11,653)	109,844	114,829	(14,155)	100,674
Total	161,723	(19,921)	141,802	149,664	(22,074)	127,590

Separate financial statements						
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	(in thousand Baht)					
Within one year	9,130	(2,118)	7,012	7,587	(2,324)	5,263
After one year but within five years	28,367	(3,023)	25,344	30,440	(4,591)	25,849
Total	37,497	(5,141)	32,356	38,027	(6,915)	31,112

## 20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	775,363	568,595	679,864	718,814
Other parties		1,205,502	1,333,256	664,308	655,645
<b>Total</b>		<b>1,980,865</b>	<b>1,901,851</b>	<b>1,344,172</b>	<b>1,374,459</b>

## 21 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	2,708	95,829	43,132	134,845
Other parties					
Accrued expenses		585,920	960,204	426,414	809,400
Accrued promotion and trade discounts		667,447	634,226	373,396	398,298
Accrued excise tax and sugar tax		281,050	-	281,050	-
Accrued bonus		210,703	280,331	155,466	179,760
Payables for purchase of assets		176,913	185,017	106,123	177,815
Revenue department payable		89,125	86,062	51,272	43,403
Deposit and advance received		26,829	33,357	11,315	21,498
Accrued termination benefits	22	-	37,771	-	25,539
Accrued interest expenses		-	3,806	-	3,626
Others		109,048	119,956	-	-
		<u>2,147,035</u>	<u>2,340,730</u>	<u>1,405,036</u>	<u>1,659,339</u>
Total		<u>2,149,743</u>	<u>2,436,559</u>	<u>1,448,168</u>	<u>1,794,184</u>

## 22 Provisions for employee benefits

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Statement of financial position					
Obligations as of 31 December					
Current					
Termination benefits	21	-	37,771	-	25,539
Non-current					
Post-employment benefits		419,178	408,189	254,151	248,374
Other long-term employee benefits		21,983	24,415	15,786	16,630
Total		<u>441,161</u>	<u>432,604</u>	<u>269,937</u>	<u>265,004</u>
Year ended 31 December					
Statement of income:					
Recognised in profit or loss from continuing operations:					
Post-employment benefits		41,095	16,374	28,227	1,098
Other long-term employee benefits		(734)	(8,337)	(337)	(5,225)
Termination benefits	27	28,210	195,379	17,465	132,101
Total		<u>68,571</u>	<u>203,416</u>	<u>45,355</u>	<u>127,974</u>
Recognised in profit or loss from discontinued operation:					
Post-employment benefits		2,064	18,364	-	-
Other long-term employee benefits		93	(164)	-	-
Termination benefits		-	16,254	-	-
Total		<u>2,157</u>	<u>34,454</u>	<u>-</u>	<u>-</u>
Total recognised in profit or loss		<u>70,728</u>	<u>237,870</u>	<u>45,355</u>	<u>127,974</u>
Year ended 31 December					
Statement of comprehensive income:					
Recognised in other comprehensive income:					
Actuarial gains recognised in the year		(1,010)	(64,167)	(7,073)	(24,965)

The Group and the Company operate a defined benefit pension 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 and the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	432,604	557,022	265,004	327,756
<b>Include in profit or loss:</b>				
Transitional obligation recognised				
Current service cost	54,004	86,456	36,483	37,771
Interest on obligation	9,530	14,745	5,509	8,583
Curtailment gain	(18,513)	(68,437)	(12,523)	(47,274)
Actuarial gains - Other long-term employee benefits	(2,503)	(6,527)	(1,579)	(3,207)
	<u>42,518</u>	<u>26,237</u>	<u>27,890</u>	<u>(4,127)</u>
<b>Included in other comprehensive income</b>				
Actuarial gains - Post-employment benefits	(1,010)	(64,167)	(7,073)	(24,965)
<b>Other</b>				
Benefit paid	(22,819)	(22,984)	(13,609)	(10,984)
Transfer	-	-	(2,275)	(22,676)
Decrease from reclassified to liabilities included in non-current assets classified as held for sale	-	(62,986)	-	-
Disposal of investment in subsidiaries	(9,651)	-	-	-
Effect of translation for foreign operations	(481)	(518)	-	-
	<u>(32,951)</u>	<u>(86,488)</u>	<u>(15,884)</u>	<u>(33,660)</u>
<b>At 31 December</b>	<b><u>441,161</u></b>	<b><u>432,604</u></b>	<b><u>269,937</u></b>	<b><u>265,004</u></b>

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act 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 will comply with the amended Labor Protection Act in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 98.2 million and Baht 58.9 million, respectively

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	-	(26,871)	-	1,595
Financial assumptions	(28,945)	(11,637)	(21,696)	(4,283)
Experience adjustment	27,935	(25,659)	14,623	(22,277)
<b>Total</b>	<b>(1,010)</b>	<b>(64,167)</b>	<b>(7,073)</b>	<b>(24,965)</b>

### **Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate (%)	1.75 - 8.10	1.43 - 7.20	1.75 - 3.86	1.43 - 4.17
Future salary growth (%)	4.00 - 10.00	3.00 - 10.00	6.00	6.50
Gold price (Baht)	19,300	20,150 - 21,600	19,300	20,800
Employee turnover rate (%)	0 - 35	0 - 40	0 - 20	0 - 20

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### **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.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
At 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(32,770)	37,421	(19,088)	21,650
Future salary growth (1% movement)	34,797	(31,100)	19,929	(17,953)
Gold price (20% movement)	4,462	(4,462)	3,165	(3,165)
Employee turnover rate (20% movement)	(13,348)	15,371	(6,574)	7,364
Future mortality (1% movement)	599	(655)	360	(393)

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(30,651)	35,040	(19,244)	21,891
Future salary growth (1% movement)	32,304	(28,849)	19,803	(17,804)
Gold price (20% movement)	4,658	(4,658)	3,330	(3,330)
Employee turnover rate (20% movement)	(13,441)	15,772	(6,838)	7,681
Future mortality (1% movement)	496	(541)	319	(348)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 23 Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Baht	Number	Baht
			(thousand shares /	thousand Baht)	
<b>Authorised</b>					
At 1 January					
- ordinary shares	100	2,310	231,000	2,310	231,000
Reduction in par value					
- from Baht 100 to Baht 1	1	228,690	-	-	-
Increase of new shares	1	2,772,750	2,772,750	-	-
At 31 December					
- ordinary shares	100	-	-	2,310	231,000
- ordinary shares	1	3,003,750	3,003,750	-	-
<b>Issued and fully paid-up</b>					
At 1 January					
- ordinary shares	100	2,310	231,000	2,310	231,000
Reduction in par value					
- from Baht 100 to Baht 1	1	228,690	-	-	-
Increase of new shares	1	2,772,750	2,772,750	-	-
At 31 December					
- ordinary shares	100	-	-	2,310	231,000
- ordinary shares	1	3,003,750	3,003,750	-	-

### **Par value change**

At the Annual General Meeting of Shareholders of the Company held on 22 March 2018, the shareholders passed a resolution approving the change of par value from Baht 100 per share to Baht 1 per share, as a resulting to 231,000,000 shares. The Company has registered with the Ministry of Commerce on 2 April 2018.

### **Issuance of ordinary shares**

At the annual general meeting of shareholders of the Company held on 22 March 2018, the shareholders approved the increase of the Company's authorised share capital of Baht 2,772,750,000 by issuance of new 2,772,750,000 ordinary shares at par value of Baht 1 per share. The Company has registered with the Ministry of Commerce on 2 April 2018 and the Company has already called up the additional paid-in capital from the existing shareholders of the Company amounting to Baht 2,266,000,000 on 4 April 2018.

### **Share offering for directors, management and employees**

In September 2018, the Company offered not to exceed 19,531,200 ordinary shares to its directors, managements and employees (par value at Baht 1 per share) at the price of Baht 25 per share which is considered as reasonable fair value based on the selling price of ordinary share at the initial public offering. The ordinary shares offered to directors, managements and employees will not be subject to any lock-up restrictions.

### **Initial Public Offering**

In October 2018, the Company offered 603.75 million ordinary shares to the initial public offering (from existing shareholders of 97.0 million ordinary shares and issuance of new 506.75 million ordinary shares). The new shares were sold at a price of Baht 25 per share (par value at Baht 1 and premium on ordinary share at Baht 24). The Company received cash from selling of new ordinary shares of Baht 12,668.75 million. The Company registered the increase of paid-up share capital with the Ministry of Commerce on 12 October 2018 and the shares of the Company begin trading in the Stock Exchange of Thailand on 17 October 2018. Expenses directly attributable to the IPO of Baht 314.20 million (net of income tax) was deducted from the IPO's share premium, which was received from shares offering to investors, resulted in net share premium of Baht 11,847.80 million.

### ***Share premium***

Section 51 of the Public Companies 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 ("share premium"). Share premium is not available for dividend distribution.

## **24 Reserves and surplus**

Reserves and surplus comprise:

### ***Appropriations of profit and/or retained earnings***

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535, Section 116 requires that a public 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 authorised capital. The legal reserve is not available for dividend distribution.

#### **Surplus on business combination under common control**

Surplus on business combination under common control which recognised in equity are the difference between the carrying amounts of net assets of subsidiaries at the acquisition date and amounts of consideration paid deducted by the dividends which subsidiaries of the Company paid to the Company. These dividends were paid from retained earnings of the subsidiaries before business restructuring under common control.

#### ***Other components of equity***

#### **Effect of translation for foreign operations**

The effect of translation for foreign operations account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

## **25 Segment information**

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different business operation and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1*      *Beverage*
- *Segment 2*      *Personal care*
- *Segment 3*      *Manufacturing of goods and packaging and distribution*
- *Segment 4*      *Others*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before unallocated revenue and expenses, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before unallocated revenue and expenses is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Information about reportable segments

	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Eliminate		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
External revenue	18,575,461	18,975,422	2,451,859	2,195,432	3,062,503	3,644,579	207,261	211,382	24,297,084	25,026,815	-	-	24,297,084	25,026,815
Inter-segment revenue	37,491	12,149	11,685	9,545	57,143	40,296	8,197	12,932	114,516	74,922	(114,516)	(74,922)	-	-
<b>Total revenue</b>	<b>18,612,952</b>	<b>18,987,571</b>	<b>2,463,544</b>	<b>2,204,977</b>	<b>3,119,646</b>	<b>3,684,875</b>	<b>215,458</b>	<b>224,314</b>	<b>24,411,600</b>	<b>25,101,737</b>	<b>(114,516)</b>	<b>(74,922)</b>	<b>24,297,084</b>	<b>25,026,815</b>
Depreciation and amortisation	(827,254)	(764,082)	(73,197)	(71,189)	(164,952)	(215,908)	(7,201)	(5,410)	(1,072,604)	(1,056,589)	-	-	(1,072,604)	(1,056,589)
<b>Profit (loss) from operating by segment</b>	<b>2,452,066</b>	<b>2,296,439</b>	<b>384,529</b>	<b>444,824</b>	<b>204,826</b>	<b>586,088</b>	<b>369,930</b>	<b>149,056</b>	<b>3,411,351</b>	<b>3,476,407</b>	<b>(19,116)</b>	<b>74,740</b>	<b>3,392,235</b>	<b>3,551,147</b>
Unallocated revenue and expense														
Interest income													36,092	9,734
Gain on disposal of investment properties													26,149	-
Gain on disposal and write off of property, plant and equipment													121,150	26,184
Loss on write off of intangible assets													(3)	(41)
Reversal of impairment losses on investment properties													8,314	-
Reversal of impairment losses (losses) on property, plant and equipment													15,954	(11,624)
Gain on exchange rate													75,122	7,891
Other income													127,684	138,404
Finance costs													(81,167)	(97,472)
Income tax expense													(686,002)	(725,309)
<b>Net profit from continuing operations</b>													<b>3,035,528</b>	<b>2,898,914</b>
Add Net profit from discontinued operation <sup>(1)</sup>													26,552	40,269
Less Non- controlling interests													(56,737)	(105,515)
<b>Net profit attribute to owners of the Company</b>													<b>3,005,343</b>	<b>2,833,668</b>

<sup>(1)</sup> Net profit from discontinued operation of advertising media services business as stated in note 11.

### Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.



## 26 Other income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Gain on disposal of assets	165,851	67,281	103,589	38,793
Royalty income	103,499	69,284	100,360	66,139
Gain on exchange rate	75,122	7,891	12,021	3,097
Income from the sale of scrap	41,745	29,944	28,264	29,944
Management fee	270	610	75,630	70,154
Bad debt recovery	-	-	-	166,559
Others	85,763	119,664	29,766	30,233
<b>Total</b>	<b>472,250</b>	<b>294,674</b>	<b>349,630</b>	<b>404,919</b>

## 27 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Salaries, wages and bonus		1,879,235	1,941,693	1,141,714	1,035,256
Defined benefit plans	22	40,361	8,037	27,890	(4,127)
Defined contribution plans		55,812	50,424	33,654	30,747
Termination benefits	22	28,210	195,379	17,465	132,101
Others		226,174	231,819	80,662	77,913
<b>Total</b>		<b>2,229,792</b>	<b>2,427,352</b>	<b>1,301,385</b>	<b>1,271,890</b>

### *Defined contribution plans*

The defined contribution plan comprise provident fund established by the Group and the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group and the Company at rates ranging from 3% to 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by licensed Fund Managers.

## 28 Expenses by nature

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Changes in inventories of finished goods and work in progress		3,176	300,326	35,387	352,694
Purchased goods and raw materials and consumables used		13,614,341	14,143,609	12,735,094	12,376,299
Employee benefit expenses	27	2,229,792	2,427,352	1,301,385	1,271,890
Selling and marketing expenses		1,428,966	1,242,152	1,371,004	1,181,575
Depreciation and amortisation		1,072,604	1,056,589	601,990	549,497
Transportation expenses		772,727	710,333	150,469	172,536
Utilities expenses		524,921	553,595	289,733	300,128
(Reversal of) impairment losses on investment in subsidiaries, associates, and joint ventures		(28,518)	28,518	14,532	576,187
Reversal of bad and doubtful debts expenses		(4,171)	(253,343)	(5,058)	(701,663)
Others		1,746,982	1,588,475	1,166,946	1,583,359
<b>Total</b>		<b>21,360,820</b>	<b>21,797,606</b>	<b>17,661,482</b>	<b>17,662,502</b>

## 29 Income tax expense

### *Income tax recognised in profit or loss*

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		761,173	618,597	462,984	434,890
<b>Deferred tax expense</b>					
Movements in temporary differences	18	(67,523)	101,702	76,519	(30,039)
<b>Total income tax expense</b>		<b>693,650</b>	<b>720,299</b>	<b>539,503</b>	<b>404,851</b>
<b>Attributable to:</b>					
Tax expense from continuing operations		686,002	725,310	539,503	404,851
Tax expense from discontinued operation	11	7,648	(5,011)	-	-
<b>Total income tax expense</b>		<b>693,650</b>	<b>720,299</b>	<b>539,503</b>	<b>404,851</b>

# **Income tax recognised in other comprehensive income**

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Change in fair value of available-for-sale securities	455	(91)	364	(4,130)	826	(3,304)
Defined benefit plan actuarial gains	1,010	(257)	753	64,167	(12,800)	51,367
Total	1,465	(348)	1,117	60,037	(11,974)	48,063

	Separate financial statements					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Change in fair value of available-for-sale securities	455	(91)	364	(4,130)	826	(3,304)
Defined benefit plan actuarial gains	7,073	(1,415)	5,658	24,965	(4,993)	19,972
Total	7,528	(1,506)	6,022	20,835	(4,167)	16,668

# **Reconciliation of effective tax rate**

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense from continuing operations		3,721,530		3,624,223
Income tax using the Thai corporation tax rate	20	744,306	20	724,845
Effect of different tax rates in foreign jurisdictions		9,043		(1,879)
Income not subject to tax		(88,333)		(98,557)
Additional deductible expenses for tax purposes		(24,202)		(20,839)
Expenses not deductible for tax purposes and others		49,126		144,032
Recognition of previously unrecognised tax losses		(4,642)		(22,593)
Current year losses for which no deferred tax asset was recognised		704		301
Total	18	686,002	20	725,310

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense from continuing operations		5,369,805		2,869,115
Income tax using the Thai corporation tax rate	20	1,073,961	20	573,823
Income not subject to tax		(525,006)		(147,131)
Additional deductible expenses for tax purposes		(7,724)		(7,173)
Expenses not deductible for tax purposes and others		4,540		6,808
Reversal of expenses which have not been previously recognised deferred tax assets		(6,268)		(136,713)
Unrecognised deferred tax asset during the year		-		115,237
<b>Total</b>	<b>10</b>	<b>539,503</b>	<b>14</b>	<b>404,851</b>

### 30 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary has been granted privileges by the Board of Investment relating to manufacturing of glass or glass products. The privileges granted include

- exemption from payment of import duty on machinery approved by the Board of Investment;
- exemption from payment of income tax on net profit from promoted businesses at the rate not more 100% of the capital investments (excluding land and working capital), at total value not exceeding Baht 1,276 million, for a period of seven year from start of the commercial operations;
- exemption of import duty on imported material and necessary supplies for manufacturing to export for a period of one year from the first imported date; and
- exemption of import duty on imported items for report purpose for a period of 1 year from the first imported dated.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

In addition, by virtue of the provisions of the Republic of the Union of Myanmar Special Economic Zones Law, a subsidiary which is located in Republic of the Union of Myanmar has been granted privileges by investing in Thilawa Special Economic Zone. The privileges granted include

- exemption from payment of import duty and other relevant taxes on equipment, spare part and construction materials which are used for factory, warehouse and office, including motor vehicles and other materials which are essential for the business, for a period of five years from the first imported date;
- exemption from payment of corporate income tax for certain operations for a period of five years from the date on which the income is the first derived from such operations;
- right to refund for payment of import duty and other relevant taxes on materials and essential supplies needs for production of goods which will be exported to foreign countries or free zone; and
- right to exempt for commercial tax or value-added tax for manufactured goods which will be exported to foreign countries.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2018			2017		
	Revenue from promoted businesses	Revenue from non-promoted businesses	Total	Revenue from promoted businesses	Revenue from non-promoted businesses	Total
	(in thousand Baht)					
Revenue from sales	1,239,967	23,057,117	24,297,084	1,095,875	23,930,940	25,026,815

**Consolidated financial statements**

	2018		2017	
	Continuing operations	Discontinued operation	Total (thousand Baht / thousand shares)	Continuing operations Discontinued operation Total
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>2,980,730</b>	<b>24,613</b>	<b>3,005,343</b>	<b>2,785,066</b> <b>48,602</b> <b>2,833,668</b>
Number of ordinary shares outstanding at 1 January	2,310	2,310	2,310	2,310
Effect from the change of par value	228,690	228,690	228,690	228,690
Effect of shares issued	1,801,092	1,801,092	1,801,092	-
<b>Weighted average number of ordinary shares outstanding</b>	<b>2,032,092</b>	<b>2,032,092</b>	<b>2,032,092</b>	<b>231,000</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.47</b>	<b>0.01</b>	<b>1.48</b>	<b>12.06</b> <b>0.21</b> <b>12.27</b>

**Separate financial statements**

	2018		2017	
	Continuing operations	Discontinued operation	Total (thousand Baht / thousand shares)	Continuing operations Discontinued operation Total
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>4,830,301</b>	-	<b>4,830,301</b>	<b>2,464,265</b> <b>-</b> <b>2,464,265</b>
Number of ordinary shares outstanding at 1 January	2,310	-	2,310	2,310
Effect from the change of par value	228,690	-	228,690	228,690
Effect of shares issued	1,801,092	-	1,801,092	-
<b>Weighted average number of ordinary shares outstanding</b>	<b>2,032,092</b>	-	<b>2,032,092</b>	<b>231,000</b>
<b>Basic earnings per share (in Baht)</b>	<b>2.38</b>	-	<b>2.38</b>	<b>10.67</b> <b>-</b> <b>10.67</b>

On 2 April 2018, the Company had changed the par value of the Company's shares (see note 23). As a result, the weighted average number of ordinary shares which was used in the computation of basic earnings per share for year ended 31 December 2017 was restated for comparative purpose, as if the change of the par value occurred in the previous periods.

## **32 Dividends**

### **2018**

At the board of directors' meeting of the Company held on 15 March 2018, the board of directors approved the appropriation of interim dividends from retained earnings as at 28 February 2018 of Baht 1,025.00 per share, amounting to Baht 2,367.75 million. The dividend was paid to shareholders in March 2018.

At the board of directors' meeting of the Company held on 7 June 2018, the board of directors approved the appropriation of interim dividends from retained earnings as at 31 May 2018 of Baht 0.15 per share, amounting to Baht 374.55 million. The dividend was paid to shareholders in June 2018.

### **2017**

At the annual general meeting of the shareholders of the Company held on 7 March 2017, the shareholders approved the appropriation of dividends from retained earnings as at 31 December 2016 of Baht 779.22 per share, amounting to Baht 1,800.00 million. The dividend was paid to shareholders in March 2017.

At the board of directors' meeting of the Company held on 10 August 2017, the board of directors approved the appropriation of interim dividends from net profit for the six-month period ended 30 June 2017 of Baht 520.00 per share, amounting to Baht 1,201.20 million. The dividend was paid to shareholders in August 2017.

At the board of directors' meeting of the Company held on 9 November 2017, the board of directors approved the appropriation of interim dividends from retained earnings of Baht 480.00 per share, amounting to Baht 1,108.80 million. The dividend was paid to shareholders in November 2017.

## **33 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.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### ***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 manages liabilities by borrowing with fixed interest rates and floating interest rate based on the market conditions.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price was as follows:

	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Short-term loan to related parties	1.90 - 3.20	<u>1,330,542</u>	<u>-</u>	<u>-</u>	<u>1,330,542</u>
<b>2017</b>					
<b>Current</b>					
Short-term loan to related parties	2.10	<u>498,733</u>	<u>-</u>	<u>-</u>	<u>498,733</u>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective Interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2018</b>					
<b>Current</b>					
Current portion of finance lease liabilities	1.91 - 11.08	31,958	-	-	31,958
<b>Non-current</b>					
Finance lease liabilities	1.91 - 11.08	<u>-</u>	<u>109,844</u>	<u>-</u>	<u>109,844</u>
<b>Total</b>		<u>31,958</u>	<u>109,844</u>	<u>-</u>	<u>141,802</u>
<b>2017</b>					
<b>Current</b>					
Short-term loans from financial institutions	1.56 - 1.65	6,020,000	-	-	6,020,000
Current portion of long-term loans from financial institutions	3.95	61,740	-	-	61,740
Current portion of finance lease liabilities	4.29 - 11.08	26,916	-	-	26,916
<b>Non-current</b>					
Finance lease liabilities	4.29 - 11.08	<u>-</u>	<u>100,674</u>	<u>-</u>	<u>100,674</u>
<b>Total</b>		<u>6,108,656</u>	<u>100,674</u>	<u>-</u>	<u>6,209,330</u>



	Effective Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2018					
Current					
Short-term loans from related parties	1.00 - 1.50	940,065	-	-	940,065
Current portion of finance lease liabilities	1.91 - 11.08	7,012	-	-	7,012
Non-current					
Finance lease liabilities	1.91 - 11.08	-	25,344	-	25,344
Total		947,077	25,344	-	972,421
2017					
Current					
Short-term loans from financial institutions	1.56 - 1.65	6,020,000	-	-	6,020,000
Short-term loans from related parties	1.00 - 1.50	629,825	-	-	629,825
Current portion of finance lease liabilities	4.29 - 11.08	5,263	-	-	5,263
Non-current					
Finance lease liabilities	4.29 - 11.08	-	25,849	-	25,849
Total		6,655,088	25,849	-	6,680,937

### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities 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	
	2018	2017	2018	2017
(in thousand Baht)				
<b>Euro</b>				
Cash and cash equivalents	10,608	13,565	10,608	13,565
Trade accounts receivable	1,524	7,765	11,661	18,895
Other current receivables	3,960	-	3,960	-
Trade accounts payable	-	(2,404)	-	(2,404)
Other current payables	(47,236)	(27,830)	(38,682)	(17,529)
<b>Net balance sheet exposure</b>	<b>(31,144)</b>	<b>(8,904)</b>	<b>(12,453)</b>	<b>12,527</b>

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
<i>United States Dollars</i>				
Cash and cash equivalents	776,963	4,926	25,479	4,926
Trade accounts receivable	78,605	99,783	76,718	99,783
Other current receivables	77,762	90,000	89,458	106,078
Trade accounts payable	(13,260)	(25,267)	(13,212)	(25,267)
Other current payables	(67,026)	(11,153)	(38,185)	(10,809)
Net balance sheet exposure	<u>853,044</u>	<u>158,289</u>	<u>140,258</u>	<u>174,711</u>
<i>Japanese Yen</i>				
Trade accounts payable	(73,432)	(77,429)	(73,432)	(77,429)
Other current payables	(904)	(2,889)	(477)	(2,466)
Net balance sheet exposure	<u>(74,336)</u>	<u>(80,318)</u>	<u>(73,909)</u>	<u>(79,895)</u>
<i>The British Pound</i>				
Cash and cash equivalents	34,535	32,561	-	-
Other current receivables	344	-	235	-
Other current payables	(581)	(4,817)	-	(4,801)
Net balance sheet exposure	<u>34,298</u>	<u>27,744</u>	<u>235</u>	<u>(4,801)</u>
<i>Others</i>				
Other receivables	-	486	471	486
Other payables	(12,974)	(772)	(13,539)	(772)
Net balance sheet exposure	<u>(12,974)</u>	<u>(286)</u>	<u>(13,068)</u>	<u>(286)</u>

### **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 amounts 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 for financial instruments measured at fair value. 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.

	Carrying amount	Consolidated financial statements / Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
(in thousand Baht)					
31 December 2018					
Financial assets measured at fair value					
Equity securities available for sale	8,113	8,113	-	-	8,113
Debt securities available for sale (in Private Fund)	5,250,598	-	5,250,598	-	5,250,598
31 December 2017					
Financial assets measured at fair value					
Equity securities available for sale	11,880	11,880	-	-	11,880

### Financial instruments carried at fair value

#### Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Level 1 fair value for equity securities available for sale are based on quoted prices in active market.

Level 2 fair values for debt securities available for sale that are over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

## 34 Commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<i>Capital commitments</i>				
Buildings and other constructions	299,453	100,880	38,987	95,853
Machinery and equipment	973,045	183,663	19,221	171,989
Fixtures and office equipment	-	-	-	-
Software computer	1,655	-	1,655	-
<b>Total</b>	<b>1,274,153</b>	<b>284,543</b>	<b>59,863</b>	<b>267,842</b>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	57,081	87,397	51,956	63,375
After one year but within five years	34,287	55,931	31,141	51,523
<b>Total</b>	<b>91,368</b>	<b>143,328</b>	<b>83,097</b>	<b>114,898</b>

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Other commitments</i></b>				
Unused letters of credit	877,780	31,700	-	31,700
Bank guarantees	94,574	114,089	36,408	34,483
<b>Total</b>	<b>972,354</b>	<b>145,789</b>	<b>36,408</b>	<b>66,183</b>

As at 31 December 2018, the Group had commitments under unused letters of credit from purchase of machinery and equipment in amount of Baht 877.8 million (*31 December 2017: Baht 31.7 million*) in the consolidated financial statements. There was no commitment under unused letters of credit in the separate financial statements (*31 December 2017: Baht 31.7 million*). These unused letters of credit have been included under capital commitments as well.

#### ***Purchase of raw material, packaging and finished goods agreements***

The Group has entered into purchase of raw material, packaging and finish goods agreements with other companies. As at 31 December 2018, the Group had commitments under these agreements in amount of Baht 3,169.2 million (*2017: Baht 2,092.5 million*) in the consolidated financial statements and Baht 4,415.6 million (*2017: Baht 6,173.2 million*) in the separate financial statements.

#### ***Technical assistance agreements***

The Group has entered into a technical assistance agreement with a foreign company whereby the latter provided information and technical assistance for production. The agreement shall be effective until February 2021. In consideration for the above assistance, the Group agrees to pay the annual fee of JPY 38 - 40 million in the consolidated financial statements and JPY 15 million in the separate financial statements.

#### ***Liquefied natural gas purchase agreements***

A subsidiary entered into a liquefied natural gas purchase agreement with the company located in Thailand for a period of 7 years. The agreement shall be effective until December 2018. Later, in January 2019, the subsidiary entered into a new liquefied natural gas purchase agreement which is effective on 1 January 2019 until 31 December 2020. The subsidiary agrees to purchase liquefied natural gas based on terms and conditions stipulated in the agreement.

#### ***Global Positioning System (GPS) rental agreements***

A subsidiary entered into Global Positioning System (GPS) rental agreements with a company located in Thailand for a period of 3 years. The agreement shall be effective until July 2020. The subsidiary agrees to pay the rental based on terms and conditions stipulated in the agreement.

#### ***Maintenance and administration charge in the Thilawa Special Economic Zone agreement***

A subsidiary entered into a Maintenance and administration charge in the Thilawa Special Economic Zone agreement for a period of 48 years 7 months, which is a part of long-term lease agreement as stated in note 15. The agreement shall be effective until February 2067. In consideration for the above maintenance and administration, the subsidiary agrees to pay the monthly fee of USD 0.01 million.

### 35 Contingent liabilities

As at 31 December 2018, the Group was no contingently liable to commercial banks for guaranteeing bank credit facilities obtained by its related parties (31 December 2017: Baht 278.0 million).

On 28 July 2017, the foreign company, a plaintiff, filed a lawsuit against the Company and a subsidiary in the Court of Kenya on the ground concerning failure to comply with distribution agreement and claimed damages. In February 2018, the foreign company filed to amend the claimed damages from approximately Euro 11.0 million to approximately USD 1.5 million, equivalents to Baht 49.3 million. However, this case is still under consideration of the competent court and the outcome of the case has not been determined yet. The management of the Company has assessed the risk of such lawsuit according to current circumstances and has adjusted the provision to remain Baht 24.0 million

In August 2018, a company in Thailand, a plaintiff, which previously purchased products from M-150 Company Limited and Union Drink Company Limited, sued the Company through the Civil Court and called for the Company to stop selling energy drinks to other distributors in some parts of Thailand and to sell these products only to them for further distribution and called for the compensation from the Company as a consequence of a breach of contract amounting to Baht 2 million per month from June 2018 onwards. The Company was requested to pay a compensation for the damages approximately Baht 228 million if the Company cannot process following to their request. However, the Company believe that the Company did not breach the contract and the Company is being proceeded and preparing for statement of defense. The management of the Company is confident that no significant losses will be incurred as a result of the lawsuit and therefore no provision has been recorded against the contingent liability for this case.

### 36 Event after the reporting period

At the board of directors' meeting of the Company held on 30 January 2019, the board of directors approved the appropriation of interim dividends from retained earnings as at 30 September 2018 of Baht 0.30 per share, amounting to Baht 901.13 million. The dividend will be paid to shareholders on 28 February 2019.

At the board of directors' meeting of the Company held on 27 February 2019, the board of directors approved to propose the resolutions to the annual general meeting of shareholders to consider and approve dividends for the year 2018 of Baht 0.69 per share, amounting to Baht 2,072.59 million. This dividend includes interim dividend of Baht 0.30 per share, amounting to Baht 901.13 million which the dividend will be paid to shareholders on 28 February 2019. Therefore, the additional dividend that will be paid is Baht 0.39 per share, amounting to Baht 1,171.46 million which will be paid to shareholders on 23 May 2019. However, the payment of such dividend is subject to approval from the annual general meeting of shareholders on 24 April 2019.

### 37 Thai Financial Reporting Standards (TFRS) not yet adopted

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these consolidated and separate financial statements. The new and revised TFRSs that may be relevant to the Group's operations, which become effective for annual consolidated and separate financial periods beginning on or after 1 January 2019 and 2020. The Group does not plan to early adopt these TFRSs.

The new TFRSs are set out below;

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

\* TFRS - Financial instruments standards

***(a) TFRS 15 Revenue from Contracts with Customers***

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

***(b) TFRS – Financial instruments standards***

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

## FINANCIAL POSITION AND PERFORMANCE

# MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS

## FINANCIAL HIGHLIGHTS

- 2018 Net profit attributable to the owners of them parent was THB 3,005 million, +6.1% YoY. 2018 Net profit margin attributable to the owners of the parent was 12.0%, compared to 11.2% in 2017.
- 2018 Domestic Beverages including C-Vitt & Calpis grew 2.7% YoY. Total Personal Care continued its momentum with 11.5% growth YoY, with 42.8% growth in CLM markets. International business grew 1.5% at a constant FX rate, driven by Myanmar growth.
- Overall Revenue from sales was THB 24,297 million, or -2.9% YoY, due to the termination of the distribution agreement with Uni. Charm (Thailand) Co., Ltd. and a 33.7% drop in OEM sales of glass bottles due to planned furnace repairs in early 2018.
- Osotspa's share of the energy drink market was 54%. Q4'18 M-150 market share was 37.9%, increasing by 90bps QoQ. C-Vitt took the leadership position in the functional drinks market, with Q4'18 market share of 25.0%, leaving a 290bps gap to the second player.
- The Fitness First project delivered more than THB 700 million in cost/expense savings in 2018, which drove Q4'18 Gross Margin to 34.5%, +270bps QoQ.

## FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER

Unit: THB million

INCOME STATEMENT SUMMARY	2018	2017	%YoY
Total revenues	24,971	25,340	-1.5
Total revenues from sales	24,297	25,027	-2.9
• Beverages	18,575	18,975	-2.1
• Personal Care	2,452	2,195	11.7
• Supply Chain Services	3,063	3,645	-16.0
• Other Segments	207	211	-1.9
Total other income	674	313	115.0
Gross profit	7,883	8,262	-4.6
SG&A	4,947	5,033	-1.7
• Selling and distribution expenses	3,498	3,384	-3.3
• Administrative expenses	1,449	1,649	-12.1
EBIT	3,803	3,722	2.2
EBITDA	4,875	4,778	2.0
Profit for the year from discontinued operations, net of tax	27	40	-34.1
Profit for the year	3,062	2,939	4.2
Profit attributable to owners of the parent	3,005	2,834	6.1
<b>Key Ratios (%)</b>			
Gross profit margin	32.4	33.0	-0.6
SG&A to net sales ratio	20.4	20.1	0.3
EBIT margin	15.2	14.7	0.5
EBITDA margin	19.5	18.9	0.6
Net profit margin for the year	12.3	11.6	0.7
Net profit margin attributable to the owners of the parent	12.0	11.2	0.9



In September 2018, the Company completed its divestment of Interactive Communications, a subsidiary of the Group, and booked a gain on sales of investment of THB 12 million before tax. As the Company completely divested out of the media business, this transaction has led to the reclassification in the Company's income statement in 2017 by taking out all related items in the financial statement and combining them into one line below corporate tax expense called "Profit for the year from discontinued operation, net of tax" (See Note 11 to our financial statements for the year ended 31 December 2018, for more details).

In November 2018, the Company disposed of White Group PCL, whose businesses comprised of industrial chemicals trading, rental properties, and maintenance services. The Company booked a net marginal gain from the divestment, as equity gain from the White Group's performance was recorded on a quarterly basis.

## FINANCIAL PERFORMANCE SUMMARY FOR 2018 VS. 2017

2018 Domestic Beverage sales including C-Vitt & Calpis grew by 2.7%. Total Personal Care grew 11.7%, driven by growth from international businesses in CLM (+42.8% YoY). Total revenue from sales was reported at THB 24,297 million, declining by 2.9% YoY, mostly driven by the termination of the Unicharm distribution agreement in March 2017. Taking out the effect of Unicharm's absence, 2018 normalized revenues declined by 0.7% due to lower OEM sales (-31.5% YoY), unfavorable performance in Cambodia, and the FX impact on overall international businesses. However, at a constant FX, our international business showed positive growth.

### BEVERAGES SEGMENT

2018 Total revenues from sales in the Beverages segment booked THB 18,575 million, a decline of THB 400 million YoY (or -2.1%). However, Osotspa's Domestic beverage sales, including C-Vitt and Calpis, grew 2.7% YoY. C-Vitt itself grew by +74.6% YoY after capacity and distribution expansion in YoY

after capacity and distribution expansion in mid-2018. However, in our Financial Statements, C-Vitt & Calpis are included in the Supply Chain Services segment.

The success of our small brands with herbal benefits helped to stabilize overall domestic sales. The success of the Som In-sum repositioning in late 2017 continued to grow its sales contribution in 2018 by 109.1% YoY. Chalarm Black Galingale, launched in August 2018, also turned Chalarm sales to near break-even (-0.7% YoY in 2018, improved from -15% YoY pre-launch to +18.0% YoY post-launch of Chalarm Black Galingale). Also, M-Presso (a NPD launched in February 2018) contributed to Beverages sales this year.

From the aforementioned, Domestic sales contribution remained stable at THB 14,902 million (THB 65.0 million lower than 2017, or -0.4% YoY). The Company maintained its energy drink market share at 54.0% in 2018 as per mid-term strategy guidance, according to Nielsen.

However, our international business showed a decline in revenue of THB 335 million YoY (or -8.4%) to THB 3,673 million in 2018, driven by the impact of FX and weaker sales in Cambodia. Myanmar sales at a constant FX had double-digit growth.

### PERSONAL CARE SEGMENT

Total revenues from sales in the Personal Care segment improved by THB 257 million YoY (or +11.7%) to THB 2,452 million in 2018, driven by sales of Babi Mild (+13.5% YoY to THB 1,637 million in 2018) as well as Twelve Plus (+10.1% YoY to THB 705 million in 2018). Domestic sales for Personal Care grew +8.5% to THB 2,165 million in 2018 driven by both Babi Mild (+10.1% YoY) and Twelve Plus (+7.4% YoY). We believe both brands will continue to reap the benefits of being more focused (after SKU rationalization), having margin accretive new product launches, and a cautious and active evaluation of advertising and promotional spending. In overseas markets, total revenue from sales improved by THB 86 million YoY (or +42.8%) to THB 287 million.

## SUPPLY CHAIN SERVICES SEGMENT

Total revenues from sales of Supply Chain Services decreased by THB 582 million YoY (or -16.0%) to THB 3,063 million in 2018, driven mostly by a revenue decline following the termination of Unicharm's distribution business (THB -579 million YoY) in March 2017, and also from lower revenue from sales of OEM products (-31.5% YoY), especially OEM bottle sales (-33.7% YoY), which dropped due to major maintenance on a furnace in Ayutthaya. Meanwhile, sales from C-Vitt continued to outperform last year, especially after completing a capacity expansion in mid-2018 (+74.6% YoY in 2018).

The Company's gross profit was THB 7,883 million in 2018. The overall gross profit margin for the Company was 32.4% (compared with 33.0% in 2017). Fitness First (a cost-saving project) helped to mitigate the impact of cost increases such as: 1) higher listing fees for new product launches in both beverages and personal care; 2) a cost increase for key materials, particularly cullet costs in 1H18, and higher natural gas prices; and 3) higher conversion costs from lower OEM sales.

The Company's total SG&A decreased by THB 86 million YoY (or -1.7%) to THB 4,947 million. Administrative expenses were lower by THB 200 million (-12.1% YoY) due to lower personnel costs and a one-time item in Q4'17 (a provision for a court case in Kenya). However, the Company invested more on A&P to support new product launches and relaunches in both Beverages and Personal Care. Lastly, our R&D spending increased by 44% YoY to THB 54 million in 2018.

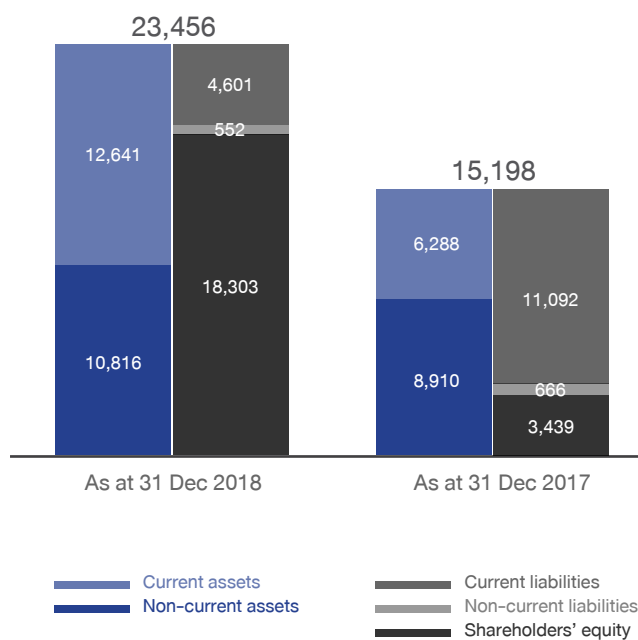
In 2018, the Company booked a THB 158 million gain on disposal of investments, mainly our media business and the White Group.

The Company reported a profit for the year of THB 3,062 million (+4.2% YoY). Net profit attributable to owners of the parent was THB 3,005 million (+6.1% YoY), representing a net profit margin of 12.0%

## FINANCIAL POSITION

### BALANCE SHEET

Unit : THB Million



As at 31 December 2018, the Company had total assets of THB 23,456 million, an increase of THB 8,259 million (or +54.3%) from 31 December 2017. Cash and cash equivalents increased by THB 4,110 million, driven by cash generated from operations (see cash flow analysis). IPO proceeds were partly invested in short and long-term debt securities, resulting in a THB 3,422 million increase in other current assets and a THB 1,386 million increase in long-term investments (see more details in financial statement note 6).

As at 31 December 2018, the Company had total liabilities of THB 5,153 million, a decrease of THB 6,605 million (or -56.2%) from 31 December 2017, primarily from net repayments of short-term loans of THB 6,082 million by using IPO proceeds, lower trade and other payables of THB 207 million, and a decline in liabilities classified as held for sale (THB 394 million) post-divestment of the Future Group.

## BALANCE SHEET BREAKDOWN

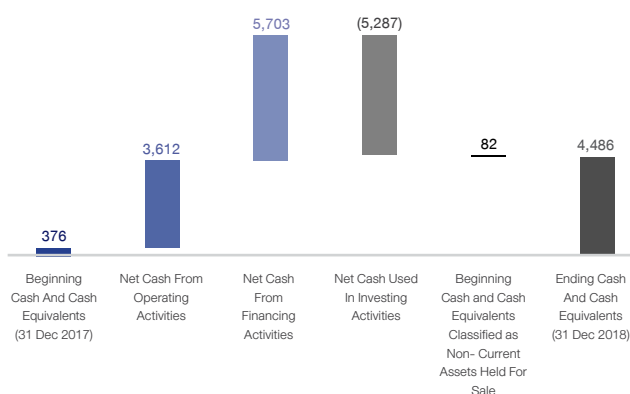
Unit: THB million

ASSETS	As at 31 Dec 2018	As at 31 Dec 2017
Cash and Cash Equivalents	4,486	376
Trade and Other Receivables	3,030	2,837
Inventories	1,557	1,744
Other Current Assets	3,567	145
Non-Current Assets Classified as Held for Sale	-	1,186
<b>Total Current Assets</b>	<b>12,641</b>	<b>6,288</b>
Net PP&E	6,518	6,933
Long Term Investments	2,608	1,222
Other Assets	1,690	754
<b>Total Non-Current Assets</b>	<b>10,816</b>	<b>8,910</b>
<b>Total Assets</b>	<b>23,456</b>	<b>15,198</b>

As at 31 December 2018, the Company had total shareholders' equity of THB 18,303 million, an increase of THB 14,864 million from 31 December 2017, which was driven by a 2018 consolidated profit attributable to the owners of the parent of THB 3,005 million, combined with an increase in paid-up capital and share premiums of THB 14,621 million, which was partly offset by dividend payments of THB 2,742 million paid to the owners of the Company in 2018.

## CASH FLOW

Unit: THB million



Unit: THB million

LIABILITIES and EQUITIES	As at 31 Dec 2018	As at 31 Dec 2017
Trade and Other Payables	4,131	4,338
Short Term Loans	-	6,082
Other Liabilities	1,023	944
Liabilities Classified as Held for Sale	-	394
<b>Total Liabilities</b>	<b>5,153</b>	<b>11,758</b>
Issued and Paid-Up Share Capital	3,004	231
Share Premium	11,848	-
Retained Earnings	3,298	3,011
Surplus on Business Combination Under Common Control	353	328
Other Components of SE	(415)	(240)
Non-Controlling Interest	215	109
<b>Total Shareholders' Equity</b>	<b>18,303</b>	<b>3,439</b>
<b>Total Assets</b>	<b>23,456</b>	<b>15,198</b>

As at 31 December 2018, the Company had cash and cash equivalents of THB 4,486 million, an increase of THB 4,110 million from 31 December 2017. The Company had cash flows from operating activities of THB 3,612 million. Net cash from financing activities increased by THB 5,703 million from the issue of ordinary share of THB 14,723 million which mainly from the IPO proceeds of THB 12,278 million (net of expenses directly attributable to the IPO) and from the existing shareholders before the IPO of THB 2,266 million, offset by loan repayments of THB 6,095 million and total dividend payments of THB 2,809 million (including dividends paid to non-controlling interests). The Company's cash outflow from investing activities were mainly for a PPE acquisition of THB 1,255 million, leasehold rights acquisition by Osotsa Myanmar Company Limited of THB 364 million, and investment in debt securities of THB 5,192 million. However, this was offset by a THB 1,456 million cash inflow of proceeds from the disposal of subsidiaries and associates.

## FINANCIAL RATIO ANALYSIS

	2018	2017
<b>Liquidity Ratios</b>		
Current ratio (times)	2.7	0.6
Number of days of inventory	36	37
Collection period (days)	45	51
Accounts payable days	43	41
<b>Profitability Ratios</b>		
Gross profit margin (%)	32.4	33.0
EBITDA margin (%)	19.5	18.9
Net profit margin for the year (%)	12.3	11.6
Net profit margin attributable to owners of the parent (%)	12.0	11.2
Return on equity (%)	28.2	72.1
Return on assets (%)	15.8	15.8
<b>Other Ratios</b>		
Total debt to equity (times)	0.3	3.4

The company's operating gross profit margin was 32.4% in 2018 compared to 33.0% in 2017. SG&A to net sales ratios were 20.4% in 2018 compared to 20.1% in 2017. The Company's EBITDA increased from 18.9% in 2017 to 19.5% in 2018 and net profit margin attributable to owners of the parent improved from 11.2% in 2017 to 12.0% in 2018.

The 2018 cash cycle of 38 days, compared with 47 days in 2017, was the result of lower inventory and better cash collection.

There was a high current ratio of 2.7 times as the company had a large amount of cash and current investments from the IPO proceeds. As a result, the debt-to-equity ratio dropped to 0.3 times from loan repayment.

## Appendix: Ratio & Formula

### Liquidity Ratios

Current ratio (times)	= Total current assets / Total current liabilities
Number of days of inventory	= Avg. inventory / (Cost of sales of goods / Number of days in the period <sup>1</sup> )
Collection period (days)	= Avg. trade account receivables before allowance for doubtful accounts / (Total revenue from sales / Number of days in the period <sup>1</sup> )
Accounts payable days	= Ending accounts payable / (Cost of sales of goods / Number of days in the period <sup>1</sup> )

### Profitability Ratios

Gross profit margin (%)	= (Total revenues from sales – Total cost of sales of goods) / Total revenues from sales
SG&A to net sales ratio (%)	= (Selling and distribution expenses + Administrative expenses) / Total revenues from sales
EBIT margin (%)	= (Profit before income tax expense + Finance Cost) / Total revenues
EBITDA margin (%)	= (Profit before income tax expense + Finance Cost + Depreciation and Amortization) / Total revenues
Net profit margin for the year (%)	= Net Profit for the year / Total revenues
Net profit margin attributable to the owners of the parent (%)	= Net Profit attributable to owners of the parent / Total revenues
Return on equity (%)	= Profit for the year / Avg. total equity
Return on assets (%)	= Profit for the year / Avg. total assets

### Other Ratios

Debt to equity (times)	= Total liabilities / Total equity
------------------------	------------------------------------

<sup>1</sup> Number of days in the period is defined to have 360 days in a year. For example, 90 days and 180 days should be used for quarterly and half-year ratio analysis.



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