



CORPORATION PUBLIC COMPANY LIMITED

"INSURANCE BROKER LEADER"



# ANNUAL REPORT 2 0 1 9

TQM CORPORATION PUBLIC COMPANY LIMITED





## "INSURANCE BROKER LEADER"

### Aun Jai Ruk Delight - Health Insurance

ประกันสุขภาพ  
"อุ่นใจรักดี ดีใจ"

✓ คั่มครองสูงสุด 1.5 ล้านบาท  
✓ ผ่อน 0%

รักษาพยาบาลในเครือรพ.กรุงเทพและในเครือ BDMS  
ประกันโดยวิริยะ ประกันภัย

### TQM for lady

TQM MOTOR FOR LADY

ประกันภัยรถยนต์ที่ไว้ใจ  
คุณกลับมาสวยเสมอ

กระเป๋าสานในฝัน  
มูลค่า 590,000 บาท

TQM FOR LADY

ยืนยันหนึ่งเพื่อผู้หญิง

"เข้าใจทุกความต้องการของสาวๆ"

• ประกันภัยรถยนต์ • ประกันอุบัติเหตุ • ประกันสุขภาพ • ประกันชีวิต

### Salary Man - Insurance

ประกันรถยนต์ชั้น 1

ผ่อน 0%  
นาน 10 เดือน



CORPORATION PUBLIC COMPANY LIMITED

# สารบัญ



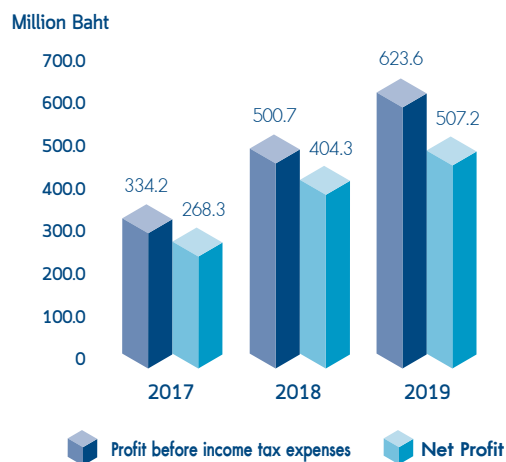
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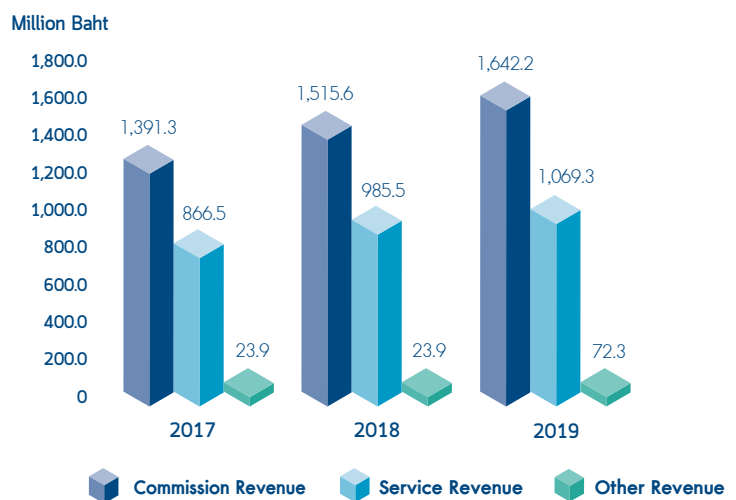
## Financial Highlights

### TQM Group Performance

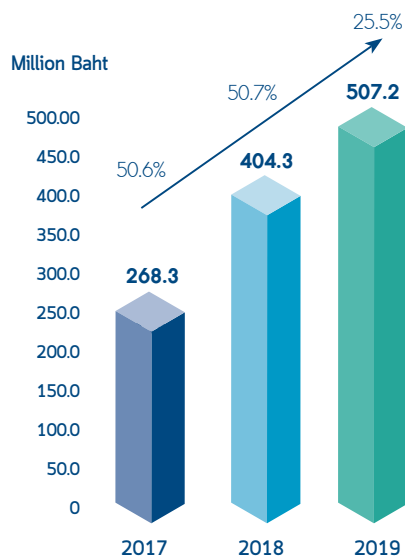
#### Net Profit



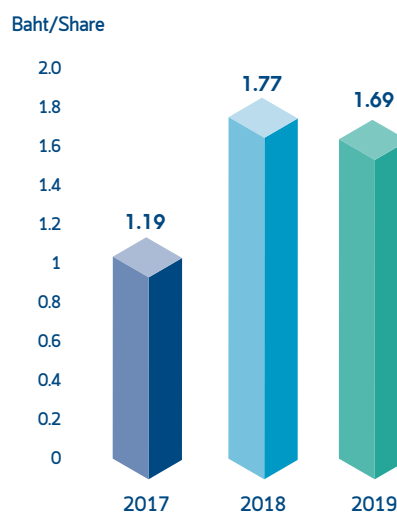
#### Total Income



#### Net Profit



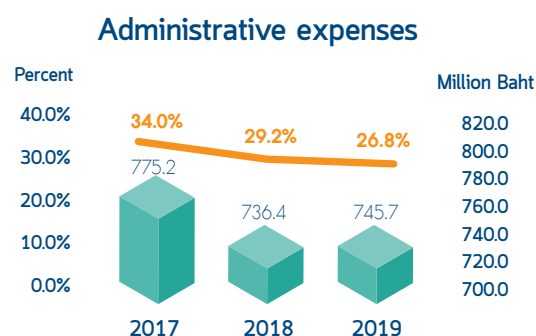
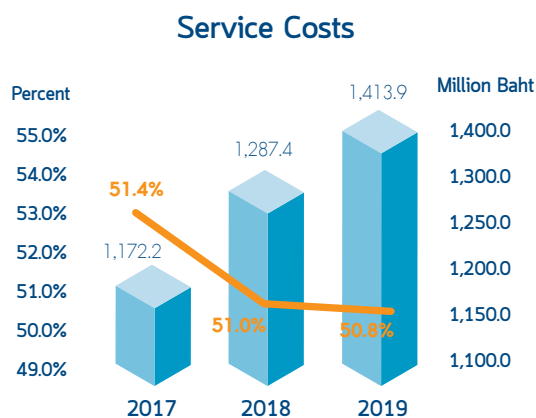
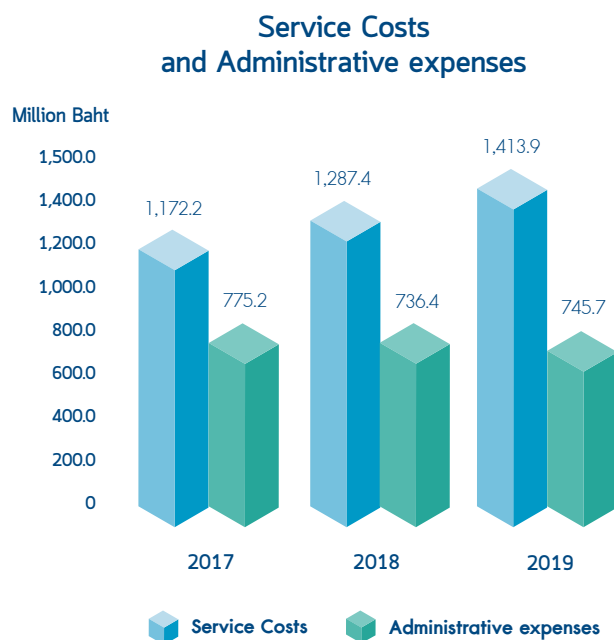
#### Earnings Per Share



Weighted average number of ordinary share of the Company as follows:  
Y2017 = 225 / Y2018= 228.1 / Y2019= 300 (unit : million shares)



## EXPENSES



## FINANCIAL RATIOS

Financial Ratios	2017	2018	2019
D/E	4.1 0	0.78	0.81
Current Ratio	1.1 0	2.03	1.93
ROA	14.2%	14.1%	12.6%
ROE	75.3%	32.1%	22.6%
Gross Margin	48.1%	48.5%	47.9%
EBITDA Margin	16.8%	21.8%	23.9%
Net Profit Margin	11.8%	16.0%	18.2%
EPS	1.99	1.77	1.69
Divident Payment per share*	1.00	1.41	0.95

\*Changed par value from 100.0 baht to 1.0 baht by the resolution of EGM 2/2561 held on 27 June 2018, the meeting resolved to change par value from 100.0 baht to 1.0 baht and to increase the registered capital from 225 million baht to 300 million baht by issuing 75 million new ordinary shares totaled 300 million ordinary shares.



## Policy and Business Overview Policy

### Nature of Business

TQM Corporation Public Company Limited was established on July 4, 2011 by Punnipa family to engage in business by holding shares in other companies (Holding Company) with the core business in providing insurance broker services. At present, the company has 3 core business subsidiaries that operate TQM Insurance Broker Company Limited and TJN Insurance Broker Company Limited as non-life insurance brokers and TQM Life Insurance Broker Company Limited as a life insurance broker. In addition, the company also has another subsidiary to support core business companies named Casmatt Company Limited as an IT and software services. The company has one affiliate company named TQLD Company Limited as insurance advisory. Which are collectively called the "Group of Companies").

The group of company runs insurance broker business by offering insurances to targeted customers, individuals and corporate i.e. cooperatives and government bodies. Sales team contacts customers through company sales channel e.g. Telemarketing, Online, Face to Face and Omni-Channel.

As of 31 December 2018, the group of companies employs 4,015 employees including executives, salespersons and operations staff based at Head Office, 79 branches and 16 service centers nationwide.





## Revenue Structure

The table shows the revenue structure of the company as shown in the consolidated financial statement separate by business types for the year ended 31 December 2017, 2018, 2019 as follows

Business Type	Company	For the year ended 31 December 2019					
		2017		2018		2019	
		THB:MB	%	THB:MB	%	THB:MB	%
1. Non-life Insurance Brokerage	TQM Broker TJN	2,201.1	96.5	2,434.7	96.4	2,634.2	94.6
- Brokerage income		1,336.8	58.6	1,454.4	57.6	1,570.9	56.4
- Other service income <sup>(1)</sup>		864.3	37.9	980.3	38.8	1,063.3	38.2
2. Life Insurance Brokerage	TQM Life	56.7	2.5	66.4	2.6	77.3	2.8
- Brokerage income		54.5	2.4	61.2	2.4	71.4	2.6
- Other service income		2.2	0.1	5.2	0.2	5.9	0.2
<b>Total service incomes</b>		<b>2,257.8</b>	<b>99.0</b>	<b>2,501.1</b>	<b>99.0</b>	<b>2,711.5</b>	<b>97.4</b>
Other income <sup>(2)</sup>		23.9	1.0	23.9	1.0	72.3	2.6
<b>Total</b>		<b>2,281.7</b>	<b>100.0</b>	<b>2,525.0</b>	<b>100.0</b>	<b>2,783.8</b>	<b>100.0</b>

Remark: <sup>1/</sup> Other service income operated by TQM Broker, TJN, TQM Life and Casmatt

<sup>2/</sup> Other income i.e. interest income, dividend income, income from service and consulting, compensation, etc



# 2019 Award Winning



27 September 2019 - TQM Insurance Broker Co., Ltd. was awarded the Insurance Broker Company in People Insurance Policy Promotion 2018.



27 September 2019 - TQM Life Insurance Broker Co., Ltd. was awarded the Best Quality Insurance Broker 2018.



3 December 2019 - TQM Insurance Broker Co., Ltd. was awarded Top Insurance Broker from Top Business Organization 2019



14 June 2019 - TQM Insurance Broker Co., Ltd. was awarded "The Best Broker of the year" from Emerging Asia Insurance Awards 2019.

14 June 2019 - TQM Insurance Broker Co., Ltd. was awarded "Woman in Insurance Leadership" from Emerging Asia Insurance Awards 2019



29 November 2019 - TQM Insurance Broker Co., Ltd. was awarded Career Development and Advancement Excellence from Thailand's Smart Award.





## Important changes and developments

- |      |  |      |   |
|------|--|------|---|
| 1953 | <p><b>Start of running insurance broker business under the concept of "Giang Xing"</b></p> <ul style="list-style-type: none"> <li>The Group of Companies was born by Khun Exziang Sae-Tae and Khun Kuang Sae-Tae, who are the grandfather and father of Khun Anchalin Punnipa, the major shareholder of the Company. It operated insurance broker business by selling non-life insurance products such as fire insurance to Muia Insurance Co., Ltd. or formerly a non-life insurance company in the group of AIA Company Limited at present by doing business under the concept of "Giang Xing" which means stability and reliability.</li> </ul> |      | <p>and paid-up capital with a registered capital of 1.0 million baht to provide information technology and software services.</p>   |
| 1962 | <p><b>Having been an insurance broker for the leading insurance companies in Thailand</b></p> <ul style="list-style-type: none"> <li>Expansion of non-life insurance broker business for the leading, famous insurance companies at that time more, e.g. Bangkok Insurance Company Limited, Ayudhya Insurance Company Limited, Express Transportation Organization of Thailand Insurance Co., Ltd., Thai Phaiboon Insurance Company Limited and Khum Klao Insurance Company Limited, etc.</li> </ul>   | 2008 | <p><b>Establishment of TQM Life Insurance Broker Company Limited to operate life insurance broker business</b></p> <ul style="list-style-type: none"> <li>Punnipa family established TQM Life by holding 98.0% shares of registered and paid-up capital with a registered capital of 3.0 million baht for business expansion to life insurance broker business.</li> </ul>  |
| 1997 | <p><b>Establishment of TQM Broker Company Limited to engage in non-life insurance broker business</b></p> <ul style="list-style-type: none"> <li>Punnipa family registered the establishment of TQM Broker to continue the business of Khun Kuang Sae Tae, the father for running non-life insurance broker business with a new concept of selling non-life insurance via phone (Telemarketing) with an initial registered capital of 1.0 million baht.</li> </ul>   | 2009 | <p><b>The Group of Companies opened a new office under the name of "Punnipa Building 1".</b></p> <ul style="list-style-type: none"> <li>The Group of Companies opened a 6-storey new office in Ladprao District, Bangkok Metropolis with an area of over 10,000 square meters so as to support the Group of Companies' growth and provide full services with more than 1,000 employees.</li> </ul>  |
| 2004 | <p><b>Opening an office to support business expansion</b></p> <ul style="list-style-type: none"> <li>TQM Broker opened the office on an area of 2,000.0 square meters in Lat Phrao District, Bangkok Metropolis to support the expansion of non-life insurance broker business.</li> </ul>   | 2012 | <p><b>Expansion of service centers</b></p> <ul style="list-style-type: none"> <li>Expansion of service centers, making a total of 71 service centers</li> </ul>   |
| 2007 | <p><b>Opening the first provincial service center and founding Casmatt Company Limited to provide information technology and software services</b></p> <ul style="list-style-type: none"> <li>TQM Broker opened the first service center in Mueang District, Nakhon Pathom Province to be a center for providing services to customers in the surrounding area of Bangkok more conveniently and faster.</li> <li>Punnipa family established Casmatt by holding 95.0% shares of registered</li> </ul>   | 2013 | <p><b>Modification and expansion of service centers into branches</b></p> <ul style="list-style-type: none"> <li>Modification, expansion of branches and service centers, making a total of 19 branches and 60 service centers</li> </ul>   |
|      |  | 2014 | <p><b>Modification and expansion of service centers into branches</b></p> <ul style="list-style-type: none"> <li>Modification and expansion of branches and service centers, making a total of 56 branches and 31 service centers</li> </ul>  |
|      |  | 2015 | <p><b>Launching the full online insurance selling services</b></p> <ul style="list-style-type: none"> <li>The Group of Companies launched the full insurance selling services through the Company's website <a href="http://www.tqm.co.th">www.tqm.co.th</a>, including starting communication service via Line application system (Line) or telephone number 02-1508888 and starting the hotline number 1737 to provide 24-hour customer advisory service.</li> <li>Modification, expansion of branches and service centers, making a total of 66 branches and 29 service centers</li> </ul> |
|      |  | 2016 | <p><b>Increasing the registered capital and restructuring within the Group of Companies</b></p> <ul style="list-style-type: none"> <li>The Company increased its registered capital to 225.0 million baht to adjust the capital structure and the structure of the Group of Companies.</li> </ul>   |



The Company invested in ordinary shares of (1) TQM Broker (2) TQM Life and (3) Casmatt to allow the Company to hold shares in all 3 companies, representing 100.0% shareholding of registered and paid-up capital. After such restructuring, major shareholders of the Group of Companies had control over the Group of Companies through investment in the Company. This structuring was considered to be the structuring of the Group of Companies Under Common Control.

#### 2017 Purchase of ordinary shares of TQLD Company Limited

- The Company acquired 40.0% of TQLD's ordinary shares. TQLD provides insurance-related advice services due to seeing the channel for the growth of such business.
- The Group of Companies developed communication through new communication channels via the applicationsystem for the Company (TQM Mobile Application) under the name of "TQM Beside".
- Modification, expansion of branches and service centers, making a total of 67 branches and 28 service centers

#### 2018 Opening a new office under the name of "Punnipa Building 2", registration of transformation to be a public company and increasing the registered capital to be listed on the Stock Exchange of Thailand

- The Group of Companies opened a new office under the name of "Punnipa Building 2", 6 storeys in Lat Phrao District, Bangkok Metropolis with an area of over 6,500 square meters to support the growth of the Group of Companies.
- The Group of Companies had the branches and service centers nationwide totaling 74 branches and 21 service centers, respectively.
- The Group of Companies started services to provide information, knowledge, present the articles and news with advice on car insurance as well as comparing the car insurance types of the Company via the website [www.mheemhee.com](http://www.mheemhee.com).
- The Company registered transformation to be a public company and was renamed TQM Corporation Public Company Limited on 29 June 2018.
- The Company increased its registered capital from 225.0 million baht to 300.0 million baht, representing the number of newly issued ordinary shares of 75.0 million shares for listing on the Stock Exchange of Thailand and would allocate (1) new ordinary shares in the amount of not more than 11.2 million shares at the par value of 1 baht per share for offering to sell to the directors,

executives and / or employees of the Company and / or subsidiaries according to the project of offering to sell capital increase ordinary shares of the Company to the directors, executives and / or employees of the Company and / or subsidiaries (ESOP) and (2) allocate new ordinary shares in the amount of not more than 63.8 million shares at the par value of 1 baht per share and the remaining shares from the allocation and offering to sell under the project of offering to sell capital increase ordinary shares of the Company to the directors, executives and / or employees of the Company and subsidiaries (ESOP) for offering to sell to the public (IPO).

- The Group of Companies developed communication channels through "Chat Bot" application system to provide information service about insurance and to be an additional online sale channel.
- The meeting of the Board of Directors of subsidiaries No. 9/2561 on 14 November 2018 resolved to approve the increase of registered capital in the companies as follows.

1) TQM Insurance Broker Company Limited increased another amount of 200,000,000 (two hundred million) baht from the original 200,000,000 (two hundred million) baht to be the registered capital of 400,000,000 (four hundred million) baht on 17/12/2018.

2) TQM Life Insurance Broker Co., Ltd. increased another amount of 40,000,000 (forty million) baht from the original 10,000,000 (ten million) baht to be the registered capital of 50,000,000 (fifty million) baht on 17/12/2018.

- On 20 December 2018, TQM brought shares for trading on the first day in the Stock Exchange of Thailand after closing the subscription of 75 million IPO shares at the price of 23 baht per share by using initials for securities trading as "TQM".

#### 2019 Acquisition of TJN and being a price-weighted stock in indices

- 21 June 2019, price-weighted in FTSE Micro Cap.
- 1 August 2019, acquiring TJN Broker Co., Ltd. Transaction.
- 26 November 2019, price-weighted in MSI Small Cap | MSCI THAILAND.
- 18 December 2019, announced by SET to be a price-weighted stock in SET100 from 1 January 2020.



## Message from the Chairman and Chief Executive Officer



**Dear shareholders,**

For the year 2019, the company performed with ethics and good corporate governance, proven to be an operations success continuously, with the company having a good income of 2,783.8 million baht and a profit for the year of 507.2 million Baht. Thank you to the Board of Directors for the strategic planning, and importantly the collaboration and effort of all the employees that helped the company to be successful in business.

And in the year 2019, the company acquired TJN Insurance Broker Company Limited, a non-life insurance brokerage company, as another market channel since the company is No. 1 insurance broker for B2C, this acquisition allows the company to expand the distribution channels into B2B channel as TJN broker is an expertise in selling insurances to car dealers, also to be the beginning of agents selling. For the past year, the company followed the policy that is to utilize insurance technology (InsurTech) for the business, starting from the Chat-bot to Chat Center, and gathering information from over 1,000, 000 customers database (Big Data) to study customer's behavior for the company answers the right needs of consumers effectively.

**Mr. Unchalit Punnpa**  
Chairman of the Board

TQM Corporation Public Company Limited



For 2020, the company believes that it will be another gainful year for the business and investment. As well, the company also looks for other investments and acquisitions for the company to grow steadily and sustainably by considering all perspectives carefully such as the price and how a target company supports TQM along with the aim for a new record in operation results as a consistent growth company for the best benefits of stakeholders.

On this occasion, on behalf of the Chairman of the Board of Directors and the Chief Executive Officer, the company sincerely thanks shareholders, business partners, customers, financial institutions, executives and employees, including all stakeholders the supports and trusts. The company will conduct business professionally, and keep developing the company going forwards with Corporate Social Responsibility and Environment Concern, also to be a role model for bettering people's well beings, and making prosperous society as well as to be a part of Thailand – Sustainable non-life insurance, life insurance and insurance advisor development and learning promotion.

**Mrs. Napassanun Punnpa**  
Chief Executive Officer

TQM Corporation Public Company Limited



# Audit Committee Report

Dear shareholders,

The Audit Committee has performed its duties as assigned by the Board of Directors. And according to the Charter of the Audit Committee, it is in accordance with the best practices Of the Securities and Exchange Commission by reviewing and pushing the company to comply with good corporate governance principles. There are adequate risk management systems and internal controls, with efficient internal audits as well as generally accepted standards. It is summarized as follows:

**1. Review of financial statements.** The Audit Committee has reviewed the quarterly financial statements and the financial statements for the year 2019, including related transactions, items that may have conflicts of interest with the management, internal auditor and the auditor by asking the auditor about the accuracy and completeness of the financial statements. Improvements in important accounting transactions include accounting estimates that affect the financial statements, the adequacy of accounting records and audit scope, correctly, completely and sufficiently disclosure of data and the independence of the auditor to ensure that the preparation of the financial statements is in accordance with the requirements of laws and accounting standards under the accounting principles. There is guaranteed to be reliable and timely including sufficient disclosure of information for the benefit of users of financial statements.

**2. Review of risk management.** The Audit Committee has reviewed efficiency and appropriateness of risk management processes arising from internal and external organizations including the risk management policies, plans and guidelines that affect the operating results on a regular basis every quarter with the management. Suggestions for improvement are provided.

**3. Supervision and monitoring of internal control systems.** The Audit Committee has reviewed the adequacy of the internal control system of the company, including subsidiaries and associated companies by following up on corrections to improve the work as suggested in the result report and opinions of the Audit Committee continuously, which the company has hired an internal audit who is an external agency, Dharmniti Internal Audit Company Limited. Also, there is the improvement of the internal control system to be in line with the situation is always changing. The Audit Committee is of the opinion that there is an adequate internal control system and effectiveness, according to COSO's good internal control principles.



**4. Review of supervision and good business.** The Audit Committee emphasizes the management policy to ensure good business supervision systematic and pushes for a positive attitude on internal control and reviews the operations in accordance with the laws, rules and regulations relating to the company's business operations. It ensures that the company operates in compliance with the reasonable business conditions.

**5. Consideration of the appointment of an auditor for the year 2019.** The Audit Committee has considered the selection of the auditor by considering the readiness, scope of services, independence of the auditor and the appropriateness of the audit fee. The resolution approved by the Board of Directors and the shareholders' meeting has appointed EY Company Limited as the auditor for the year 2019. Such auditor is the auditor according to the list of auditors received approval from the Securities and Exchange Commission.

In summary, the Audit Committee has complied with the duties and responsibilities by using knowledge and ability to care independently and maintained benefits for all stakeholders there were 6 audit committee meetings in the year 2019. The performance is consistent as specified in the charter of the Audit Committee, which the Audit Committee is of the opinion that the company has prepared financial reports showing material and reliable information in accordance with financial reporting standards. There is the disclosure of related transactions that may cause sufficient conflict of interest, a good corporate governance system, and a risk management system and internal control that sufficient and appropriate, including compliance with laws, rules and regulations relating to the business operations correctly and completely.

**Mr. Marut Simasathien**  
Chairman of the Audit Committee  
TQM Corporation Public Company Limited



## Vision Mission and Core Value

### VISION



LEADER OF INSURANCE AND  
FINANCIAL CONSULTANT WITH  
QUALITY, SUSTAINABILITY  
AND SOCIAL RESPONSIBILITY



**TQM**

CORPORATION PUBLIC COMPANY LIMITED

### MISSION



PROVIDING FAIR-PRICE INSURANCE  
AND FINANCIAL SERVICES USING  
TECHNOLOGIES AND PROFESSIONAL  
STAFF AS WELL AS PROMOTING GOOD  
NATURAL RESOURCES MANAGEMENT  
AND SOCIAL RESPONSIBILITY.

### CORE VALUE

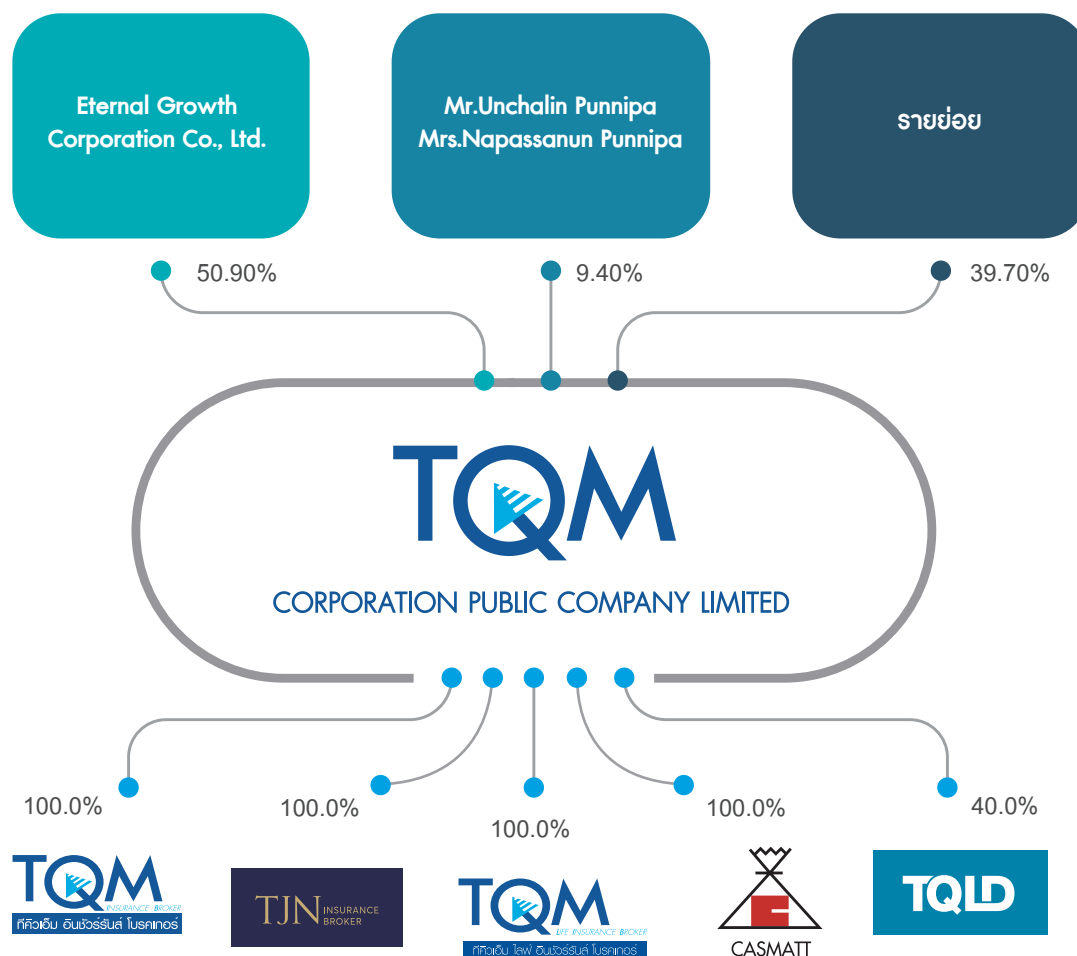
HONESTY, EQUITABILITY, EXCLUSIVE  
SERVICES, SOCIAL RESPONSIBILITY





## Company Shareholdings Structure

Shareholdings Structure as of 31 December 2019, the Company has 4 subsidiaries and 1 affiliate as detailed below:





# Shareholders

## List of major shareholders of the company

The company has a list of shareholders of the company and the highest 10 shareholding proportion as of 31 December 2019 as follows:

Seq.	Name-Surname	Shares	%
1	Eternal Growth Corporation Co., Ltd.	152,700,100	50.90
2	Dr.Napassanun Punnipa	14,100,000	4.70
3	Dr.Unchalin Punnipa	14,000,000	4.67
4	The Hongkong and Shanghai Banking Corporation Limited	12,850,000	4.28
5	Viriyah Insurance Public Co., Ltd.	12,000,000	4.00
6	THAI NVDR Co., Ltd	10,115,878	3.37
7	Bangkok Insurance Public Co., Ltd.	9,750,000	3.25
8	State Street Europe Limited	5,300,769	1.77
9	Muang Thai Life Assurance Public Co., Ltd.	4,281,900	1.43
10	Southeast Life Insurance Public Co., Ltd.	4,250,000	1.42

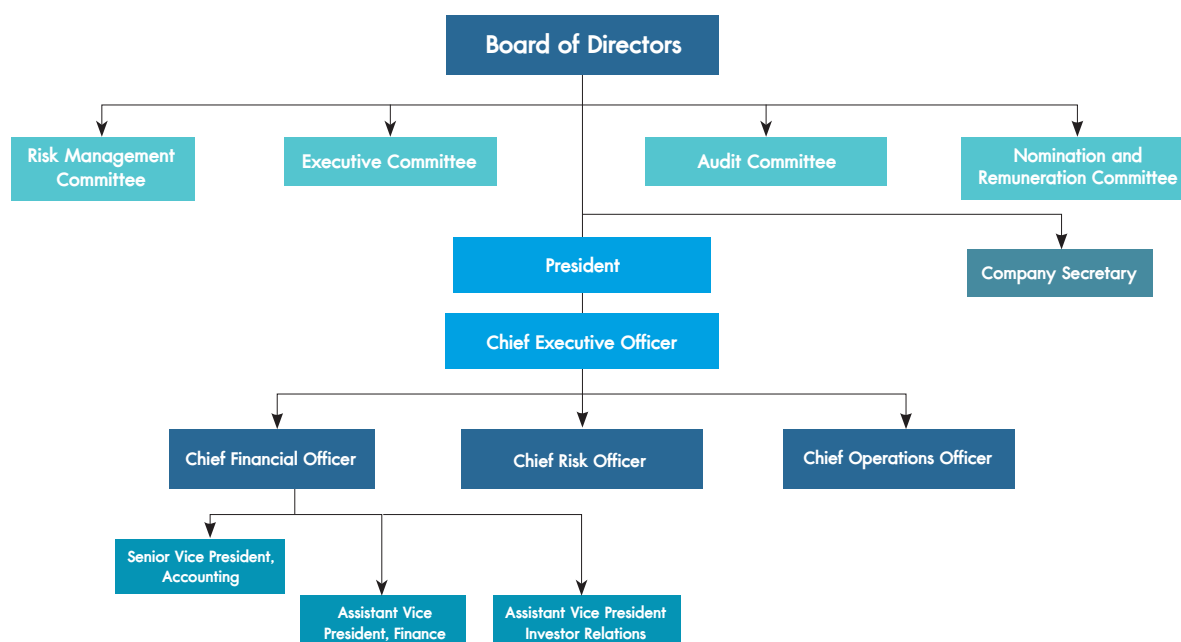
Source: Shareholders List as of 31 December 2019 by TSD.



## Management Structure

TQM Corporation public Company Limited (“Company”)

As of 31 December 2019, the company’s Management Structure consisted of Board of Directors and 4 Committees which are Executive Committee, The Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Executives as follows:



### Directors

#### 1. Board of Directors

The company’s Board of Directors consisted of 9 directors as of 31 December 2019 are as follows:

Name	Position
1. Dr. Unchalin Punnipa <sup>1/</sup>	Chairman of the board
2. Mr. Marut Simasathien	Independent Director
3. Dr. Rutchaneeporn Pookayaporn	Independent Director
4. Mr. Chinnaphat Wisuthiphath	Independent Director
5. Ms. Suvabha Charoenying	Director
6. Dr. Napassanun Punnipa	Director
7. Ms. Ratana Punnipa	Director
8. Mr. Ampon Oniam	Director
9. Ms. Somporn Ampaisutthipong	Director

**Remark** <sup>1/</sup>Dr.Unchalin Punnipa is the Chairman of the board but is not an independent director; therefore, in accordance with corporate governance policy for listed company B.E. 2560, the board of directors meeting No.3/2561 on 2 April 2018 appointed Mr.Marut Simasathien as an independent director and the Chairman of the Audit Committee to co-consider and determine the meeting agenda as regulated.



By Ms. Supichaya Theppitak as Board of Directors' Secretary, in charge of company's compliance according to corporate governance policy for a listed company.

#### Directors binding the company

Directors authorized to enter signature binding the company as follows:

- 1) Dr. Unchalin Punnipa
- 2) Dr. Napassanun Punnipa
- 3) Miss Ratana Punnipa

Two directors jointly sign their names with the company's common seal affixed

#### 2. The Audit Committee

The company's Audit Committee consisted of 3 members as of 31 December 2019 are as follows:

Name	Position
1. Mr. Marut Simasathien <sup>1/</sup>	Chairman of the Audit Committee
2. Mr. Chinnaphat Wisuthiphat	Member of the Audit Committee
3. Dr. Rutchaneeporn Pookayaporn	Member of the Audit Committee

Remark: <sup>1/</sup> Being a director with knowledge and experience for the duty to review the company's financial statement.

By Ms. Ratana Punnipa as The Audit Committee's Secretary appointed by the Audit Committee Meeting No.1/2561 on 28 February 2018.

#### 3. Nomination and Remuneration Committee

The company's Nomination and Remuneration Committee consisted of 5 directors as of 31 December 2019 are as follows:

Name	Position
1. Dr. Rutchaneeporn Pookayaporn	Chairman of Nomination and Remuneration Committee
2. Mr. Chinnaphat Wisuthiphat	Nomination and Remuneration Director
3. Mr. Marut Simasathien	Nomination and Remuneration Director
4. Dr. Napassanun Punnipa	Nomination and Remuneration Director
5. Ms. Ratana Punnipa	Nomination and Remuneration Director

#### 4. Risk Management Committee

The company's Risk Committee consisted of 3 directors as of 31 December 2019 are as follows:

Name	Position
1. Dr.Unchalin Punnipa	Chairman of Risk Management Committee
2. Mr. Marut Simasathien	Risk Management Director
3. Mr. Chinnaphat Wisuthiphat	Risk Management Director



## 5. Executive Committee

The company's Executive Committee consisted of 4 directors as of 31 December 2019 are as follows:

Name	Position
1. Dr. Napassanun Punnipa	Chairman of Executive Committee
2. Ms. Ratana Punnipa	Executive Director
3. Mr. Ampon Oniam	Executive Director
4. Ms. Somporn Ampaisutthipong	Executive Director

## Executives<sup>1/</sup>

The company's executives consisted of 7 persons as of 31 December 2019 are as follows:

Name	Position
1. Dr. Unchalin Punnipa	The President
2. Dr. Napassanun Punnipa	Chief Executive Officer
3. Ms. Ratana Punnipa	Chief Risk Officer
4. Mr. Ampon Oniam	Chief Operations Officer
5. Ms. Somporn Ampaisutthipong	Chief Financial Officer
6. Mrs. Aumaraporn Vaiyavatjamai	Senior Vice President, Accounting
7. Ms. Kanjanee Kulsurakit	Assistant Vice President, Finance

**Remark:** <sup>1/</sup> As defined by SEC's announcement No. KorChor. 17/2551 Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities and the revision.

## Company Secretary

The Board of Directors Meeting No. 2/2018, held on 28 February 2018, resolved to appoint Miss Supichaya Theppitak to be the company secretary with duties as specified in the Securities and Exchange Act, responsible for arranging the board meeting, shareholders meeting as well as preparing and documenting director registration, Notice of the Board of Directors Meeting, Board Meeting Minutes, Notice of the shareholders' meeting, Minutes of the shareholders' meeting and the company's annual report, Report on conflicts of interest of directors or executives, and other businesses regulated by the SEC, Capital Market Supervisory Board, and the Stock Exchange of Thailand.

# Shares Held by The Board of Directors

No	Name	position	Shares Held 2019 number of shares	Shares Held 2018 number of shares	Increase (Decrease)
1	Dr. Unchalin Punnipa	Chairman of the Board	14,000,000	25,500,000	-11,500,000
2	Dr. Napassanun Punnipa	Director	14,100,000	25,600,000	-11,500,000
3	Mr. Marut Simasathien	Director	200,000	200,000	-
4	Dr. Rutchaneeporn Pookayaporn	Director	120,000	100,000	20,000
5	Mr. Chinnaphat Wisuthiphat	Director	-	100,000	-100,000
6	Miss Suvabha Charoenying	Director	1,140,000	300,000	840,000
7	Mr. Ampon Oniam	Director	490,000	500,000	-10,000
8	Miss Ratana Punnipa	Director	282,000	7,999,900	-7,717,900
9	Miss Somporn Ampaisutthipong	Director	250,000	200,000	50,000



## Board of Directors

### • Directors



**1. Dr. Unchalin Punnipa**

- Chairman of the Board,
- Chairman of Risk Management Committee

**2. Mr. Marut Simasathien**

- Independent Director,
- Chairman of the Audit Committee,
- Nomination and Remuneration Director,
- Risk Management Director

**3. Dr. Rutchaneeporn Pookayaporn**

- Independent Director,
- Chairman of the Nomination and Remuneration Committee,
- Member of The Audit Committee

**4. Mr. Chinnaphat Wisuthiphaf**

- Independent Director,
- Nomination and Remuneration Director,
- Risk Management Director,
- Member of The Audit Committee

**5. Ms. Suvabha Charoenying**

- Director



**6. Dr. Napassanun Punnipa**

- Director,
- Chairman of Executive Committee,
- Nomination and Remuneration Director

**7. Ms. Ratana Punnipa**

- Director,
- Executive Director,
- Nomination and Remuneration, Director

**8. Mr. Ampon Oniam**

- Director,
- Executive Director

**9. Ms. Somporn Ampaisutthipong**

- Director,
- Executive Director

**10. Ms. Supichaya Theppitak**

- Company Secretary



## Director's Biography

### Dr.Unchalin Punnipa

<b>Age</b>	<b>58 yrs.</b>
<b>Nationality</b>	<b>Thai</b>
<b>Current Position</b>	<b>Chairman of the Board / President / Chairman of Risk Management Committee</b>



#### Education

1. Honorary Doctorate Degree of Arts in General Management
2. Doctor of Philosophy in Public Administration, Eastern Asia University
3. Master of Business Administration, Kasetsart University
4. Bachelor of Political Science, Ramkhamhaeng university

#### Training

1. Director Certification Program, Class 146, 2011
2. Successful Formulation & Execution of Strategy, Class 8, 2010
3. Role of the Chairman Program, Class 23, 2010
4. Advanced Management Program, Capital Market Academy (CMA), Class 26, 2018
5. National Defense Course (NDC), Class 58, 2015
6. Advance Certificate Politics and Governance in Democracy System for Executive ,Class 18 King Prajadhipok's Institute
7. Thailand Insurance Leadership Program, Class 3, 2013
8. ACADEMY OF BUSINESS CREATIVITY (ABC), Class 1, 2013
9. Advanced Security Management Program ( ASMP), Class 3, 2012
10. Strategic Board Master Class (SBM) Class 7,2019 (IOD)

#### No. of year being director

9 yrs.

#### Positions in other companies

##### Other listed companies

No

#### Other businesses , not listed

1. TQM Insurance Broker Company Limited  
- Chairman of the Board / President
2. TQM Life Insurance Broker Company Limited  
- Chairman of the Board / President
3. Casmatt Company Limited  
- President
4. TQM Place Company Limited  
- Director

5. Dara Daily Shopping Company Limited  
- Director
6. The Consequence (Thailand) Company Limited  
- Director
7. Beauty Lab Innovation (Thailand) Company Limited  
- Director
8. The Billion Deal Trading Company Limited  
- Director
9. The Perfect Group International Company  
- Director
10. Ethanol Growth Corporation Company Limited  
- Director

#### Competitive or related businesses to the company

NO

#### 5-year working history

-

#### No. of Meeting Attendances

Board of Directors' Meeting 7 / 7 meetings

Risk Management Committee Meeting 4 / 4 meeting

#### Company shares' holding (%)

14,000,000 shares 4.67 %

#### Retirement by Rotation

2018

#### Nominating for

-



## Mr. Marut Simasathien

**Age** 71 yrs.  
**Nationality** Thai  
**Current Position** Independent Director /  
Chairman of the Audit Committee /  
Nomination and Remuneration Director /  
Risk Management Director



### Education

1. Master of Business Administration Kasetsart University
2. Bachelor of Accounting, Thammasat University

### Training

1. Director Accreditation Program (DAP) ,Class 17/2004 the Thai Institute of Directors
2. Thailand National Defense Course, 2002 the National Defense College of Thailand
3. Corporate Governance for Directors and Senior Executives Course of state Enterprises and Public Organizations ,Class 11

### No. of year being director

2 yrs.

### Positions in other companies

#### Other listed companies

NL Development Public Company Limited

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

#### Other businesses , not listed

1. Thai National Product Public Company Limited
  - Independent Director / Audit Committee
2. MPS Holding Company Limited
  - Director

### Competitive or related businesses to the company

NO

### 5-year working history

-

### No. of Meeting Attendances

Board of Directors' Meeting 8 / 8 Meeting

Audit Committee's Meeting 7 / 7 Meeting

Nomination and Remuneration Committee's Meeting 5 / 5 Meeting

Risk Management Committee's Meeting 4 / 4 Meeting

### Company shares' holding (%)

200,000 shares (0.07%)

### Retirement by Rotation

2018

### Nominating for

-



## Dr. Rutchaneeporn Pookayaporn

**Age** 61 yrs.  
**Nationality** Thai  
**Current Position** Independent Director /  
Chairman of the Nomination and  
Remuneration Committee /  
Member of The Audit Committee



### Education

1. Doctor of Philosophy in Psychology Management, Alliant International University, USA
2. Master's degree in School Administration, Mississippi state University, USA
3. Bachelor of Business Administration, Mississippi University for Women, USA

### Training

1. Director Certification Program, Class 261, 2018
2. Business Reform and Innovation Network Course, Class 1 (BRAIN) organized by the Federation of Thai Industries
3. Advanced Insurance Program, Class 6, the Office of Insurance Commission (OIC)
4. Senior Executive Program, Class 5, the Energy Science Institute
5. Senior Executive Program, Capital Market Academy, Class 8
6. National Defense Course (Por Ror .Aor 19), 2006
7. Service Level Relationship Development Project, Class 3 (Por Sor Bor 3)

### No. of year being director

2 yrs.

### Positions in other companies

#### Other listed companies

No

### Other businesses , not listed

1. Thailand Convention and Exhibition Bureau - Director
2. Sripatum University - Chancellor
3. Ban IT Property Company Limited - Director
4. Ban Chao Sam Ran Property Company Limited - Director
5. SPU Green Power Company Limited - Director
6. SPU Solar Energy Company Limited - Director
7. Embedded Innovation Sripatum Company Limited - Director
8. SPT Holding Company Limited - Director
9. SPU Development Company Limited SPT Park Company - Director

10. SPT Park Company Limited - Director
11. SPT Land Company Limited - Director
12. Pornsuksant Cleaning Limited Partnership - Director
13. SP Unisearch Company Limited - Director
14. M.P. Education Co., Ltd. - Director
15. Thai Ayathaya Business Administration Co., Ltd. - Director
16. S.M.P 1996 Co., Ltd. - Director
17. Ubonchart Co., Ltd. - Director
18. One Plus One Design Co., Ltd. - Director
19. M.P. Town Co., Ltd. - Director
20. Sripatum Education Co., Ltd. - Director
21. Thai Suriya Housing and Agriculture Co., Ltd. - Director

### Competitive or related businesses to the company

No

### 5-year working history

-

### No. of Meeting Attendances

Board of Directors' Meeting 8 / 8 Meeting

Audit Committee's Meeting 6 / 6 Meeting

Nomination and Remuneration Committee's Meeting 5 / 5 Meeting

### Company shares' holding (%)

120,000 shares (0.04%)

### Retirement by Rotation

2020

### Nominating for

Independent Director



## Mr. Chinnaphat Wisuthiphat

**Age** 52 yrs.  
**Nationality** Thai  
**Current Position** Independent Director /  
Nomination and Remuneration Director /  
Risk Management Director /  
Member of The Audit Committee



### Education

1. Master of Laws, Thammasat University
2. Bachelor of Laws, Thammasat University

### Training

1. Graduate Diploma in Business Law, Thammasat University
2. Director Certification Program (DCP), Class 162, 2012
3. Director Diploma Examination, Class 36, 2013

### No. of year being director

2 yrs.

### Positions in other companies

#### Other listed companies

1. Origin Company Property Public Company Limited  
- Independent Director / Audit Committee
2. Abatek (Asia) Public Company Limited  
- Independent Director / Chairman of the Audit Committee
3. Shera Public Company Limited  
- Independent Director / Chairman of the Audit Committee

#### Other businesses , not listed

1. Choco toss Company Limited  
- Director+Shareholding
2. Toon Tossakan Company Limited  
- Director+Shareholding
3. O A One Branding Company Limited  
- Director+Shareholding
4. Wellaw Company Limited  
- Director
5. KHKP Company Limited  
- Director+Shareholding
6. SCL Tax Advisory Company Limited  
- Director
7. ONE Law Office Limited  
- Director+Shareholding
8. ONE Law Club Limited  
- Director+Shareholding

Competitive or related businesses to the company  
No

### 5-year working history

-

### No. of Meeting Attendances

Board of Directors' Meeting 8 / 8 Meeting  
Audit Committee's Meeting 6 / 7 Meeting  
Nomination and Remuneration Committee's Meeting 4 / 5 Meeting  
Risk Management Committee's Meeting 3 / 4 Meeting

### Company shares' holding (%)

-

### Retirement by Rotation

2020

### Nominating for

Independent Director



## Ms. Suvabha Charoenying

**Age** 57 yrs.  
**Nationality** Thai  
**Current Position** Director



### Education

1. Master of Business Administration in Finance and Marketing, Assumption University
2. Bachelor of Business Administration in Finance and Banking, Assumption University

### Training

1. Senior Executive Program, Class 13, the Energy Science Institute
2. Strategic Board Master Class (SBM) Class 7, 2019 (IOD)
3. Finance For Non-Finance Director, Class 1 (FND 1/2001) IOD 2003
4. Director Certificate Program, Class 1, 2000
5. Strategic Board Master Class, Class 2, IOD Institute, 2017
6. Program Board Success through Financing and Investment Institute, IOD, 2016
7. Corporate Governance for Capital Market Intermediaries Course, IOD Institute, 2014
8. Financial Institutions Governance Program, Class 5, IOD Institute, 2014
9. Audit Committee Program, IOD Institute, 2011
10. Successful Formulation & Execution of Strategy, Class 6, IOD Institute, 2011
11. Executive Development Program (EDP), Class 2, Thai Listed Companies Association (TLCA), 2009
12. Advanced Management Program, Capital Market Academic, Class 1, 2009
13. Families in Business from generation to Generation Harvard Business School, USA, 2004

### No. of year being director

2 yrs.

### Positions in other companies

#### Other listed companies

1. SF Corporation Public Company Limited  
- Independent Director
2. Minor International Public Company Limited  
- Independent Director

#### Other businesses , not listed

1. Thai Financial Planners Association  
- Director

2. Thai institute of Directors  
- Director

### Competitive or related businesses to the company

No

### 5-year working history

Thanachart Securities Public Company Limited  
- Director / Executive Director  
Thanachart Securities Public Company Limited  
- Managing Director  
Big C Super Center Public Company Limited  
- Independent Director  
Amarin Printing Public Company Limited  
- Independent Director  
TKS Technology Public Company Limited  
- Independent Director  
GMM Grammy Public Company Limited  
- Independent Director

### No. of Meeting Attendances

Board of Directors' Meeting 8 / 8 Meeting

### Company shares' holding (%)

1,140,000 shares (0.38%)

### Retirement by Rotation

2020

### Nominating for

Director



## Dr. Napassanun Punnipa

**Age** 48 yrs.  
**Nationality** Thai  
**Current Position** Director /  
Chairman of Executive Committee /  
Nomination and Remuneration Director /  
Chief Executive Officer



### Education

1. Doctor of Philosophy in Public Administration, Eastern Asia University
2. Master of Business Administration, Kasetsart University
3. Bachelor of Business Administration, Sripatum University

### Training

1. Director Certification Program, Class 147, 2011
2. Advanced Management Program, Capital Market Academy, Class 22, 2016
3. Real Estate / Real Deal course, Class 1, Institute for Business Creativity Development
4. Insurance Leadership Program, Class 2 of the Office of Insurance Commission (OIC)
5. Insurance Management Development Program of Chulalongkorn University
6. New Millennium Executive Program of Thammasat University

### No. of year being director

9 yrs.

### Positions in other companies

#### Other listed companies

No

#### Other businesses , not listed

1. TQM Insurance Broker Company Limited  
- Director / Chief Executive Officer
2. TQM Life Insurance Broker Company Limited  
- Director / Chief Executive Officer
3. Casmatt Company Limited  
- Director / Chief Executive Officer
4. TQLD Company Limited  
- Director
5. TQM Place Company Limited  
- Director
6. Beauty Twenty Four Company Limited  
- Director
7. The Perfect Group International Company Limited  
- Director

8. Dara Daily Tour Company Limited  
- Director
9. Dara Daily Shopping Company Limited  
- Director
10. The Consequence (Thailand) Company Limited  
- Director
11. Dara Daily Company Limited  
- Director
12. The Billion Deal Trading Company Limited  
- Director
13. Beauty Lab Innovation (Thailand) Company Limited  
- Director

Competitive or related businesses to the company  
No

### 5-year working history

-

### No. of Meeting Attendances

Board of Directors' Meeting 7 / 7 Meeting  
Nomination and Remuneration 5 / 5 Meeting  
Executive Committee Meeting 5 / 5 Meeting

### Company shares' holding (%)

14,100,000 shares (4.70%)

### Retirement by Rotation

2019

### Nominating for

-



## Ms. Ratana Punnipa

**Age** 56 yrs.  
**Nationality** Thai  
**Current Position** Director /  
Executive Director /  
Nomination and Remuneration Director /  
Chief Risk Officer



### Education

1. Bachelor of Business Administration in Accounting,  
Ramkhamhaeng University

### Training

1. Director Accreditation Program, Class 143, 2017
2. Director Certification Program, Class 254, 2018
3. Internal Control for IPO team, Class 3, 2019 (SET)

**No. of year being director**  
3 yrs.

**Competitive or related businesses to the company**  
No

**Positions in other companies**  
**Other listed companies**  
No

**5-year working history**  
-

### Other businesses, not listed

1. TQM Insurance Broker Company Limited  
- Director, Chief Risk Officer (CRO), Executive Vice President  
of Procurement
2. TQM Life Insurance Broker Company Limited  
- Director, Chief Risk Officer (CRO), Executive Vice President  
of Procurement
3. Casmatt Company Limited  
- Director, Chief Risk Officer (CRO), Executive Vice President  
of Procurement
4. Dara Daily Tour Company Limited  
- Director
5. Dara Daily Shopping Company Limited  
- Director
6. Premier Consumer Company Limited  
- Director
7. The Billion Deal Trading Company Limited  
- Director
8. The Perfect Group International Company Limited  
- Director

### No. of Meeting Attendances

Board of Directors' Meeting 7 / 7 Meeting  
Nomination and Remuneration Committee Meeting 5 / 5 Meeting  
Executive Committee Meeting 5 / 5 Meeting

### Company shares' holding (%)

282,000 shares (0.09%)

### Retirement by Rotation

2019

### Nominating for

--



## Mr. Ampon Oniam

**Age** 59 yrs.  
**Nationality** Thai  
**Current Position** Director / Executive Director /  
Chief Operations Officer  
Chief Risk Officer



### Education

1. Director Certification Program, Class 254, 2018

### No. of year being director

3 yrs.

### Positions in other companies

#### Other listed companies

No

### Other businesses , not listed

1. TQM Insurance Broker Company Limited
  - Chief Operations Officer / Executive Vice President Building / Executive Vice President Branch Coordination / Executive Vice President Human Resources
2. TQM Life Insurance Broker Company Limited
  - Chief Operations Officer / Executive Vice President Building / Executive Vice President Branch Coordination / Executive Vice President Human Resources
3. Casmatt Company Limited
  - Director / Chief Operations Officer / Executive Vice President Building / Executive Vice President HumanResources

### Competitive or related businesses to the company

No

### 5-year working history

Dara Daily Company Limited  
- Managing Director

### No. of Meeting Attendance

Board of Directors' Meeting 7 / 7 Meeting  
Board of Directors' Meeting 5 / 5 Meeting

### Company shares' holding (%)

490,000 shares (0.16%)

### Retirement by Rotation

2018

### Nominating for

-



## Ms. Somporn Ampaisutthipong

**Age** 56 yrs.  
**Nationality** Thai  
**Current Position** Director /  
Executive Director /  
Chief Financial Officer



### Education

1. Master of Finance and Marketing, Sriprathum university
2. Bachelor of Management Science, Sukhothai Thammathirat Open University
3. Vocational Certificate in Accountancy, Rajamangala University of Technology, Borpitpimuk Chakkawad Campus

### Training

1. Director Accreditation Program, Class 143/2017
2. Director Certification Program, Class 252/2018
3. CFO Certificate Program the Federation of Accounting Professions
4. Strategic CFO in Capital Market, Class 5, the Stock Exchange of Thailand
5. Executive Development Program, Class 7, the Stock Exchange of Thailand
6. Thailand Overseas Investment Center (TOISC) Class 7, the Office of the National Anti-Corruption Commission (BOI)

### No. of year being director

3 yrs.

### Positions in other companies

#### Other listed companies

No

#### Other businesses , not listed

1. TQM Insurance Broker Company Limited  
- Chief Financial Officer
2. TQM Life Insurance Broker Company Limited  
- Chief Financial Officer
3. Casmatt Company Limited  
- Chief Financial Officer

### Competitive or related businesses to the company

No

### 5-year working history

Finance and Investment Division, the Federation of Thai Industries  
- Director

Synnex (Thailand) Public Company Limited  
- Chief Financial Officer

TKS Siampress Management Company Limited  
- Executive Director

TKS Technology Public Company Limited  
- Financial / Marketing Management Director Operational Risk

TKS Technology Public Company Limited  
- Corporate Governance Committee / Chief Financial Officer

### No. of Meeting Attendances

Board of Directors' Meeting 7 / 7 Meeting

Executive Committee Meeting 5 / 5 Meeting

### Company shares' holding (%)

250,000 shares (0.08%)

### Retirement by Rotation

2019

### Nominating for

-



## Accounting and Finance Executives

### Mrs. Aumaraporn Vaiyavatjamai

**Age** 53 yrs.  
**Nationality** Thai  
**Current Position** Senior Vice President, Accounting

#### Education

1. Bachelor of Business Administration in Accounting, Ramkhamhaeng University

**Positions in other companies** Other listed companies  
No

#### Other businesses , not listed

1. TQM Insurance Broker Company Limited  
- Senior Vice President, Accounting
2. TQM Life Insurance Broker Company Limited  
- Senior Vice President, Accounting
3. Casmatt Company Limited  
- Senior Vice President, Accounting

**Competitive or related businesses to the company**  
No



#### 5-year working history

Synnex (Thailand) Public Company Limited  
- Accounting Manager

**Company shares' holding (%)**  
5,000 shares (0.00%)

### Ms. Kanjane Kulsurakit

**Age** 57 yrs.  
**Nationality** Thai  
**Current Position** Assistant Finance Director

#### Education

1. Master of Marketing, Ramkhamhaeng University
2. Bachelor of Finance, Assumption University

**Positions in other companies**  
Other listed companies  
No

#### Other businesses , not listed

1. TQM Insurance Broker Company Limited  
- Assistant Vice President, Finance
2. TQM Life Insurance Broker Company Limited  
- Assistant Vice President, Finance
3. Casmatt Company Limited  
- Assistant Vice President, Finance

**Competitive or related businesses to the company**  
No

#### 5-year working history

Nippon Express (Thailand) Company Limited  
- Operation Manager

**Company shares' holding (%)**  
20,000 shares (0.01%)





## Company Secretary Biography

### Ms. Supichaya Theppitak

**Age** 47 yrs.  
**Nationality** Thai  
**Current Position** Company Secretary

#### Education

1. Master of Business Administration, Kasetsart University
2. Bachelor of Arts Burapha University

#### Training

1. Company Secretary Program (CSP) Class 85/2018 Thai Institute of Directors 2018
2. Effective Minutes Taking (EMT) Class 40/2018 Thai Institute of Directors 2018

#### Positions in other companies

##### Other listed companies

No

##### Other businesses , not listed

TQM Insurance Broker Company Limited  
- Senior Director Operations



##### Competitive or related businesses to the company

No

##### 5-year working history

TQM Insurance Broker Company Limited  
- Director Operations



## Company Executives



**1. Dr. Unchalin Punnipa**  
President



**2. Dr. Napassanun Punnipa**  
Chief Executive Officer



**3. Ms. Somporn Ampaisutthipong**  
Chief Financial Officer



**8. Mr.Uthai Kiattvikrai\***  
Executive Vice President Information Technology



**4. Ms. Ratana Punnipa**  
Chief Risk Officer



**9. Mr. Nikom Chankong**  
Executive Vice President Claim and Legal Affairs



**5. Mr. Ampon Oniam**  
Chief Operations Officer



**10. Dr. Peradech Anantanarat**  
Executive Vice President Executive Office



**6. Mr.Komnate Nateprapai**  
Executive Vice President Marketing



**11. Mrs. Aumaraporn Vaiyavatjamai**  
Senior Vice President Accounting



**7. Mr. Chaiyod Pornpongapisith**  
Executive Vice President Operations



**12. Ms. Kanjanee Kulsurakit**  
Assistant Finance Director



Remark : \*No.8 Mr.Uthai Kiattvikrai appointed on January 1, 2020.



## Directors and Management Remuneration

### TQM Corporation Public Company Limited

#### 1) Directors' remuneration

##### 1.1) Monetary compensation

The annual general meeting of the shareholders of the company for the year 2019, held on 25 April 2019, passed a resolution to determine the remuneration of the Board of Directors. And the subcommittee for the year 2019, with remuneration for the Board of Directors in the form of monthly compensation, meeting allowances, and others as follows:

#### Year 2019

Description	Salary (baht/month)	Meeting Allowance (baht/meeting)
<b>Board of Directors</b>		
• Chairman	-	50,000
• Director	-	30,000
<b>Audit Committee</b>		
• Chairman	-	30,000
• Member	-	20,000
<b>Nomination and Remuneration Committee</b>		
• Chairman	-	30,000
• Director	-	20,000
<b>Risk Management Committee</b>		
• Chairman	-	30,000
• Director	-	20,000
<b>Executive Committee</b>		
• Chairman	-	-
• Director	-	-

#### Year 2019

Name	Monetary Remuneration 1 January – 31 December 2019					Total
	Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee	
1. Dr. Unchalin Punnipa <sup>1/</sup>	300,000	-	-	120,000	-	420,000
2. Mr. Marut Simasathien <sup>1/, 4/</sup>	180,000	180,000	100,000	80,000	-	540,000
3. Dr. Rutchaneeporn Pookayaporn <sup>4/</sup>	180,000	120,000	150,000	-	-	450,000
4. Mr. Chinnaphat Wisuthiphat <sup>4/</sup>	180,000	100,000	80,000	60,000	-	420,000
5. Ms. Suvabha Charoenying <sup>2/, 4/</sup>	180,000	-	-	-	-	180,000
6. Dr. Napassanun Punnipa <sup>3/</sup>	180,000	-	100,000	-	-	280,000
7. Ms. Ratana Punnipa <sup>3/</sup>	180,000	-	100,000	-	-	280,000
8. Mr. Ampon Oniam <sup>1/</sup>	180,000	-	-	-	-	180,000
9. Ms. Somporn Ampaisutthipong <sup>3/</sup>	180,000	-	-	-	-	180,000

Remark: <sup>1/</sup> Appointed by 2018 AGM held on 30 April 2018

<sup>2/</sup> Appointed by 2018 AGM held on 30 April 2018, effective on 8 May 2018

<sup>3/</sup> Appointed by 2018 AGM held on 25 April 2019

<sup>4/</sup> The meeting of independent directors only



## 1.2) Other Remunerations

Health insurance by Viriyah Insurance Public Company Limited : Un Jai Ruk Campaign

## 2.) Executive's Remuneration

## 2.1) Monetary Remuneration

There was not any monetary remuneration paid because executives were employed and paid by TQM Insurance Broker Company Limited.

## 2.2) Other remunerations

The company provided Provident Fund, managed by Bangkok Bank Public Company Limited.

## Subsidiary with Core Business

TQM Insurance Broker Company Limited

## 1) Directors' Remuneration

There was not any directors' remuneration paid from TQM insurance Broker Company Limited.

## 2) Executives' Remuneration

## 2.1) Monetary Remuneration

Description	2019	
	Transaction	Remuneration (THB:MB)
1. Total Salaries	7	41.04
2. Total Bonuses		8.55
<b>Total</b>	<b>7</b>	<b>49.59</b>

## 2.2) Other Remunerations

TQM Insurance Broker Company Limited paid for executives as remunerations in amount of 3.18 million baht which were provident fund managed by Bangkok Bank Public Company Limited, gasoline, telephone bills and medical bills.

TJN Insurance Broker Company Limited

## 1) Directors' Remuneration

There was not any directors' remuneration paid from TJN insurance Broker Company Limited.

## 2) Executives' Remunerations

## 2.1) Monetary Remuneration

There was not any remuneration paid because executives were paid by TQM Insurance Broker Company Limited.

## 2.2) Other Remunerations

TJN Insurance Broker Insurance Broker Company Limited provided provident fund, managed by Bangkok Bank Public Company Limited.

TQM Life Insurance Broker Company Limited

## 1.) Directors' Remuneration

There was not any directors' remuneration paid from TQM Life insurance Broker Company Limited.

## 2.) Executives' Remuneration

## 2.1) Monetary Remuneration

There was not any remuneration paid because executives were paid by TQM Insurance Broker Company Limited.

## 2.2) Other Remunerations

TQM Life Insurance Broker Company Limited provided provident fund managed by Bangkok Bank Public Company Limited.

## Subsidiary supporting core business

Casmatt Company Limited

## 1) Directors' Remuneration

There was not any remuneration paid.

## 2) Executives' Remuneration

## 2.1) Monetary Remuneration

There was not any remuneration paid because executives were paid by TQM Insurance Broker Company Limited.

## 2.2) Other Remunerations

Casmatt Company Limited provided provident fund managed by Bangkok Bank Public Company Limited.



## Corporate governance

### Corporate governance policy

The Board of Directors' work management is based on adherence to the principles of good corporate governance of the Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET") by recognizing the importance of business operations and the improvement of existing corporate governance for good, sustainable business growth in the long run and supporting transparency. Such principles do not only build confidence for shareholders, investors or all stakeholders, but can also create the benefits and good business results for the Company and generate overall benefits for the Company's competitiveness and sustainable growth.

Additionally, the Company has attached importance to the shareholders' rights and responsibility to the Company's shareholders and stakeholders continuously, equitable treatment of shareholders, taking into account the role of stakeholders, disclosure of information and transparency. Moreover, the Board of Directors puts emphasis on responsibility for duties and compliance with the principles of good corporate governance so as to increase confidence of shareholders, investors and all parties involved. The Board of Directors resolved to approve and enforce the corporate governance policy of covering the main principles, ranging from the structure, roles, duties and responsibilities of the Board of Directors to the management principles of executives with transparency, clarity and verifiability by applying the principles and practices based on good corporate governance for listed companies 2017 of the Securities and Exchange Commission as guidelines for organizational management, resulting in confidence that any operation of the Company is fair and takes into account the best interests of shareholders and all stakeholders. The essence of the policy can be divided into 8 principles as follows.

#### 1) Awareness of the roles and responsibilities of the Board as organizational leader creating value for sustainable business

- 1.1 The Board of Directors understands and recognizes the roles and responsibilities as a leader, for supervising the organization being good management covering objectives and goals,

strategy formulation, operational policies as well as allocating important resources to achieve objectives and goals and monitoring, evaluating and reporting operation performances.

- 1.2 The Board of Directors establishes policies, including the corporate governance policy and corporate social responsibility policy to create sustainable business in order to promote ethical business practices, respect the rights and responsibilities to shareholders and stakeholders, achieving success in the business operations of the company, benefit to
- 1.3 The Board of Directors is responsible for overseeing that directors and executives perform their duties with accountability and responsibility, duty of care, honesty to the organization, duty of loyalty for the most benefit of the company, and shall comply with the law, objectives, regulations, resolutions of the Board of Directors' meeting and the resolution of the shareholders' meeting including the policy or guidelines that have been specified by the company by having to provide sufficient mechanisms to ensure that the company's operations complying with relevant laws, objectives, regulations, resolutions of the Board of Directors Shareholders meeting's resolution And various policies of the company such as related party transaction policy, anti-corruption policy (Anti-Corruption Policy), the Delegation of Authority, etc., including the approval process of important operations such as investment, transactions that affect the company, significant transaction with related party, acquisition or disposal of assets and dividend payment. etc.
- 1.4 The Board of Directors understands the role scope of duty and responsibilities of the board of directors as well as clearly specifying the scope of delegation of duties and responsibilities to the committees and



management as well as monitoring and overseeing the performance of duties as assigned by the various charters of the Board of Directors and sub-committees in writing, and shall review the said charters regularly at least once a year to be in line with the company's directions.

#### 1.5 Director positions

1.5.1 Board of Directors has determined that each director can hold the position of director in other listed companies when combining the company, there shall not be more than 5 listed companies.

1.5.2 In the case that a director is a Chairman, an Executive Director or a director binding company, one or many in other companies, there shall not be more than 3 business groups.

1.5.3 Managing Director of the company to be a director in other companies (except family business's companies) shall obtain approval from the board before taking office and the committee shall consider the type of director position and the number of companies holding positions in order to be effective in performing duty and in order for the director to be able to devote time to perform the duties of the directors of the company.

In addition, the company has stipulated that directors and senior executives have the duty to inform the company of the directorship positions in other companies to the company at the first opportunity to be appointed as the company's directors or senior management by disclosing information about company name, business type, amount of shares holding, including shares held by spouse and under-age children in the company and shall notify the company of the change of position in other companies according to the report on interests of directors and senior executives.

However, being a director in other business types shall not conflict with regulations or rules of other relevant regulatory agencies and shall notify the company within 7 days from the date of appointment or the date of holding the position.

### 2) Determining the main objectives and goals of sustainable business

2.1 The Board of Directors attaches great importance to the determination of the main objectives and objectives of the business operations of the organization to grow sustainably with society, creating value and benefits the organization, customers, business partners, employees, shareholders, and stakeholders and the society as a whole and shall promote communication and strengthen the main objectives and objectives of the organization to reflect in the decisions and operations of human resources at all levels to become an organizational culture under the principles of good corporate governance.

2.2 Objectives and annual business strategies shall be consistent with the achievement of the main objectives and objectives of the business by adopting innovations and technology appropriately and safely. In addition, the Board of Directors shall be aware of the risks of setting goals that may lead to illegal behavior or lack of ethics (unethical conduct) as well as supervising the intervention of objectives and goals through strategies and plans throughout the organization.

### 3) Strengthening the efficiency of Board of Directors

3.1 The Board of Directors has duties and responsibilities in determining and reviewing the structure of the Board of Directors, in terms of composition, qualifications, expertise, experience, number of directors suitable for the business, proportion of independent directors in order to be appropriate and necessary to achieve the specified objectives and key objectives. The related guidelines can be summarized as follows:

3.1.1 The meeting of shareholders determines the number of directors of the company, the term of office is 3 years. However, the directors who have completed their terms may be re-elected from the shareholders' meeting.



- 3.1.2 The Board of Directors shall have qualifications and shall not have prohibited characteristics as stipulated by law.
- 3.1.3 The Board of Directors consists of at least 1 in 3 independent directors and not less than 3 persons, independent directors of the company shall have qualifications and shall not have prohibited characteristics as specified by the Board of Directors which is strict, not less than the qualifications specified by the Capital Market Supervisory Board and the Stock Exchange of Thailand.
- 3.1.4 Directors and senior management of the company are responsible for reporting executive directorship, controlling person in a limited company or other listed companies, being a managing partner in an ordinary partnership or being a limited liability partner in a limited partnership, the company shall be informed in accordance with the rules and procedures prescribed by the Board of Directors.
- 3.1.5 The Board of Directors has clearly specified the scope of duties and responsibilities of the Board of Directors in the Board of Directors' charter. Details of the composition, qualifications, appointment, term of office and termination shall be as specified in the board of directors' charter.
- 3.1.6 The Board shall disclose the policy for determining compositions of the committee and directors' information i.e. age, education background, experience, shareholding proportion, number of years in office and director positions in other listed companies in the annual report and on the website of the company.
- 3.1.7 The Board of Directors shall appoint Company Secretary to perform duties as required by law and perform other duties as assigned by the Board of Directors.
- 3.2 The Board of Directors shall appoint a suitable person to be the chairperson of the board and ensure that the components and operations of the Board of Directors facilitate the exercise of independent judgment, in the case that the chairperson is not an independent director, the Board of Directors shall appoint an independent director to participate in determining agenda of the board meeting to maintain the balance of power between the board and management and to be in accordance with corporate governance principles for listed companies.
- 3.3 The Board of Directors shall oversee the recruitment and selection of each committee to have a transparent and clear process in order to get the Board of Directors and sub-committees having qualifications consistent with the specified components.
- 3.4 The shareholders' meeting has the power to consider and approve the directors' remuneration. Therefore, in proposing the directors' remuneration to the shareholders' meeting The Board of Directors will consider the structure and compensation rate to be appropriate with the responsibility. Persuade the Board of Directors to lead the organization to carry out both short-term and long-term goals.
- 3.5 The Board of Directors shall ensure that all directors have responsibilities in performing their duties and allocate sufficient time.
- 3.6 The Board of Directors provides a framework and mechanism for supervising the policies and operations of subsidiaries and associates at the appropriate level for each business including subsidiaries and associates to have the same understandings.
- 3.7 The Board of Directors has a policy to evaluate the annual performance of the Board of Directors, sub-committee and individual directors, with the evaluation results being used for further development of duties.



- 3.8 The Board of Directors shall oversee that each director has knowledge and understanding of roles and responsibilities, nature of business and laws related to business operations as well as to support all directors to receive skills and knowledge for performing their duties regularly.
- 3.9 The Board of Directors shall ensure that the operations of the Board of Directors are completed, able to access the necessary information and appoint a company secretary with knowledge and experience necessary and appropriate to support the operations of the Board of Directors.
- 3.10 In addition, in order to strengthen the Board of Directors, the Board of Directors shall appoint a number of members from the Board of Directors as members of the sub-committees to perform special duties. Each sub-committee has the same term as the Board of Directors and has duties as assigned by the Board of Directors.
- 3.11 The board shall oversee the disclosure of roles and duties of the committee, sub-committee and the chairman, the number of meetings and the number of times each director attended the meeting in the past year and report the performance of every sub-committee.

#### 3.11.1 Audit Committee

To perform duties as assigned by the Board of Directors, which includes the duty to review financial reports, internal control system, legal compliance, selection of auditor, disclosure of company information and preparation of the audit committee's report, etc., as it appears in the audit committee's charter.

#### 3.11.2 Executive Committee

To perform various duties as assigned by the Board of Directors, including management duties regarding normal operations and the management of other companies, screen policies, business plans, budgets, management structures and the management powers of

the company, establishing rules for conducting business in accordance with the economic conditions, to propose to the meeting of the board of directors for consideration and approval and / or agreement including checking and following up the company's operations according to the policy set by the Board of Directors, etc., as stated in the Executive Committee's charter.

#### 3.11.3 Nomination and Remuneration Committee

To perform duties as assigned by the Board of Directors, including the duty to select the person who being suitable to be nominated as a new director or senior management and management authority by specifying criteria or methods of recruitment and criteria of selection and transparency, to propose to the meeting of the board of directors and / or the shareholders' meeting for approval, consider the guidelines and determine compensation to the directors and senior management and management authority by specifying rules or methods of determining, fair and reasonable compensation for submission to the Board of Directors' meeting and / or the shareholders' meeting for approval, etc. as shown in the Nomination and Remuneration Committee's charter.

#### 3.11.4 Risk Management Committee

To perform duties as assigned by the Board of Directors including the duty to formulate policies, management strategy and the risk management framework, to propose to the Board of Directors, and follow up to ensure that risks and impacts are assessed including risk management at the level of the organization of the company, sufficient and in time to the situation, etc., as shown in the Risk Management Committee's charter.



#### 3.11.5 Chairperson of the Board

The chairperson of the Board is the chairperson of the board meeting is responsible as the leader of the Board of Directors in supervising and overseeing the operations of the Board of Directors and sub-committees voting in case of equal votes, the chairperson of the Board of Directors shall have an additional vote as the deciding vote, calling the board meeting or may assign another person to act on his behalf, being the chairperson of the shareholders' meeting and any other operations according to the resolution of the board of directors' meeting.

#### 3.12 Board of Directors Meeting

3.12.1 The company has informed the board of directors' meeting schedule in advance every year to help the directors to allocate time to attend the meeting and delivered the meeting invitation letter, meeting agenda details and supporting documents for the meeting for the board of directors to study and consider at least 7 days in advance of the meeting date.

3.12.2 In each meeting, the minimum quorum at the time that the board of directors shall pass a resolution shall be at least 2/3 of the total number of directors.

3.13 The rules and procedures for the appointment of independent directors are in accordance with the rules and procedures for the appointment of the directors, in which each independent director can hold an independent position for a maximum of 9 consecutive years.

#### 4) **Recruitment and development of senior management and human resources management**

4.1 The Board of Directors shall ensure that recruitment and development of the chairperson of the Executive Committee and senior executives qualified with knowledge, skills, experience and qualifications necessary to drive the organization to the goal.

4.2 The Board of Directors shall supervise the determination of compensation structure and suitable evaluation.

4.3 The Board of Directors provide a policy to use the inside information of the company in associated with understanding of the structure and relations of shareholders that may affect the management of the business and the power to control the management of the business in order not to be a hindrance to the Board of Directors' duties, and shall oversee the disclosure of information that may have an impact on the appropriate control of the business.

4.4 The Board of Directors shall monitor and manage the human resources development to have the appropriate knowledge, skills, experience and motivation.

4.5 The Board of Directors requires an orientation for all new directors in order for the new directors to be aware of the expectations that the company has on the roles and responsibilities of the directors, policies and guidelines for corporate governance of the company, including knowledge and understanding of the business and operations of the company in order to prepare the director's performance.

4.6 Board of Directors shall support those involved in the company's corporate governance system, i.e. directors, sub-committees, executives, company secretaries, investor relations, accounting department, etc., to attend training courses or participate in activities organized by the Thai Institute of Directors (IOD), the SEC, the Thai Listed Companies Association, Thai Investors Association, or various independent organizations consistently and continuously to enhance knowledge, improve operations being useful for performing duties more efficiently.



## 5) Promotion of innovations and responsible business operations

5.1 The Board of Directors attaches importance and supports the creation of innovations that create business value and benefits to stakeholders and is responsible to society and the environment by promoting actions to add value to the company according to the changing environmental factors. This may cover the determination of a business model (Business Model), thinking methods, design and development of products and services, research, improvement of production processes and work processes including cooperation with partners.

5.2 The Board of Directors shall monitor the management to conduct business with social and environmental responsibility and is reflected in the Operational Plan to ensure that all departments of the organization operate in accordance with the objectives, principles and strategies of the Business. Concerning the Roles of Stakeholders, the Board of Directors shall provide mechanisms to ensure that the business operates ethically, social and environmental responsibility, not violating the rights of stakeholders in order to be a guideline for all parts of the organization to achieve sustainability objectives and key goals. The Board of Directors establishes guidelines for stakeholders as part of the Corporate Social Responsibility Policy (CSR) and the Charter and Code of Conduct, and shall disclose important and relevant information necessary for stakeholders to know sufficiently and timely.

In this regard, the Board of Directors shall recognize the importance of the role of stakeholders and treat all groups of stakeholders including employees, shareholders, customers, business partners, public and society as a whole, transparent, appropriate, equitable and fair and shall set guidelines for treatment of conflicts of interest, including:

### 5.2.1 Employees

Providing compensation to employees by adhering to the

principles of fair and measurable performance evaluation under the criteria specified by the company and aiming to promote and develop human resources to have knowledge and capability continuously and give the opportunity to the employees to file a complaint in case of unfair treatment via various channels i.e. comment box or through the human resources department that receives the report, etc. The company is responsible for providing a safe, hygienic and conducive working environment for effective work. The company shall check and review compensation and benefits of employees to be in the industry standards and as the company's policy to develop the knowledge of the employees that is necessary for the efficient operations the entire organization.

### 5.2.2 Customers

Building long-term relationships and cooperation with customers by adhering to the principles of honesty and trust, the company has a duty to create the highest satisfaction for customers by taking responsibility, paying attention and paying attention to customers' problems and needs first by allowing all executives and employees to comply with the measures under this policy to ensure that the company adheres to provide good quality services and never stops developing new services that are effective for the company's customers. In addition, the company shall operate and conduct business with the company's customers by adhering to the ethics and encouraging the customers of the company have good health.

### 5.2.3 Payables

Building relationships and treating creditors by adhering to



the principles of honesty, trust and trust each other and responsible for paying attention and paying attention to various conditions entering into an agreement with the creditors the best.

#### 5.2.4 Partners

Treating suppliers with honesty and is equal to ensure that the company's business operations are appropriate, fair and benefit both parties with sustainable development and is a long-term partner with the company. The company shall choose to do business with partners from various conditions i.e. price conditions, quality, control and environmental protection, technical and legal expertise, trust and stick to the right things.

#### 5.2.5 Community and environment

Ensuring that the company and employees adhere to conducting business responsibly and benefit the society and community and has a duty to behave and treat the neighboring communities with friendliness to help and support the development of communities to be well-being as well as being responsible for fair and equitable business operations of the company and to promote sustainable development.

In addition, shall comply with the environment in accordance with the social responsibility policy conserving natural resources for sustainability including the promotion and support of conservation of resources and environment. The company discloses various activities including the promotion of employee participation that demonstrate the implementation of the social responsibility policy and oversee the preparation of corporate social responsibility reports in the annual report or separate versions.

#### 5.2.6 Fair competition

Ensuring that the company conducts business openly, transparently and without creating an unfair competitive advantage.

#### 5.2.7 Related government agencies

Ensuring that the company complies with various laws and regulations related and specified and support various activities of government agencies on various appropriate occasions. In addition, the company shall adhere to providing services and selling good products with standard and quality and in accordance with the laws. In addition, the government offices and government agencies shall be treated politically neutral as defined in the Charter and Code of Conduct and anti-corruption policy.

In addition, there shall be a channel to receive complaints. and / or comment and add more ways to email directly to top management at [napassanun@tqm.co.th](mailto:napassanun@tqm.co.th). The Board of Directors has specified and protected the whistleblowers by not disclosing, but will collect various information of the whistleblower. The internal audit department shall compile a summary of the above issues and present to the audit committee for proof and fact finding. If found to be information that affects the company, it shall be presented to the Board of Directors for further consideration.

5.3 The Board of Directors shall monitor the management to allocate and manage resources to be efficient and effective by considering the impact and the development of resources throughout the Value Chain in order to achieve the main objectives and goals sustainably. Be aware of at least 4 types: financial capital, human capital, social and relationship capital, and natural capital.

5.4 The Board of Directors shall set up a framework for supervision and management of information technology at the organizational level that is in line with the needs of the



business including supervising the use of information technology to increase business opportunities and develop operations risk management to enable the business to achieve the objectives and main objectives of the organization.

**6) Ensuring the availability of appropriate risk management and internal control systems**

- 6.1 The Board of Directors shall supervise to ensure that the company having a system of risk management and internal control to achieve the objectives effectively and complying with relevant laws and standards.
- 6.2 The Board of Directors appoints an audit committee, in which all members shall be independent directors and not having prohibited characteristics under relevant laws as well as having qualifications and duties in accordance with the regulations of the Office of the SEC and the Stock Exchange of Thailand in order to be able to perform their duties efficiently and independently in performing their duties as assigned by the Board of Directors, which includes the duty to review financial reports, Internal control system, legal compliance, consideration of auditor selection, disclosure of company information and preparation of the audit committee's report, etc., as it appears in the audit committee's charter.
- 6.3 The Board of Directors monitors and supervises any conflicts of interest that may occur between the company with managements, Board of directors, or shareholders including prevention of undue use of property, company information and opportunities and transactions with related parties with the company in an inappropriate manner, including the guidelines set out in the Charter and Code of Conduct and the internal information usage policy in writing.
- 6.4 The Board of Directors has a clear anti-corruption policy as specified in the Charter and Code of Conduct and anti-corruption policy by communicating at all levels of the organization and third parties for real

implementation and the Board of Directors shall arrange a project or a guideline against corruption including supporting activities that promote and instill all employees to comply with relevant laws and regulations.

- 6.5 The Board of Directors supervises the mechanism for receiving complaints and taking action in the case of clues, and specifies clear guidelines in the policy on receiving whistleblower complaints. The channels for receiving complaints shall be disclosed on the company's website or annual report.

**7) Maintaining financial credibility and disclosure of information**

- 7.1 The Board of Directors is responsible for the system of financial reporting and disclosure of important information accurately, sufficiently, timely, in accordance with relevant rules, standards and practices.
- 7.2 The Board of Directors shall follow up to ensure that the company maintains sufficiency of financial liquidity and ability to pay off debt.
- 7.3 If there is a situation in which the business faces financial problems or is likely to encounter a financial problem. The Board of Directors shall ensure that the business has a plan for resolving problems or other mechanisms that can solve financial problems; however, under consideration of the rights of stakeholders.
- 7.4 The Board of Directors has a policy to prepare sustainability reports as appropriate for disclosure of legal compliance information, compliance with the Charter and Code of Conduct, Anti-Corruption Policy, treatment of employees and related parties including fair treatment and respecting human rights including social and environmental responsibility. Such information shall be disclosed in the annual report or shall be prepared in a separate book as appropriate for the company.
- 7.5 The Board of Directors shall supervise the management to set up an investor relations department to communicate and publicize



information that is beneficial to shareholders, investors, analysts, and related parties appropriately and equally.

7.6 The Board of Directors encourages the use of information technology in the dissemination of information, in addition to the dissemination of information in accordance with the rules and through the Stock Exchange of Thailand, the Board of Directors shall provide information disclosure in both Thai and English through other channels, such as the company's website, including current information.

7.7 The Board of Directors requires the disclosure of information and transparency as part of the Company's Charter and Code of Conduct.

#### 8) Promotion of participation and communication with the shareholders

The Board of Directors recognizes the importance of the shareholders of the company by ensuring that the shareholders receive fair treatment and the shareholders can fully exercise their basic rights as shareholders, such as

- (1) Right to buy, sell, or transfer shares
- (2) The right to have profit sharing of the company
- (3) The right to receive sufficient relevant information via the company's website or the SET website or by any other methods.
- (4) The right to participate in the meeting in order to exercise the right to vote at the shareholders' meeting independently, to appoint or remove directors, consideration of the remuneration of directors, appointment of auditors, dividend payment, capital increase and issue new shares, including the right to ask questions to the Board of Directors about the report of the Board of Directors and any other matters proposed to the meeting for consideration and approval. The right to propose meeting agendas and to nominate persons to be elected as directors and participation in decision-making on important matters of the company, in which, every shareholder has the right to vote according to the number of shares being held and each share has one vote.

In addition, the Board of Directors shall also be aware of and value the rights of shareholders, not acting in violation of or depriving the rights of shareholders. The Board of Directors encourages and sets policies related to shareholders' rights as follows:

8.1 The Board of Directors shall ensure that shareholders are involved in the decisions on important matters of the company including:

8.1.1 Protecting and respecting the basic shareholders' rights, such as the right to buy or sell shares, the right to have a profit sharing of the business, the right to receive sufficient business information, the right to attend shareholders' meetings to appoint or removal of directors, appointment of auditors, allocation of dividends, determination or amendment of regulations or memorandum of association, capital reduction or increase of capital and approval of special items, etc.

8.1.2 Promoting and supporting shareholders to exercise their rights in various matter in the annual general meeting of shareholders, including the right to propose the agenda of the shareholders' meeting in advance of the meeting, the right to nominate persons to be selected as directors in advance, the right to send questions to the meeting in advance of the meeting, rights to express opinions and ask questions at the meeting, etc., as well as to facilitate minority shareholders to nominate persons to be directors of the company by sending the biography and consent letter of the said person to the Chairman of the Board of Directors under the rules, regulations and procedures specified by the company.

8.1.3 Overseeing the delivery of an invitation letter to the shareholders' meeting



- together with relevant documents and disseminated via the company's website at least 28 days before the meeting date and preparing invitation letters for the shareholders' meeting in both Thai and English.
- 8.1.4 Encouraging shareholders to use a proxy in the form that shareholders can specify the direction of voting, agree, disagree, abstain by preparing a proxy Form A, Form B and Form C (Specific Proxy Forms) For custodian) to shareholders as well as facilitating shareholders not convenient to attend the meeting by themselves but wishing to exercise their voting rights via proxy by proposing an independent director to attend the meeting and vote on behalf of the shareholder, to facilitate the shareholders to exercise the right to select one of the independent directors to be proxies on behalf of the shareholders.
- 8.1.5 Refraining from any action, violation or restrict rights or depriving shareholders of the right to access the company's information, that shall be disclosed under various regulations and attending shareholders' meetings, for example, not immediately offering documents that contain important additional information, not add meeting agenda or changing important information without notifying shareholders in advance, etc.
- 8.1.6 Facilitating shareholders to exercise their rights, such as providing current important information via the company's website, etc.
- 8.2 The Board of Directors shall ensure that the operations on the day of the shareholders' meeting proceeding with transparency, efficiency and efficiency and allowing shareholders to exercise their rights, including:
- 8.2.1 facilitating shareholders to exercise their rights to attend the meeting and vote fully in the meeting and refraining from any actions which limits the opportunity to attend the meeting of shareholders, in the event that the shareholders are unable to attend the meeting by themselves, the company gives the opportunity to appoint an independent director or any person to attend the meeting on their behalf.
- 8.2.2 The rules and procedures for attending the shareholders' meeting shall be informed in the invitation letter and on the meeting date. The meeting moderator shall announce the rules used in the meeting and the process of voting for shareholders in the general meeting of shareholders and the notification of the rules and procedures for voting on the minutes in every meeting of shareholders.
- 8.2.3 Arranging a meeting appropriately and allowing shareholders to ask questions related to the meeting agenda or about the company and comment. The Chairman of the Board shall ask the meeting on each agenda including the recording of questions relating to the agenda or related to the company and express opinions of shareholders including explanations of the Board of Directors and / or executives in the minutes of every shareholders' meeting.
- 8.2.4 The meeting shall be conducted in the order of the agenda specified in the invitation letter and executives who are shareholders of the company shall not propose any additional meeting agenda which is not necessary to the meeting, especially the meeting agenda in which shareholders shall take sufficient time to study before making a decision.



- 8.2.5 Encouraging the promotion of technology such as barcodes, voting cards, etc. for use in shareholders' meetings including shareholder registration, counting and displaying results so that the meeting proceedings can be done quickly, accurately, transparently and verbally. The voting results shall be disclosed in the minutes of the shareholders' meeting together with the votes in favor, disapproval and abstention in each agenda being casted.
- 8.2.6 An independent person shall be a witness for vote counting or being counters or checking votes in meetings, such as the company's auditor or legal counsel and the results of the counting or examination of the said votes shall be disclosed to the meeting, and recorded in the minutes of the meeting.
- 8.2.7 The Board of Directors recognizes the importance of the annual general meeting of shareholders and respect the rights of shareholders, therefore, encourages all directors to attend the shareholders' meeting.
- 8.3 The Board of Directors shall oversee the disclosure of the resolutions of the shareholders' meeting and the preparation of the minutes of the shareholders' meeting correctly and completely, including:
- 8.3.1 Ensuring that information regarding date, time, location, and agenda of the shareholders' meeting as well as all information related to matters that need to be decided at the shareholders' meeting, with sufficient clarification and reasoning in accordance with the agenda or resolutions requested by shareholders in each meeting. The company has a policy to give the opportunity for the shareholders to study the information before the meeting date in advance via the company's website with the same information as the document delivered to shareholders.
- 8.3.2 After each shareholders' meeting, overseeing the compilation of meeting content which includes meeting agenda, details, name list of directors attending and leaving the meeting, resolution of the meeting, voting as well as questions and comments from shareholders, preparing "Minutes of the shareholders' meeting" on the company's website and delivered to the Stock Exchange of Thailand and / or related departments within 14 days from the meeting date which is in accordance with the regulations of the SEC and the SET. And disclosing to the public, the voting results of each meeting through the system of the Stock Exchange of Thailand within the time specified by law.
- 8.3.3 Promoting the exercise of rights of shareholders and not restricting rights of shareholders by providing information disclosure via the company's website in advance and the company shall not present any documents with additional important information during the shareholders' meeting and the company shall not add the meeting agenda or change important information without notifying shareholders to know in advance, ensuring that the shareholders are provided with the latest news and information via the company's website regularly.
- Subcommittees**
- The structure of the Board of Directors comprises the Board of Directors and 4 subcommittees, namely the Executive Committee, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee. The Board of Directors resolved to approve the Charters of the Board of Directors and subcommittees with the objective of allowing the Company's directors to understand their roles and responsibility towards the shareholders, the Company and



subsidiaries and show the ability to perform such duties effectively, efficiently and transparently. The scope of authority and duties is as follows.

**Scope of the authority and duties of the Board of Directors**

1. The Board of Directors has the authority and duties to manage and operate the business of the Company and subsidiaries according to the laws, objectives, regulations and resolutions of the Board of Directors meeting as well as the resolutions of the shareholders' meeting with integrity and caution in order to safeguard the interests of the Company, subsidiaries and shareholders. Additional duty includes ensuring that the Company and its subsidiaries comply with various policies of the Company and subsidiaries, the laws relating to business operations of the Company and subsidiaries, including the laws on prohibiting payment of bribes or support for corruption.
2. Performance of the duties with responsibility and caution like a reasonable businessperson should act under the same circumstances for maximum benefit of the Company, subsidiaries and shareholders mainly.
3. Arranging the Board of Directors meeting at least 3 months per time, which should also be the plenary meeting unless there is unavoidable necessity when considering, resolving on significant matters or transactions. Significant transactions should include transactions required by law to be approved by the Board of Directors' meeting, i. e. acquisition or disposal of assets of the Company or subsidiaries with major impact on the Company or subsidiaries, expansion of investment projects, consideration and approval of entering into connected transactions according to relevant rules of the Securities and Exchange Commission and the SET, determination of the operational authority level and determination of financial management policy and risk management of the business of the Company and subsidiaries, etc.
4. Taking action for the Company and subsidiaries to use the appropriate and effective systems of accounting, financial reporting and auditing, including providing an internal control system and an internal audit system that are adequate and efficient as well as a process for evaluating the suitability of internal control system of the Company and subsidiaries regularly.
5. Arranging to make the balance sheet as well as the profit and loss account at the end of the calendar year, which is the Company's fiscal year so as to show the financial status and operating results in the past fiscal year to be true, complete, correct and consistent with generally accepted accounting standards for presentation to the shareholders' meeting at the annual general meeting of shareholders for consideration and approval. The Board must arrange for the auditor approved by the Securities and Exchange Commission to check such balance sheet as well as profit and loss account to be completed before presentation to the shareholders' meeting. Also, arrangements must be made for creating and reviewing the quarterly financial statements.
6. Considering and approving the selection and appointment of the auditor and examining the appropriate remuneration as proposed by the Audit Committee before presentation to the shareholders' meeting at the annual general meeting for approval.
7. Examining, reviewing and approving the vision, policies, direction, strategies, plans for business operations of the Company and subsidiaries as prepared by the Executive Committee and the management department.
8. Determination of the main objectives and goals, guidelines, policies and important strategies by taking into account the ethics, impact on society and the environment mainly, financial objectives, various business plans and budgets of the Company and subsidiaries as well as arranging important resources so as to achieve the objectives and goals, including supervising the administration and management of the



- Executive Committee and the management department according to the stipulated policies, plans and budgets with efficiency and effectiveness for maximum benefit of the Company, subsidiaries and shareholders.
9. Considering and approving the operations of the Company and subsidiaries, which conform to the articles of association of each company.
  10. Monitoring the operating results of the Company, subsidiaries and associate company continuously to accord with the goals, guidelines, policies, business plans and the budgets of the Company and subsidiaries and regularly evaluating the performance of the Executive Committee and the management department, including determination of remuneration and review of succession planning.
  11. Considering, determining the risk management policy to cover the entire organization and ensuring the available system or process for risk management with support measures and control methods to reduce the impact on the business of the Company and subsidiaries appropriately.
  12. Formulation of a supervisory mechanism to enable the Company to control the management and the operations of subsidiaries like being a unit of the Company, including the available measures to monitor work management of subsidiaries in order to safeguard the interests of the Company's investments according to the announcement TorJor. 39/2559.
  13. Arranging for and complying with the corporate governance policies of the Company and subsidiaries according to written good governance principles such as anti-corruption policy, whistleblowing policy and internal information use policy, etc. and the effective implementation of such policies to ensure the Company and subsidiaries' responsibility to all groups of stakeholders with fairness.
  14. Approving the expenses for business operations of the Company and subsidiaries, including the Delegation of Authority
  15. Providing written code of conduct and business ethics to be working standards of the directors, executives and employees of the Company. The Board of Directors should monitor strict compliance with the code of conduct and business ethics.
  16. Establishing the Charters of the Board of Directors and sub-committees as well as amending the Board of Directors Charter and approving the proposals of subcommittees to modify the content of the Charter so as to be updated and appropriate for the rules, regulations and changing circumstances.
  17. Determining the structure of work management, having the power to appoint the Executive Committee, the President, the Chief Executive Officer and other subcommittees as appropriate, including determining the scope of the authority, duties and remuneration of the Executive Committee, the President, the Chief Executive Officer and various subcommittees appointed. This empowerment based on that scope of authority, duties must not be characteristic of the authorization or delegation of authority enabling such Executive Committee, President, Chief Executive Officer and subcommittees to consider and approve transactions that may have conflicts, interests or any other conflict of interests with the Company or subsidiaries except approval for transactions according to the policies and criteria already approved by the shareholders' meeting or the Board of Directors meeting.
  18. Determining and modifying the names of the directors authorized to sign and bind the Company. Besides, if the position of director is vacant for reasons other than expiration of the term, the Board of Directors must select the person with qualifications and not having prohibited characteristics according to the Public Limited Companies Act as well as the Securities and Exchange Act, including relevant announcements, rules and / or regulations to be a replacement director in the next Board meeting unless the remaining term of the outgoing director is less than 2 months.



19. Appointment of the persons as directors or executives of subsidiaries and associate company at least in proportion to shareholding in subsidiaries and associate company. Determining remuneration and specifying the scope of authority and responsibilities of appointed directors and executives, including the framework of voting power in the Board of Directors' meetings of subsidiaries and associate company on important matters that must be approved by the Board of Directors before and supervising the administration and the management department of subsidiaries and associate company to accord with the Company's operational plans and policies and supervising various transactions to be correct according to relevant laws and rules, including monitoring the subsidiaries and associate company to disclose information about the financial status and operating results, connected transactions and acquisition or disposal of significant assets completely, accurately as well as monitoring, supervising the directors and executives of subsidiaries to comply with the duties and responsibilities as required by law.
20. Considering and proposing remuneration of the Board of Directors as presented by the Nomination and Remuneration Committee for the shareholders' meeting to approve. Examination of the Board of Directors' remuneration must take into account various factors, e.g. consistency with long-term strategies and goals of the Company, experience, obligations, scope and responsibilities, including the benefits expected to receive from each director, etc. The Company is prohibited from paying money or other assets to the directors unless paid as remuneration according to the Company's articles of association. If not stipulated by the Company's articles of association, payment of remuneration shall be in accordance with the resolution of the shareholders' meeting, which comprises the vote of not less than two-thirds of the total votes of the shareholders attending the meeting.
21. Appointment of the Company secretary to be responsible for various operations in the name of the Company or the Board of Directors, e.g. creation and storage of director registration, written notice of the scheduled Board meeting and the minutes of the Board of Directors meeting, written notice of the scheduled shareholders' meeting and the minutes of the shareholders' meeting and keeping the reports of interests, etc.
22. Considering and approving transactions on acquisition or disposal of assets of the Company or subsidiaries, investment in new businesses and necessary actions according to relevant laws, announcements and / or regulations of the SET and the Capital Market Supervisory Board, including other related rules.
23. Considering and / or commenting on connected transactions between the Company, subsidiaries, associate company and related parties as specified in the Securities and Exchange Act, including relevant regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board. Also approving the principles of trade agreements with the general trade conditions for entering into transactions between the Company, subsidiaries, associate company and the directors, executives or related parties to set the operational framework of empowering the Executive Committee and the management department to execute such transactions under the framework and scope of relevant laws and rules. Also considering and / or commenting on entering into various transactions of the Company (for the value of transactions unconnected with the conditions that must be approved by the shareholders' meeting) in accordance with relevant laws, announcements, rules and regulations.
24. Supervising, controlling and preventing a conflict of interests between the stakeholders of the Company and of subsidiaries. Also managing to resolve a conflict of interests and



the wrongful use of assets of the Company and subsidiaries as well as wrong actions in transactions between related parties with the Company and / or subsidiaries.

25. Ensuring that the existing structure and practices of the Board of Directors and various subcommittees support, are intended for supervision appropriately and can be changed when necessary.
26. Arranging for the shareholders' meeting to be the annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
27. Arranging for appropriate disclosure of information to stakeholders, persons with a conflict of interests and relevant persons. Also arranging for disclosure of important information to shareholders in the financial statements and various reports prepared for shareholders appropriately. Such information should be published through a system of the Stock Exchange of Thailand before and may be disseminated additionally via the Company's website, including arranging for the responsible persons to provide information to investors. The Board of Directors should disseminate information correctly, completely, appropriately and punctually.
28. Preparing the annual report of the Board of Directors and responsibility for preparation and disclosure of financial statements to show the financial status and operating results in the past year and presentation to the shareholders' meeting for consideration and approval.
29. The Board of Directors may authorize one or several directors or any other person to perform any task on behalf of the Board under the control of the Board of Directors or may authorize such person (s) to have the power as the Board deems appropriate and within the time considered by the Board of Directors as suitable. The Board of Directors may cancel, revoke, change or modify such authorization when deemed appropriate. This empowerment must not be characteristic of authorization or delegation of authority of enabling such person (s) to consider and

approve transactions to be done by such person (s) or the person with possible conflict, interests or conflict of interests in any other manner with the Company or subsidiaries (if any) (as defined by the announcements of the Capital Market Supervisory Board and / or the Stock Exchange of Thailand and / or any other announcements of the relevant authorities) unless such transactions are the Company's normal transactions and have the same rules as doing transactions with third parties (Arm's Length).

30. Requesting independent opinions from any other professional advisors when deemed necessary at the Company's or the subsidiaries' expense. Hiring must conform to the regulations of the Company or subsidiaries.
31. Joint responsibility to the persons trading securities of the Company for any damage arising from disclosure of information to shareholders or the general public by showing false statements in essence or concealing the true text that should be notified in essence as required by the Securities and Exchange Act unless such directors can prove, by their position, impossible awareness of the truth of information or the lack of information that should be reported.
32. The directors and executives of the Company are obliged to inform the Company about relationship, holding shares or debentures in the Company, subsidiaries or associate company and transactions of directors and executives of the Company, including related parties of such directors and executives with the Company or subsidiaries in a manner that may cause a conflict of interests and avoid transactions of possibly causing a conflict of interests with the Company or subsidiaries correctly, completely, appropriately and punctually.
33. Joint liability for any damage happening to the Company according to the rules stipulated in the Public Limited Companies Act.
34. Approving the interim dividend payment according to the Company's articles of



association when considering that the Company has adequate profits and reporting to the shareholders' meeting in case of interim dividend payment.

35. Performing any other duties relating to the Company's business as assigned by the shareholders
36. Reviewing the Board of Directors Charter at least once a year

#### Scope of the authority duties of the Executive Committee

1. Operating and managing the business of the Company and subsidiaries according to the objectives, regulations, policies, rules, orders and resolutions of the Board of Directors' meeting
2. Screening and presenting the goals, policies, business plans as well as business strategies, financial goals and annual budget, business expansion, management structure, annual operational plan, human resource management policy, financial, public relations and budgetary plans of the Company and subsidiaries by considering business factors appropriately for the Board of Directors to approve. Also considering and screening the proposals of the management department for presentation to the Board of Directors for further approval.
3. Supervising, monitoring and controlling business operations of the Company and subsidiaries as well as monitoring the operating results of the Company and subsidiaries to accord with the goals, policies and business plans specified, including controlling the spending based on the budget approved by the Board of Directors and reporting the operating results to the Board of Directors.
4. Appointing, supervising, coordinating and determining the authority, duties of special working group or the management team as well as considering and approving various proposals presented by the management team or special working group, including having the power to appoint the advisory chairman, advisor or advisory team of

the Executive Committee as appropriate and having the authority to determine remuneration, allowances, welfare benefits, facilities and other expenses of such advisory chairman, advisor or advisory team as appropriate.

5. Determining the procedures and methods of doing transactions between the Company or subsidiaries and major shareholders, directors, executives of the Company and those related to such persons suitably to prevent the transfer of benefits and presenting to the Board of Directors for approval in principle, including controlling compliance with the principles and rules approved by the Board of Directors.
6. Approval for the operations that are normal business transactions of the Company, making the contracts, investment or selling assets of the Company and subsidiaries, human resource management, finance, general administration as well as the operations that are normal business support transactions of the Company with the general trade conditions in the amount not exceeding the budget approved by the Board of Directors or as approved by the Board of Directors' resolution in principle, subject to the rules of the Securities and Exchange Commission and the Stock Exchange of Thailand regarding connected transactions as well as acquisition and disposal of assets, including the Delegation of Authority stated by the Board of Directors. Also having the power to approve the opening and closing of bank accounts and financial institutions as well as the use of various financial services.
7. Considering the profit and loss of the Company and subsidiaries and proposing the interim dividend payment for presentation to the Board of Directors to approve as well as checking, providing advice on the dividend payment policy and considering the proposed annual dividend payment of the Company and subsidiaries for presentation to the Board of Directors to approve before further presentation to the shareholders' meeting.



8. Studying the feasibility of investment in new projects by conducting technical and financial studies appropriately and completely for decision- making or considering cancellation of investment for presentation to the Board of Directors.
  9. Monitoring the operating results and progress of each business investment project and reporting the results, including the problems or obstacles and guidelines for improvement, modification to the Board of Directors.
  10. Providing important information of the Company for adequate presentation to the Board of Directors and shareholders for decision- making, including making reliable financial reports according to transparent and good standards.
  11. Taking action to require the executives, employees and relevant persons to attend the Executive Committee meeting or provide information related to the matters discussed at the Executive Committee meeting, including having the power to request information from various departments of the Company and subsidiaries for further consideration on various matters.
  12. Having the power to consider and approve financial transactions with financial institutions for account opening, borrowing, lending, withdrawing money from all accounts of the Company and using credit as well as using the Company's securities as collateral for such debts to be registered and unregistered for the benefit of business operations of the Company. Also entering into the contracts, submitting the requests, offered, contacting, doing legal transactions with the government authorities in order to obtain the rights of the Company and / or any actions related to such matters until completion according to the specified amounts and / or according to the Delegation of Authority specified by the Board of Directors and / or relevant laws and rules and / or articles of association of the Company.
  13. Having the power to request independent opinions from professional advisors when deemed necessary at the Company's expense. Hiring must conform to the Company's regulations.
  14. Supervision to ensure the available procedure requiring the workers to report incidents or unusual actions or violation of the laws to the Executive Committee immediately. Besides, if such incidents have significant impact, the Executive Committee must report to the Board of Directors for considering correction within a reasonable period of time.
  15. Regularly reporting the results of performing the duties to the Board of Directors and reporting any other matters necessary and appropriate for presentation to the Board of Directors for acknowledgment, any important resolutions or actions under the scope of the Executive Committee's responsibilities to the Board of Directors for acknowledgement in the next Board of Directors meeting.
  16. The Executive Committee has the power to authorize one or several persons to perform any task under the control of the Executive Committee or may authorize such person (s) to have the power that the Executive Committee deems appropriate and within the time considered suitable by the Executive Committee. The Executive Committee may cancel, revoke, change or modify such authorized person (s) or authorization as deemed appropriate.
- This delegation of authority, duties and responsibilities of the Executive Committee must not be characteristic of empowerment or the delegation of authority enabling the person (s) authorized by the Executive Committee to approve transactions that the person or person with possible conflict (as defined by the announcements of the Capital Market Supervisory Board and / or the Stock Exchange of Thailand and / or relevant agencies) have interests or may have any other conflict of interests with the company. The Executive Committee does not have the authority to approve actions on such matters. Those matters must be presented to the Board of Directors meeting and / or the shareholders' meeting (depending on the case) for further approval unless such



- transactions are normal transactions of the Company and have the same rules as doing transactions with third parties (Arm's Length).
17. Taking any action according to opinions of the Board of Directors or as authorized by the Board of Directors.
  18. Assessing the performance of the President, the Chief Executive Officer, the entire Executive Committee, including evaluating the performance of individual executive directors to review the works, problems and obstacles each year to be able to use the evaluation results for developing and improving the operations in various aspects.
  19. Checking and evaluating the adequacy of this Charter by comparing the performance of the Executive Committee to meet the requirements of the Charter so as to use the results from such evaluation for further improving their operations.

#### Scope of the authority and duties of the Audit Committee

1. Reviewing to ensure the Company's accurate and adequate financial reporting according to financial reporting standards by liaising with the external auditor and executives responsible for quarterly and annual financial reporting. The Audit Committee may suggest that the auditor review or check any transaction considered as important and necessary during the audit of the Company.
2. Reviewing to ensure the Company's suitable and efficient systems for internal control and internal audit and considering independence of the internal audit department as well as approving the appointment, transfer and dismissal of the head of internal audit department or any other department responsible for the internal audit.
3. Reviewing to ensure the Company's compliance with the Securities and Exchange Act, regulations of the SET and the Capital Market Supervisory Board and / or the laws related to the business of the Company and subsidiaries.
4. The Audit Committee should arrange a meeting to consider the following matters as assigned.
  - 4.1) Consideration of financial statements and related financial reports, accounting principles and accounting practices.
  - 4.2) Compliance with accounting standards, existence of the business, important accounting policy changes, including the reasons of the management department relating to determination of accounting policies before submission to the Board of Directors for dissemination to shareholders and general investors.
  - 4.3) Consideration of the systems for internal control and internal audit
  - 4.4) Reviewing the Company's annual internal audit plan (Audit Plan), the coordination process of related audit plans and evaluation of the audit results together with the internal auditor and the auditor. The Audit Committee should inquire about the planned audit scope to ensure that such audit plan will help to detect corruption or defects of internal control system.
  - 4.5) Consideration together with the internal auditor about the problems or limitations during the audit. Also reviewing the performance of the internal auditor.
  - 4.6) Consideration together with the auditor about the problems or limitations arising from the audit of financial statements
  - 4.7) Consideration together with the internal auditor and the auditor about planning to review the methods and control of electronic data processing and inquiring about a specific security project to prevent corruption or misuse of computers by employees of the Company or third parties.
  - 4.8) Review of transactions that may cause a conflict of interests, e.g. connected transactions of the Company, etc.
  - 4.9) Compliance with the Securities and Exchange Act or the SET's regulations and / or other relevant laws



5. Considering, selecting, nominating or terminating an independent person to act as the Company's auditor and proposing remuneration of such person, including attending the meeting with the auditor without attendance of the management department at least once a year to acknowledge the results of reviewing the quarterly financial statements, the results of the annual financial statements audit and discuss the possible problems, obstacles from the operation of the auditor.
6. Considering connected transactions or transactions that may have a conflict of interests and examining the regulations and cancellation of transactions different from the regulations on cancellation of transactions considered before entering into transactions in essence. Also considering transactions on acquisition or disposal of the Company and subsidiaries according to the laws and regulations of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable and most beneficial to the Company. If the Audit Committee has no expertise in considering connected transactions that may occur or such transactions, the Company will arrange for the independent expert or the auditor of the Company to comment on connected transactions or such transactions to be used for consideration and / or decision of the Audit Committee.
7. Reviewing and tracking the results of risk management, including evaluating risk management from the working group on risk management
8. Reviewing the Audit Committee Charter at least once a year for presentation to the Board of Directors to approve

#### Scope of the authority duties of the Nomination and Remuneration Committee

1. Considering the structure and composition of the Board of Directors regarding the number of directors appropriate to the size, type, complexity of the business, including

modifications to be consistent with the changing environment. Determining the qualifications of each individual committee, director in terms of knowledge, skills, experience as well as expertise in specific areas, which can be used to benefit the Company's business.

2. Establishing the policy, rules and procedure for nomination and remuneration and other benefits of the directors, senior management and the management authorities of the Company.
3. Considering the qualifications, establishing guidelines for nominating and selecting qualified persons as specified by relevant regulations and laws to be presented to the Board of Directors and / or the shareholders' meeting for considering occupying the following positions.
  - Directors
  - Directors in various subcommittees that are assigned the authority, duties and responsibilities directly from the Board
  - Senior management and management authorities Consideration and nomination must be open, transparent, impartial, unbiased.
4. Considering independence and qualifications of each independent director to ensure that the Company's independent directors are fully qualified according to criteria and / or requirements of relevant laws.
5. Nominating the right persons to hold the positions of director and senior management from the level of [executive vice president] up when completing the term or the position is vacant or other executive positions as assigned by the Board of Directors for the Board of Directors to consider and present to the Board of Directors meeting and / or the shareholders' meeting (as the case may be).
6. Determination of guidelines for paying monetary and non-monetary remuneration of the directors, senior management and other benefits in consistency with the mission, duties, responsibilities and qualifications of appointed and hired persons



and presenting to the Board of Directors' meeting for consideration and approval and / or presenting to the shareholders' meeting for further approval.

Also, probably taking part in considering the problems, obstacles presented by the resources development and administration department of the organization.

7. Establishing guidelines and evaluating the works of directors, senior management and the management authorities of the Company to adjust the annual rewards by taking into account the duties, responsibilities and risks related, including emphasis on increasing the value of shareholders' equity in the long run for evaluation as well.
8. Considering creation of the director development plan to strengthen and develop knowledge and skills for various committees of the Company so as to understand the roles of directors, business, economic conditions, technology, laws or regulations related to the Company's business.
9. Considering creation or taking action to require the creation of a succession plan for the posts of director, senior management so as to ensure operational continuity, substitution without interruption, disclosure of the policy and details of the nomination process, the remuneration policy and disclosure of remuneration in various forms, including creation of remuneration report, which at least requires the details about the goals, operations and opinions of the Nomination and Remuneration Committee in the Company's annual report too.
10. Considering the conditions of offering to sell new securities (or certificate of the right to purchase shares) to the directors and employees (if any).
11. Considering hiring the consultant as necessary at the Company's expense to be able to perform the duties according to the Charter efficiently.
12. Performing any other tasks as assigned by the Board of Directors and the Nomination and Remuneration Committee also agrees to.

13. Reviewing the Charter of the Nomination and Compensation Committee at least once a year for proposing to the board for approval.

#### Scope of the authority, duties of the Risk Management Committee

1. Considering and identifying major risks of the Company's business operations, which may arise from the internal and external environment, including analyzing and evaluating the likelihood of risk events and impacts compared to acceptable risk level (Risk Appetite) and prioritizing the risks by considering both internal and external factors that may result in the Company's inability to achieve the specified objectives, e.g. the risks related to investment, business operations, management, marketing, finance, operations, information security, laws and regulations as well as the risks with potential impact on the Company's reputation, etc., including suggesting the preventive methods and the ways to manage such risks to be in acceptable level by formulating a policy and suggesting the ways to manage the risks related to the Company's business operations appropriately and effectively and presenting to the Board of Directors for consideration.
2. Establishing the policy, guidelines on risk management in consistency with business strategies and goals for presentation to the Board of Directors.
3. Supervision of compliance with the risk management policy and the risk management framework for allowing the Company and subsidiaries to have an effective risk management system throughout the organization, which has been implemented continuously. The Risk Management Committee can consider the establishment of a unit responsible for risk management in every line of work or department of the subsidiaries operating core businesses as appropriate so that such unit monitors and reports compliance with the risk management policy of the Company to the Risk Management Committee. Also having the power to invite



relevant employees of the Company and subsidiaries to explain, give opinions, attend the meeting or send the documents as deemed pertinent, necessary.

4. Establishing the strategies consistent with the risk management policy by being able to evaluate, monitor and supervise the organization's risk level to be in appropriate level.
5. Assessing the adequacy of risk management strategies and effectiveness of risk management to supervise the organization's risk level to be in appropriate level.
6. Monitoring the risk status and progress in risk management, the issues that must be resolved, improved to be consistent with the framework of risk management policy and strategies. The report must be submitted to the Board of Directors every quarter.
7. Supervising and encouraging the risk management to be successful by emphasis on considering the risks of each factor for making appropriate decisions. The Risk Management Committee is responsible for monitoring and evaluating compliance with the risk management framework throughout the organization and improving the operational plan to reduce the risks continuously to be suitable for the Company's business operations.
8. Considering the risk report from the department responsible for risk management to monitor major risks at organizational level, including commenting on the potential risks, guidelines for determining control measures or risk management plan to ensure the Group's adequate and appropriate risk management.
9. Liaising with the Audit Committee about the important risk and internal control information for the Audit Committee to approve the internal audit plan so as to ensure reasonable confidence that the Company has a suitable internal control system for risk management, including the proper deployment of risk management system, which is also implemented throughout the organization.
10. Reporting the results of risk assessment and operating results to reduce the risks to the

Board of Directors on a regular basis. In case of major issues with significant impact on the financial status and operating results of the Company, the Risk Management Committee must report to the Board of Directors for consideration as soon as possible.

11. Providing knowledge, understanding, cultivating a culture of risk management for the executives as well as employees in the Company and subsidiaries regularly.
12. Reviewing the adequacy, effectiveness of measures for risk management to manage or handle promptly so as to supervise the organization's risk level to be in appropriate level. Supervising the operations of the unit responsible for risk management of various departments.
13. Reviewing the Risk Management Committee Charter at least once a year for presentation to the Board of Directors to request approval.
14. Performing any other tasks as assigned by the Board of Directors and the Risk Management Committee agrees to as well.
15. The Risk Management Committee must notify the Company without delay in case of having interests in the contracts made by the Company, whether directly or indirectly, or holding shares, debentures increased or decreased in the Company or affiliated companies.

#### Scope of the authority, duties of the President

1. Formulating the policies, vision, objectives, strategies as well as business and budget plans together with the Board of Directors.
2. Supervising the performance of duties of the management department for the benefit of the Company according to the policies, vision, objectives, strategies, business and budget plans as approved by the Board of Directors and / or the shareholders' meeting.
3. Communicating with the management department and senior management of the Company about business management of the Company according to the vision and mission as determined by the Board in accordance with business, budget plans and business strategies approved by the Board of Directors



and / or the shareholders' meeting for use by the management department and senior management of the Company as a framework for planning and management.

4. Overseeing the overall management of finance, marketing, human resources, internal control system and other operations of the Company and subsidiaries to conform to the Company's policies and business plans as approved by the Board of Directors and / or the shareholders' meeting and to comply with the laws, rules, regulations and requirements of relevant agencies as well as the Company's rules and regulations.
5. Ordering, issuing the regulations, rules, announcements and memos for the operations of the Company so as to comply with the Company's policies and for the benefit of the Company and maintain good regulations within the organization.
6. Supervision to ensure that the management department and all executives participate in promoting a corporate culture with ethics and good corporate governance.
7. Organizational development to have good operating results and business profits with continuous improvement in order to make the organization grow sustainably in conformity with the Company's strategic plans.
8. Representing the Company to communicate with the shareholders and encouraging the Board of Directors to provide the channels for communicating with the shareholders appropriately, regularly and arranging for standard and transparent disclosure of information.
9. Representing the Company for publicizing the organization to the public, especially in terms of creating a network of relationships and a good image of the organization at national and international levels.
10. Performing any other tasks as assigned and authorized by the Board of Directors.
11. The Company's President can neither attend a meeting nor approve transactions that he or the person with potential conflict (as defined in the announcement of the Securities and Exchange Commission or the announcement

of the Capital Market Supervisory Board) may have an interest or may receive the benefits in any manner or may have any other conflict of interests with the Company or subsidiaries. Except approval for transactions according to the policies or criteria approved by the shareholders' meeting and / or the Board of Directors.

12. Approving the normal business operations as well as the operations of normal business support transactions of the Company with the general trade conditions in the amount not exceeding the budget approved by the Board of Directors, subject to the rules of the Securities and Exchange Commission, including the Stock Exchange of Thailand regarding connected transactions and acquisition, disposal of assets as well as the Delegation of Authority determined by the Board of Directors.

#### Board's self-evaluation

The company has a policy to arrange annual evaluation of the entire board of directors' performance, sub-committee in the whole group and individual directors (self-assessment) including arranging the annual performance evaluation of the Chief Executive Officer (CEO) in order to improve the operations to be most effective for shareholders and organizations in accordance with good corporate governance guidelines with a process and the evaluation results are as follows

1. Self-assessment process for the entire board, sub-committee in the whole group, individual committee, (self-assessment) and the annual performance evaluation of the Chief Executive Officer (CEO).
  - 1.1 Nomination and Remuneration Committee reviews the assessment form to be completely correct.
  - 1.2 Secretary to the Nomination and Remuneration Committee sends the assessment form to the Board of Directors, sub-committee and Chief Executive Officer (CEO).
  - 1.3 Secretary of each committee prepares the evaluation summary and reports the evaluation results to each committee.



- 2.) The assessment of the Board of Directors for the year 2019 from 4 points, which can be summarized as follows:

Seq.	Directors	Group Average Result	Individual Average Result
1	Board of Directors	3.78	3.89
2	Audit Committee	3.82	3.90
3	Nomination and Remuneration Committee	3.88	3.92
4	Risk Management Committee	3.80	3.72
5	Executive Committee	3.87	3.93
6	Chief Executive Officer	-	4.00

#### New director orientation

Board of Directors orientation for all new directors to prepare to perform duties and acknowledge the role Responsibilities of directors, create knowledge and understanding in the overall business and various operations of the company, investment structure, organizational structure, guidelines for the practice of corporate governance, social and environmental responsibility, rules, regulations, business ethics policy of the company as well as compensation, benefits and various welfare

In the year 2019, the company has none of new directors. Therefore, there is none of new director orientation.

#### Code of Conduct

Ethics of human resources means the standard requirements of goodness, things to do appropriately, overall behavior and social acceptance, all relevant parties shall have a duty and responsibility to comply with, to live happily in the organization.

##### 1. Purpose

- (1) In order to be a framework for owner mind, executives at all levels, as well as all employees shall adhere to, and always follow.
- (2) To remind the organization's culture values, employees shall know, understand and express each person's behavior.
- (3) To be a tool for building relationships between the organization and customers, business partners, alliances, visitors, including society, communities and stakeholders in all sectors living together in peace.

##### 2. Code of Conduct for the Board of Directors and Top Executives

Board of directors is responsible to the

management of company operations, to make the business successful and profitable by adhering to the framework of business operations, corporate values, vision for the organization to grow steadily and sustainably, comply with the OIC standards, good governance, and other laws related including the Securities and Exchange Act 1992 (and its amendments), the Public Company Act 1992 (and its amendments), including the rules and regulations of the Office of the Securities and Exchange Commission related.

- (1) Board of Directors, Chief Executive Officer and Senior Executives shall be responsible for insurance broker business, shareholders, business partners, contract partners, business alliances and all employees, ensuring that managing honesty, transparency, fairness, not taking advantage, promoting the image of the organization to be accepted in business society and the nation.
- (2) The Board of Directors, Chief Executive Officer and senior management shall accept to compete in business and fight with professional business with fairness, not taking advantage of competitors, not violating privacy, rights, not seeking confidential business information in unlawful manners.
- (3) The Board of Directors, Chief Executive Officer, and Senior Executives shall support government policies by respecting relevant laws, creating, coordinating and maintaining relationships with agencies, government personnel involved in business, cooperate to provide information as requested, behave



as a good citizen.

- (4) The Board of Directors, Chief Executive Officer and Senior Executives shall demonstrate social responsibility, help save the environment, energy use, reducing pollution.
  - (5) The Board of Directors, Chief Executive Officer and Senior Executives shall be responsible to all personnel to work with happiness, fair compensation, sufficient welfare for personal circumstances, be treated with fairness, without prejudice, receiving training and knowledge, skill, development that are beneficial to the opportunity to progress.
3. Ethics of employees
- (1) Staff shall behave strictly comply with the ethics framework.
  - (2) Employees shall respect, obey, superior, executive, senior both during operations and or outside of work hours.
  - (3) Employees shall strictly observe the rules and regulations of the company, respects for the law, acting as a good citizen of the community, society and the nation.
  - (4) Employees shall maintain good relations between customers, business partners, competitors, colleagues, maintain and protect confidential business information or customers, business partners from having the opportunity to know, not bringing information that has been wrongfully brought to the company for the benefit of their job duties or the use of company information to notify outsiders whether benefits or not.
  - (5) Employees shall not take any action that will be the exploitation for personal or wrongful work even if that action shall cause the company advantageous.
  - (6) Employees shall not do business that falls within the same nature or is in competition with the company, which is considered a conflict of interests.
  - (7) This Code of Ethics is a part of staff discipline, and can be used to punish according to the discipline and punishments set forth.
4. Reporting of investigations of ethics violations

Any supervisor or employee sees and acknowledge the behavior of subordinates or colleagues that shall conflict or contradict the code of conduct, shall hurry to report "Compliance

Officer immediately, inform and provide evidence, documents confirming the supplement of the report (if any), shall conduct an investigation without delay. If necessary, request cooperation with the Internal Audit Department and the Human Resources Department.

When receiving sufficient information to make a decision to present the report directly to the Chief Executive Officer with the behavioral explanation, violation of the Code of Ethics and recommendations for the next step, the report of the said case shall be recorded in writing and keep a copy in the employee profile.

Throughout the year 2019, the company has complied with the principles of corporate governance and practices that are in line with various criteria related by recognizing the importance of shareholders' rights and responsibilities towards the shareholders and stakeholders of the company, equitable treatment of shareholders, consideration of the roles of stakeholders, information disclosure and transparency so that the company is a business with social responsibility. It appears that none of events or practices is found, or is not in line with the good corporate governance policy and the Code of Ethics. The company has received awards for corporate governance as follows

- Assessment from the survey of listed companies corporate governance for the year 2019 (the first assessment of the company) at the level of "good" with an average score of 78 percent.
- The quality evaluation of the arrangement of the Annual General Meeting of Shareholders for the year 2019 (the first assessment of the company) from the Thai Investors Association Scored 92 percent.

#### **Nomination and appointment of the directors and the top management**

##### **1. Nomination of the Company's directors**

The Board of Directors appointed the Nomination and Remuneration Committee to act to nominate the directors. The appointment and removal of directors shall conform to the rules and procedures specified in the Company's articles of association with the following essence.

1. The Board of Directors consists of not less than 5 directors and should not exceed 12 persons.



Not less than half of the total number of directors must have residence in the Kingdom and must have qualifications as required by law.

2. The Board of Directors must comprise at least 1 in 3 independent directors of the total number of directors, but must not be less than 3 persons.
3. The directors must have qualifications according to the Public Limited Companies Act, the Securities and Exchange Act, other relevant laws and rules.
4. The shareholders' meeting shall be entitled to appoint the directors in accordance with the following rules and methods.
  - 4.1 One shareholder has one vote per share.
  - 4.2 Each shareholder may use all available votes to elect one or several persons as director (s). For electing several persons as directors, the votes can be distributed to any person in any number.
  - 4.3 The persons receiving the highest votes in descending order are selected as directors equaling the required number of directors. If the persons elected in the next descending order have equal votes more than the number of directors required, the selection must be done by the method of drawing lots in order to obtain the required number of directors.
5. At every annual general meeting of shareholders, 1 in 3 directors of all directors must leave the position. If the number of directors to leave cannot be divided into 3 parts, the number closest to 1 in 3 parts must leave. For the directors who must vacate office in the first year and the second year after registration of becoming a public limited company, the method of drawing lots must be used to determine the outgoing person. In the subsequent years, the longest-serving director must vacate office.
6. Apart from vacating office at the end of the term, the directors may vacate office in case of
  - 6.1 Death
  - 6.2 Resignation
  - 6.3 Lack of qualifications or having prohibited characteristics according to the Public Limited Companies Act and / or the Securities and Exchange Act
  - 6.4 The shareholders' meeting passes a resolution on leaving by the vote of not less than three-fourths of the number of shareholders attending the meeting and

having the right to vote and having a total of not less than half of shares held by the shareholders attending the meeting and having the voting right.

- 6.5 The court issues an order to vacate office.
7. In case that the position of director is vacant due to reasons other than expiration of the term, the Board of Directors shall select any qualified person with no prohibited characteristics under the Public Limited Companies Act as well as the Securities and Exchange Act, including relevant announcements, rules and / or regulations as replacement director in the next board meeting. However, if the remaining term of the director is less than 2 months, that replacement director will be in the position of director only for the remaining term of the director replaced.
8. The directors have each 3-year term of office. The performance of each individual director must be evaluated 1 time per year.

## 2. Nomination of independent directors

The Company has established the qualifications of independent directors as specified in the announcement of the Capital Market Supervisory Board No. TorJor. 39/2559 on permission application and permission for offering to sell newly issued shares, which must have the following qualifications.

1. Holding shares not more than 1% of the total number of shares with voting rights of the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company, including shareholding of related parties.
2. Neither being nor having formerly been a director involved in work management, employee, consultant receiving regular salary or control authority of the Company, parent company, subsidiary, associate company, subsidiary in the same level, major shareholder or of control authority of the Company except having been excluded from the aforementioned characteristics for not less than 2 years before the date of submitting an application to the Office. Such prohibited characteristics do not include the case that an independent director used to be a government official or a consultant of government agencies which are major shareholders or the control authorities of the Company.



3. Not being a person with blood relationship or by legal registration in the forms of being father, mother, spouse, sibling and child as well as spouse of the child of another director, executive, major shareholder, control authority or the person to be nominated as director, executive or control authority of the Company or subsidiaries.
4. Neither having nor having formerly had a business relationship with the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company in a manner that may hinder the use of independent judgment, including neither being nor having formerly been a significant shareholder or control authority of the person having a business relationship with the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company except having been excluded from such characteristics for not less than 2 years before the date of submitting a permission application to the Office of Business Relations under paragraph one, including normal commercial transactions for business operations, renting or renting real estate out, transactions related to assets or services or giving or receiving financial assistance by accepting or giving loans, guaranteeing, providing assets as collateral for debts, including other similar circumstances, resulting in the applicant or the contract party's debt obligation to pay to the other party from 3% of the net tangible assets of the Company or from 20 million baht or more, whichever amount will be lower. Calculation of such debt burden shall be based on the method of calculating the value of connected transactions according to the announcement of the Capital Market Supervisory Board on the rules for connected transactions *mutatis mutandis*. However, consideration of such debt burden must include the debt burden incurred during 1 year before the date of business relationship with the same person.
5. Neither being nor having formerly been an auditor of the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company and not being a significant shareholder, control authority or a partner of the audit office with affiliated auditor

of the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company except having been excluded from such characteristics for not less than 2 years before the date of submitting a permission application to the Office.

6. Neither being nor having formerly been any professional service provider, including serving as a legal advisor or financial advisor receiving service fee of more than 2 million baht per year from the Company, parent company, subsidiary, associate company, major shareholder or control authority of the Company. Also not being a significant shareholder, control authority or a partner of that professional service provider except having been excluded from such characteristics for not less than 2 years before the date of submitting a permission application to the Office.
7. Not being a director appointed as representative of the director of the Company, major shareholder or shareholder related to major shareholder.
8. Neither operating a business having the same conditions and significantly competing with the business of the Company or subsidiary nor being a significant partner in the partnership nor being a director involved in work management, employee, consultant receiving regular salary or holding more than 1% of the total number of shares with voting rights of another company running business with the same conditions and significantly competing with the business of the permission applicant or subsidiary.
9. Not having any other characteristics that cause the inability to give independent opinions about the operations of the Company.

The rules and methods of appointing independent directors conform to the rules and procedures for appointing the directors. Each independent director can hold the position of independent director for a maximum of 9 consecutive years.

### 3. General rules for appointing the directors in various sub-committees of the Company

The components and qualifications of various subcommittees must conform to the rules prescribed by the SEC and the Stock Exchange of Thailand. The Audit



Committee must have the following elements.

**The Audit Committee has the components as follows.**

1. The Audit Committee must be independent directors of the Company.
2. The Audit Committee must be appointed by the Board of Directors.
3. The Audit Committee must comprise the number of not less than 3 persons. At least 1 person must have knowledge, understanding and sufficient experience in accounting or finance to review the reliability of financial statements. The Board of Directors must assign the person to act as Chairman of the Audit Committee. The head of the internal audit department or the person approved by the Audit Committee must act as secretary of the Audit Committee.

**Other subcommittees**

1. It is necessary to consist of at least 1 independent director or it is advisable to consist mainly of independent directors to comply with good corporate governance principles for listed companies. However, the Executive Committee shall be as deemed appropriate by the Board of Directors of the Company.
2. Having knowledge, capabilities, experience and expertise appropriate to the mission assigned.
3. The Nomination and Remuneration Committee that are not independent directors must be non-executive directors. If the remuneration executive directors are required, this will be minority directors of the whole committee and does not take part in considering remuneration of the President and the Chief Executive Officer.

**4. General criteria for appointment of President, Chief Executive Officer and senior managements**

In recruiting company president, the Nomination and Remuneration Committee and the Board of Directors shall select individuals with knowledge, capabilities and complete specifications including experiences beneficial to the company's operations and subsidiaries, suitable for the position to propose to the Board of Directors for further consideration and approval.

In recruiting the lower level of executives,

the president, chief executive officer and the Nomination and Remuneration Committee are responsible for considering the qualifications and appropriateness of personnel with experience and knowledge in management of related fields in order to hold senior management positions in each line of work as specified in the Delegation of Authority.

**Supervising the operations of subsidiaries and associate company**

To comply with the rules as well as the Securities and Exchange Act and the regulations, announcements, orders or requirements of the Stock Exchange of Thailand ("SET") and according to the announcement of the Capital Market Supervisory Board, the management department therefore proposed to the Board of TQM Corporation Public Company Limited ("the Company") to approve the policy on supervising and managing the subsidiaries and associate company of the Company. In this regard, the Company's subsidiaries and associate company must comply with the rules stated in the announcement of the Capital Market Supervisory Board, announcement of the Securities and Exchange Commission ("SEC") and relevant regulations, announcements, orders or requirements of the Stock Exchange of Thailand. The objectives are to allow the Company to have mechanisms for supervising the subsidiaries and associate company directly and indirectly and control the management and take responsibility for the operations of subsidiaries and associate company like being a unit of the Company so as to safeguard the interests of the Company's investments and have measures to monitor work management of the subsidiaries and associate company effectively. In this regard, the Chief Executive Officer with the power to issue the orders or announcements about the Company's policies according to Delegation of Authority will consider creating and enforcing the Company's policy on supervising and managing the subsidiaries and associate company of the Company as further deemed appropriate.

In this regard, the "subsidiaries" and "associate company" mean the subsidiaries or associate company that operate core businesses as stated in Clause 24 of the announcement of the Capital Market Supervisory Board No. TorJor. 39/2559 on permission application for offering to sell newly issued shares (as amended) in conjunction with the SEC announcement No. KorJor. 17/2551 on determined definitions in the announcement about issuance and offering



to sell securities (as amended).

**1) For the following cases, the subsidiaries or associate company (as the case may be) must get approval from the Board of Directors meeting of the Company.**

- 1.1 Appointment or nomination of the persons to be directors and executives in the subsidiaries or associate company at least in proportion to shareholding of the Company in such subsidiaries or associate company.

Unless otherwise specified by this policy or the Board of Directors of the Company, the directors and executives appointed or nominated by the Company must have the discretion to vote in the Board of Directors' meetings of subsidiaries and associate company on the matters relating to general management and normal business operations of subsidiaries and associate company as such directors and executives will deem appropriate for maximum benefit of the Company and subsidiaries or associate company (as the case may be).

In addition, the above appointed or nominated directors and executives must be named in the data system of listed directors and executives of securities - issuing companies (White List) and have the qualifications, roles, duties and must not lack trustworthiness according to the SEC announcement on determined lack of trustworthiness of directors and executives of the company.

- 1.2 Capital increase by issuing capital increase shares of the subsidiaries and shares allocation, including reducing the registered capital and / or paid-up capital of the subsidiaries inconsistent with the original shareholding ratio of shareholders or any other actions of causing the proportion of using voting rights both directly and indirectly of the Company in the shareholders' meeting of subsidiary to decrease by more than 10 percent of the total number of votes of that subsidiary except the case in the business plan or annual budget of the subsidiary already approved by the Board of Directors.
- 1.3 Approval for the annual dividend and interim dividend payment (if any) of subsidiaries
- 1.4 Amendments to the subsidiaries' articles of association. However, amendments to the articles

of association on significant matters under Clause 2.5 must be approved by the shareholders' meeting of the Company.

- 1.5 Approving the total annual budget of the Company and all subsidiaries of the Company except the case specified in the Delegation of Authority.
- 1.6 Appointment of the auditors of subsidiaries that are foreign companies only in the case of such auditors not being affiliated with the audit offices that are full members in the same network as the Company's auditor. This is not in accordance with the auditor appointment policy of the Company whereby the auditors of subsidiaries must be affiliated with the audit offices in the same network as the auditor of the Company.

Transactions from Clause 1.7 to Clause 1.10 are considered to be important. Entering into transactions will have significant impact on the financial status and operating results of the subsidiaries. Therefore, before the Board of Directors' meetings of subsidiaries and the directors appointed by the Company to hold the position in the subsidiaries will vote on the following matters, such directors must get prior approval from the Board of Directors of the Company for such matters. This must apply to the case when calculating the size of transaction to be done by the subsidiary compared with the characteristics and/or the size of the Company (by applying the rules for calculating the sizes of transactions as specified in the relevant announcements of the Capital Market Supervisory Board and the SET Board of Governors on connected transactions or acquisition, disposal of assets (as the case may be) *mutatis mutandis*) and must be approved by the Board of Directors of the Company. The following transactions, including:

- 1.7 The case that the subsidiary agrees to enter into transaction with related party of the Company or subsidiary or transaction relating to acquisition or disposal of assets of subsidiary, including but not limited to the following cases:
- Transferring or waiving the right to benefits and waiving the right to claims against people who cause damage to the subsidiary
  - Selling or transferring all or some important parts of business of subsidiary to another person



- Purchasing or accepting transfer of business of another company to the subsidiary
- Entering into, modifying or terminating the contract about renting out all or some important parts of the businesses of subsidiary, assigning another person to manage the business of subsidiary or the merger between the subsidiary and another person with the purpose of sharing profit and loss.
- Renting or allowing purchasing by installments all or some important parts of the business or assets of subsidiary

1.8 Borrowing money, giving loans, providing credit, guarantee, legal transactions binding the subsidiaries to bear the increased financial burden or providing financial assistance in any other way to other persons in the significant amount and not being a normal business of the subsidiaries except borrowing, lending money between the Company and subsidiaries.

1.9 Close-down of subsidiaries

1.10 Any other transactions that is not a normal business transaction of the subsidiaries with significant impact on the subsidiaries.

**2) For the following cases, the subsidiaries or associate company (as the case may be) must get approval from the shareholders' meeting of the Company with the vote of not less than three-fourths (3/4) of the total votes of the shareholders attending the meeting and having voting rights.**

2.1 The case that the subsidiary agrees to enter into transaction with related party of the Company or subsidiary or transaction relating to the acquisition or disposal of assets of subsidiary. This must apply to the case when calculating the size of transaction to be done by the subsidiary compared with the characteristics and /or the size of the Company (by applying the rules for calculating the sizes of transactions as stated in the relevant announcements of the Capital Market Supervisory Board and the SET Board of Governors on connected transactions or acquisition, disposal of assets (as the case may be) mutatis mutandis) and must be approved by the shareholders' meeting of the Company.

2.2 Capital increase by issuing capital increase

shares of the subsidiaries and shares allocation, including reducing the registered capital and /or paid-up capital of the subsidiaries inconsistent with the original shareholding ratio of shareholders or any other actions of causing the proportion of using voting rights directly and indirectly of the Company in the shareholders' meeting of subsidiary to be reduced to less than the proportion specified in the law applicable to the subsidiaries, resulting in the Company's no authority to control that subsidiary. This must apply to the case when calculating the size of transaction compared with the size of the Company and must be approved by the shareholders' meeting of the Company (by applying the rules for calculating the sizes of transactions as specified in the relevant announcement of the Capital Market Supervisory Board and the announcement of the SET Board of Governors mutatis mutandis).

2.3 Close-down of the subsidiaries. This must be the case when calculating the business size of subsidiary to close down compared with the size of the Company (by applying the rules for calculating the sizes of transactions as specified in the relevant announcements of the Capital Market Supervisory Board and the SET Board of Governors regarding the acquisition or disposal of assets mutatis mutandis) and must be approved by the shareholders' meeting of the Company.

2.4 Any other transactions that are not normal business transactions of the subsidiary and will have significant impact on the subsidiary. This must be the case when calculating the size of transaction to be done by the subsidiary compared with the size of the Company (by applying the rules for calculating the sizes of transactions as specified in the relevant announcements of the Capital Market Supervisory Board and the SET Board of Governors regarding the acquisition or disposal of assets mutatis mutandis) and must be approved by the shareholders' meeting of the Company.

2.5 Amendments to the subsidiary's articles of association on the matters that may significantly affect the subsidiary's financial position and operating results. This includes, but is not



limited to amendments to the subsidiary's articles of association with impact on the voting rights of the Company in the Board of Directors' meeting of the subsidiary and / or the shareholders' meeting of the subsidiary or dividend payment of the subsidiary etc.

Clause 1. The Board of Directors of the Company will monitor and supervise the Board of Directors and executives of subsidiaries and associate company, which are nominated or appointed by the Company, to comply with the duties and responsibilities according to the laws and the Company's policies.

Clause 2. The Board of Directors of the Company has monitored the operating results of subsidiaries according to the plans continuously and requires the subsidiaries to disclose information on the financial status and operating results, connected transactions and acquisition or disposal of assets and any other significant transactions to the Company. Also, various operations shall conform to the rules for supervision and management of subsidiaries and associate company completely and accurately according to the relevant announcement of the Capital Market Supervisory Board and the announcement of the SET Board of Governors (as the case may be).

Moreover, all directors and executives of all subsidiaries had already signed acknowledgement of the policy on supervising and managing the subsidiaries of operating core businesses and the associate company of operating core businesses for compliance with.

#### Supervising the use of internal information

The Company has the policy and methods of supervising the directors and executives to use internal information of the

Company, which has not yet been disclosed to the public, for personal gain, including securities trading as follows.

- Educating the directors and executives of various departments on a duty to report securities holdings of themselves, spouses and underage children to the Securities and Exchange Commission and the Stock Exchange of Thailand under Section 59 and penalties under Section 59 and penalties under Section 275 of the Securities and Exchange Act 1992 (B.E. 2535) (including amendments) and report the acquisition or disposal of securities of themselves, spouses and underage children to the Securities and Exchange Commission under Section 246 and the penalties under Section 298 of the Securities and Exchange Act 1992 (B.E. 2535) (including amendments).
- Requiring the directors and executives, including spouses and underage children to make and disclose the securities holdings report and have a duty to report changes in holding securities to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act 1992 within the next 3 business days from the change date and send a copy of this report to the Company on the same day of sending the report to the Securities and Exchange Commission.
- The Company requires the relevant directors, executives and workers informed about important internal information with impact on the securities price changes to stop the trading of the Company's securities for a period of at least 1 month before the financial statements or that internal information will be disclosed to the public and at least 24 hours after disclosure of information to the public. Besides, disclosure of that important information to other people is prohibited.

The Company has established disciplinary action in case of violation, use of internal information for personal gain, ranging from written admonition, cutting wages, temporary suspension from work without receiving wages or dismissal. The punishment will be determined by the intent of action and seriousness of the offense.

#### Remuneration of the auditor

##### 1) Remuneration from auditing

The Company paid EY Office Co., Ltd. for the audits of the Company and subsidiaries and the consolidated financial statements of the fiscal year 2018 in the amount of 5,550,000



baht for the audit fee of the Company's consolidated and separate financial statements and the audit charge of the subsidiaries' financial statements.

The parties related to the auditor and the audit office of the above auditor's affiliation are not the parties connected with the Company and subsidiaries according to accounting standards regarding disclosure of information about related parties.

## 2) Non-Audit Fee

The Company paid remuneration to EY Office Co., Ltd. for preparing financial information and other documents related to this offer to sell of the fiscal year 2018 in the amount of 505,135 baht as service fee for checking general control of information system, preparing information, documents and other charges of the auditor.



## Board of Directors and Sub-Committees Meeting Attendance (Numbers)

Name	Committees				
	January 1 - December 31, 2019				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee
1. Dr. Unchalin Punnipa	7 / 7	-	-	4 / 4	-
2. Mr. Marut Simasathien	8 / 8	6 / 6	5 / 5	4 / 4	-
3. Dr. Rutchaneeporn Pookayaporn	8 / 8	6 / 6	5 / 5	-	-
4. Mr. Chinnaphat Wisuthiphat	8 / 8	5 / 6	4 / 5	3 / 4	-
5. Ms. Suvabha Charoenying	8 / 8	-	-	-	-
6. Dr. Napassanun Punnipa	7 / 7	-	5 / 5	-	6 / 6
7. Ms. Ratana Punnipa	7 / 7	-	5 / 5	-	6 / 6
8. Mr. Ampon Oniam	7 / 7	-	-	-	6 / 6
9. Ms. Somporn Ampaisutthipong	7 / 7	-	-	-	6 / 6

The Board of Directors held 8 meetings in 2019, which was 7 directors' meeting and 1 non-executive director, and approved 2 policies in the year, namely Environmental Social and Governance Policy (ESG) and Intellectual Property Violation Policy by apprehending the importance of shareholders' rights and responsibilities towards the shareholders and stakeholders of the company, Equitable treatment of shareholders, Consideration of the roles of stakeholders, Information disclosure and transparency so that the company runs businesses with social responsibility.

1 non-executive director meeting was held on 8 December 2019 on the agenda of advice on the operations

and management of managing departments including company's development of the year 2019; therefore, the non-executive directors discussed on the company's operations and management unconditionally. The meeting minutes was written and sent to all directors for acknowledgment after the meeting.

In the year 2019, all directors attended the board of directors meetings not less than 75% of the total board meetings throughout the year, and the average attendance rate of the board attending the board of directors meeting was 100%.



## Dividend Policy

### Dividend Policy of the company

The policy of TQM is to pay dividends not less than approximately 50% of its operating net profit from separate financial statement after income taxes and retained earnings by laws of every year. The dividend payout rate may be changed concerning operating results, liquidity, needs of investment, working capital, additional investment, business expansion, conditions and restrictions of loan agreement and other management factors by the resolution of directors and/or shareholders which the said dividend shall not over the retained earnings stated in Company's separate financial statement.

### Dividend Policy of Subsidiaries

The policy of subsidiaries is to pay dividends not less than approximately 50% of its operating net profit from separate financial statement after income taxes and retained earnings by laws of every year. The dividend payout rate may be changed concerning operating results, liquidity, needs of investment, working capital, additional investment, business expansion, conditions and restrictions of loan agreement and other management factors by the resolution of directors and/or shareholders.

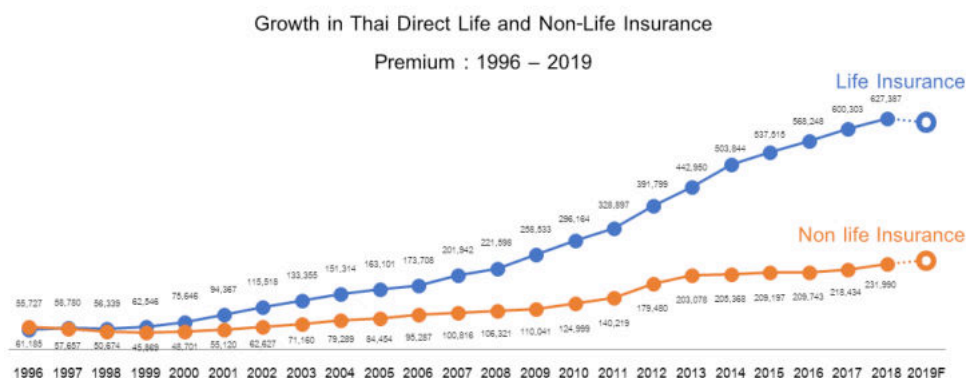


## Industry and Competition

### Analysis of situation, market and competition

According to 2019 Thailand's economy, which is still slow due to the impact of the global economy slowdown partly affected by the trade war issues. Baht currency issue reduces the competitiveness of exporters and private and governmental investment which grows limitedly. While household spending can continue to support the Thai economy. There are additional positive factors from the governmental economic stimulus measures to help support the overall household spending as well as the continuation of the overall recovery of foreign tourists. Allowing Thai economy, including the year 2019, expands at an estimated rate of 2.8 percent while the lower frame not less than 2.5 percent. (Source: Kasikorn Research Center, looking at the economy, No.3832)

Regarding the overall picture of Thai insurance industry according to the forecasts of the insurance premium forecast at the end of 2019, it is expected that the premiums will decrease from the year 2018 at around 849,835 million baht, down 1.11 percent, which is a result of the decline in life insurance premiums, which is the first negative in decades. The projected premium is at 608,565 million baht, a decrease of 3 percent. In contrast to non-life insurance, in the past 2-3 years, growth has remained stable, but this year has increased by 4 percent with insurance premiums estimated at 241,270 million baht (Source: Thai Insurance Association)



Competition in the insurance industry considering the distribution channels found that a broker channel is still the highest sales channel. The total sales of all types of insurance between January - September 2019 stood at 106,629,805 million baht, accounting for approximately 59.31%, followed by agents and bancassurance, respectively, with car insurance products being the group with the highest sales volume, 106,773,726 million baht (Source: <https://www.oic.or.th/th/industry/statistic/data/43/2>)

Although, Thai economy and the insurance industry in 2019 are in a slowdown, however for the company's business operations, there are still positive factors supporting the company to grow according to the set target with various factors as follows

1. The government sector by the Office of Insurance Commission (OIC) has supported access to insurance and the development of work process systems to be in line with business changes, such as applying technology to the insurance industry by establishing a new department, namely Insurance Technology Promotion, which will be a center for exchanging knowledge and information on technology development to support Startup / SMEs in the development of insurance innovations, and support the use of technology in overseeing the insurance business of the Office of Insurance Commission (SupTech / RegTech), including creating a model of public access to insurance through the InsurTech Startup to use technology to help the insurance industry.
2. The sales of new cars in 2018 and 2019 which are likely to grow. In 2018, there were 1,041,739 new cars sold in the market, growing by 19.5 percent and the 2019 forecast is expected to grow slightly again. Accumulative 10-month sales of 838,908 units, it is growing by 0.7 percent. The major number of sales of the company is cars aged 2 years or more. Therefore, when the volume of cars in the market of 2018 increased considerably, resulting in new cars insurance is also increased.



- The increasing interest and awareness of the insurance of Thai people by considering the increase in the rate of insurance policies in the year 2019, with the growth rate of approximately 18.19% compared to the same period in 2018, indicating that people are becoming more interested in insurance. Especially in the group of retail insurance such as fire insurance which grew by 1.39 percent, accident and health insurance including travel insurance that belong to the miscellaneous insurance group with a growth rate of 5.21 %.

(Source: Summary Report of the 2nd General Insurance Business in the year 2019 of the Office of Insurance Commission)

In the year 2019, the company has estimated the proportion of sales according to insurance underwriting as follows:

Table of sales proportion by insurance type

Sales Insurance Type	2019		2018	
	Premium (MB)	%	Premium (MB)	%
Motor Insurance	10,163	79.43%	8,743	78.80%
Fire Insurance	13	0.10%	5	0.04%
Marine Insurance	47	0.37%	57	0.52%
Accident and Health	1,429	11.17%	1,111	10.01%
Miscellaneous	377	2.95%	318	2.87%
Life insurance	766	5.99%	861	7.76%

#### Customer satisfaction indicators

The company foresees the importance of consistently increasing efficiency in customer service to use in the development of the company in order to grow and progress sustainably. Therefore, understanding the satisfaction and the needs of customers in both sales and service shall make the company to meet the needs of customers efficiently.

2019	Satisfaction Questions	Sending out	Response	Average Satisfaction
February to October	Premium payment notification	37,820	611	4.31
March	Buying insurance via Online channel	8,899	191	3.99
May to September	Insurance offering by sales staff	25,648	347	4.37
May	Service of coordination office towards claims	2,252	57	3.97
June	Offering insurance before expiration	20,464	254	3.79
August	Service through Service Center	17,866	177	4.25
September	First time Document Delivery Bangkok – Up country	10,825	100	4.48
October	Deciding to buy insurance from TQM	22,435	296	93% deciding to suggest TQM to others
		146,208	2,033	

**Note :**

- The evaluation method uses the questionnaire submission via SMS Survey, which shall be sent to customers using each type of service.
- Criteria for measuring satisfaction, average score.

Satisfaction Score	Meaning
5	Most satisfied
4	satisfied
3	average
2	Unsatisfied
1	Most unsatisfied



## Operational strategy

For the year 2019, the company continues to follow the operational plan framework from 2018 focusing on technology system development to support the digital transformation and the marketing strategy by using the customer's lifestyle combined with data analytics to increase accuracy and accuracy including improvement of work efficiency of the employees and providing excellent services to customers

The company has invested in digital platforms development, both in terms of internal development such as the website of a company that has been fully transformed into E-Commerce, yet still with the User Friendly concept and external platforms such as large platforms, Line and Face Book, which support effective communication with customers. The company has invested to connect the various services from several providers to suit the operating system of the company the company to increase the efficiency of communication between customers and employees by Omni Channel operation using digital tools as equipment to connect Online to Offline.

As well as, the company has invested in a Start Up expertise in data analytics and Big Data in order to utilize analyzed data in sales and services, and to increase the promotion of the company's brand and the awareness of insurances. The company organizes both online and offline marketing communication activities by the marketing team providing appropriate activities for each channel, which connects to one another.

In addition, the company keeps developing products and services to answer customer's needs in each segment by collaborating with insurance partners in product and service development. They are continuous project with good response from customers such as Salary Man, and Lady Project, etc., and other projects with large partners, who are currently company's customers, by introducing new business models as customer expansions.

The acquisition of 100% of the shares in TJN Insurance Brokers Company Limited, an insurance broker

company with expertise in car dealers and importer car insurance selling, is to expand the customer base of TQM by expanding the number of dealers and car importers including independent insurance agents as well as upgrading the service to be TQM standard which focuses on providing premium insurance services to make a difference, and elevate the service to be more than insurance advisory. Also the company uses 'TJN Anywhere' to develop TJN's information technology (IT) system by bringing technology to improve service levels to be more efficient both sales and service systems. The system focuses on creating a support system for independent insurance agent to work quickly and conveniently in all locations suiting customer's needs in digital era e.g. Premium Calculation System, Agent Guidelines and Back Office System Preparation and Online insurance shopping function, as well as creating a convenient real-time system for customers to consult on car insurance purchases with a team of experts along with product development and new sales methods for researched products for further market expansion, such as fire insurance for households or additional insurance that increases coverage from the major coverage (Product On top), etc.

### Long-term action plan

From the trend of the insurance industry in the next 10 years or Y2030, McKinsey & Company' website, the world leading consultant firm, has analyzed the trend of insurance as "Insurance 2030-The Impact of AI on the Future of Insurance" focusing on the role that technology will affect the insurance business whether it is a system that can learn by itself, Machine Learning, Deep Learning about the enormous amount of information available and Artificial Intelligence (AI) (Source: <https://www.mckinsey.com/industries/financial-services/our-insights/insurance-2030-the-impact-of-ai-on-the-future-of-insurance>) In order to support the future trend of the insurance, the company, therefore, has plan long-term operational strategy as follows:

**Short planning: Digital Readiness** – this is the foundation of Digital Transformation for the organization by



using technology to be in line with the rapidly changing era focusing on developing and preparing all 3 parts which are

- Preparation for capacity development and understanding of tools and various technologies for human resources in the organization (Empower Employees)
- Preparation for optimization in operations (Optimize Operation)
- Preparation for increasing efficiency and creating service experience and better customer experience.

Mid planning: New Digital Adoption focusing on new technology in order to create a better work process and the customer centric, including the development of platforms to support the life insurance products sales and non-life products sales and supporting both online and offline sales.

- A platform to support the purchase and services using technology integrated into work as a full automation system creating work and customer service faster
- Development of businesses to support strategies for business expansion through partners and new businesses.
- Inventing systems and platforms to support Cross-selling, and up-selling strategies for profitability.

Long planning: System of intelligence focusing on utilization of analyzed data for product development answering consumers' behaviors on platforms, systems, both buying system and services which the analyzed data helps present products and services direct to the needs of customers by the technology of Machine Learning, Deep Learning and AI as support tools.

- Educating retail consumers to be able to access and understand the benefits of insurance thereby protecting the insurer, and compensating in case of loss.





# Human Resource Management and Development

TQM Corporation Public Company Limited understands the importance of human resource management and continuously manages and develops the human resources following the company Core Value "Honesty, Equitability, Exclusive Services, Social Responsibility" and the Code of Conduct.

In this regard, the company has improved various operational components to be up to date in response to the rapidly changing situations such as welfare, rules and regulations in order to promote and support the employees' skills and well-being.

In the year 2019, the company established the main strategy which was HRM 4.0 under the framework of "Recruitment, Retention and Development" by the strategic plans of human resource management and development as follows:

## 1. Proactive Recruitment and Selection

The company focuses on the recruitment policy which provides fair opportunities for all applicants with no limit in gender, race, religion, and educational institution, including disabilities to work together as in the same family, and also allows employees to request for internal transfers following the specified conditions.

In the year 2019, the company has added new methods of recruiting, and developed the original recruitment process to be faster in reaching the goals achieving the Key Performance Indicator (KPI) defined in the dimension of the number of recruitment and new staff as detailed below:

1.1) The company has been continuously operating the cooperative education program with various universities, especially Sripatum University with the SIT project, (The Success Insurance Talent), for the 2nd year. The project provides a chance to apply for a job at the company for trainee-students with good academic performance after the job trials.

1.2) The applied recruitment uses more social media such as Line@, Facebook, and sending the link on several

websites, apart from on-hand recruiting alliances. It provides a good result that the company can recruit more through social media.

## 2. Developing human resources to be a professional insurance and financial advisor

Human Resources are the heart of business operations which the development is one of the major strategies that includes both direct and indirect development in order to achieve the goal of creating truly professional human resources for the business operations of both Front and Back Office. Every year the company budgets for training and development for the creation of knowledge, skills, and attitudes to be able to perform efficiently, and to be qualified and disciplined human resources having value to oneself, family, community and the nation as detailed below:

2.1) Capacity development and knowledge enhancement of the new employees for all levels by provides an Orientation as basic knowledge of insurance in order to understand the company business both front and back Office.

2.2) Establishing plans and training and developing courses for both operational and administrative employees to comply with Department of Skill Development policy in developing Skill and Knowledge of employees in order to improve knowledge, attitude and skills required in business operations in each department. The company regularly provides trainings beyond the department of skill development's stand of which the company provides domestically and internationally as well as On-the-job-training and e-learning with full support from the management.

2.3) Promoting and supporting moral and ethical development of employees through moral practice gives employees the opportunity to practice according to the company's framework, including offering alms to monks at the end of every month.

Additionally, the company supports and promote by letting employees donate the blood to the Thai Red Cross's mobile blood donation truck at the head office every 3 months.



Giving alms to Buddhist monks activities and Meditation practice

Blood donation activities  
for the Thai Red Cross  
Society every 3 months

2.4) The company always provides Master's Degree Scholarships for employees who meet the criteria, and encourages employees to train in special courses such as the ABC program by the Institute of Business Creativity Development, Sripatum University and Advanced Insurance Course, (Wor. Pro. Sor. ), by the Office of Insurance Commission.

2.5) The company arranges seminars for employees, business partners and customers as a source of knowledge and understanding for important issues which can be adapted and applied to organization by experts and professional guest speakers. For the year 2019, the company organized a lecture on The Impact of Personal Data Protection Law on business and document system preparation at Sripatum University with a very good outcome.





### 3. Welfare and Employee Relations

“Promoting employees’ well-being and happy workplace”

The company has a staff management system managing valued employees, especially talented, good and honest employees as the company core value to retain these employees following development plans which bring the company and employees to grow together.

Turnover Rate is one of the important indices to the company; in fact, it is the main policy of the management as to keep employees working with the company as long as possible as follows:

3.1) Welfare, the company provides welfares to promote and maintain employees’ well-being for working effectiveness and better productivity of which is better than regulated as well as industry standard. The company always considers employees’ well-being as a priority matter, and keeps it update to date with regular adjustment.

3.2) Entertaining activities, the company understands the work-life balance concept that employees spend most of their time at the workplace; therefore, the company provides periodic activities for employees such as free food service on the company’s birthday, the president’s birthday and CEO’s birthday as well as low-price market and open-market allowing employees to sell their products, free of charge, and also Children’s day activity.

3.3) Environment Protection and Workplace Health with environmental training courses

(1) Landscape and workplace improvement, good working atmosphere contributing working creativity and productivity. The company, therefore, organized activities and improved workplace to be suitable for the operations such as providing purple toilet for LGBT, smoking area and staff parking lots, etc.

(2) 5 Sor. Campaign, the company provided knowledge and course training for employees to understand and keep their workplace clean in order hygienically of which the company launched special workgroup to handle this campaign aiming to expand 7 Sor by adding society and environment into it.

(3) The company has established Environmental, Social, and Governance workgroup concerning stakeholders that the company does not only run the business for the profit but also sustainability by working in 3 major areas which are the environment, the society and the governance of which the board of directors approved an ESG Policy consisting of 7 items as follows:

1. The company conducts business with honesty, fairness and social responsibility in accordance with the law and ethics.

2. Employees shall apply Anti-corruption policy at all time.

3. The company promotes and encourages the observance of human rights and basic equality, respects and treats all stakeholders fairly based on human dignity.

4. The company treats employees with fairness, no discriminating in all cases and supports capacity improvement for the advancement of employees, provides appropriate welfare and compensation, promotes employees’ learning and healthcare with clean and safe workplace.

5. The company treats customers and partners fairly by strictly adhering to the rules, laws and ethics in order to provide maximum satisfaction to all parties.

6. The company is aware of the importance of the indoor and outdoor environment that all business activities shall have the least effects to the environment and the effectiveness of natural resources consumption and pollution prevention.

7. The company helps, supports, and promotes activities of communities and societies development for the best benefits to communities and societies directly and indirectly. The policies have been announced and published in the company’s intranet system as well as the company has provided new staff orientations, also scheduled course trainings to all staff levels to apply the policy to their working routines. The company strictly adheres to these policies as guidelines for business operations.



(4) The company provides medical clinic servicing at the head office at all working hours by professional physicians and registered nurses, and stalled Automated External Defibrillator – AED and trained departments' supervisor for emergency along with spraying disinfectant indoors at least one a year.

(5) The company provides sufficient and appropriate resources for safety operations, and to comply with laws and regulations related to safety, occupational health and working environment.

#### 4. Management and employees' compensation policy

The company has specified the framework and stated in the Code of Conduct of the company, which has the guidelines for both short and long term operations. In the short-term, the company offers management and employees' compensations higher than the minimum wage standard, and considers employees' raises and bonuses regularly by considering the company's profits Inflation compared to the industry for being able to retain employees and competing in the market. For the long-term, the company focuses on the consideration of the salary structure that is currently being improved to be more effective and the coordination with the Stock Exchange of Thailand and related agencies providing knowledge about savings to employees of basic financial management, investment, especially after retirement.

In this regard, the company has paid fair compensations to executives and employees by considering by positions, levels, educational backgrounds, experiences and performances based on the specific structure maintaining the percentage range of the market as shown in the survey of wage rates of industry / business / associations / related professional institutions. In addition, other compensations that shall be paid from the operations, the company is promptly to provide in accordance with the rules, regulations or relevant laws.

Therefore, the company has set 2 the indicators apart from the performance assessment which are Corporate KPI and Functional KPI reflecting and corresponding to the company's strategies and practices.

Of which, high-level executives in all departments are together responsible for Corporate KPI. The compensation of 2019 is separated into 2 types.

##### (1) Fixed compensation

- Salary is set by rank, responsibilities, experiences, and paid through the accounts specified in the Payroll system every month. The salary shall be reviewed according to the company regulations based on the company's performance and operating results every year.
- Compensation from other benefits is the compensation that the company offers according to the welfare regulations.



## (2) Compensation according to performance

This compensation is that the company set specific terms which vary according to the employee's performance and the company's performance and the management assessment added to management level's performance apart from the normal assessment. The result of the assessment reflects the compensation such as the raise percentage, commission, incentive and bonus, etc.

Despite the implementing above strategies, the company has also become a member of the Anti-Corruption Network Foundation, (Mor. Tor. Chor.), as the company has announced and published anti-corruption policy and measurement through various channels internally and externally website <https://www.tqmcop.co.th/corporate-governance-policy-and-docu> and Intranet, and new employee orientation, etc.

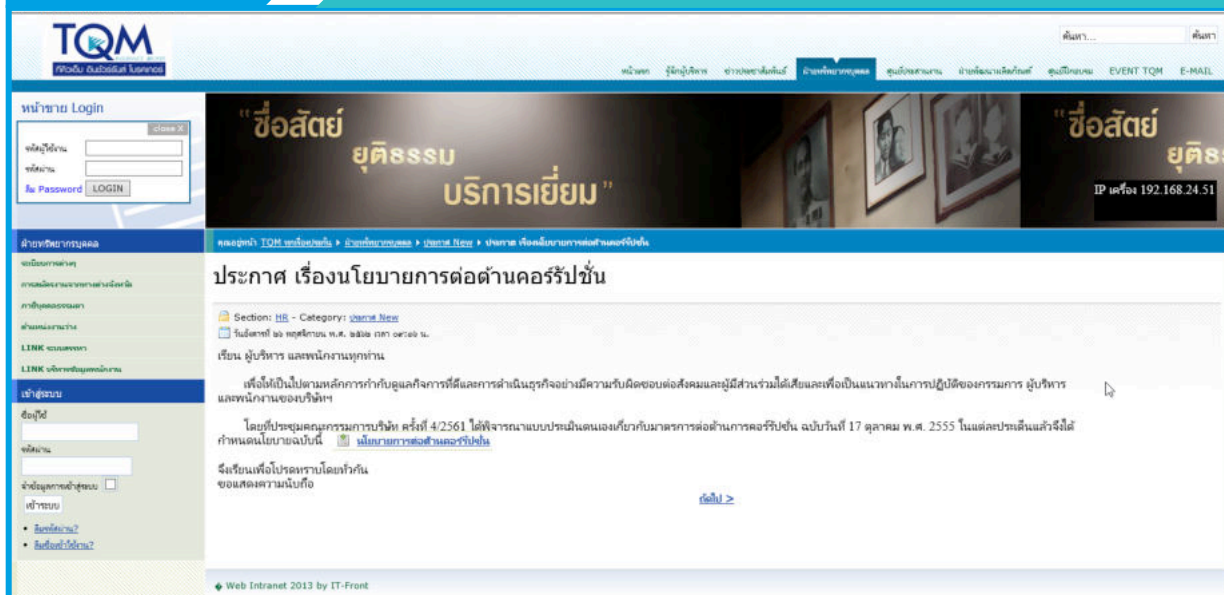
## Communication

## About Anti-Corruption Policy and Act



## Communication

## Via Website and Intranet Channel



## Connected transactions



### Connected transaction policy

The Board of Directors meeting No. 5/2561 on 11 June 2018 resolved to approve the connected transaction policy. In the event that the Company or its subsidiaries enter into a transaction with related party, the Company or its subsidiaries shall comply with the measures and procedures for approving transactions according to the rules and laws on securities and stock market, regulations, announcements, orders or requirements of the Stock Exchange of Thailand and the announcements of the Capital Market Supervisory Board on the rules of connected transactions, including compliance with the regulations relating to disclosure of connected transactions.

Disclosure of connected transactions of the Company shall comply with the laws and regulations stipulated by the SEC and the Stock Exchange of Thailand as well as in accordance with the accounting standards pertaining to related parties of the Federation of Accounting Professions. Information will be disclosed in the notes of the audited or reviewed financial statements of the Company, annual registration statement and the annual report of the Company.

### Measures and procedures for approving connected transactions

As to measures for entering into connected transactions, in case that the Company or the subsidiaries have transactions with related parties, the Audit Committee will consider and comment on the necessity and reasonableness of entering into transactions as well as the appropriateness in terms of price and conditions of transactions to be in accordance with normal business operations in the industry by comparing the prices and conditions of transactions for doing with third parties or market prices before submitting to the Board of Directors or the Company's shareholders' meeting, as the case may be. Moreover, if the Audit Committee does not have expertise in considering connected transactions that may occur, the Company will provide the independent expert or the Company's auditor to comment on such connected transactions so as to be used for consideration and / or decisions of the Audit Committee, the Board of Directors and / or the shareholders' meeting, as the case may be. The stakeholders will not have the right to vote in such transactions. The Company will disclose connected transactions in the annual registration statement, annual report and notes of financial statements audited or reviewed by the Company's auditor.



If connected transaction are commercial transactions normally done by the Company or the subsidiaries for business operation or are commercial transactions of general business with the same characteristics done by the Company or the subsidiaries to support normal business transactions of the company and having the trade conditions with the fair prices and conditions and not causing transfer of benefits, including the trade conditions with the prices and conditions as follows:

1. Transaction with the prices and conditions that the Company or the subsidiaries have received or given to the general public
2. Transaction with the prices and conditions given by related parties to the general public
3. Transaction with the prices and conditions that can be shown by the Company as the prices and conditions given by business operator in the same way to the general public
4. Transaction with related parties only, but related products or services have the characteristics and prices of clear standards in the market and there are many buyers, sellers with no different prices, conditions and other agreements.

The Company has established the guidelines for connected transactions of normal business transactions or supporting normal businesses with trade agreements in the same manner that ordinary people should do with general contract parties in the same situations by the trade bargaining power without influence in that the approver has the status of a director, executive or related party. The Audit Committee considered, gave opinions and presented to the Board of Directors for approval as principles. It is stated that the management department can approve such transactions under the operational guidelines and financial amounts specified. Approval for transactions shall be in accordance with the Delegation of Authority or DOA manual, which requires the original department to present the reasons, necessity for doing transactions and comparison of market prices or general trade conditions under the framework determined by the Board of Directors. That is to say, for a connected transaction with a clear contract, specified price and conditions equivalent to general trade conditions, the

management department must comply with the contract throughout the term thereof such as making a lease agreement equivalent to the cost estimate from an independent appraiser, etc. Or, for a connected transaction with required process of requesting approval to buy or place a purchase order, e.g. purchasing goods, organizing activities, buying advertisements, etc., the management department must compare the prices, trade conditions with a general trade agreement of the market price and general conditions with no difference in essence and for actual transactions with clear service rates equivalent to service charges given by related party to the general public. It is necessary to prepare and present for approval according to administrative hierarchy of the unit in line with the Delegation of Authority or DOA manual. Also, arrangements must be made for reviewing transactions and signing in the final step by the management with positions from the level EVP up with no interest or the representative authorized by such executive with no interest before doing the transaction.

Additionally, the Board of Directors has assigned the management department to prepare and present an estimate of the financial amounts of connected transactions for each transaction on an annual basis and present to the Board of Directors for approval. If it is necessary to change the type or amount of the annual connected transaction of requested approval in principle, the management department must present to request approval from the Audit Committee and the Board of Directors every time. The Audit Committee has required the chief financial, accounting officer to track connected transactions and prepare a summary report of connected transactions to report in the Audit Committee meeting of the Company or the Board of Directors meeting every quarter and has required the internal audit department or the internal auditor to review connected transactions and present them to the Audit Committee every year. If the Audit Committee and the Board of Directors have found that the operation does not conform to the specified policy, the Audit Committee and the Board of Directors will work together in order to find solutions.

However, if the Company or its subsidiaries will enter into connected transactions that are other types of transactions, the Company and its subsidiaries will comply with the stipulated policy, measures and procedures for connected transactions and must follow the rules and procedures of the SEC, the Capital Market Supervisory Board and the SET relating to connected transactions so as to ensure that such transactions will be neither removal nor transfer of benefits between the Company or subsidiaries and the persons that may have a conflict of interest, but they are transactions that the Company and subsidiaries take into account the benefits of all shareholders.



## Risk Factor

### 1 Risk from changes in rules and regulations from business related regulators

Current laws governing subsidiaries in non-life insurance broker business and life insurance broker business are the Non-Life Insurance Act B.E.2535 (1992) (as amended) and the Life Insurance Act B.E.2535 (1992) (as amended), which the subsidiaries shall comply with in accordance with the aforementioned Acts, and the subsidiary legislation; for instance, Office of Insurance Commission. Such regulator was established to regulate, and set up rules and conditions for conducting business related to non-life insurance brokers and life insurance brokers as follows:

- Licensing and Renewing licenses of non-life insurance brokers and life insurance brokers
- Permitting and Extending non-life insurance agents and life insurance agents
- Collecting non-life Insurance premiums and life insurance premiums
- Submitting non-life insurance brokers' and life insurance brokers' performances reports
- Controlling commission rates of non-life insurance brokers and life insurance brokers
- Controlling insurance policy sales and services of non-life insurance agents and life insurance agents
- Controlling forms and registration books of non-life insurance broker and life insurance broker businesses related

The subsidiaries are obliged to comply with the rules and conditions above mentioned.

### 2 Risk from company's businesses

- 2.1 Major business partners
- 2.2 Risk from Human Resources Recruitment
- 2.3 Risks from consumer's behavior change
- 2.4 Risk from competition in the insurance broker industry and new competitors
- 2.5 Risk from the change of Non-Life insurance company and Life insurance companies' policies
- 2.6 Reputation Risk

### 3 Information Technology System Risk

- 3.1 Risk from technological development
- 3.2 Risk from Reliance on Information Technology Human Resources



## Internal Control and Risk Management

Board of Directors recognizes the importance of having a good internal control system, and it is an important duty to ensure that the company has an appropriate and sufficient internal control system to efficiently oversee the operations to meet the goals, objectives, laws and relevant requirements, able to protect assets from fraud and damage, including providing accurate accounting and financial reporting and complete and sufficient information disclosed in a timely manner.

The internal audit department is an independent unit, which reports directly to the audit committee. The Internal Audit Department is responsible for supporting the work of the Audit Committee and the Board of Directors by evaluating the adequacy and appropriateness of the company's internal control system including following up and supervising the various departments within the company to take corrective actions and improve the internal control defects found

to ensure that the internal control system is appropriate, sufficient and effective. By the resolution of the Audit Committee Meeting No. 2/2019, held on 14 May 2019, the company appointed Dharmniti Internal Audit Company Limited to be responsible for auditing and evaluating the company's internal control. The Dharmniti Internal Audit Company Limited has assigned Miss Samaree Keaw Khammadi to be the head of the company's internal audit and evaluate the internal control system of the company with information about work history, education and training of Ms. Samajaree Kaewkomdee, as attachment 3, details of the head of the internal audit.

According to the scope of duties and responsibilities of the audit committee, the given power are to approve the appointment, transfer and termination of the head of the internal audit department of the company





After due consideration of work history and the educational background of Miss Samaree Kaewkomdee, the Audit Committee expressed the opinion that Miss Samaree Kaewkomdee had sufficient qualifications to be responsible for examining and evaluating the company's internal control systems effectively based on educational background and work experience.

According to the inspection report No. 1 - 3/2562, from 13/6/62 - 28/1/6, the details of the inspection are as follows:

- Administration, supervision, legal compliance, regulations
- Insurance sales to customer and premium collections
- Human Resource Management and Human Resource Development

#### Purpose of inspection

For the confidence in adequacy and the suitability and operational effectiveness of

- Administrative processes, legal compliance and the process of related party transaction control
- The process of insurance sales to customers and premium collections
- Human Resource Management and Human Resource Development

#### Scope of inspection

- Compilation of laws, rules and regulations relevant to the company
- Monitoring and compliance processes of rules and regulations as follows
  - General Insurance Act B.E. 2535 (1992) (as amended)
  - Life Insurance Act B.E. 2535 (1992) (as amended)
- Reporting of administrative results, supervision, regulations and legal compliance
- Renewal of broker / corporate license
- The process of related party transaction control
- Insurance offering to buyers and the record of sales and premium installation in the computer system.
- Approval of discount for insurance sales to buyers
- Invoicing and tax invoicing for customers
- Tracking the payment of customers' premiums
- Actions on account receivables, in the case of overdue premiums

- Preparation of operation manual
- Preparation of annual manpower plans and approval
- Recruitment and selection of employees matching to required qualifications and on time as needed
- Issuance / renewal of licenses for agents / non-life insurance brokers and / or life insurance brokers
- Employee's development plan and training record
- Salary calculation
- Employee's evaluation per indicator

#### Inspected company

- TQM Corporation Public Company Limited
- TQM Insurance Broker Company Limited
- TQM Life Insurance Broker Company Limited
- Casmatt Company Limited

#### Inspection results

Conclusively, the administration, supervision, compliance and the process of related transaction control and insurance sales to customers and premium collection including Human Resources Management and Development of the company are controlled by the internal audit system sufficiently; however, it can still develop to be most effective which the group of companies is in the process of developing various systems to complete.

So as to ensure the Board of Directors' ability to supervise the risk management and internal control systems effectively, the Board has established relevant policies to help in managing supervision as follows.

1. Code of conduct of personnel
2. Risk management policy
3. Conflict of interest policy or conflict of interests
4. Policy on supervising the use of internal information and securities trading, computer system security and information and categorization of the Company's information
5. Anti-Corruption Policy
6. Whistle Blower Policy
7. Policy on protection and use of the Company's property
8. Policy on investment and supervision of operations in subsidiaries and associate company
9. Delegation of Authority



## Social responsibility

### TQM donated the Pa Pa-Drinking Water vehicle to the Chaipattana Foundation

Dr. Sumet Tantivejkul, Secretary General of the Chaipattana Foundation Honored to receive the membrane-technology water supply and drinking water vehicle, valued at 2,200,000 baht, from Dr. Unchalin Punnipa, chairman of TQM Insure Broker Company Limited, producing raw water from natural sources or water from flooding to become clean water for consumption in accordance with the World Health Organization standards. Consequently, Chaipattana Foundation shall be able to help disaster-victims victims, and communities in remote areas for further development of community having a better quality of life on 27 August 2019 at the Chaipattana Foundation.





## Policy

The company focuses on business operations for sustainable growth and conducting business to be a role model for society with ethics and good corporate governance principles, the company recognizes the importance of responsibility to stakeholders, economy, society and the environment. Therefore, the Corporate Social Responsibilities (CSR) guidelines have been established in accordance with the principles set by the Stock Exchange of Thailand. ("Stock Exchange") 8 items as follows

1. Conducting business with fairness
2. Anti-corruption
3. Respect for human rights
4. Fair treatment to labor
5. Responsibility to consumers
6. Caring for the environment
7. Community or social development
8. The innovation and dissemination of innovations from operating business with responsibility to society, environment and stakeholders

## Operations and report preparation

The company has been operating under the philosophy of "Honesty, Equitability, Exclusive Services, Social Responsibility" for 66 years, focusing on the development of insurance broker services by providing customers with better services more than just being an insurance broker under the concept of "TQM Beside, Fight for Fair, Your Friends 24 Hours", with a focus on providing 24-hour services to over 1 million customers nationwide. In addition, another important policy that the company continuously adheres to is the Corporate Social Responsibilities (CSR) policy, in which the company has defined the responsibility to society, environment, and stakeholders with details as follows:

### (1) Fair operations of business

The company is conducting business properly with honesty, fairness, transparency, disclosure of important information and can be inspected, which the company shall consider the benefits and impacts on shareholders,

customers, business partners, employees and stakeholders including the sharing of benefits appropriately and fairly. In addition, the company still attach importance to legal compliance including the implementation of international business ethics by requiring directors, executives and employees to behave within the framework of the law, regulations, and must not be involved in or witnessing, assisting or acting in any way which is a violation of any related laws, regulations. The company shall treat business partners and competitors fairly, not requesting or receiving any benefits from the trade partners. If the company is unable to comply with any conditions, the company shall notify suppliers in advance to seek for a solution and shall treat competitors within the framework of good competition and shall not to seek for confidential information of competitors in dishonest ways. In this regard, legal compliance and other regulations, the company shall conduct business under the supervision of the Office of Insurance Commission (OIC). Practically, the subsidiaries shall be randomly inspected by the OIC whether the company complies with the Act related to corporate insurance broker and relevant laws or not. The subsidiaries have received a record of the examination with a result of fully complied with the relevant laws.

### (2) Anti-corruption

The company operates with transparency by not offering compensation, paying bribes, soliciting, agreeing or accepting bribes from other individuals or other agencies in all forms whether direct or indirect action for any interests and not committing unlawful transactions involving government officials, other individuals or organization either directly or indirectly, including not donating money or paying money for any conveniences or providing any financial support to other individuals or agencies as a mean of paying bribes, and because the company attaches the importance of anti-corruption, the company has established an internal control system to prevent corruption with the regulations of the company defining work procedures, delegation and authority to approve the payment and the responsible amount must comply with the regulations of the company which shall have clear evidence, documents and also



providing training for staff to provide knowledge about policies and guidelines for combating corruption and encourage employees to have honesty in performing their duties and responsibilities.

The Board of Directors has a clear anti-corruption policy stated in the charter and ethics and anti-corruption policy by communicating at all levels of the organization and other parties for implementation and the Board of Directors has supervised the mechanism for receiving complaints and taking action in cases where clues are identified and clear. Guidelines are set in the complaint and corruption policy with regulations regarding reporting of investigations of ethics, violations, accepting complaints about corruption and wrongdoing in the event that any stakeholders have observed the operations of the company and subsidiaries. It is able to ask for details, submit a complaint or whereabouts of illegal acts, inaccuracy in financial reports, defective internal control system or violation of business ethics through independent directors or the audit committee of the company. The complaint and clues shall be kept secret. The independent directors or the audit committee shall order the compliance officer to examine the information and find solutions (if any) and report to the chairman and / or committee.

The company opens channels for reporting clues and complaints about dishonest or not transparent actions as well as legal violations, policies, rules and regulations of the company from employees as well as the mechanism to protect informants. The company provides channels for submitting complaints and/or comment as well as direct e-mail to executives as follows:

#### Methods of contacting the company

Stakeholders are able to express their opinions through communication channels with the company as follows:

#### Channels :

##### 1. Mail

To the Chairman of the Board or the Chairman of the Audit Committee

TQM Corporation Public Company Limited

123 Lat Pla Khao Road, Chorakhe Bua Subdistrict,  
Lat Phrao District, Bangkok 10230

##### 2. E-mail

Chairman of the Audit Committee:

Maruts211@gmail.com

Independent Director / Audit Committee:

Rutchaneeporn.po@spu.ac.th or

chinapat.lawclub@icloud.com

Company Secretary: cs@tqm.co.th

Investor Relations: ir@tqm.co.th

##### 3. Website <https://www.tqmcop.co.th/>

##### 4. Suggestion box / comment / complaint in the company

#### Risk Assessment on Corruption

The objective of Risk Assessment on Corruption is to allow all departments in the company act proactively to assess and review the risk of corporate corruption including raising awareness of the risk of corruption which may occur and affect the objectives and operations of the organization to ensure that the risk of corruption shall be immediately eliminated and the executives of every department shall cooperate in providing information about the risk of corruption occurring in their departments.

The risk assessment of corruption consists of 4 protocols:

1. Preparation of setting a measurement on the effects and a chance of occurring including defining an acceptable level for the company.
2. Risk identification, causes of risk and the effects of risk as well as analyzing the severity and chance of risk regardless the existing internal control standards.
3. Assessment of the current internal control system, analyzing the severity and the chance of risk considering the existing internal control standards.
4. Providing measures to reduce risks to be in an acceptable level of the company, in case, the current internal control measures do not prevent the risks effectively.



Therefore, the executive has assigned the internal audit department to give pieces of advice to senior management for risk assessment and collecting information for risks report and related documents including monitoring and registration for project performance, tracking the performance following the measures and present to the Risk Management Committee, the Audit Committee, the Board of Directors, as well as the management and other relevant departments.

Besides, the said offices or departments are responsible for giving pieces of advice and gathering information only. The specifying and evaluation the risks are executives' of each company departments. In addition, the internal audit department is responsible for evaluating the adequacy and safety of the internal control system in a particular section for the risk assessment, whether the internal control in particular section is sufficient to reduce the risk to an acceptable level.

The company evaluates and reviews the risk of fraud on an annual basis to identify additional risks or changes in the levels of risk in each year which can be changed by various factors such as changes in operational processes, use of new technology and information systems, changing duties and responsibilities of human resources in the company or new frauds, etc. in order to conduct risk assessment, executives shall consider and assess the risk of fraud along with other company's risk managements.

#### Governance Guidelines for Prevention and Monitoring of Risk from Corruption

1. Providing procedures and internal control processes and risk management covering important activities of the company, such as gift giving, entertaining, charitable donations, funding and supporting political activities, giving or accepting bribes, in order to prevent the occurrence and monitoring of risks from corruption as well as giving pieces of advice on appropriate solutions.

2. Providing channels for receiving clues or complaints about violation of the law or business ethics of the company or guidelines for prevention of involvement in corruption or internal control system and a policy to protect informants or clues and keeping the informant's information confidential including measures to investigate and determine the disciplinary action of the company and / or related laws.

3. The departments' heads are responsible for monitoring the risk and correcting (if any) and report to the authority respectively.

The company is a member of the Anti-Corruption Network Foundation (ACNF), following the preparation and announcement of anti-fraud and anti-corruption policies through various channels internally and externally such as website <https://www.tqmcorp.co.th/corporate-governance-policyand-docu> and Intranet, including new employee orientation, etc.

#### Guidelines for monitoring and assessment the implementation of the anti-corruption policy

The company has established guidelines for monitoring and assessment as follows:

1. Executives and employees are required for self-assessment on the implementation of the Good Corporate Governance and Business Ethics Manual of the company including good corporate governance policy, ethics and code of conduct on supporting anti-corruption practices to prevent the involvement in fraud and corruption and code of conduct of employees regularly.

2. The supervision and control department shall be arranged and responsible for examining the internal control system, risk management, corporate governance, and shall provide feedback and conduct an audit regularly following the annual audit plan approved by the Audit Committee, and shall report significant audit results and suggestions to the audit committee.

3. The Risk Management Committee is responsible for continuously testing and assessing the risk of corruption in order to effectively implement anti-corruption measures, as well as follow up, review and improve anti-corruption measures regularly by presenting the assessment results to the audit committee and report to the Board of Directors.

4. Finding any transactions or actions which may have a significant impact on the financial status and the company's performance including violations of laws and or business ethics or guidelines for preventing involvement in corruption or any doubt in financial statements or internal control system, the Audit Committee shall report to the Board of Directors for improvement within the period which the Audit Committee deems appropriate.



### (3) Respect for human rights

The company is well aware that the business shall respect the life and dignity of everyone, which is the foundation of human resources management and development including the creation of human relations in society, the company, therefore, provide guidelines to promote and encourage the implementation of basic human rights principles and equality. Do not discriminating against race, nationality, religion, language, skin color, gender, age, education, physical condition or social status as well as allowing employees to work together under a safe and happy workplace environment.

In addition, the company is ongoing coordination with the Disabled Career Development Center by employing disabled persons to be permanent employees of the company since 2010, as of December 31, 2019, there are 22 disabled employees working in many sections of the company, i.e. sales department, customer relations and other support units concerning appropriateness and the capacity of individual employees with disabilities, working in Bangkok at the Head Office and branches in up countries.

### (4) Fair treatment to labors

The company believes that human resources are the most important factor in business operations in order to create values and return to the business. Since the operations of the company require knowledge, competency, as well as dedication, both physical and mental strength in working to achieve the goals, the company has set guidelines for treating employees of which the executives shall treat employees fairly with no bias, encourage employees to enhance their capacities and career advancement as well as to understand the ethics which employees shall follow and to provide appropriate welfares for employees and treat employees with honesty by listening to opinions and suggestions logically.

In addition, the company provides appropriate compensation based on knowledge, capability, responsibility and the performance of each employee as well as providing appropriate welfares such as provident funds, savings cooperative, employee loan benefits, scholarships for children of employees and the employees themselves, etc. There are also special activities to create happiness for all employees having performed their works with the full capacities throughout the year, which is the company staff party for happiness, smiles at the end of the year.

The company has been being awarded the best enterprise for Skill Development continuously.

### (5) Responsibility to consumers

The company has stipulated that employees of the company shall treat customers in accordance with business ethics and responsive to customers in terms of quality and good services and maintain customer's confidentiality by not disclosing customer information receiving from conducting business, stored and not disclosed unless commanding by law.

The company aims to provide satisfaction and confidence for customers with quality services by establishing a customer relations department to provide 24-hour customer support services via the hotline 1737, providing customer services handling call in, follow up, complaints as well as coordinating with relevant departments in the event of a customer having an accident to get help as soon as possible including inquiries about insurance for customers and people to receive complete insurance information for making decisions. In addition, the company provides professional insurance for employees to compensate the damage to customers occurring from the operations of the company's employees, as well as various activities to strengthen the relationship between the company and customers to be sustainable in the form of CRM activities through the TQM Family club under the concept of living exclusive, Eating, Shopping, Traveling, between the company and members on a monthly basis, including a merit boat trip with life changing workshop visiting the old city, the beautiful temples of Ayutthaya, experiencing the historic sites of the Bang Pa-In Palace, etc., including special benefits to customers i.e. special price health checks, discount on accommodations, hotels, movie tickets, and birthday gifts, etc.

**TQM cares for Thais providing free accident insurance, covering up to 100,000 baht**

TQM campaigned to make Thai people realize the importance of insurance following the company's policy, "To see Thai people having at least 1 insurance policy per person", in line with the policy of the Office of Insurance Commission (OIC) in enhancing knowledge and understanding about insurance to people through activities for customers and citizens participating continuously throughout the year 2019, free of charge by providing group accident insurance (Micro Insurance) to over 1,000,000 citizens nationwide covering up to 100,000 baht underwritten by Bangkok Insurance Public Company Limited.



Also, the company supports 'road safety campaign, by participating in the Safe Driving Campaign during the Songkran festival with the OIC, by encouraging people to prepare lives and properties before traveling, and launches the LINE application, TQM Insurance Broker and website [www.tqm.co.th](http://www.tqm.co.th) for the people to scan QR code for Group Accident Insurance Registration (Micro Insure) for free before traveling during Songkran festival. In addition, there is also morning activity in the OIC project for the community to reduce the risk in the community with insurance.



#### TQM organized "Happy People Expo 5"

TQM Insurance Broker Company Limited, together with insurance partners, organized "Happy People Expo Year 5" with the concept of "Full of Happiness, Happy beyond Thai Ways" by organizing traveling activities over the country such as Chiang Rai (5-6 Jan 19), Udon Thani (26-27 Jan 19), Nakhon Pathom (Feb 19), Ubon Ratchathani (27-28 Jul 19), Songkhla (31 Aug 19 - 1 Sep 19), Chiang Mai (21-22 Sep 19), Kamphaeng Phet (19-20 Oct 19), to encourage people to access to knowledge of the risk and benefits of campaign participating including to build the reputation and image of the organization. In this event, there had been

artists, famous stars and various net idols coming to create happiness and education, i.e. James Ma, Zack Chum Phae and games, gifts to participants





## (6) Thinking of Environment

The company attaches importance to social and community responsibility, environment protection including natural resources by not doing any destruction, but protecting and creating activities to support environmental protection for people in the community and all employees of the company. The company also complies with the standards, laws and regulations related to the environment.

Activities outside the organization, the company organized a coral diving activity, return fertility to the sea for customers in nature conservation. Internal activities, the company formulated a policy to raise awareness among employees at all levels of the reducing paper, consisting of using paper on both sides (Re-used paper), printing only as necessary and store documents in electronic format (Text and PDF File) as well as add electronic channels for sending and receiving documents among partners, the company and the customers, i.e. data transfer between networks or FTP (File Transfer Protocol) and Electronics Mail, etc. resulting in the company could reduce paper usage including saving cost within the company. The activities for reduction of electricity usage, the company invented a system to turn on and turn off electrical system and air conditioning system automatically, to reduce electricity usage during unnecessary hours.

In addition, there is a campaign to raise awareness of employees to care for the environment by reducing and stopping plastic usage in daily life under the project "TQM Just Say No to Plastic" by letting employees to see the problems and effects of the use of plastics such as glass, straws, foam cups, plastic bags by campaigning to use containers being able to be reused, i.e. personal glasses, cloth bags, etc. resulting in the company reduced the amount of waste and cleaner environment surrounding the company.

### Coral reef diving activity restoring fertility to the Samae San Sea

TQM held a coral diving activity by taking 160 company's customers having been selected from the TQM Family Trip activities to help grow coral to restore fertility to the Samae San sea, Chonburi Province. The activity was organized in collaboration with Samae San Maritime Science Camp in providing knowledge about coral cultivation and basic diving method, including snorkeling to see coral plantation grown in the year and also activities to release crabs and fish back to nature on October 12, 62



## (7) Community or society development

The company has guidelines to act or control to comply with relevant laws and regulations and responsible to society including cooperation, assistance and support for activities as charity to the community and society, to promote economic strength as well as the restoration of society and culture through activities that the company doing with customers, as part of creating quality society and environment, i.e. TQM Natural camp 2019, volunteer to plant vegetables for students' lunch in Ban Khlong Sawang Arom School, Nakhon Pathom Province.

### TQM organized 7<sup>th</sup> Children's Day

TQM organized the National Children's Day 2019, under the concept of "TQM Magic Day Year 7, happiness, smiles with the TQM family". The event organized activities to give children with various game kiosks to have fun and creativity and to win many prizes with a full of sweet and food as well as providing scholarships to children coming to show their talents and join Children's Day with TQM Family on 12 January 2019 at TQM Head Office.





#### TQM invited volunteers to plant vegetables for children

TQM organized the TQM Natural Camp 2019, taking lucky customers to join the activity to plant organic vegetables for lunch, and donate stationery to the children of Ban Khlong Sawang Arom School, Nakhon Pathom Province, also playing games, gifting for happiness and smile on 2 november 2019.



#### TQM's scholarships.

TQM awarded certificates for completing cooperative education and scholarships 100,000 in total to students from the Faculty of Business Administration, Sripatum University, 12 people participating in the "The Success Insurance Talent (SIT # 2) SPU-TQM" project, with the Dean of the Faculty of Business Administration, Sripatum University and TQM's executives on 23 May 2019 at TQM Head Office.



#### TQM offered accident insurance to the police for the 12<sup>th</sup> year

TQM handed an accident insurance policy to 430 officers from Chokchai police station, Khok Khram police stations in order to support and encourage morale in the performance of every police officer by TQM's executives on 4 Sep 19 at TQM Offices.



#### TQM donated traffic equipment to Khok Khram Police Station

TQM donated traffic equipment consisting of rubber cones, steel panels and lighted stop signs to Khok Khram Police Station in order to support the work of officers by Dr.Unchalin Punnipa, the president of the company, on 26 November 2019 at TQM Head Officer.



- (8) Having and disseminating of innovations from operations responsible to society, environment, and stakeholders.

The company shall support innovation in various fields especially the innovation of work processes internal and multi-organizational levels by focusing on creative innovations to change for the better products creation and adding value. To maximize the benefits to society in this regard, the company considers the policy for the dissemination of innovations, which is one of social responsibilities. There shall be communications and disseminations of innovation to all groups of stakeholders directly and indirectly through various channels to ensure, the innovative information shall be communicated to all stakeholders thoroughly.



#### TQM jointly organized health check activity with a customer

TQM and Paolo Ayutthaya Hospital organized a seminar. "Diseases and dangers in the industry and health examination guidelines" to customers in Bang Pa-in Industrial Estate in which the event provided health education activities and annual employee health checks as well as providing souvenirs and snacks for customers participating this



#### TQM hosted "The Personal Data Protection Law Training".

TQM hosted a training to provide knowledge about "Law on personal information protection impacting on business and document system preparation" to insurance partners, financial institutions, customers and employees for understanding of the requirements under the (draft) Personal Data Protection Act and the European Data Protection Regulation (General Data Protection Regulation (GDPR) as a preparation for the changes effectively.

Business circles in all industries are alerted to prepare the system and manpower to comply with the conditions of Thailand's Personal Data Protection Act B.E. 2562. (2019): PDPA) coming into effect in May 2020, which may affect the overall business operations. TQM is one of the firms, aware of the rules and focuses on the importance to personal information all the time, ever since the company began operating its business and moving towards the changes in the digital age, even being a leader of Insurance brokers for the development to be fully digitalized platforms in Thailand on 30 October 2019 at Sripatum University.



#### 10.3 Activities for the benefit of society and the environment (After Process)

The company is committed and continuously works to improve the quality of life of the community, human development and share educational opportunities with society because the sustainable growth of the company is promoted by quality human resources and a strong society. The company had activities promoting internal and external human resources as follows:

#### TQM participated in the booth at the Dao Thong Indy Junction Audition Show

TQM Insurance Broker Company Limited jointly organized a booth event - the Dao Thong Indy Junction Audition to give group accident insurance policies, totaled 50,000 baht to contestants and the people attending the event for free at The Nine Rama 9 Shopping Center on 2 March 2019.





### Blood donation to the National Blood Service Center, Thai Red Cross

The company, led by directors, executives and employees, donated blood to the National Blood Service Center, Thai Red Cross under "Ruam Jai Rak Phakdi - blood donation project" for the Father of the land", for 10 years from 2008 until now. There were 5,080 blood donors interested in participating in the blood donation, totaling 10,307,500 cc, and the company shall keep the project to live on.



### Songkran activities for safe traveling, insurance care for you together with OIC

Office of Insurance Commission together with the insurance industry and the company jointly organized the "Songkran Travel Safe Insurance Caring for You" in order to delivery cares to the people. The company campaigned and offer Songkran Accident Insurance to participants and the people for free through the TQM Insurance Broker line application. In addition, the helmet was also given to students and motorcycle riders in Bangkok, aslo providing inspection services, oil change and changing motorcycle bulbs for free, with guest actors, Pat Naphapa and a son, named Racing at the event on 2 April 2019 at the OIC, Ratchadaphisek Road.



### TQM helped the floods in Ubon Ratchathani province

Dr.Unchalin Punnipa, the president and Dr.Napassanun Punnipa, Chief Executive Officer of TQM Insurance Broker Company Limited, gave 100,000 baht to help flood victims in Ubon Ratchathani through Mr. Binn and Ekaphan Banluerit in order to help rehabilitate the victims on 20 September 2019.



### TQM provided scholarships to employees' children

TQM handed scholarships to employees' children. There were 321 scholarships from kindergarten to university level, and the company shall continue to support education because education is considered as an important foundation of the country, and is another way to create encouragement for employees and their families on 2 Nov 2019 at TQM Head Office.



#### 10.4 Environmental, Social and Governance Policies

The company is committed to conducting business with honesty, fairness and social responsibility in accordance with laws and ethics.

2. All employees of the company shall strictly comply with the anti-corruption policy.

3. The company promotes and encourages the observance of human rights and basic equality, respects and treats all stakeholders fairly based on human dignity.

4. The company treats employees with fairness, does not discriminate in all cases, and supports to build potential for the advancement of employees, provide appropriate welfares and compensations, knowledge and good health, and hygienic and safe workplace.

5. The company treats customers and partners with fairness by strictly adhering to laws and ethics in order to create maximum satisfaction to all parties, appropriately and correctly.

6. The company is aware of the importance of the environment internally and externally, which any actions of the company, customers, business partners and communities shall have minimum effect to the environment, including raising awareness about preserving the environment, efficient use of resources and pollution prevention.

The Company focuses on importance to helping, supporting, promoting activities and development for communities and societies directly and indirectly for the benefits to communities and societies.

#### 10.5 Policy on Non-Infringement of Intellectual Property



TQM Corporation Public Company Limited ("The Company") and / or its subsidiaries have policies and guidelines regarding non-infringement of intellectual property such as copyright, patents, trademarks, etc. The policies and guidelines for such matters are as follows:

1. Must not use the Company's information and confidentiality and / or subsidiaries, for example, information from ideas, researches, knowledge, and related techniques and arising from the business of the company and / or subsidiaries, which shall be regarded as the intellectual property of the company, regardless whether it has been registered under the law on intellectual property or not, and may not be distributed without the written permission of the company or authority

2. Any research work and research resulting from the performance of duties assigned by the company and / or subsidiaries by allowing the employees or personnel responsible to take action or prepared or is a job that uses information and work learned from the company and / or subsidiaries research, rights, patent applications, patent ownership and the compensation considered to be the property of the company. Employees or responsible personnel must deliver to the company regardless of the format of the work, data or copyright.



3. Computer software which arises from assigning employees or responsible personnel of the company to develop, the company is the owner of copyright, including benefits obtained from that program.

4. Employees must not violate any intellectual property or copyright, such as copying, reproducing, altering, disseminating work, including computers software. Employees, who violate any intellectual property or copyright, shall be punished concerning disciplinary offense, and relevant laws.

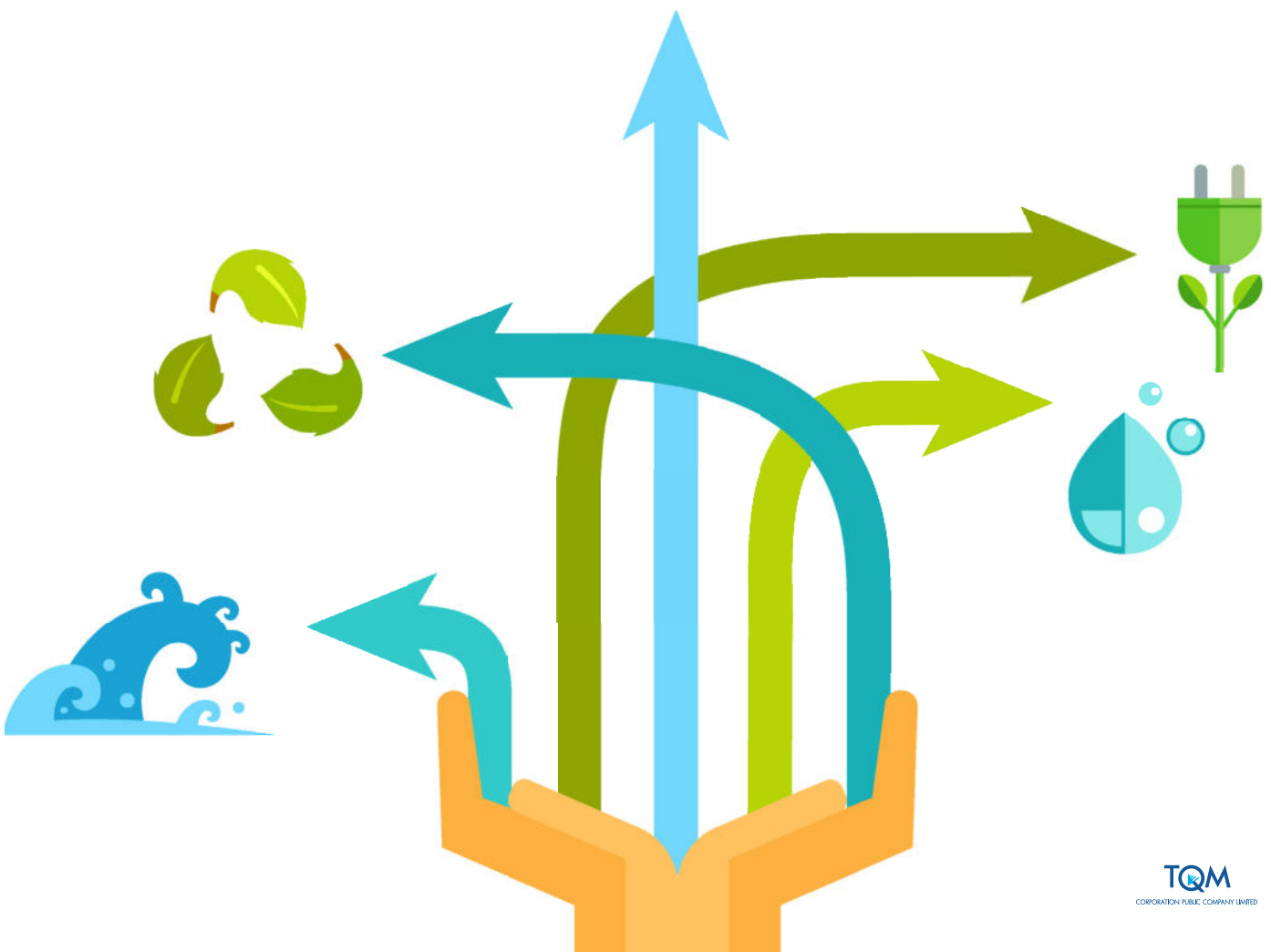
5. Use of computers and information technology shall be in accordance with the Computer Crime Act 2007, Royal Decree on Regulating Electronic Payment Services Business 2008 and other relevant electronic laws. If the company detects an unlawful action, it is considered a disciplinary offense.

6. The company requires employees to comply with intellectual property and copyright laws, such as trademark laws, Patent laws, Copyright law or other relevant laws and promote the training to educate the employees in the field of intellectual property laws.

7. If an action is found to be a violation of the rights or an action that may cause a dispute on intellectual property, an employee has a duty to immediately report to the supervisor. Those who violate the said policy shall be considered disciplinary offense in accordance with the company's work regulations or according to the regulations of the supervising agency, and in the event that the case is an offense under the provisions of the law, it shall be taken into consideration in the court of laws.



CORPORATION PUBLIC COMPANY LIMITED





## Training and Development

Number	Date/ Month	Course	Ver.	Level	Speaker
<b>August</b>					
1	27 August	Effective Supervisor Skills	1	Supervisor	Dr.Monticha Khruaswan
2	28 August	Total Quality Management (TQM)	1	Assistant Manager	Dr.Wutthichai Limarunothai
<b>September</b>					
1	3 September	Effective Supervisor Skills	2	Supervisor	Dr.Monticha Khruaswan
2	4 September	Technical for Sales in Digital Era	1	Assistant Manager	Mr.Wirat Chongkerd-dee
3	10 September	Rinen (Organization Development)	1	Top Management	Dr.Kritinee Pongtanalert
4	10 September	Effective Time and Information Management	2	Officer	Ms.Worakanya Siripidej
	11 September				
5	19 September	Systematic Thinking	1	Manager	Dr.Anupong Avirutha
6	24 September	TQM Digitalization (Digital Transformation)	1	Manager	Dr.Surachai Thongkaew
<b>October</b>					
1	19 October	Technical for Sales in Digital Era	1	Assistant Manager	Mr.Wirat Chongkerd-dee
2	21 October	TQM Digitalization (Digital Transformation)	1	Manager	Dr.Surachai Thongkaew
3	24 October	Technical for Excellent Service	1	Officer	Mr.Wirat Chongkerd-dee
4	30 October	TQM : Data Privacy Protection Law	1	Manager	Mr.Chinapat Visuttiapat
<b>November</b>					
1	20 November	Technical for Excellent Service	1	Officer	Mr.Wirat Chongkerd-dee



### Training and Development Course : August-September 2019



Effective Supervisor Skills : 1



Total Quality Management  
(TQM)



Rinen  
(Organization Development)



Effective Supervisor Skills : 2



Systematic Thinking



TQM : Data Privacy Protection Law



## Training and Development Course : August-September 2019



TQM Digitalization  
(Digital Transformation)



Effective Time and Information  
Management : 1



Technical for Sales in Digital  
Era : 1



## Training and Development Course : October-November 2019



1. Technical for Sales in  
Digital Era : 2



2. TQM Digitalization  
(Digital Transformation) : 2



3. Technical for Excellent  
Service : 1



## Technical for Excellent Service : 2





## 2019 Training Course Attendance of Directors and Executives

Name	Position	Training 2019
Dr.Unchalin Punnipa	Chairman of the Board	- Strategic Board Master Class (SBM) Class 7,2019 (IOD)
Ms. Suvabha Charoenying	Director	- Strategic Board Master Class (SBM) Class 7,2019 (IOD) - Senior Executive Program, Class 13, the Energy Science Institute
Ms. Ratana Punnipa	Director	- Internal Control for IPO team, Class 3, 2019 (SET)



## Business Partners

### TQM-Viriyah Insurance-BDMS Launching the health Protection "Aun Jai Ruk Delight" (BDMS)

TQM Insurance Broker Company Limited, Viriyah Insurance Public Company Limited and hospitals under BDMS group, have launched the "Aun Jai Rak Delight (BDMS)" health insurance for Thai people nationwide. BDMS hospital treatment standards revealing long-term protection without renewal rejection regardless the higher claim loss, trusted in the distribution power of TQM will promote health check-in spots in all directions throughout Thailand Including the Face to Face with more than 1,000 staff in 95 branches nationwide and digital channels serving in the Mobile First era. the Aun Jai Ruk Delight Health Insurance (BDMS) is available in all channels of TQM and the Aun Jai Rak booth in the hospitals under BMDS group, announced on 22 February 2019.



### TQM with Bangkok Insurance – penetrating white-collar market "Salary Man - MAY DAY " campaign, penetrating on enhancing Salary Man sales for Q2/2019

TQM Insurance Broker Company Limited with Bangkok Insurance Public Company Limited launched the "Salary Man – MAY DAY" campaign on the Labor Day celebration, reinforcing their leadership in insurance products allocating for salaried workers with extended coverage; therefore promote 'accident insurance product – worry free' and 'unemployment protection' that penetrates the segment of industrial and agricultural laborers with coverage and special benefits during May Day only. Strategizing sales in the digital age trend with the feature of purchasing One Stop Service insurance and after-sales service through the LINE channel "TQM Insurance Broker", TQM hopes to boost sales of the Q2/2019 of Salary Man insurance product series, announce on 28 April 2019.





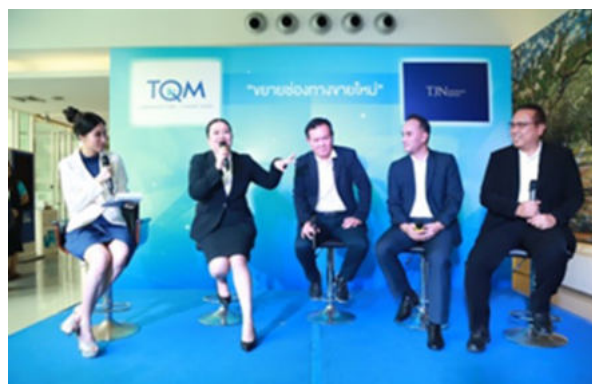
### TQM with Muang Thai Insurance launching "TQM for Lady" Focusing on answering all women needs as a market leader

TQM Insurance Broker Company Limited with Muang Thai Insurance Public Company Limited, 4th anniversary leadership in insurance for women, launched the "TQM for Lady" insurance product series. Series includes "Personal Accident Insurance" by providing coverage of 100,000 baht when being abused after finding a record that women were more likely to be violated every year. "Cancer insurance for women" enchanted heart gives double coverage when finding cancer only for women. "Fire insurance for lady" covers surgery accidents from 500,000 baht, "Travel insurance for lady" covers 5 million baht and "Car insurance for lady" provides insurance coverage up to 1,000,000 baht, focusing on marketing strategies and selling through online channels, one click, 24 hours, along with offline channels "Women for women", the income from sales of personal accident insurance products from the "TQM For Lady" insurance series, 100 baht per policy will be given to foundations and charities which help women who have been abused, or have problems in lives. To encourage women in the Thai society to overcome obstacles and be ready to come back to stand strong, announced on August 16, 62.



### "TQM" closed Big deal to increase channels supporting sustainable growth

TQM Corporation Public Company Limited acquired TJN, an insurance broker company for automobile dealers and large car importers, with sales of approximately 30 million baht in the 2018 to further expand the sales channels supporting group revenues for sustainable growth by promoting two executives, wading sales growth, and launching 5 marketing strategies. The first strategy is to expand the dealer base to 100 in 2019, and increase 10,000 independent insurance brokers within 5 years. The second strategy aims to upgrade the service to all TQM standards. The third strategy is to upgrade the technology system supporting the sales of agents with the program "TJN Anywhere". The fourth strategy is to create a professional broker and the fifth strategy focuses on developing specific product groups aiming to push sales to the target of 100 million baht this year and set a target of 2,000 million baht within 5 years, adding "TQM" revenues to grow as planned, announced on 9 July 2019.





GSB with TQM to launching the first Co-Brand Credit Card Special designed benefits for penetrating insurance consumers market.

Government Savings Bank and TQM Corporation Public Company Limited conducted a signing ceremony issuing a Co-Brand Credit Card "TQM Infinity Credit Card", offering privileges with many promotions i.e. 500 baht cash back when paying premiums via TQM of 10,000 baht or more, or pay 0% for 10 months and lucky draw 2020 Olympic Games with a Japanese tour package. Dr. Chartchai Payahanawee, the director of the Government Savings Bank and Dr. Unchalini Punnipa, president of TQM Corporation Public Company Limited, participated in the ceremony together both witnesses and executives, announced on 18 Nov 62.



TQM with Bangkok Insurance releasing new series of Salary Man insurance "Khun jeb ngoen mai jeb" for a better future, shaking the market to end of the year

TQM Insurance Broker Company Limited and Bangkok Insurance Public Company Limited launched Salary Man insurance new series "Khun jeb negoen mai jeb" aimed to answer the pain point of salary man, as a leader in the market, placing products that cover every stage of life under the concept of protection at every step of success. 'Money - car - home - health - travel' are always with you. 'James Mar' is the campaign ambassador for the 2nd year. Also launching the latest advertising campaign stimulates sales by the end of 2019, with proactive strategies digital channels, Telesales and Face to Face, announced on November 29, 2019.





## General Information and Other Important Information

### General information

#### 1. Company

English company name	TQM Corporation Public Company Limited
Business type	Holding Company by investing in insurance brokerage companies
Head Office	123 Lat Pla Khao Road, Chorakhe Bua Subdistrict, Lat Phrao District, Bangkok 10230
Company registration number	0107561000307
Phone	0 2119 8888
Fax	0 2119 9000
Website / Company Homepage	www.tqmcorp.co.th
Registered capital as at 31 December 2019	300.0 million baht
Paid-up capital as at 31 December 2019	300.0 million baht

#### 2. Subsidiaries

##### 2.1 TQM Insurance Company Limited

English company name	TQM Insurance Broker Company Limited
Business type	Non-life insurance broker
Head Office	123 Lat Pla Khao Road, Chorakhe Bua Subdistrict, Lat Phrao District, Bangkok 10230
Company registration number	0105540084143
Phone	0 2119 8888
Fax	0 2119 8800
Registered capital as at 31 December 2019	400.0 million baht
Paid-up capital on 31 December 2019	400.0 million baht

##### 2.2 TJN Insurance Broker Company Limited

English company name	TJN Insurance Broker Company Limited
Business type	Non-Life insurance broker
Head Office	123/3 Lat Pla Khao Road, Chorakhe Bua Subdistrict, Lat Phrao District, Bangkok 10230
Company registration number	0105559045381
Phone	0 2119 9599
Registered capital as at 31 December 2019	5.0 million baht
Paid-up capital as at 31 December 2019	5.0 million baht



### 2.3 TQM Life Insurance Broker Company Limited

English company name	TQM Life Insurance Broker Company Limited
Business type	Life insurance broker
Head Office	123/3 Lat Pla Khao Road, Chorakhe Bua Subdistrict, Lat Phrao District, Bangkok 10230
Company registration number	0105551106143
Phone	0 2119 8888
Fax	0 2119 8800
Registered capital as at 31 December 2019	50.0 million baht
Paid-up capital as at 31 December 2019	50.0 million baht

### 2.4 Casmatt Company Limited

English company name	Casmatt Company Limited
Business type	IT and software services provider
Head Office	123 Lat Pla Khao Road, Chorakhe Bua Subdistrict, Lat Phrao District, Bangkok 10230
Company registration number	0105550075155
Phone	0 2119 8888
Fax	0 2119 8800
Website / Company Homepage	<a href="http://www.casmatt.co.th">www.casmatt.co.th</a>
Registered capital as at 31 December 2019	5.0 million baht
Paid-up capital as at 31 December 2019	5.0 million baht

## 3 Affiliate

### TQLD Company Limited

English company name	TQLD Company Limited
Business type	Insurance related advisory
Head Office	92/25 Sathorn Thani Building 2, 11th Floor, North Sathorn Road, Silom, Bang Rak District, Bangkok 10500
Company registration number	0105559148619
Phone	063 065 6919
Website / Company Homepage	<a href="http://www.noon.in.th">www.noon.in.th</a>
Registered capital as at 31 December 2019	3.0 million baht
Paid-up capital as at 31 December 2019	3.0 million baht



# Management Analysis and Discussion

## Analysis of Financial Performance

### • Revenues

The table shows the revenue structure of the company as shown in the consolidated financial statement separate by business types for the year ended 31 December 2017, 2018, 2019 as follows:

Business Type	Company	For the year ended 31 December 2019					
		2017		2018		2019	
		THB:MB	%	THB:MB	%	THB:MB	%
1. Non-life Insurance Brokerage	TQM Broker	2,201.1	96.5	2,434.7	96.4	2,634.2	94.6
• Brokerage income	TJN	1,336.8	58.6	1,454.4	57.6	1,570.9	56.4
• Other service income		864.3	37.9	980.3	38.8	1,063.3	38.2
2. Life Insurance Brokerage	TQM Life	56.7	2.5	66.4	2.6	77.3	2.8
• Brokerage income		54.5	2.4	61.2	2.4	71.4	2.6
• Other service income		2.2	0.1	5.2	0.2	5.9	0.2
Total service incomes		2,257.8	99.0	2,501.1	99.0	2,711.5	97.4
Other income		23.9	1.0	23.9	1.0	72.3	2.6
Total		2,281.7	100.0	2,525.0	100.0	2,783.8	100.0

The company and its subsidiaries' revenues consist of incomes from non-life insurance brokerage, life insurance brokerage, information technology and software and other income i.e. interest income, dividend income, income from service and consulting, compensation, etc. The incomes from non-life insurance brokerage and life insurance brokerage consist of commission income and other service income of which the company gets paid from insurance partners. The other service income is paid by certain amount and by the proportion defined by the number of premiums sold by the company e.g. service fee, policy issuance and delivery, accident coordination service and data storage, etc. In addition, other service income is an additional service apart from brokerages servicing to customers and insurance partners depending on the scope of services, relationship and negotiation. The said service income is not under the control of government agencies. The amount of other service income varies depending on the negotiation with the insurance partners.

For the years ended 31 December 2017, 2018 and 2019, the company and its subsidiaries have total revenues of 2,281.7 million baht, 2,525.0 million baht and 2,783.8 million baht respectively, representing an increase of 243.3 million baht or 10.7% growth in 2018 and representing an increase of 258.8 million baht or 10.3% growth in 2019, and 94.6% of the company and its subsidiaries' revenue is the incomes from non-life insurance brokerage.

### Non-life insurance brokerage business

The company and its subsidiaries ("the group") sell non-life insurances; the main income from the non-life insurance brokerage business is commissions which accounted for approximately 56.4% of total revenues while other service income accounted for 38.2% of the total revenues. TQM Broker and TJN earn non-life insurance commissions from being a broker of a non-life insurance company at a mutually agreed rate between TQM Broker and a non-life insurance company. The commission rates are not more than 12.0% of the insurance premium for the compulsory car insurance, and not over 18.0% of the premium for the voluntary car insurance. The above



mentioned rates are in accordance with the OIC's announcement. For the year ended 31 December 2017, 2018 and 2019, the group earned from non-life insurance brokerage business amounted to 2,201.1 million baht, 2,434.7 million baht and 2,634.2 million baht, the proportion is 96.5%, 96.4% and 94.6% of the total revenues of the Group respectively, increasing of both commission income and other service income, continuously growing in line with the growth of the premium sold. The group is able to enable growth in non-life insurance premium due to the rising number of insurance policies sold, especially the voluntary car insurance following the expansion of sales to up country branches and advertising as well as comfy and easy payment channels. In the year 2019, the incomes from non-life insurance brokerage business increased from 2,434.7 million baht in 2018 to 2,634.2 million baht in 2019, representing a growth of 8.2% from brokerage income and other service income; especially other service income increased by 83 million baht from 980.3 million baht in 2018 to 1,063.3 million baht in 2019, representing a growth of 8.5% according to the increase in the premium sold of non-life insurance policies, considering the income from being a non-life insurance broker in the form of insurance resulting in most of the increased revenue comes from commission and other service income, mainly from the voluntary car insurance.

#### Life insurance brokerage business

The Group operates a life insurance brokerage business through TQM Life, licensed to operate a life insurance brokerage business. TQM Life sells 2 types of life insurance, which are (1) individual life insurance and (2) group life insurance. TQM Life earns a commission at the agreed rate between TQM Life and life insurance partners, not more than 40% of the first year life insurance premium, which is the highest rate. The life insurance commission rate decreases as the number of years increases. The said life insurance commission rates are in accordance with the announcement of the Office of Insurance Commission. For the years ended 31 December 2017, 2018 and 2019, the Group has income from life insurance brokerage business equal to 56.7 million baht, 66.4 million baht and 77.3 million baht, accounting for 2.5 percent, 2.6 percent and 2.8 percent of Total revenue of the group respectively

For the year 2019, Life insurance brokerage income increased from 66.4 million baht in 2018 to 77.3 million baht in 2019, representing an increase of 16.4% due to increased

commission and other service income. The commission increased from 61.2 million baht in 2018 to 71.4 million baht in 2019, representing an increase of 16.7%. Other service income increased from 5.2 million baht in 2018 to 5.9 million baht in 2019, representing an increase of 13.5% due to the increasing of sales of individual life insurance policies and group life insurance policies.

- **Other income**

For the year ended 31 December 2017, 2018 and 2019, the Group earned other incomes which mainly comprised interest income, dividend and service and consulting, compensation etc. They were 23.9 million baht, 23.9 million baht and 72.3 million baht respectively, an increase in 2019 due to the group earned more interest income from investments in corporate bonds and government bonds.

- **Service Cost and Expenses**

Service cost and expenses of the Group consist of human resources expenses, commission and incentives, sales promotion, expenses related to the delivery of the insurance policy, advertising and public relations expenses and other expenses. For the year ended 31 December 2017, 2018 and 2019, service cost and expenses amounted to 1,172.2 million baht, 1,287.4 million baht and 1,413.9 million baht, representing 51.9%, 51.5% and 52.1% of service revenue.

The majority of service cost and expenses were related to salespersons, salary, bonus and other employee benefits such as social security and provident fund including other employee benefits, representing 39.3%, 43.1%, 44.2% of the service cost and expenses for the year ended December 31, 2017, 2018 and 2019. The second most paid of such service cost and expenses were commission and incentives, representing 26.0%, 25.7%, and 24.4% of the cost and service expenses respectively. The sales promotion and advertising expenses for the year 2019 were 16.9% of the service cost and expenses. There had been activities for the awareness of the company i.e. online advertising through Facebook, Line, and other various marketing activities to strengthen relations with customers and sales promotions to encourage customers for deciding to buy services.

- **Gross Profit**

For the year ended 31 December 2017, 2018 and



2019, the gross profit of the Group increased from 1,085.6 million baht in 2017 to 1,213.8 million baht in 2018 and increased to 1,297.7 million baht in 2019 respectively or calculated as the profit margin, which were 48.1%, 48.5% and 47.9% of service revenues respectively. The company performed slightly lower gross margin as a result of the increase in the number of salespersons and the improvement of accounting standards regarding employee benefits after leaving the firm as well as marketing expenses to create awareness of the company and the expansion of online channels.

#### • Administrative expenses

The majority of administrative expenses is human resources expenses in the back offices, which consists of salary, overtime, bonus, and other employee benefits such as social security and provident fund including other employee benefits. Administrative expenses decreased from 775.2 million baht in 2017 to 736.4 million baht in 2018 and increased to 745.7 million baht in 2019, representing 34.0%, 29.2%, and 26.8% for the year ended December 31, 2017, 2018 and 2019 respectively. Administrative expenses increased in 2019 as a result of the adjustment of expenses in accordance with accounting standards regarding employee benefits after leaving the firm.

#### • Income tax

For the year ended 31 December 2017, 2018 and 2019, income tax expenses increased in accordance with the increased profits of the Group as 65.9 million baht, 96.4 million baht and 116.3 million baht respectively or equivalent to the income tax rate to profit before income tax expenses equaled to 19.7%, 19.3% and 18.7% respectively.

#### • Net profit and net profit margin

From the continuous growth of commission income and other service income where the company provides services that meet customers' needs well and excellent service combined with distribution channels, service centers and branches nationwide including cost management and effective marketing resulting in the group's net profit increased steadily from 268.3 million baht in 2017 to 404.3 million baht in 2018 and to 507.2 million baht in 2019 and stronger profitability from the net profit margin of 11.8% in 2017 to 16.0% in 2018 and 18.2% in the year 2019 respectively.

### Analysis of Financial position

#### • Assets

As at 31 December 2019, the main assets of the group consist of cash and cash equivalents, deposits at bank with restrictions, temporary investment, accrued service income and other receivables, Long-term investment and buildings and equipment. As at December 31, 2017, 2018 and 2019, the group had total assets of 1,906.5 million baht, 3,824.9 million baht and 4,257.0 million baht, respectively. In 2018, total assets increased by 1,918.4 million baht or 100.6% mainly due to the increase in cash and cash equivalents and deposits at bank with restrictions, accrued service income and other receivables following the business expansion with an increase in temporary investments and long-term investments from the premium on ordinary shares of the group, when listed to the Stock Exchange of Thailand, and in the year 2019, total assets increased by 432.1 million baht or 11.3%, mainly due to an increase in cash and cash equivalents and deposits at bank with restrictions, accrued service income and other receivables following business expansion, short-term investments decreased and increased in long-term investments with better and stable returns.

#### Cash and cash equivalents

As at 31 December 2017, 2018 and 2019, cash and cash equivalents were 539.5 million baht, 848.3 million baht and 959.4 million baht respectively, or 28.3%, 22.2% and 22.5% of total assets respectively, as at 31 December 2019, increased from as at 31 December 2018 mainly due to increased sales amounts.

#### Deposits at bank with restrictions

The deposits at bank with restrictions, which is balance of bank deposits of insurance premiums received in advance before due for making payments to insurance companies, where it is prohibited to spend or use on other purposes stated in the broker agreement, except for interest or other benefits arising from deposits. As at 31 December 2017, 2018 and 2019, the Group holding deposits at bank with restrictions amounted to 510.5 million baht, 782.5 million baht and 924.4 million baht or 26.8%, 20.5% and 21.7% of total assets respectively.



#### Accrued service income and other receivables

As at 31 December 2017, 2018 and 2019, accrued service income and other receivables amounted to 508.3 million baht, 598.3 million baht and 672.5 million baht, representing 26.7%, 15.6% and 15.8% of total assets respectively.

##### Accrued service income

The Group operates businesses as non-life insurance broker and life insurance broker, telemarketing, online and direct sales (Face to Face) by earning from commissions and other service income. The group shall be paid commission income and other service income by insurance companies at the rate agreed, but not more than the highest rate as stipulated by the OIC. The commission income from being a life insurance broker and life insurance broker, the group shall recognize and record as brokerage income and other service income when the policy comes into effect. As at December 31, 2017, 2018 and 2019, accrued service income amounted to 231.4 million baht, 304.8 million baht and 345.0 million baht or 45.5%, 50.9% and 51.3% of accrued service income and other receivables respectively. In the year 2019, accrued service income increased in accordance with the increase in premiums sold, the group shall clear the accrued service income after the such premiums paid to the insurance companies and getting paid for commission income and other service income from the insurance companies, which the premium paid to insurance companies both with and without company's commission as agreed; in the event that the group shall pay the entire insurance premiums, the insurance company shall pay commission and other service fees later depending on the conditions as agreed.

In addition, the group has set a write-off policy to reduce insurance premium receivables, insurance premiums payables and other payables, which shall be recorded as expenses or income as the case shall be.

##### Insurance premiums receivables

The group shall record premiums receivables when the new policy becomes effective thereof unpaid or fully paid from the installment plan of the retail customers without interest charged as a sales promotion. A customer shall not be allowed to go on an installment plan over the agreed period of the company and each non-life insurance company and life insurance company, which is called the 'free look period' and from corporate customers who may

receive credit terms to maintain long-term relationships with the group of companies. In such cases, the group shall follow the system of consideration and assessment of the risk of customer with installment plan by the particular qualifications i.e. a customer buying insurance within 1 year from the company, being able to pay off debts and having a good payment history, etc.

As at December 31, 2017, 2018 and 2019, insurance premiums receivables amounted to 269.5 million baht, 286.1 million baht and 317.3 million baht, representing 53.0%, 47.8% and 47.2% of accrued service income and other receivables respectively.

Insurance premiums receivables increased from 286.1 million baht as at 31 December 2018 to 317.3 million baht in 2019, mainly due to the increase in sales of non-life insurance policies.

From the overview, most of the insurance premiums receivables are still not due and not over 90 days overdue, representing 99.6% of all net insurance premiums receivables showing that most of the insurance premiums receivables are in the period that the company agreed with each non-life insurance company and life insurance company, which is so called 'Free look period', a period which an insurance holder is eligible to cancel a policy. The company maintains an efficient management and monitoring of the collection of receivables.

Therefore, a provision is set for estimated losses, which may arise from the unsuccessful collection of receivables, generally considered from past collection history and analysis of debt term and the amount that is expected to be refunded according to the rate of expropriation of insurance policy in each insurance period/days. In accordance with the policy for setting up a provision for overdue receivables over 91-180 days, the group shall set a 50% provision of doubtful receivables, over 181-365 days, 75% provision of doubtful receivables and over 365 days, a full amount provision of doubtful receivables. In addition, the company has the information of insurance premiums receivables individually; consequently, the company shall consider the said receivables, in case, the debt cannot be paid off, the company may consider setting 100% provision from such unsuccessful collection.

##### Other receivables

As at 31 December 2017, 2018 and 2019, other receivables amounted to 4.3 million baht, 4.6 million baht, and 8.1 million baht or 0.9%, 0.8% and 1.2% of accrued



service income and other receivables respectively. Other receivables of the group consist of accrued interest income, withholding tax receivables etc.

#### Employee loans

The Group provides loan benefits for employees in order to help and ease the burden of employees and the group has clearly provided a written criteria and conditions for such loan. As at December 31, 2017, 2018 and 2019, the loan amounted to 3.1 million baht, 2.8 million baht and 2.1 million baht, representing 0.6%, 0.5% and 0.3% of accrued service income and other receivables respectively.

#### Long-term investments

Long-term investments consist of government bonds, debentures, subordinated debentures and ordinary shares. As at December 31, 2019, Long-term investments amounted to 607.5 million, government bonds and debentures, interest rates between 2.13 to 4.80% per annum and due within June 2029, for investments in ordinary shares worth 154.7 million baht. The company recognized unrealized loss in other comprehensive income during the year in the amount of 7.7 million baht. As at 31 December 2018 and 2019, the company utilized a government bond in amount of 50.0 million as a deposit for operating insurance brokerage business stated in the Insurance Act B.E. 2535 (1992).

#### Deposit at banks pledged as collateral

TQM Life holds deposit at banks pledged as collateral which is a capital fund in accordance with the OIC's announcement Re: Rules and Conditions for Licensing and the renewal of a license for a juristic person to be a life insurance broker B.E.2554 (2011) requiring the subsidiary being a life insurance broker to maintain the fund at all times holding a life insurance broker license, not less than 0.25% of the net remuneration from the previous fiscal year and not less than one million baht. As at 31 December 2019, TQM Life holds a fixed deposit at banks pledged as collateral in amount of 1 million baht, for being the capital fund for life insurance brokerage business and saving deposit 0.5 million baht as a collateral for a bank guarantee, totaled 0.04% of the total assets of the group.

TJN holds fixed 0.04% deposit at banks pledged as collateral in the amount of 1 million baht, which is a capital fund for the insurance broker business stated in the Non-Life Insurance Act B.E.2535 (1992) and saving deposit 0.3 million baht as a collateral for a bank guarantee, totaled 0.03% of the total assets of the group.

#### Building and equipment

As at December 31, 2017, 2018 and 2019, buildings and equipment amounted to 125.0 million baht, 92.3 million baht and 79.6 million baht or 6.6%, 2.4% and 1.9% of total assets respectively.

In 2019, buildings and equipment decreased by 12.7 million baht due to the depreciation of buildings and equipment as usual.

The group has a policy to calculate depreciation based on cost of assets by the straight-line method based on the estimated useful life. The age of a building is 5 and 20 years, building improvements and leasehold improvements is 3, 5 and 10 years, furniture and office equipment is 5 years, equipment and computer systems is 3 and 10 years, and vehicles 3 and 5 years.

#### Liabilities

As at 31 December 2017, 2018 and 2019, the majority of the group's liabilities consists of insurance premiums payables, other payables and insurance premiums received in advance. The liabilities amounted to 1,530.0 million baht, 1,679.6 million baht and 1,906.7 million baht respectively, mainly due to the increase of premium and other payables, including advance insurance premiums payables as the increase of sales.

#### Insurance payables and other payables

As at 31 December 2017, 2018 and 2019, insurance premium payables and other payables amounted to 1,089.3 million baht, 1,170.8 million baht and 1,303.0 million baht, or 71.2%, 69.7% and 68.3% of total liabilities respectively. Insurance premiums payables are insurance premiums received from customers who bought insurance and it becomes effective, but the company does not pay for as it is not on the due. The company shall pay for the premiums on the 15th and last day of each month in accordance with the credit term received from the insurance companies which are at 15-30 days. At the end of the periods 2018 and 2019, the premiums of the group increased in line with the increase in accrued service income and other receivables from the sale growth.

#### Insurance premiums received in advance

Insurance premiums received in advance are the insurance premiums that the group receives in advance from customers who buy insurance in the event that premiums are paid to the group before the policy comes into effect. As at December 31, 2017, 2018 and 2019, insurance premiums



received in advance amounted to 363.0 million baht, 385.1 million baht and 443.1 million baht, or 23.7%, 22.9% and 23.2% of total liabilities, respectively. The company shall deposit the said insurance premiums received in advance into a bank account supervised by the OIC, which is a deposits at bank with restrictions, it shall be recognized as income when the policy comes into effect.

#### Shareholders' equity

As at 31 December 2017, 2018 and 2019, Shareholders' equity amounted to 376.5 million baht, 2,145.2 million baht and 2,350.3 million baht respectively, compared to shareholders' equity from 2018-2019, increased from retained earnings – unappropriated according to the company's performance.

On 27 February 2020, the meeting of the Board of Directors has approved the annual dividend payment from the operating results from January 1, 2019 to December 31, 2019 to shareholders at the rate of 1.10 baht per share, amounting to 330 million baht. The record date shall be on March 17, 2020 and dividend payment date shall be on May 14, 2020, which shall be proposed to the shareholders' meeting.

#### Cash flow analysis

Cash flows from operating activities, investing activities and financing activities resulted in the year 2017, 2018 and 2019 the company had cash and cash equivalents equal to 539.5 million baht, 848.3 million baht and 959.4 million baht respectively, with details of changes in flows Important cash as follows

Cash flows from operating activities for the year 2018 and 2019 amounted to 246.5 million baht and 493.6 million baht respectively, increased due to the increase in profit before corporate income tax which is in accordance with the sales growth and the increase of premium payables and other payables

#### Cash flows from investing activities

Cash flows (used in) from investing activities for 2018 and 2019 amounted to (1,324) million baht and (75.7) million baht, respectively. In 2019, the company had cash flows used in investing activities mainly from investments in Long-term investment.

#### Cash flows from financing activities

Cash flows used in financing activities for the year 2018 and 2019 amounted to 1,386.4 million baht and (306.9) million baht respectively. In 2018, the group had cash flows from financing activities, mainly from cash received from the capital increase of 1,725 million baht, deducting direct expenses in the offering of shares of 21.3 million baht, including dividend payment in the amount of 317.3 million baht. For the year 2019, the group had cash flows from financing activities, mainly from dividend payment totaled 285.0 million baht.

#### Liquidity

For the year 2017, 2018 and 2019, current ratio were 1.1 times, 2 times and 1.9 times, and quick ratio at 0.7 times, 0.9 times and 0.9 times respectively. The liquidity in 2017, 2018 and 2019 increased due to the increases in current assets, cash and cash equivalents, deposits at bank with restrictions, accrued service income and other receivables. The said increases were a greater than the increases of insurance premiums payables and other payables; therefore, the liquidity increased.

#### Solvency

For the year ended 31 December 2017, 2018 and 2019, debt to equity ratio of the company were 4.1 times, 0.8 times and 0.8 times, respectively. The reason for the increase of the solvency is that the company received the capital increase and recorded share premiums as well as the increasing of the unappropriated retained earnings, as a consequently, the proportion of capital has increased significantly. Presently, the group does not have any interest expenses because the group does not have any debt with financial institutions and financial lease.



## Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for the separate financial statements and the consolidated financial statements of the Company and its subsidiaries as well as information shown in the annual report. The financial statements for the year ending on 31 December 2019 were made according to generally certified accounting standards in Thailand. The appropriate accounting policy has been chosen for use and has been adhered to regularly. Also, discretion has been used carefully and reasonably in the preparation, including disclosure of adequate information in the notes of the separate financial statements and the consolidated financial statements to be able to reflect the operating results, financial status and cash flow, including connected transactions potentially causing a conflict of interest accurately, completely and transparently, which is beneficial to shareholders, investors and the general public with interests. They were audited by the Certified Public Accountant, EY Office Company Limited that has already provided comments unconditionally.

The Board of Directors has provided and maintained an internal control system, an internal audit system and supervision system with effectiveness to ensure the reliability of financial statements that are complete, accurate and sufficient to take care of the Company's property relating to the availability of a good protection system, neither fraudulent transactions nor significant irregular operations.

The Board of Directors has appointed the Audit Committee that consists of 3 independent directors charged with reviewing the accounting policy and responsible for the quality of financial reports, internal control system, internal audit system and risk management system as well as considering complete, adequate and appropriate disclosure of connected transactions. The Audit Committee's opinions appear in the annual report.

The Board of Directors has opined that the Company's internal control system is overall at satisfactory level and can give reasonable assurance about the reliability of the Group's financial statements as of

31 December 2019 by adherence to generally certified accounting standards and compliance with relevant laws and regulations.

**Mr.Unchalin Punnipa**  
Chairman of the Board

**Mrs.Napassanun Punnipa**  
Chief Executive Officer

TQM Corporation Public Company Limited and its subsidiaries

# **Report and consolidated financial statements**

**31 December 2019**





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## Report of Independent Auditor

To the Shareholders of TQM Corporation Public Company Limited

### Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TQM Corporation Public Company Limited and its subsidiaries and of TQM Corporation Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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



## Key Audit Matters

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

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

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

### Recognition of service income

The Group recognises brokerage income and other service income in accordance with accounting policy as discussed in Note 4.1 to the financial statements. The amount of revenue received depends on the commission rate, which is specified in the agent agreements made with insurance companies, and the premiums that are specified in each type of non-life insurance and life insurance policy. There are a variety of commission rates, other service income rates and types of policy. Moreover, there is uncertainty regarding cancelation of insurance policies during the coverage period. Therefore, there are risks with respect revenue being recognised at an inappropriate amount or earlier than appropriate.

I have examined the revenue recognition of the Group by

- Assessing and testing the effectiveness of the Group internal controls with respect to the recognition of brokerage income and other service income by making enquiry of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of designed controls of the Group.
- Applying a sampling method to select service agreements made between the Group and insurance companies to assess whether revenue recognition was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- Sending confirmation request to major non-life and life insurance companies regarding brokerage income and other service income.



- On a sampling basis, examine supporting documents for revenue transactions occurring near the end of the accounting period.
- Performing analytical review of the brokerage income and other service income accounts with the rate specified in the agreements to detect any irregularities in revenue transactions throughout the accounting period.

### **Other Information**

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

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

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

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

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

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

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 27 February 2020

**TQM Corporation Public Company Limited and its subsidiaries**  
**Statement of financial position**  
**As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	959,393,007	848,332,394	209,107,367	280,103,992
Deposits at banks with restrictions	8	924,438,377	682,502,505	-	-
Current investments	9	874,221,777	1,120,089,070	860,127,672	1,100,087,252
Accrued service income and other receivables	6, 10	672,490,399	598,300,719	4,144,054	1,955,257
Current portion of long-term loan to related party	6	6,399,996	-	-	-
Dividend receivable	6	-	-	329,999,620	84,999,915
Other current assets	6, 11	51,928,825	37,392,595	279,761	269,199
<b>Total current assets</b>		<b>3,488,872,381</b>	<b>3,286,617,283</b>	<b>1,403,658,474</b>	<b>1,467,415,615</b>
<b>Non-current assets</b>					
Deposits at banks with restrictions	8	-	100,000,000	-	-
Deposits at banks - pledge as collateral	12	2,901,000	1,000,000	-	-
Long-term loan to related party - net of current portion	6	9,600,004	-	-	-
Long-term investments	13	607,529,502	289,552,224	412,012,429	123,646,325
Investment in subsidiaries	14	-	-	470,452,122	465,452,322
Investment in associate	15	-	645,075	-	1,200,000
Buildings and equipment	16	79,597,715	92,343,218	214,101	272,167
Intangible assets	17	14,841,474	9,216,737	99,495	153,168
Deferred tax assets	25	22,170,259	14,068,216	1,549,595	-
Other non-current assets	6	31,445,938	31,451,899	-	-
<b>Total non-current assets</b>		<b>768,085,892</b>	<b>538,277,369</b>	<b>884,327,742</b>	<b>590,723,982</b>
<b>Total assets</b>		<b>4,256,958,273</b>	<b>3,824,894,652</b>	<b>2,287,986,216</b>	<b>2,058,139,597</b>

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

## TQM Corporation Public Company Limited and its subsidiaries

## Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Insurance premium payables and other payables	6, 18	1,303,019,509	1,170,781,431	242,606	22,752,212
Insurance premium received in advance		443,060,660	385,108,392	-	-
Income tax payable		30,479,517	20,949,212	1,998,227	-
Provision for short-term liabilities	19	10,621,964	10,457,973	-	-
Other current liabilities		28,405,124	34,278,875	69,570	1,057,328
Total current liabilities		1,815,586,774	1,621,575,883	2,310,403	23,809,540
Non-current liabilities					
Provision for long-term employee benefits	20	91,000,769	58,069,492	-	-
Other non-current liabilities		109,233	-	-	-
Total non-current liabilities		91,110,002	58,069,492	-	-
Total liabilities		1,906,696,776	1,679,645,375	2,310,403	23,809,540
Shareholders' equity					
Share capital	21				
Registered					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and fully paid-up					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Premium on ordinary shares		1,606,753,420	1,606,753,420	1,606,753,420	1,606,753,420
Surplus on business combination under common control		67,932,017	67,932,017	-	-
Retained earnings					
Appropriated - statutory reserve	22	30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		351,773,445	140,562,902	355,120,771	97,576,637
Other components of shareholders' equity		(6,198,378)	-	(6,198,378)	-
Equity attributable to owners of the Company		2,350,260,504	2,145,248,339	2,285,675,813	2,034,330,057
Non-controlling interest of the subsidiaries		993	938	-	-
Total shareholders' equity		2,350,261,497	2,145,249,277	2,285,675,813	2,034,330,057
Total liabilities and shareholders' equity		4,256,958,273	3,824,894,652	2,287,986,216	2,058,139,597

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

Directors

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

		(Unit: Baht)			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	6, 23	2,711,544,974	2,501,113,669	-	-
Dividend income	6	4,500,000	-	526,499,524	428,499,139
Interest income	6	43,873,232	18,536,116	18,263,654	690,633
Other income	6	23,909,814	5,386,283	12,040,585	87,253
<b>Total revenues</b>		<b>2,783,828,020</b>	<b>2,525,036,068</b>	<b>556,803,763</b>	<b>429,277,025</b>
<b>Expenses</b>					
Service costs and expenses	6	1,413,892,234	1,287,356,352	-	-
Administrative expenses	6	745,722,347	736,420,194	10,497,103	6,094,245
Loss on impairment in value of investment in associate		-	-	1,200,000	-
<b>Total expenses</b>		<b>2,159,614,581</b>	<b>2,023,776,546</b>	<b>11,697,103</b>	<b>6,094,245</b>
<b>Profit before share of loss from investment</b>					
<b>in associate and income tax expenses</b>		<b>624,213,439</b>	<b>501,259,522</b>	<b>545,106,660</b>	<b>423,182,780</b>
Share of loss from investment in associate	15	(645,075)	(554,925)	-	-
<b>Profit before income tax expenses</b>		<b>623,568,364</b>	<b>500,704,597</b>	<b>545,106,660</b>	<b>423,182,780</b>
Income tax expenses	25	(116,337,848)	(96,435,823)	(2,562,656)	-
<b>Profit for the year</b>		<b>507,230,516</b>	<b>404,268,774</b>	<b>542,544,004</b>	<b>423,182,780</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on change in value of available-for-sale investments - net of income tax	13, 25	(6,198,378)	-	(6,198,378)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(6,198,378)	-	(6,198,378)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax	20, 25	(11,019,572)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(11,019,572)	-	-	-
<b>Other comprehensive income for the year</b>		<b>(17,217,950)</b>	<b>-</b>	<b>(6,198,378)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>490,012,566</b>	<b>404,268,774</b>	<b>536,345,626</b>	<b>423,182,780</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		507,229,974	404,266,266	542,544,004	423,182,780
Non-controlling interests of the subsidiaries		542	2,508	-	-
		<b>507,230,516</b>	<b>404,268,774</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		490,012,035	404,266,266	536,345,626	423,182,780
Non-controlling interests of the subsidiaries		531	2,508	-	-
		<b>490,012,566</b>	<b>404,268,774</b>		
<b>Earnings per share</b>					
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	26	1.69	1.77	1.81	1.86
Weighted average number of ordinary shares (shares)		300,000,000	228,082,192	300,000,000	228,082,192

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

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company										
	Other components of equity										
	Other										
	comprehensive income										
	Deficit										

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

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

	Separate financial statements										(Unit: Baht)
	Other components of shareholders' equity										
	Other										
	comprehensive income										
	Deficit on changes in value of available-for-sale investments										
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings (deficit)	Unappropriated	Appropriated	Unappropriated	Unappropriated	Unappropriated	Total other components of shareholders' equity	Total shareholders' equity	
Balance as at 1 January 2018	225,000,000	-	22,500,000	(856,143)	-	-	-	-	-	246,643,857	
Profit for the year	-	-	-	423,182,780	-	-	-	-	-	423,182,780	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	423,182,780	-	-	-	-	-	423,182,780	
Increase share capital (Note 21)	75,000,000	1,606,753,420	-	-	-	-	-	-	-	1,681,753,420	
Appropriated retained earnings to statutory reserve (Note 22)	-	-	7,500,000	(7,500,000)	-	-	-	-	-	-	
Dividend paid (Note 29)	-	-	-	(317,250,000)	-	-	-	-	-	(317,250,000)	
Balance as at 31 December 2018	300,000,000	1,606,753,420	30,000,000	97,576,637	-	-	-	-	-	2,034,330,057	
Balance as at 1 January 2019	300,000,000	1,606,753,420	30,000,000	97,576,637	-	-	-	-	-	2,034,330,057	
Profit for the year	-	-	-	542,544,004	-	-	-	-	-	542,544,004	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	542,544,004	-	-	-	-	-	542,544,004	
Dividend paid (Note 29)	-	-	-	(284,999,870)	-	-	-	-	-	(284,999,870)	
Balance as at 31 December 2019	300,000,000	1,606,753,420	30,000,000	355,120,771	-	-	-	-	-	2,285,675,813	

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

**TQM Corporation Public Company Limited and its subsidiaries**
**Cash flow statement**
**For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	623,568,364	500,704,597	545,106,660	423,182,780
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	42,284,097	49,822,634	151,157	28,960
Short-term provision	163,991	4,231,682	-	-
Reversal of allowance for doubtful accounts - insurance premium receivables	(333,023)	(2,162,453)	-	-
Written-off bad debts	-	283,400	-	-
Allowance for doubtful accounts - other receivables	25,688	710,116	-	-
Long-term employee benefits expenses	23,292,212	8,327,707	-	-
Gain on bargain purchase	(671,556)	-	-	-
Loss (gain) on disposal of equipment	44,838	(488,247)	-	-
Gain on disposal of intangible assets	(3,816)	-	-	-
Loss on written off of equipment	9,775	222,083	-	-
Gain on changes in fair value of trading securities	(4,589,647)	(87,252)	(4,498,447)	(87,252)
Loss on impairment of investment in associate	-	-	1,200,000	-
Share of loss from investment in associate	645,075	554,925	-	-
Loss on written off of withholding tax	67,093	4,582	3,742	4,582
Dividend income	(4,500,000)	-	(526,499,524)	(428,499,139)
Interest income	(43,873,232)	(18,536,116)	(18,263,654)	(690,633)
Profit (loss) from operating activities before changes in operating assets and liabilities	636,129,859	543,587,658	(2,800,066)	(6,060,702)
Operating assets (increase) decrease				
Deposits at banks with restrictions	(141,157,097)	(271,978,696)	-	-
Accrued service income and other receivables	(68,810,105)	(87,820,984)	35	(42)
Other current assets	(13,052,407)	15,272,329	(14,304)	(223,872)
Other non-current assets	18,561	22,882,387	-	-
Operating liabilities increase (decrease)				
Insurance premium payables and other payables	144,655,835	68,388,882	(612,340)	349,878
Insurance premium received in advance	57,840,804	22,084,174	-	-
Other current liabilities	(5,897,880)	14,598,244	(987,758)	1,037,002
Other non-current liabilities	109,233	-	-	-
Cash paid for long-term employee benefits	(4,135,400)	(1,952,560)	-	-
Cash flows from (used in) operating activities	605,701,403	325,061,434	(4,414,433)	(4,897,736)
Cash paid for income tax	(113,471,613)	(78,582,143)	(564,429)	(3,742)
Cash received from withholding tax refund	1,417,637	-	-	-
<b>Net cash flows from (used in) operating activities</b>	<b>493,647,427</b>	<b>246,479,291</b>	<b>(4,978,862)</b>	<b>(4,901,478)</b>

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

**TQM Corporation Public Company Limited and its subsidiaries**  
**Cash flow statement (continued)**  
**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	254,458,013	(1,114,806,729)	244,458,027	(1,100,000,000)
(Increase) decrease in deposits at banks - pledge as collateral	(901,000)	2,001,973	-	-
Increase in long-term investments	(380,933,171)	(206,823,271)	(296,933,171)	(125,285,125)
Proceeds from redemption of long-term investments	50,000,000	-	-	-
Increase in long-term loan to related party	(16,000,000)	-	-	-
Cash paid for investment in subsidiary	(366,446)	-	-	-
Increase in investments in subsidiary	-	-	(4,999,800)	(240,000,000)
Cash paid for acquisitions of buildings and equipment	(15,870,878)	(20,652,676)	(35,567)	(293,260)
Cash paid for acquisitions of intangible assets	(12,267,748)	(4,272,233)	-	(161,035)
Proceeds from disposal of equipment	99,378	605,803	-	-
Proceeds from disposal of intangible assets	141,243	-	-	-
Cash received from dividend income	4,500,000	-	281,499,819	343,499,224
Cash received from interest income	41,455,259	19,926,366	16,893,917	374,218
<b>Net cash flows from (used in) investing activities</b>	<b>(75,685,350)</b>	<b>(1,324,020,767)</b>	<b>240,883,225</b>	<b>(1,121,865,978)</b>
<b>Cash flows from financing activities</b>				
Proceeds from increase in share capital	-	1,725,000,000	-	1,725,000,000
Cash paid for direct costs related to the share offering	(21,901,118)	(21,345,463)	(21,901,118)	(21,345,463)
Dividend paid by subsidiaries to non-controlling interests of the subsidiaries	(476)	(861)	-	-
Cash paid for dividend	(284,999,870)	(317,250,000)	(284,999,870)	(317,250,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(306,901,464)</b>	<b>1,386,403,676</b>	<b>(306,900,988)</b>	<b>1,386,404,537</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>111,060,613</b>	<b>308,862,200</b>	<b>(70,996,625)</b>	<b>259,637,081</b>
Cash and cash equivalents at beginning of year	848,332,394	539,470,194	280,103,992	20,466,911
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>959,393,007</b>	<b>848,332,394</b>	<b>209,107,367</b>	<b>280,103,992</b>
<b>Supplemental cash flows information</b>				
<b>Non cash transactions</b>				
Increase (decrease) in payables from acquisition of buildings and equipment	7,204,748	(8,857,510)	3,852	-
Increase in payable from acquisition of intangible assets	58,850	-	-	-
Dividend receivable	-	-	329,999,620	84,999,915
Payables for direct costs related to the share offering	-	21,901,118	-	21,901,118

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

## **TQM Corporation Public Company Limited and its subsidiaries**

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

**For the year ended 31 December 2019**

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

TQM Corporation Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Eternal Growth Corporation Company Limited, which was incorporated in Thailand

The Company is principally engaged in investment in companies that engaged in non-life insurance broker, life insurance broker, and provision of services as a manager, caregiver, collect benefits and property management for related parties. It also provides procurement and consulting services for computer software and hardware. The registered office of the Company is at No. 123, Soi Ladplakao 25, Ladplakao Road, JorKaebua, Ladprao, Bangkok.

#### **2. Basis of preparation**

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

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

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

#### **2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of TQM Corporation Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> (Percent)	<u>2018</u> (Percent)
<u>Held by the Company</u>				
TQM Insurance Broker Company Limited	Non-life insurance broker	Thailand	100.00	100.00
TQM Life Insurance Broker Company Limited	Life insurance broker	Thailand	100.00	100.00
Casmatt Company Limited	Provision of services as a manager, caregiver, collect benefits and property management for related parties and provision of procurement and consulting services for computer software and hardware	Thailand	100.00	100.00
TJN Insurance Broker Company Limited	Non-life insurance broker	Thailand	100.00	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. New financial reporting standards

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

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

#### **TFRS 15 Revenue from Contracts with Customers**

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

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

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

This standard does not have any significant impact on the Group's financial statements.

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

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

**Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group believes that adoption of these standards will not have any significant impact on the financial statements.

## **TFRS 16 Leases**

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

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

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

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 749 million (the Company only: Nil) and the Group's liabilities by approximately Baht 749 million (the Company only: Nil).

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Brokerage income*

Brokerage income is recognised on the date the insurance policy comes into effect, net of discount, and services have been completed.

#### *Other service income*

Other service income is recognised at a point in time upon completion of the service or recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance completed to date. In this regards, the Group recognised such income when there is highly certainty to receive the money.

#### *Interest income*

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

#### *Dividend income*

Dividend income are recognised when the right to receive the dividends is established.

#### 4.2 Cash and cash equivalents

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

#### 4.3 Accrued service income and other receivables

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

#### 4.4 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from its net asset value.

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

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

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

#### 4.5 Buildings and equipment/Depreciation

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

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

Buildings	-	5 and 20 years
Buildings and leasehold improvements	-	3, 5 and 10 years
Furniture, fixtures and office equipment	-	5 years
Equipment and computer system	-	3 and 10 years
Motor vehicles	-	3 and 5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

#### 4.6 Intangible assets

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

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

The Group amortised computer software and software's license by using the straight-line method with useful lives is 3 - 10 years.

#### **4.7 Related party transactions**

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

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

#### **4.8 Long-term leases**

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

#### **4.9 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the buildings and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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

#### **4.10 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

###### ***Defined contribution plans***

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

###### ***Defined benefit plans***

The Group has obligations in respect of the severance payments and they must make to employees upon retirement under labor law.

The Group treats these severance payment obligations as a defined benefit plan. The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

#### **4.11 Provisions**

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

#### **4.12 Income tax**

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

##### **Current tax**

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

### Deferred tax

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

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

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

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

#### 4.13 Fair value measurement

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

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

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

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

## **5. Significant accounting judgements and estimates**

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

### **Buildings and equipment/Depreciation**

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

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

### **Deferred tax assets**

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

### **Provision for the insurance policy cancellation**

The subsidiaries estimate the provision for the insurance policy cancellation from insured persons who are eligible for the cancellation during the effective period. The provision has been made based on the management past experience and/or currently available information regarding the cancellation of insurance policy by the eligible insured persons.

### Post-employment benefits under defined benefit plans

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

### Litigation

The subsidiary has contingent liabilities as a result of litigation. The management of subsidiary has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

The relationships between the Company and related parties are summarised below.

Name	Relationship
Eternal Growth Corporation Co., Ltd.	Parent company
TQM Insurance Broker Company Limited	Subsidiary
TQM Life Insurance Broker Company Limited	Subsidiary
Casmatt Company Limited	Subsidiary
TJN Insurance Broker Company Limited	Subsidiary
TQLD Company Limited	Associate
Bangkok Insurance Public Co., Ltd.*	Shareholders
Assets Insurance Public Co., Ltd.*	Shareholders
Thaivivat Insurance Public Co., Ltd. *	Shareholders
The Viriyah Insurance Public Co., Ltd. *	Shareholders
Bangkok Life Insurance Public Co., Ltd. *	Shareholders
Muang Thai Insurance Public Co., Ltd.*	Shareholders
Muang Thai Life Insurance Public Co., Ltd.*	Shareholders
Brilliant Survey Co., Ltd.	Common shareholders and/or directors
Daradaily Co., Ltd.	Common shareholders and/or directors
Daradaily Tour Co., Ltd.	Common shareholders and/or directors
Daradaily Shopping Co., Ltd	Common shareholders and/or directors
The Perfect Group International Co., Ltd.	Common shareholders and/or directors
Beauty Lab Innovation (Thailand) Co., Ltd.	Common shareholders and/or directors
The Brilliant Deal Trading Co., Ltd.	Common shareholders and/or directors
The Premier Consumer Co., Ltd.	Common shareholders and/or directors
TQR Co., Ltd.	Common shareholders and/or directors
Sripatum University	Common directors

\* Shareholders of the Company since 17 December 2018

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

	Consolidated financial statements		Separate financial statements		(Unit: Million Baht) Transfer pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with parent company</u>					
Other income	-	0.1	-	-	Mutually agreed basis
Rental and service expenses	94.5	96.1	-	-	Contract price
Dividend paid	145.1	215.3	145.1	215.3	As declared
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statement)					
Dividend income	-	-	522.0	428.5	As declared
Purchase of assets	-	-	-	0.1	Mutually agreed basis
<u>Transactions with associate</u>					
Purchases of assets	3.0	-	-	-	Contract price
Interest income	0.1	-	-	-	2.5% per annum
<u>Transactions with related companies</u>					
Dividend income	4.5	-	4.5	-	As declared
Brokerage income	1,183.7	74.6	-	-	Mutually agreed basis
Other service income	832.6	68.1	-	-	Mutually agreed basis
Information technology service income	0.1	0.2	-	-	Contract price
Rental income	-	0.1	-	-	Contract price
Other income	-	0.9	-	-	Mutually agreed basis
Sales promotion expenses	34.4	22.1	-	-	Mutually agreed basis
Advertising expenses	6.3	11.0	-	-	Mutually agreed basis
Service expenses	2.5	3.0	0.9	0.2	Contract price
Training expenses	0.4	0.1	-	-	Market price
Dividend paid	31.2	-	31.2	-	As declared
<u>Transactions with related individual</u>					
Dividend paid	40.6	101.9	40.6	101.9	As declared

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2019	2018
	2019	2018
<b>Accrued service income - related parties (Presented as accrued service income and other receivables)</b>		
Related companies (Shareholders)	248,870	245,705
Total	248,870	245,705
<b>Prepayment - related parties (Presented as other current assets)</b>		
Associate	27	-
Related companies (related by share holders and/or directors)	-	130
Total	27	130
<b>Dividend receivable - related party (Presented as dividend receivable)</b>		
Subsidiary	-	-
Total	-	-
<b>Rental deposit - related party (Presented as other non-current assets)</b>		
Parent company	19,071	19,071
Total	19,071	19,071
<b>Insurance premium payables - related parties (Presented as insurance premium payables and other payables)</b>		
Related companies (Shareholders)	680,044	665,837
Total	680,044	665,837
<b>Other payables - related parties (Presented as insurance premium payables and other payables)</b>		
Parent company	1,195	1,254
Related companies (related by share holders and/or directors)	1,186	2,442
Total	2,381	3,696
<b>Accrued expenses - related parties (Presented as insurance premium payables and other payables)</b>		
Related companies (related by share holders and/or directors)	8,657	2,475
Total	8,657	2,475

Long-term loan to related party

As at 31 December 2019 and 2018, the balance of long-term loan to related party and the movement are as follows:

(Unit: Thousand Baht)

Loan to	Related by	Consolidated financial statements			
		Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
TQLD Company					
Limited	Associate	-	16,000	-	16,000
Total		-	16,000	-	16,000
Less: Current portion		-			(6,400)
Long-term loan to related party - net of current portion		-			9,600

On 30 August 2019, the subsidiary provided a long-term loan to TQLD Co., Ltd. ("TQLD"), an associated company, amounting to Baht 16 million. It will repay the principal with 2.5% interest per annum in 30 installments, commencing the end of January 2020, loan to related party was unsecured.

On 6 January 2020, the subsidiary entered into an agreement with TQLD relating to the big client data development. The term of agreement is 30 months, totaling Baht 17 million.

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2019	2018	2019	2018
Short-term employee benefits	53,944	49,645	3,173	3,480
Post-employment benefits	13,264	4,122	-	-
Total	67,208	53,767	3,173	3,480

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	731	1,556	-	-
Banks deposits	958,662	846,776	209,107	280,104
Total cash and cash equivalents	<u>959,393</u>	<u>848,332</u>	<u>209,107</u>	<u>280,104</u>

As at 31 December 2019, banks deposits in saving accounts of the Group carried interests at rates between 0.10% and 1.20% per annum (2018: between 0.10% and 1.35% per annum).

## 8. Deposits at banks with restrictions

The outstanding balance represents deposits at banks with restrictions for premiums that the subsidiaries received from policy holders. The subsidiaries must submit these premiums to insurers, and not use or exploit from premiums or deduct any expenses as stated in the brokerage contracts, except for interest or other benefits arising from deposits.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
<u>Deposits at banks with restrictions within 1 year</u>		
Saving and current accounts	518,437	376,502
Fixed deposits	406,001	306,001
Total	<u>924,438</u>	<u>682,503</u>
<u>Deposits at banks with restrictions over 1 year</u>		
Fixed deposits	-	100,000
Total	<u>-</u>	<u>100,000</u>
Total deposits at banks with restrictions	<u>924,438</u>	<u>782,503</u>

**9. Current investments**

(Unit: Thousand Baht)

Consolidated financial statements				
2019		2018		
Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	
<u>Current investments</u>				
Fixed deposits with an original maturity over three months but less than one year	600,002	400,002		
Total fixed deposits with an original maturity over three months but less than one year	600,002	400,002		
Trading securities				
Unit trusts	265,542	270,219	700,000	700,087
Add: Unrealised gains	4,677	-	87	-
Total trading securities	270,219	270,219	700,087	700,087
Held-to-maturity investments				
Debts securities due within 1 year	4,001	20,000		
Total held-to-maturity investments	4,001	20,000		
Total current investments	874,222	1,120,089		

(Unit: Thousand Baht)

Separate financial statements				
2019		2018		
Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	
<u>Current investments</u>				
Fixed deposits with an original maturity over three months but less than one year	600,000	400,000		
Total fixed deposits with an original maturity over three months but less than one year	600,000	400,000		
Trading securities				
Unit trusts	255,543	260,128	700,000	700,087
Add: Unrealised gains	4,585	-	87	-
Total trading securities	260,128	260,128	700,087	700,087
Total current investments	860,128	1,100,087		

As at 31 December 2019, current investments of the Group carried interests at rates between 0.80% and 3.95% per annum (2018: between 0.80% and 3.20% per annum).

###### 10. Accrued service income and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
<u>Accrued service income - related parties</u>				
Aged on the basis of due dates				
Not yet due	178,506	209,536	-	-
Past due				
1 - 90 days	56,707	34,536	-	-
91 - 180 days	12,056	720	-	-
181 - 365 days	1,141	294	-	-
Over 365 days	461	619	-	-
Total accrued service income - related parties	248,870	245,705	-	-
<u>Accrued service income - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	79,865	52,157	-	-
Past due				
1 - 90 days	14,088	6,538	-	-
91 - 180 days	1,541	165	-	-
181 - 365 days	328	56	-	-
Over 365 days	301	170	-	-
Total accrued service income - unrelated parties	96,123	59,086	-	-
Total accrued service income	344,993	304,791	-	-
<u>Insurance premium receivables</u>				
Aged on the basis of effective dates in policy				
Not yet due	57,396	62,887	-	-
Past due				
1 - 45 days	242,819	214,774	-	-
46 - 90 days	15,776	7,086	-	-
91 - 180 days	1,909	1,326	-	-
181 - 365 days	455	1,141	-	-
Over 365 days	436	665	-	-
Total insurance premium receivables	318,791	287,879	-	-
Less: Allowance for doubtful debts accounts	(1,481)	(1,814)	-	-
Total insurance premium receivables, net	317,310	286,065	-	-

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Other receivables</b>				
Interest receivables - unrelated parties	7,785	3,976	4,144	1,955
Other receivables - unrelated parties	1,080	1,371	-	-
Total other receivables	8,865	5,347	4,144	1,955
Less: Allowance for doubtful debts accounts	(736)	(710)	-	-
Total other receivables - net	8,129	4,637	4,144	1,955
Loan to employee	2,058	2,808	-	-
Total accrued service income and other receivables	672,490	598,301	4,144	1,955

As at 31 December 2019 and 2018, loan to employee is subjected to interest at rate of 12% per annum. The term of loan agreement is one year.

#### 11. Other current assets

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Prepaid expenses - related parties	27	130	-	-
Prepaid expenses - unrelated parties	35,963	24,904	280	265
Advances	80	1,101	-	-
Supplies	5,156	5,041	-	-
Revenue Department receivables	6,459	6,217	-	4
Deposits	4,099	-	-	-
Others	145	-	-	-
Total other current assets	51,929	37,393	280	269

#### 12. Deposits at banks - pledge as collateral

- 12.1 As at 31 December 2019, the subsidiary used fixed deposits amounting to Baht 1 million to maintain the required capital for its non-life insurance broker business under the Insurance Act B.E. 2535 (2018: Nil).

12.2 As at 31 December 2019 and 2018, the subsidiary used fixed deposits amounting to Baht 1 million to maintain capital in accordance with the Notification of the Office of Insurance Commission B.E. 2554 regarding the rules and conditions for the issue and renewal of a license to operate as a life insurance broker, whereby the subsidiary is required to maintain capital equal to not less than 0.25% of net brokerage revenues of the preceding fiscal year and not less than Baht one million throughout the time that it is licensed as a life insurance broker.

12.3 As at 31 December 2019, the subsidiary used saving deposit of Baht 0.1 million to guarantee the duty under the credit and product sales representative agreement (2018: Nil).

12.4 As at 31 December 2019, the subsidiaries used savings deposit of Baht 0.8 million to issue letter of guarantee on behalf of the subsidiaries (2018: Nil).

### 13. Long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Long-term investments</b>				
<u>Investment in held-to-maturity debt security - due over one year</u>				
Government bond	50,338		50,387	
Debentures	370,192		239,165	
Subordinated debentures	40,000		-	
Total	460,530		289,552	
<u>Investment in available-for-sale securities</u>				
Equity securities	154,748	147,000	-	-
Less: Unrealised losses	(7,748)	-	-	-
Total	147,000	147,000	-	-
Total long-term investments	607,530		289,552	

	(Unit: Thousand Baht)			
	Separate financial statements			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Long-term investments</b>				
<u>Investment in held-to-maturity debt securities - due over one year</u>				
Debentures	245,012		123,646	
Subordinated debentures	20,000		-	
Total	265,012		123,646	

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Investment in available-for-sale securities</u>				
Equity securities	154,748	147,000	-	-
Less: Unrealised losses	(7,748)	-	-	-
Total	147,000	147,000	-	-
Total long-term investments	412,012		123,646	

During the year 2019, the Company acquired available-for-sale securities totaling Baht 154.7 million and recognised unrealised losses in other comprehensive income, amounting to Baht 7.7 million.

As at 31 December 2019, long-term investments in held-to-maturity debt securities consist of debentures, subordinate debentures and government bond, carried interests at rates between 2.13% and 4.80% per annum which matured within June 2029.

As at 31 December 2018, long-term investments in held-to-maturity debt securities consist of debentures and government bond, carried interests at rate between 2.13% and 4.80% per annum which matured within December 2026.

As at 31 December 2019 and 2018, the subsidiary used government bond amounting to Baht 50 million to maintain the required capital for its non-life insurance broker business under the insurance Act B.E. 2535.

## 14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht)	
							Dividend received	
	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)			during the year	
TQM Insurance Broker								
Company Limited	400,000	400,000	100	100	410,000	410,000	512,000	411,000
TQM Life Insurance Broker								
Company Limited	50,000	50,000	100	100	50,301	50,301	5,000	12,500
Casmatt Company Limited	5,000	5,000	100	100	5,151	5,151	5,000	4,999
TJN Insurance Broker								
Company Limited	5,000	-	100	-	5,000	-	-	-
Total					470,452	465,452	522,000	428,499

### TJN Insurance Broker Company Limited "TJN"

On 1 August 2019, the Company entered into a share purchase agreement with existing shareholders of TJN Insurance Broker Company Limited to purchase ordinary shares from its existing shareholders, totaling Baht 5 million (49,998 ordinary shares with a par value of Baht 100 each) at a price of Baht 100 per share amounting to Baht 5 million, the Company's shareholding in TJN is 100%. The Company had paid for ordinary shares in August 2019. TJN registered the change in its shareholder with the Ministry of Commerce on 27 August 2019.

The Company recorded the net assets of such company at its fair value as at the acquisition date. Details of the fair value and book value of the identifiable assets and liabilities of that company as at the acquisition date are as follows:

	(Unit: Thousand Baht)	
	Fair value	Book value
<b>Assets</b>		
Cash and cash equivalents	4,633	4,633
Deposits at banks with restrictions	779	779
Accrued service income and other receivables	1,447	1,447
Other current assets	102	102
Deposits at banks - pledge as collateral	1,000	1,000
Buildings and equipment	53	53
Other non-current assets	12	12
Total assets	8,026	8,026
<b>Liabilities</b>		
Insurance premium payables and other payables	2,220	2,220
Insurance premium received in advance	111	111
Other current liabilities	24	24
Total liabilities	2,355	2,355
Net assets	5,671	5,671
Net assets attributable to Company's investment (100%)	5,671	
Cash paid under net assets	(671)	
Purchase price	5,000	
Less: Cash and cash equivalents of subsidiary	(4,633)	
Net cash paid for purchase of subsidiary	367	

Details of acquisition of such company are as follows:

	(Unit: Thousand Baht)
<b>Purchase price</b>	
Cash paid	5,000
Fair value of net assets received	(5,671)
Gain on bargain purchase	(671)

## 15. Investments in associate

### 15.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
TQLD Company Limited	Provide advice or services by using electronic media through the internet	Thailand	40	40	1,200	1,200	-	645
Total					1,200	1,200	-	645

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method	
			2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
TQLD Company Limited	Provide advice or services by using electronic media through the internet	Thailand	40	40	1,200	1,200	(1,200)	-	-	1,200
Total					1,200	1,200	(1,200)	-	-	1,200

### 15.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of loss from investment in associated company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Associated company	Consolidated financial statements	
	Share of loss from investment in associated	
	For the years ended 31 December	
	2019	2018
TQLD Company Limited	645	555
Total	645	555

During the years 2019 and 2018, the Company did not receive dividend income from its associated company.

## 16. Buildings and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Buildings	Building and leasehold improvement	Furniture, fixtures and office equipment	Equipment and computer system	Motor vehicles	Assets under installation	Total
<b>Cost</b>							
1 January 2018	1,759	131,885	188,315	137,705	41,087	313	501,064
Additions	-	838	3,584	4,698	1,669	1,006	11,795
Disposals/Write-off	-	-	(4,442)	(3,311)	(1,595)	-	(9,348)
Transfers in (out)	-	613	93	-	-	(706)	-
31 December 2018	1,759	133,336	187,550	139,092	41,161	613	503,511
Additions	-	1,033	4,798	13,820	63	3,363	23,077
Increase from business acquisition	-	-	111	35	-	-	146
Disposals/Write-off	-	(70)	(2,596)	(526)	-	-	(3,192)
Transfers in (out)	-	1,806	140	1,872	-	(3,818)	-
31 December 2019	1,759	136,105	190,003	154,293	41,224	158	523,542
<b>Accumulated depreciation:</b>							
1 January 2018	1,137	68,887	153,864	121,114	31,014	-	376,016
Depreciation for the year	352	17,147	11,935	10,021	4,706	-	44,161
Depreciation on disposals/Write-off	-	-	(4,109)	(3,305)	(1,595)	-	(9,009)
31 December 2018	1,489	86,034	161,690	127,830	34,125	-	411,168
Depreciation for the year	270	13,298	9,957	9,019	3,177	-	35,721
Increase from business acquisition	-	-	71	22	-	-	93
Depreciation on disposals/Write-off	-	(70)	(2,430)	(538)	-	-	(3,038)
31 December 2019	1,759	99,262	169,288	136,333	37,302	-	443,944
<b>Net book value:</b>							
31 December 2018	270	47,302	25,860	11,262	7,036	613	92,343
31 December 2019	-	36,843	20,715	17,960	3,922	158	79,598
<b>Depreciation for the year</b>							
2018 (Included in administrative expenses)							44,161
2019 (Included in administrative expenses)							35,721

	(Unit: Thousand Baht)		
	Separate financial statements		
	Furniture, fixtures and office equipment	Equipment and computer system	Total
<b>Cost:</b>			
1 January 2018	-	-	-
Additions	20	273	293
31 December 2018	20	273	293
Additions	19	20	39
31 December 2019	39	293	332
<b>Accumulated depreciation:</b>			
1 January 2018	-	-	-
Depreciation for the year	1	20	21
31 December 2018	1	20	21
Depreciation for the year	4	93	97
31 December 2019	5	113	118
<b>Net book value:</b>			
31 December 2018	19	253	272
31 December 2019	34	180	214
<b>Depreciation for the year</b>			
2018 (Included in administrative expenses)			21
2019 (Included in administrative expenses)			97

As at 31 December 2019, certain buildings and equipment items of the subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 351.1 million (2018: Baht 278.1 million).

**17. Intangible assets**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Computer software - at cost	74,452	62,341	161	161
Amortisation expense	(59,611)	(53,124)	(62)	(8)
Net book value at end of year	<u>14,841</u>	<u>9,217</u>	<u>99</u>	<u>153</u>

A reconciliation of the net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of years	9,217	10,607	153	-
Addition - at cost	12,326	4,272	-	161
Disposals during the year - net book value as at disposal date	(138)	-	-	-
Amortisation	(6,564)	(5,662)	(54)	(8)
Net book value at end of years	<u>14,841</u>	<u>9,217</u>	<u>99</u>	<u>153</u>

**18. Insurance premium and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Insurance premium payables - related parties	680,044	665,837	-	-
Insurance premium payables - unrelated parties	365,111	233,163	-	-
Other payables - related parties	2,381	3,696	-	-
Other payables - unrelated parties	84,913	104,413	12	22,247
Payables from purchase of assets	7,585	321	4	-
Accrued expenses - related parties	8,657	2,475	-	-
Accrued expenses - unrelated parties	154,329	160,876	227	505
Total insurance premium and other payables	<u>1,303,020</u>	<u>1,170,781</u>	<u>243</u>	<u>22,752</u>

## 19. Provision for short-term liabilities

	(Unit: Thousand Baht)
	Provision for cancellation of insurance policy
As at 1 January 2019	10,458
Change during the year	164
As at 31 December 2019	10,622

## 20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2019	2018
<b>Defined benefit obligation at beginning of year</b>	58,069	51,694
Included in profit or loss:		
Current service cost	7,661	6,542
Interest cost	2,440	1,785
Past service cost	13,191	-
Included in other comprehensive income:		
Actuarial losses arising from		
Financial assumptions changes	13,775	-
Benefits paid during the year	(4,135)	(1,952)
<b>Provision for long-term employee benefits at end of year</b>	<b>91,001</b>	<b>58,069</b>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 13.2 million as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

As at 31 December 2019, the Group has no long-term employee benefit which expect to pay during the next year (2018: Baht 4.2 million).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit is 3 - 23 years.

Significant actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	1.4 - 2.0	1.6 - 3.1
Salary increase rate	5.1 - 7.6	5.1 - 7.6
Turnover rate (depend on age)	0.0 - 49.0	0.0 - 49.0

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

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	As at 31 December 2019	
	<u>Increase</u>	<u>Decrease</u>
Discount rate (+/- 0.5%)	(4,704)	5,100
Salary increase rate (+/- 0.5%)	5,638	(5,241)
Turnover rate (+/- 0.5%)	(6,099)	2,686

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	As at 31 December 2018	
	<u>Increase</u>	<u>Increase</u>
Discount rate (+/- 0.5%)	(2,750)	2,968
Salary increase rate (+/- 0.5%)	3,094	(2,894)
Turnover rate (+/- 0.5%)	(3,339)	1,304

## 21. Share capital

21.1 On 27 June 2018, the Extraordinary General Meeting of the Company's shareholders No. 2/2018 passed the following resolutions.

- a) Approval of the conversion of the Company to a public limited company and the change of the Company's name to "TQM Corporation Public Company Limited".
- b) Approval of a change in the par value of the Company's ordinary shares from Baht 100 per share to Baht 1 per share, such that the Company's registered share capital of Baht 225 million would comprise 225 million ordinary shares at par value of Baht 1 each.
- c) Approval of an increase in the Company's registered capital, from Baht 225 million to Baht 300 million, through the issuance of 75 million additional ordinary shares with a par value of Baht 1 each. The allocations of the new shares are as follows.
  - Allocation of 63.75 million ordinary shares to an initial public offering (IPO).
  - Allocation of 11.25 million ordinary shares to be offered to the Company's management and/or employees according to the Company's employee stock option plan (ESOP) at a price equal to the IPO price.
- d) Approval of the listing of the Company's shares on the Stock Exchange of Thailand.

The Company registered the conversion of the Company, the change in the par value of ordinary shares, and the increase in its registered capital with the Ministry of Commerce on 29 June 2018.

21.2 During 12 - 14 December 2018, the Company offered 75.0 million new ordinary shares at a price of Baht 23.0 per share to the public, the Company's management and/or employees. The Company received full payment for the shares on 17 December 2018. In addition, direct expenses related to the offering of shares, amount of Baht 43.2 million has been shown by deducting from the premium on ordinary shares.

The Company registered the increase in its paid-up capital with the Ministry of Commerce on 17 December 2018.

The Stock Exchange of Thailand approved the Company's ordinary shares as listed securities on the Stock Exchange of Thailand and permitted their trading on 20 December 2018.

**22. Statutory reserve**

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

**23. Revenue from contracts with customers****23.1 Disaggregated revenue information**

(Unit: Thousand Baht)		
Consolidated		
financial statements		
	<u>2019</u>	<u>2018</u>
<b>Type of goods or service:</b>		
Brokerage income from non-life insurance broker and life insurance broker	1,642,235	1,515,639
Other service income from non-life insurance broker and life insurance broker	1,069,190	985,178
Revenue from consulting service for computer business	120	297
Total revenue from contracts with customers	<u>2,711,545</u>	<u>2,501,114</u>
<b>Timing of revenue recognition:</b>		
Revenue recognised at a point in time	2,711,425	2,500,817
Revenue recognised overtime	120	297
Total revenue from contracts with customers	<u>2,711,545</u>	<u>2,501,114</u>

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 27 relating to the segment information:

(Unit: Thousand Baht)		
Consolidated		
financial statements		
	<u>2019</u>	<u>2018</u>
External customer	2,735,455	2,506,500
Inter-segment	57,073	57,199
	<u>2,792,528</u>	<u>2,563,699</u>
Adjustments and eliminations	(57,073)	(57,199)
Other income	(23,910)	(5,386)
Total revenue from contracts with customers	<u>2,711,545</u>	<u>2,501,114</u>

## 23.2 Revenue recognised in relation to contract balances

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in contract liabilities at the beginning of the year	223,537	207,075
Revenue recognised from changes in variable considerations of performance obligations satisfied in previous years	897	923

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	1,011,619	913,829	360	-
Sales commission and sale promotion expenses	585,150	542,867	-	-
Depreciation and amortisation expenses	42,284	49,823	151	29
Rental expenses from operating lease agreements	61,049	61,377	-	-
Service expenses	51,169	44,573	400	45
Repair & maintenance expenses	12,880	11,692	-	-
IT consulting expenses	-	1,362	-	-

**25. Income tax**

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	120,135	98,125	2,563	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>(3,797)</u>	<u>(1,689)</u>	<u>-</u>	<u>-</u>
<b>Income tax expense reported in profit or loss</b>	<u>116,338</u>	<u>96,436</u>	<u>2,563</u>	<u>-</u>

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

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial losses	2,755	-
Deferred tax relating to loss on change in value of available-for-sale investment	<u>1,550</u>	<u>-</u>
	<u>4,305</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	623,568	500,705	545,107	423,183
Applicable tax rate	15% and 20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	124,680	100,141	109,021	84,637
Temporary differences and unused tax losses which deferred tax assets and deferred tax liabilities have not been recognised	(9)	9,887	240	9,776
Tax losses used in the current year	(1,673)	-	(1,673)	-
Effects of:				
Exempt dividend income	(600)	-	(105,000)	(85,700)
Non-deductible expenses	2,450	3,703	1	14
Additional expense deductions allowed	(8,510)	(17,295)	(26)	(8,727)
Income tax expense reported in profit or loss	116,338	96,436	2,563	-

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	18,200	11,614	-	-
Unrealised losses on change in value of available-for-sale investment	1,550	-	1,550	-
Allowance for doubtful debts accounts	296	363	-	-
Provision for the cancellation of insurance policy	2,124	2,091	-	-
Total	22,170	14,068	1,550	-

As at 31 December 2019, the Group has temporary differences and unused tax losses amounting to Baht 0.6 million (The Company only: Baht 1.20 million) (2018: Baht 52.17 million (The Company only: Baht 52.17 million)).

As at 31 December 2019, the Company has temporary difference associated with investments in subsidiaries for which deferred tax liability has not been recognised Baht 0.7 million (2018: Nil).

## 26. Earnings per share

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders				
of the Company (Thousand Baht)	507,230	404,266	542,544	423,183
Weighted average number of				
ordinary shares (Thousand shares)	300,000	228,082	300,000	228,082
Earnings per share (Baht/share)	1.69	1.77	1.81	1.86

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. For management purposes, the Group is organised into business units based on its products and services and have three reportable segments as follows:

- Non-life insurance broker
- Life insurance broker
- Consulting service for computer business

The Group has not aggregated the above operating segments.

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

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

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2019	Non-life insurance broker	Life insurance broker	Consulting service for computer business	Others	Total segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	2,645,326	77,297	120	12,712	2,735,455	-	2,735,455
Inter-segment revenue	2,909	-	54,164	-	57,073	(57,073)	-
Dividend	-	-	-	526,500	526,500	(522,000)	4,500
Interest income	24,742	769	98	18,264	43,873	-	43,873
Depreciation and amortisation	41,675	95	363	151	42,284	-	42,284
Income tax expense	112,544	987	244	2,563	116,338	-	116,338
<b>Segment profit</b>	<b>480,680</b>	<b>3,872</b>	<b>891</b>	<b>543,217</b>	<b>1,028,660</b>	<b>(521,429)</b>	<b>507,231</b>
<b>Segment total assets</b>	<b>2,627,341</b>	<b>122,209</b>	<b>20,869</b>	<b>1,487,534</b>	<b>4,257,953</b>	<b>(995)</b>	<b>4,256,958</b>
Addition to non-current assets other than financial instruments and deferred tax assets	31,668	3,348	523	40	35,579	-	35,579
<b>Segment total liabilities</b>	<b>1,836,947</b>	<b>59,573</b>	<b>8,878</b>	<b>2,310</b>	<b>1,907,708</b>	<b>(1,011)</b>	<b>1,906,697</b>

(Unit: Thousand Baht)

For the year ended 31 December 2018	Non-life insurance broker	Life insurance broker	Consulting service for computer business	Others	Total segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	2,439,646	66,649	298	87	2,506,500	-	2,506,500
Inter-segment revenue	3,000	-	54,199	-	57,199	(57,199)	-
Dividend	-	-	-	428,499	428,499	(428,499)	-
Interest income	17,505	297	50	691	18,543	(7)	18,536
Depreciation and amortisation	49,487	65	242	29	49,823	-	49,823
Income tax expense	93,487	1,778	1,171	-	96,436	-	96,436
<b>Segment profit</b>	<b>398,372</b>	<b>6,963</b>	<b>4,805</b>	<b>423,183</b>	<b>833,323</b>	<b>(428,054)</b>	<b>404,269</b>
<b>Segment total assets</b>	<b>2,212,861</b>	<b>88,230</b>	<b>18,710</b>	<b>1,592,687</b>	<b>3,912,488</b>	<b>(87,593)</b>	<b>3,824,895</b>
Addition to non-current assets other than financial instruments and deferred tax assets	15,151	10	452	454	16,067	-	16,067
Investment in associate accounted for by the equity method	-	-	-	645	645	-	645
<b>Segment total liabilities</b>	<b>1,705,937</b>	<b>29,463</b>	<b>7,475</b>	<b>23,809</b>	<b>1,766,684</b>	<b>(87,039)</b>	<b>1,679,645</b>

**Geographic information**

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

**Major customers**

For the year ended 31 December 2019, the Group has revenue from major customers (the amount of revenue is equal or over 10%) in amount of Baht 1,568 million derived from 3 major customers (2018: 4 major customer in amount of Baht 1,455 million), arising from revenue by the non-life insurance broker segment.

**28. Provident fund**

During the current year, the Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and employees contribute to the fund monthly at the rate of 3 - 5 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 December 2019, the Group contributed Baht 18.6 million (2018: Baht 17.1 million).

**29. Dividends**

Dividends	Approved by	Total dividend paid (Thousand Baht)	Dividend per share (Baht per share)
Dividends from operating result for the year 2018	Annual General Meeting of shareholders on 25 April 2019	90,000	0.30
Interim dividends from operating result for 1 January 2019 to 30 June 2019	Board of Directors' meeting on 13 August 2019	195,000	0.65
Total dividend for year 2019		285,000	0.95

Dividends	Approved by	Total dividend paid (Thousand Baht)	Dividend per share (Baht per share)
Interim dividends from operating results for 1 January 2018 to 31 March 2018	Annual General Meeting of shareholder on 30 April 2018	101,250	45.00*
Interim dividends from operating results for 1 January 2018 to 14 August 2018	Board of Directors' meeting on 14 August 2018	114,750	0.51
Interim dividends from operating results for 1 January 2018 to 14 November 2018	Board of Directors' meeting on 14 November 2018	101,250	0.45
Total dividend for year 2018		317,250	

\* Calculated from the numbers of ordinary shares before change in the par value (Note 21)

### 30. Commitments and contingent liabilities

#### 30.1 Capital commitments

On 1 June 2019, a subsidiary entered into an agreement with the associated company relating to design the platform and website for life insurance. As at 31 December 2019, a subsidiary has capital commitments under this agreement of Baht 15 million (2018: Nil).

As at 31 December 2019, a subsidiary has capital commitments of Baht 0.5 million relating to system and data development (2018: Baht 1.4 million).

As at 31 December 2019, a subsidiary has capital commitments of Baht 1.4 million, relating to website design in inquiring insurance premium and insurance administration (2018: Nil).

#### 30.2 Operating lease commitments

The subsidiaries have entered into several lease agreements in respect of land, office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under operating lease agreements were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
Payment				
Within 1 year	46	56	-	-
In over 1 and up to 5 years	14	39	-	-

During the year 2019, the subsidiaries recognised rental expenses of Baht 61.0 million (2018: Baht 61.4 million).

### 30.3 Buildings service agreements commitments

The subsidiaries have entered into buildings service agreements with a related party. Under these agreements, the subsidiaries are committed to pay monthly service fee on the basis as specified in the agreements. During the year 2019, the subsidiaries recognised the service fee under these agreements as expenses amounting to Baht 36.9 million (2018: Baht 38.2 million).

### 30.4 Other service commitments

As at 31 December 2019, the subsidiaries has entered other service agreements. Future minimum lease payments required under these service agreements were amounting to Baht 7.8 million (the Company only: Nil) (2018: Baht 4.5 million (The Company only: Baht 0.2 million)).

### 30.5 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 9.0 million (2018: Baht 10.1 million) issued by banks on behalf of the subsidiaries in respect of certain performance bonds as required in the normal course of business.

## 31. Litigations

Through the year 2018 and 2019, the subsidiary was sued by an ordinary person as a co-defendant with respect to civil cases that the subsidiary had joint liability for damages for a failure to comply with insurance agency agreements. The amount in dispute under these cases totaled Baht 7.7 million. Some of the cases were finalised by the Court of First Instance during the year 2019 with amount in dispute totaling Baht 2.2 million. The subsidiary paid for the compensation totaling Baht 0.5 million.

As at 31 December 2019, the subsidiary has remained legal cases that are under consideration of the Court of First Instance. The amount in dispute under these cases totaled Baht 5.5 million. The subsidiary is conducting a negotiation with the plaintiff (2018: Baht 0.6 million).

However, the subsidiary has insured the liability with an insurance company and has claimed compensation from the insurance company.

### 32. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets that measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair values</b>				
Investments in trading securities				
Unit trusts	-	270.2	-	270.2
Investments in available-for-sale securities				
Equity securities	147.0	-	-	147.0
<b>Assets for which fair value are disclosed at fair values</b>				
Current investments				
Debts securities - maturity within 1 year	-	4.0	-	4.0
Long-term investments				
Held-to-maturity debt securities	-	477.3	-	477.3

(Unit: Million Baht)				
Separated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair values</b>				
Investments in trading securities				
Unit trusts	-	260.1	-	260.1
Investments in available-for-sale securities				
Equity securities	147.0	-	-	147.0
<b>Assets for which fair value are disclosed at fair values</b>				
Long-term investments				
Held-to-maturity debt securities	-	275.7	-	275.7

(Unit: Million Baht)				
Consolidated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair values</b>				
Investments in trading securities				
Unit trusts	-	700.1	-	700.1
<b>Assets for which fair value are disclosed at fair values</b>				
Current investments				
Debts securities - maturity within 1 year	-	20.1	-	20.1
Long-term investments				
Held-to-maturity debt securities	-	287.9	-	287.9

(Unit: Million Baht)				
Separated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair values</b>				
Investments in trading securities				
Unit trusts	-	700.1	-	700.1
<b>Assets for which fair value are disclosed at fair values</b>				
Long-term investments				
Held-to-maturity debt securities	-	124.1	-	124.1

### 33. Financial instruments

#### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, deposits at banks with restrictions, current investments, accrued service income and other receivables, deposits at banks - pledge as collateral, long-term loan to related party, long-term investments, insurance premium payables and other payables, and insurance premium received in advance. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

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

**Interest rate risk**

The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, current investments, long-term investments and long-term loan to related party. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	951	8	959	Note 7
Deposits at banks with restrictions	406	-	-	518	-	924	0.10 - 1.95
Current investments	604	-	-	-	270	874	Note 9
Accrued service income and other receivables	-	-	-	-	672	672	-
Long-term loan to related party	6	10	-	-	-	16	Note 6
Bank deposits - pledge as collateral	2	-	-	1	-	3	0.38
Long-term investments	-	290	171	-	147	608	Note 13
<b>Financial liabilities</b>							
Insurance premium and other payables	-	-	-	-	1,303	1,303	-
Insurance premium received in advance	-	-	-	-	443	443	-

(Unit: Million Baht)

## Consolidated financial statements

2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	844	4	848	Note 7
Deposits at banks with restrictions	406	-	-	377	-	783	0.10 - 1.90
Current investments	420	-	-	-	700	1,120	Note 9
Accrued service income and other receivables	-	-	-	-	598	598	-
Bank deposits - pledge as collateral	1	-	-	-	-	1	1.65
Long-term investments	-	75	215	-	-	290	Note 13
<b>Financial liabilities</b>							
Insurance premium and other payables	-	-	-	-	1,171	1,171	-
Insurance premium received in advance	-	-	-	-	385	385	-

(Unit: Million Baht)

## Separate financial statements

2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	209	-	209	Note 7
Current investments	600	-	-	-	260	860	Note 9
Accrued service income and other receivables	-	-	-	-	4	4	-
Long-term investments	-	165	100	-	147	412	Note 13

(Unit: Million Baht)

Separate financial statements							
2018							
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years	Over 5 years					
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	280	-	280	Note 7
Current investments	400	-	-	-	700	1,100	Note 9
Accrued service income and other receivables	-	-	-	-	2	2	-
Long-term investments	-	-	124	-	-	124	Note 13
<b>Financial liabilities</b>							
Insurance premium and other payables	-	-	-	-	23	23	-

### Foreign currency risk

The Group has no exposure to foreign currency risk because its financial transactions are in Baht currency.

### 33.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position, except investments which fair value are as follows:

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2019			As at 31 December 2018	
Carrying amount	Fair Value		Carrying amount	Fair Value
Current investments				
Unit trusts	270.2	270.2	700.1	700.1
Debt securities - maturity within 1 year	4.0	4.0	20.0	20.1
Long-term investments				
Held-to-maturity debt securities	460.5	477.3	289.5	287.9
Equity securities	147.0	147.0	-	-

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Current investments				
Unit trusts	260.1	260.1	700.1	700.1
Long-term investments				
Held-to-maturity debt securities	265.0	275.7	123.6	124.1
Equity securities	147.0	147.0	-	-

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, deposits at banks with restrictions, current investments, accrued service income and other receivables, deposits at banks - pledge as collateral, insurance premium payables and other payables and insurance premium received in advance, their carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- For unit trusts, their fair value is determined by using the net asset value announced by asset management company.
- Long-term loan to related party their carrying amounts in the statement of financial position approximates their fair value.

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

### 34. Capital management

The primary objective of the Group capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.811:1 (2018: 0.783:1) and the Company's was 0.001:1 (2018: 0.012:1).

### 35. Events after the reporting period

On 27 February 2020, Board of Directors passed a resolution to approve a dividend payment from operation results from 1 January 2019 to 31 December 2019 at Baht 1.10 per share, or a total of Baht 330 million, by determining the list of shareholders whom entitled to receive dividends on 16 March 2020 and dividends payment on 14 May 2020, then presented to the Annual General Meeting of Shareholders.

### 36. Reclassification

The Group classified some items in the financial statement for the year 2018 to consistent with the classifications of the current year as follow:

(Unit: Thousand Baht)		
Consolidated financial statements		
For the year ended		
31 December 2018		
	As reclassified	As previously report
Revenue from contracts with customer	2,501,114	-
Brokerage income	-	1,515,639
Other service income	-	985,475

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 37. Approval of financial statements

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



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TQM will not stop doing the best  
**for you.**

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# INSURANCE BROKER LEADER

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CORPORATION PUBLIC COMPANY LIMITED

## **TQM CORPORATION PUBLIC COMPANY LIMITED**

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