

**มุ่งพัฒนา**

คิดสรรและส่งมอบคุณค่า

แก่ผู้บริโภคร

**เพื่อการเติบโต  
อย่างยั่งยืน**

**MOONG** strives forward

with sustainability



รายงานประจำปี 2562

# ANNUAL REPORT 2019

บริษัทมุ่งพัฒนา อินเตอร์เนชั่นแนล จำกัด (มหาชน)

Moong Pattana International Public Company Limited

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## Chairman's Statement




**Mr. Sumeth Lersumitkul**  
Chairman of the Board of Directors

Year 2019 marks the 10<sup>th</sup> anniversary of Moong Pattana International Public Company Limited, since it was first listed in the Market Alternative Investment (MAI). It was also a challenging year as Thailand's economy was in a slowdown compared to the previous year. The competitive environment of the industry had been intensified; an external factor, such as trade war had a great impact on the business, regardless of the government's drives on the spending and investment, including campaigns other than the government's welfare card scheme, e.g. Chim Shop Chai Campaign. However, private spending still decreased, due to the fact that most consumers continued to spend cautiously.

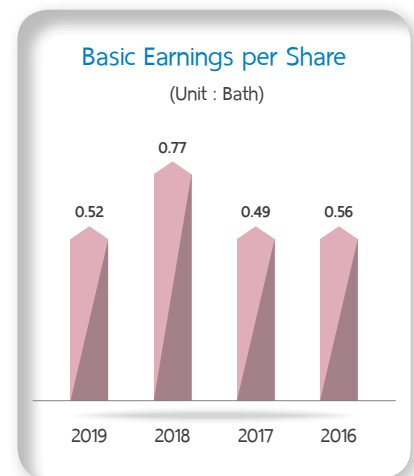
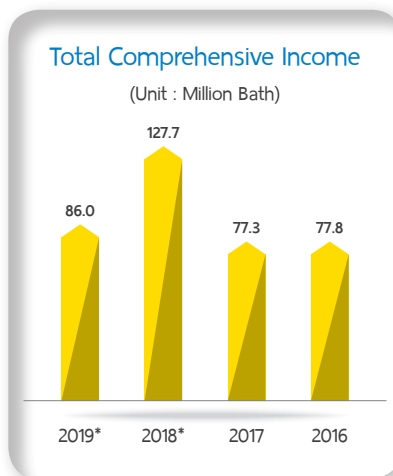
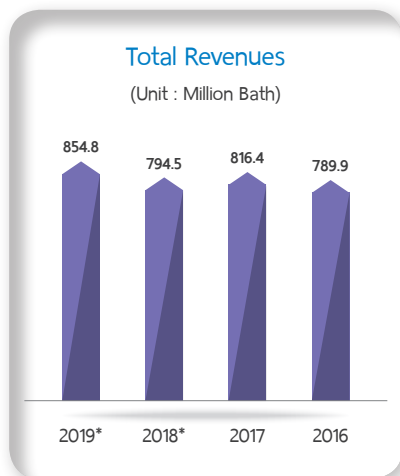
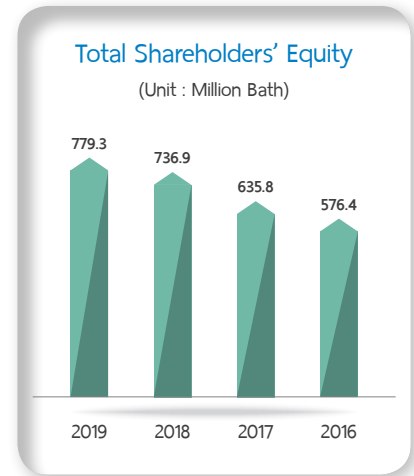
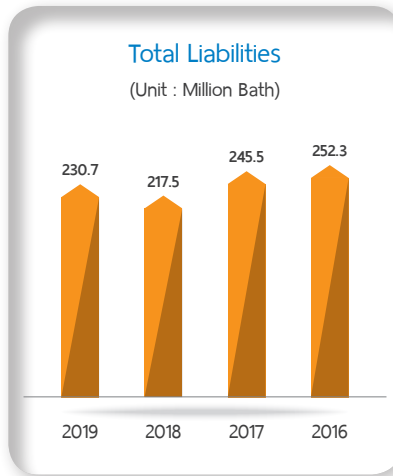
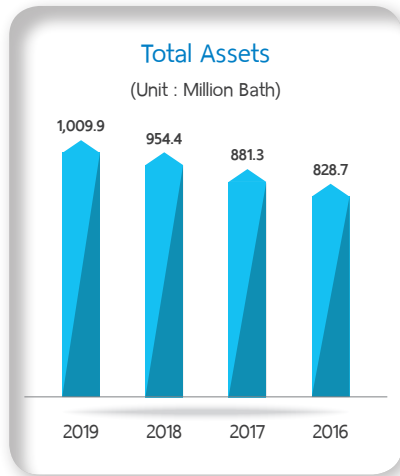
With determination to create sustainable growth and profitability for the shareholders, the Company's Board of Directors, Management and staff had dedicated ourselves to meet the expectation of our customers, business partners, and stakeholders in order to maintain the customer base and market share in such a competitive consumer market. In 2019, the Company generated sales revenue of THB 777.59 million, equivalent to an increase of 4.7% compared to the previous year. Our net profit calculated base on equity method was THB 88.37 million, equivalent to a decrease of 31.6% due to the increase of operating cost and the impact from our joint venture's reduction of profits. Nevertheless, the Company has continuously earned profits for 10 years, since it was first listed in the MAI.

Apart from our determination to create sustainable growth and profitability, the Board of Directors and the Management emphasizes the importance of the roles and responsibilities in accordance with the good governance to create sustainability and a strict compliance against fraud and corruption. In 2019, the Company received the renewed certification from the Coalition Against the Corruption (CAC) on 18 October 2019. The Company supported the organization of an activity "CSV Day" which took place at Wat Huay Lum Yai School, Nakhon Sawan Province. The activity was meant to serve the purpose of creating core value to society by emphasizing on the sustainable giving under the project name "Moong", doing good deeds and creating future for the communities, which has been continuously developed for 4 consecutive years.

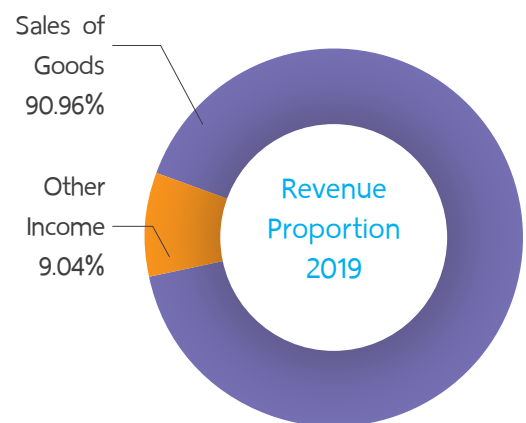
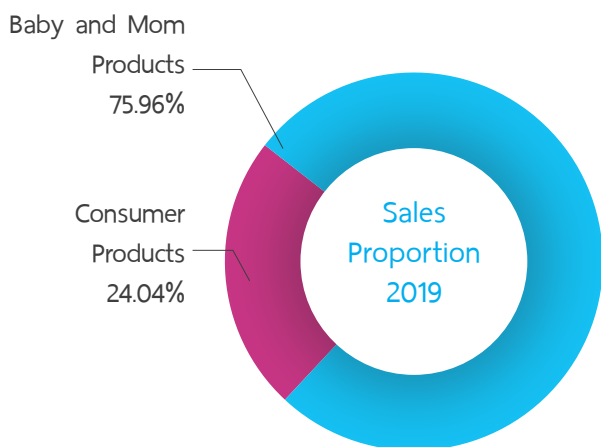
In 2019, the Company was honored to receive the SET Awards 2019 from the Stock Exchange of Thailand, for which 2 awards had been rewarded, namely "Best CEO Award" of the MAI and "Outstanding Company Performance Award" of the MAI. Our Chief Executive Officer, Ms. Suwanna Chokdee-anand, attended the event and received the awards on 26 November 2019.

Finally, on behalf of Moong Pattana, I would like to thank our shareholders, business partners, customers and stakeholders for always trusting and supporting the Company. I believe that the Board of Directors, the Management and our staff will continuously target to develop the sustainable value of the business with responsibility to the society, communities and environment and will everlastingly generate good performance.

# Financial Information



\*Restated following to the new TFRS



# Remuneration Committee Report

**Dear Shareholders**  
**Moong Pattana International Public Company Limited**

The Remuneration Committee of Moong Pattana International Public Company Limited is comprised of 3 independent directors. In 2019, the Remuneration Committee held 1 meeting. The Remuneration Committee performed its duties as assigned by Board of Directors as specified in the Good Corporate Governance Policy and the Remuneration Committee Charter. The Remuneration Committee thoroughly considered the matters before tabling to the Board of Directors or Shareholders meeting for further approval, and reported the minutes of meeting to the Board of Directors as the key matters set out below:

- Consider and propose the directors remuneration to the Board of Directors for agreement and further propose to Shareholder meeting for approval.
- Consider the salary increment and annual bonuses of the Chief Executive Officer and the Joint-Chief Executive Officer.
- Review the Remuneration Committee Charter.

The attendance of the Remuneration Committee for 2019 is as follows:

<b>Mr. Manit Jeeradit</b>	<b>Attended 1/1</b>
Chairman of the Remuneration Committee	
<b>Mrs. La-aid Vongvongpop</b>	<b>Attended 1/1</b>
A member of the Remuneration Committee	
<b>Mr. Thewan Uthaiwat</b>	<b>Attended 1/1</b>
A member of the Remuneration Committee	

In 2019, there was a significant change which is Mr. Thewan Uthaiwat resigned with effect from June 1, 2019. The Company had process to nominate new director which is Mr. Songtham Pianpattanawit to be appointed as an Independent Director, Audit Committee member and Remuneration Committee member in replacement.

The Remuneration Committee performed its duties fulfillment as assigned by the Board of Directors with prudence, carefulness, transparency and took into account the utmost benefit of the Company and its shareholders.



(Mr. Mani Jeeradit)

Chairman of the Remuneration Committee



# Policy and Business Overview

## 1. Vision, Objective and Business Strategy

### 1.1. Vision

“Striving for excellence in products and service with business ethic and integrity of business operation, fulfilling customer and investor expectation whilst achieving utmost relationship with business partners.”

### 1.2. Mission

1. Become an organization with outstanding profitability who earns trust from consumers, business, partners, and investors.
2. Become an organization with human resources as priority, emphasizing on skills and knowledge development including wellness and quality of life of employees.
3. Become an organization with good relationships with business partners and promoting mutual and long lasting growth.
4. Become an organization with reiteration of corporate governance, business ethics, and social responsibilities.
5. Become an organization with reputation as a professional trading company and distributor.

### 1.3. Core Value & Culture

#### Operation Excellence

- Passion for Excellence
- Commitment
- Ready to Change

#### Partnership

- Entrepreneur
- Transparent

#### Employee

- Harmony
- Participation

#### Customer Centric

- Creative
- Professional

### 1.4. Business Strategy

The Company conducts sales and marketing strategies by focusing on quality health-related products. The Company has provided and sold new products that meet the needs of the consumers through the distribution channels that cover all areas by managing the delivery of the products efficiently and quickly. There are more marketing activities that reach new consumer via online media. Sales promotions activities have been held continuously to stimulate consumer purchases. In addition, the Company also pay attention to the development of the Company's employees in order to work efficiently and understand the needs of customers and partners in order to build lasting relationships.

## 2. Significant Change and Evolution

Moong Pattana International Public Company Limited (former name: Moong Pattana Marketing Company Limited) was established on 29 January 1981 by Mr. Sumeth Lersumitkul with the registered capital of THB 10 million to operate the business of importing and distributing the qualified kitchenware. In 1988, the Company was exclusively granted a license to produce, use, and sell the products under the Trademark named Pigeon in Thailand. Pigeon is the number one of mothers and baby products from Japan. With the knowledge and experience of the management, the Company consecutively has significant developments which shall be summarized as follows:

- |      |   |
|------|---|
| 1981 | Established by Mr. Sumeth Lersumitkul under the name “Moong Pattana Marketing Company Limited” with the registered capital of THB 10 million and THB 100 per share.   |
| 1988 | The Company was the only company in Thailand that has been granted the license to produce, use and sell as well as apply the Trademark named Pigeon from Pigeon Corporation Japan.  |
| 1990 | The Company entered into a joint venture with Pigeon Corporation to establish Thai Pigeon Company Limited (“TP”) with the objective to produce and distribute nipples and nursers, and plastic parts for local and international market. TP was first registered with THB 20 million of capital, with 200,000 units of shares, 84,000 shares of which the Company holds, or 42% of the issued and paid-up capital.  |
| 1992 | The Company increased the registered capital to THB 50 million at THB 100 per shared value and 500,000 shares in total for business expansion.  |
| 1994 | The Company entered into a joint venture with Yoshino Kokusho (Japan) and Nomura Jimusho Inc. (Japan) in order to set up Yoshino Moong Pattana (Thailand) Company Limited (“YMP”). YMP is established to set up the factory to produce the plastic wares such as the spray pumps for liquid products, bottle packing and coated plastic. YMP was first registered at THB 125 million, with 1,250,000 numbers of shares, 437,500 shares of which was held by the Company, 35% of issued and paid-up capital. |
| 1996 | The Company entered into a joint venture with Pigeon Corporation to establish Pigeon Industries (Thailand) Company Limited (“PIT”) with the aims to produce and distribute breast pads and baby wipes. PIT first registered capital was THB 12,000,000 shares, 1,200,000 shares of which the Company owns 10% of issued and paid-up capital.  |
| 1998 | TP increased capital from THB 20 million to THB 122 million or 1,220,000 shares in total for the purpose of expanding production capacity. The Company increased its stake in TP to 47% of issued and paid-up capital, or 537,400 shares held.  |
| 2000 | PIT increased its capital from THB 120 million to THB 144 million, or 14,400,000 shares for factory expansion. The Company sold back 840,000 shares to Pigeon Corporation and did not acquire new share capital, resulting in a decrease in PIT shareholding to 2.5% of issued and paid-up capital.   |
| 2001 | YMP increased the registered capital from THB 125 million to THB 300 million equaling to 3,000,000 shares for the purpose of expanding the factory. The Company had sold back 287,500 shares to Yoshino Japan and bought only the handful new shares, resulting in the shareholding structure in YMP decreasing to only 6% of issued and paid-up capital.   |
| 2006 | The Company held the Extraordinary Meeting No. 1/2006 dated 21 May 2006. The Board has resolved pay the dividend of THB 115 million.  |
| 2007 | The Company acquired the Smile V, Smart V and V care brands from Misis Company Limited (“Misis”) which are the daily consumer products. Misis had formerly distributed for the Company in the up-country and had no other relationships with the Company which may create a conflict of interest.   |

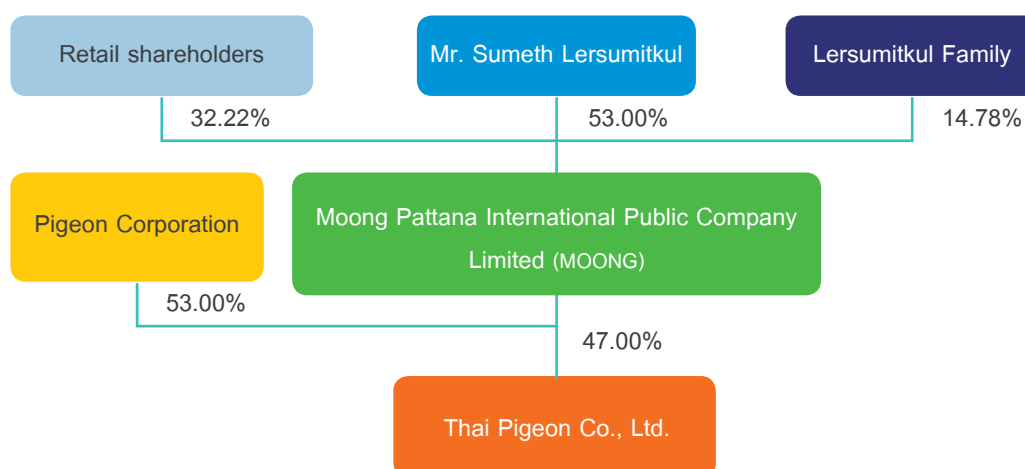
- 2008 The Company had received the certification of ISO 9001: 2000 from United Registrar of Systems (Thailand) Company Limited in January 2008.
- The Company held the Extraordinary Meeting No. 2/2006 dated 18 March 2008. The shareholders resolved to increase the registered capital of the company and request for the paid-up shares in the amount of THB 40 million, resulting in the paid-up capital of the Company increased from THB 50 million to THB 90 million. In addition, the shareholders approved to pay the dividend of THB 60 million. The Company held the Extraordinary Meeting No.5/2006 dated 29 August 2008, and resolved to transform to the Public Company Limited and changed the name to “Moong Pattana International Public Company Limited”. The value of the share was changed from THB 100 per share to THB1 per share. There is also the resolution of increasing the registered capital from THB 90 million to THB 120 million by issuing 30 million ordinary shares for the initial public offering and the resolution of payment of dividend of THB 21.6 million.
- 2009 The Company signed a distribution agreement with P.I.P International Company Limited to distribute exfoliating foot pack under the brand “Revival Care”.
- 2011 The Company signed a distribution agreement with Thai Multiply Company Limited, Sirimongkol Intertrade Company Limited, Thaijintan Company Limited and 4Care Company Limited to be the distributor of the products under the trademark named, “YURA”, “BR”, “Jinatan” and “4CARE” respectively.
- 2011 The Company had introduced the project, “Pigeon Little Moments Club” which is a communication channel for customers in order to provide the advice of raising baby or the product information. In the same year, the Company had cancelled the distribution of the products under the brand, “Jintan”.
- 2015 The Company increased the registered capital to be THB 200 million with the THB 1 value of share in the amount of 200 million shares in order to expand the business. The details of the capital increasing were:
- Issued 24 million ordinary shares, which was comprised of 200 million shares in order for the exercise right of the warrant under MOONG-1. During 2015, the warrant to purchase ordinary shares was converted in the amount of 215,800 units.
- Issued ordinary shares for the capital increase in the amount of 5 million shares in order for the exercise right of the warrant under ESOP (not yet started the project).
- Issue ordinary shares for capital increase in the amount of 24 million shares to offer to the existing shareholders in proportion to their shareholding (Right Offering) which are all paid up.
- Issue ordinary shares for capital increase in the amount of 27 million shares to offer as a private placement to investors (not yet started the project) including debenture Project THB 500 million (not yet started the project)
- 2016 The Company decreased the registered capital from THB 200,000,000 to THB 167,999,968 by cancelling 32,000,032 unsold ordinary shares in the amount of THB 1 per share. Notwithstanding, the ordinary shares being reserved for exercise right of the warrant under MOONG-W1 in the amount of 23,784,184 were not cancelled.
- After that, the Company increased the registered capital from THB 167,999,968 to THB 213,488,988 by issuing new ordinary shares in the amount of 45,489,020 shares which subjected to the value of THB 1.00 per shares with the following details:



1. Issue ordinary shares by specifying purpose in the amount of 2,224,285 shares in order to reserve for the rights of warrants holder of ESOP in the amount of 2,000,000 shares as well as MOONG-W1 in the amount of 224,285 shares.
  2. Issue ordinary shares for the capital increase under General Mandate in the amount of 43,264,735 shares to offer to the existing shareholders in proportion to their respective shareholding (Right Offering)
- 2017 The Company decreased the registered capital from THB 213,488,988 to THB by cancelling 43,264,735 of the authorized but unissued ordinary shares at par value of THB 1.00 each.
- Later, the Company increased its registered capital from 170,224,253 to THB 170,254,253 by issuing 30,000 new ordinary shares at a par value of THB 1 each, in order to reserve for the rights of warrants holder of MOONG-W1.
- The Company has launched its online store at [www.moong-shop.com](http://www.moong-shop.com) and another distribution channel through Foodservice.
- The Company has been officially appointed to distribute Pigeon products in Lao People's Democratic Republic.
- 2018 The exercise of the holder of warrant of MOONG – W1 which was last exercised on 1st June 2018, was summarized to exercise the right in the amount of 2,316,535 units representing the number of the all exercised right of 2,339,889 shares.
- The company has it registered paid-up capital from the capital increasing resulting from the exercise of the holder of the warrant of MOONG – W1 and ESOP as the paid-up capital in the amount of THB 168,639,633.00, par value of THB 1 per share.
- 2019 The Company increased its capital from THB 170,058,633 to THB 222,650,523 by issuing 52,591,891 new ordinary shares in order to reserve for the rights of ESOP and right offering

### 3. Shareholder Structure of the Company and Subsidiary

Details of shareholder structure of the Company and subsidiary as of December 31, 2019 as follows:



# Overview of Business Operation

Moong Pattana International Public Company Limited former known as Moong Pattana Marketing Company Limited was established in 1981 and operated in importing and distributing quality kitchenware. In 1988, the Company was granted the right to manufacture, use and to be an exclusive distributor in Thailand of products under the trademark, “Pigeon” which is the number one brand of mother and baby products from Japan.

Renowned for its expertise and experiences in brand management and nationwide network of distribution channels in Thailand, the Company expanded the distribution business and was appointed to be the distributor of other products aiming to generate into the market in Thailand, Cambodia, Laos, Myanmar and Vietnam, resulting in the Company possess greater number of distributed products and constantly grows in the business

## ■ Type of products or services

1. Resulting from the Company’s expertise in marketing through brands management which distributed by the Company to raise market awareness and consistently maintain target groups’ loyalty in the products and brand via marketing activities and distributing through nationwide channels to include Modern Trade, Traditional Trade, Cash Van, and other such as Food Service and E-Commerce, etc.
2. The Company operates in 3 main businesses as follows:
  - 1) **Own brand:**
    - V care: personal care products i.e. cotton pads, adult wipes, toothbrush and foam soap
    - Foggy: foggy products
    - Smile V: foggy products
    - Milk Me: milk tablet products
  - 2) **Distributor Business:** Consumer products, focusing on 4 categories which are 1) Baby and Mom; 2) Personal care and Household product; 3) Food and Beverage; and 4) Senior.
  - 3) **Joint venture Business:** In addition to operating in the distribution business and being the distributor of consumer products, the Company also engages in three joint-ventures i.e. TP, PIT and YMP in which the Company holds the equities of 47%, 2.5% and 6% respectively. As a result, the Company was authorized as the sole distributor in Thailand of the joint ventures’ products and has been receiving the returns through the dividends.

The Company aims at the distribution of the consumer products and focusing in these 4 core groups as follows:

Baby and Mom Product Group	Personal care & household Product Group
<ul style="list-style-type: none"> <li>Pigeon – high quality mother and baby aged 0-3 year products from Japan</li> <li>Ai-oon – butterfly pea baby hair serum and snow lotus balm</li> <li>Splash About – swimwear and swimming aids for babies and kids from United Kingdom</li> <li>Softex: baby pads</li> </ul>	<ul style="list-style-type: none"> <li>V care - cotton pad, cotton buds and cotton balls, adults wipes, toothbrush, foam soap</li> <li>Jordan – oral care products, toothbrush, dental floss</li> <li>Tree herb – herbal toothpaste</li> <li>Hero – garbage bag, zippered bag and plastic bag</li> <li>Plante – Shampoo for white hair (5 minutes);</li> <li>Foggy – Spraying bottles to fill liquor;</li> <li>Smile V – Spraying bottles;</li> <li>Spa Clean – Cleaning product</li> </ul>
Food and Beverage Product Group	
<ul style="list-style-type: none"> <li>Milk me – Milk tablets</li> <li>Big Foot – Sour plum candy and sour power, lollipop for kids</li> <li>Himalaya – Salt lemon candy and mint candy;</li> <li>Forest – fruit jam from UK</li> </ul>	
Senior Product Group	
<ul style="list-style-type: none"> <li>Mumu- Adult diapers</li> <li>Softex – Adult pads</li> </ul>	

In 2019, the Company was entrusted by the manufacturer and the owner of the products to be the distributor of the following products:

Spa Clean	Cleaning Product
Softex	Baby and Adult pads

## ■ Business Strategies

In 2019, the overall Thailand economy raised only 2.5% dropped 40% when compared to last year. Due to the recession of the world economy in the first quarter as well as the prolongation of trade war between China and United State of America, causing Thai exports slow down. In this regard, the cost of importing of raw material or finished goods was increased due to trade barrier. The competition was increased. In addition, the number of tourist was drop. A number of business was shrink following the purchasing power in the country. Nevertheless, overall business of the Company grow by 7.6%, with the total revenue of THB 854.8 million.

In 2019, the Company implemented sales and marketing strategies by focusing on quality health-related products. The Company has provided and sold new products that meet the needs of the consumers through the distribution channels that cover all areas by managing the delivery of the products efficiently and quickly. There are more marketing activities that reach new consumer via online media. Sales promotions activities have been held continuously to stimulate consumer purchases. In addition, the Company also pay attention to the development of the Company's employees in order to work efficiently and understand the needs of customers and partners in order to build lasting relationships.

## ■ Revenue Structure of 2017-2019

Revenue Type	2019		2018		2017	
	MB (Restated)	%	MB (Restated)	%	MB	%
Baby and Mom Products	590.8	65.1	594.0	67.2	627.6	71.1
Consumers Products	186.8	20.6	148.6	16.8	167.3	18.9
Plastic & Packaging Products	0.0	0.0	0.0	0.0	0.5	0.1
Share of Income from Investment in Associated Company <sup>1</sup>	52.5	5.8	90.0	10.2	66.6	7.5
Dividend Income <sup>2</sup>	6.9	0.8	6.6	0.7	6.3	0.7
Others <sup>3</sup>	70.4	7.7	45.4	5.1	14.7	1.7
<b>Total Revenues</b>	<b>907.4</b>	<b>100.0</b>	<b>884.6</b>	<b>100.0</b>	<b>883.0</b>	<b>100.0</b>

### Remarks:

1. Share of income from TP
2. Dividend income from YMP and PIT
3. Others – Rental Income, Commission Income, Profits on Asset Disposals and Profits on Foreign Exchange.

## Group of Products under Company Own brand Business

### 1. V care - Personal Care Products

Currently, the group of products under the brand V care which the Company develops and manages the marketing and the distributing are as follows:



## ■ Competitive Strategies

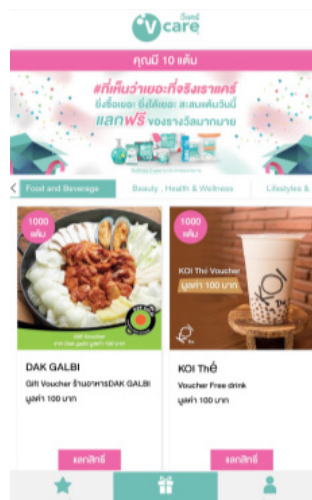
The Company focuses on developing V care brand to be strong and well-known with the innovative products developed from insight of consumers needed. The brand has its selling point and is outstanding compared to the same product group in the market. Not only a high-quality product but also support the lifestyle of new generation consumers and fulfil the needs of the target groups who are the decision makers for buying products for themselves and family, whether it is a cotton, wipes, toothbrush and the new products – foam soap.

In 2019, the Company reinforces and promotes the brand building as well as elevating the market position of V care Brand in overall prospect as the first brand in mind of the target customer, by the consecutively media and marketing activities. The Company communicates through main channel i.e. radio, online, social media to access to modern customers such as facebook, Instagram as well as new channel which was launched in the beginning of the year via Line@Vcarethailand



▲ Communication and activities via radio as well as online channel

in order to create effective two-way communication together with create customer base which can boost up long relationship with target customers.



New channel : Line@Vcarethailand



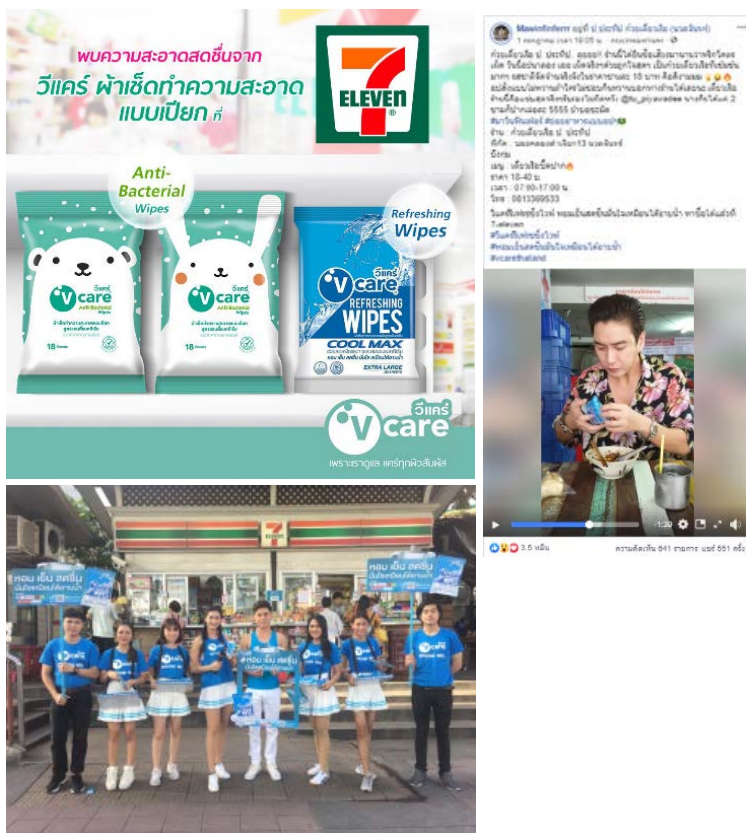


▲ Communication through Key Opinion Leader (KOL)

Booth and products sample activities ►

Including the media and marketing activities directly reach target customers i.e. communicate via Key Opinion Leader (KOL), media at shop, booth activities, and give away samplings for trail use. By way of such communications and activities, resulting in receiving the good feedback from target customers in each categories of each product continuously.





▲ Communication and marketing activities for advertisement when listing product at 7-11

## ■ Distribution and Distributing Channels

The Company distributed the products under the brand V care through the stores all over the country by the main channels i.e. Modern Trade, General Trade consisting of the small retailer or distributors in every regions of Thailand and other developing channels which meet the needs of the consumer which is rapidly changes in present i.e. specialty Shop, beauty Stores, Hospital, Beauty centers, aged Home Care including the export and distribution via e-commerce of the Company via [www.moong-shop.com](http://www.moong-shop.com) which is popular among new generation consumers due to its convenience, fast and all-time purchasing.

One of the success in the year 2019, V care product – wipes both refreshing wipes and anti-bacterial wipes are able to expand the channel of distribution to convenience store 7-11 (Seven-Eleven) in the mid of 2019. By the outstanding quality and qualification which can be served the need of new generation of customer especially personal hygiene and convenience for use. Resulting the Company receives good feedback of both refreshing wipes and anti-bacterial wipes, including the marketing activities which emphasize the brand awareness and product trial use, resulting in the wipes products groups of V Care highly grew and had the sale increasing significantly up to 74% of whole year. The market share increased to 6.8% (Nielsen Thailand, December 2019), with the result, V Care market share grew to the 4<sup>th</sup> brand of the wipes market in Thailand.

## 2. Household products – Foggy and Smile V

Household products distributed by the company are Foggy spraying bottle and Smile V spraying bottle. The Company distribute and manufacture foggy and registered the trademark, Foggy and Smile V. It is also the first manufacturer in Thailand that is interested in developing spraying products. Foggy brand has been accepted for 30 years in terms of quality especially the nozzle that has been developed to be able to use variously and be durable.

### ■ Competitive Strategy

Regarding the spraying product group, the Company places the Foggy at a premium level. There are many models of the products which are suitable for both heavy industry and general use. Foggy Duty focuses on marketing the consumers who require good quality and durable products; such as, laundry, car wash business. Foggy Multi focuses on restaurant, beauty salon, gardening business.

Smile V is another brand of spraying bottle which the Company concentrates on the mass market, with affordable prices, the variety of designs, focus on product distribution thoroughly. In the past year, the new products have been released as well by emphasizing a new patterned cylinder to help stimulate sales for the product group as a whole.

### ■ Distribution and Distributing Channels

The Company distributes the products via the stores in all over the country including industrial channel and various businesses.

▼ Foggy Spraying bottle



▼ Smile V Spraying bottle



▼ Smile V Spraying bottle new design



## 3. Milk Me Milk Tablets

Following to direction of the Company's growth which focusing on product line expansion in order to serve the need of modernize customers, by focus on healthy related and good quality of life. The Company has developed new product under Milk Me brand for health promotional for kids and others. With the full of nutrition milk tablets made from 100% New Zealand milk. Resulting good taste and good for health.

### ■ Competitive Strategy

For the purpose of brand awareness, the Company conducts the activities in the form of nutrition knowledge activity for school age children as well as giving sample products at the primary school and well-known stores. In order to receive the trail use in target customer. Resulting the activities, the Company received good feedback from children, parent, including business partners.

### ■ Distribution and Distributing Channels

The Company distributed the products through the stores all over the country by the main channels i.e. Modern Trade, General Trade consisting of the small retailer or distributors including the export and distribution via e-commerce of the Company via [www.moong-shop.com](http://www.moong-shop.com).





#### 4. Pigeon Brand

Pigeon products have outstanding in product innovation, continuous research and product development from the experts who work under the concept Philosophy of LOVE. This is because Pigeon brand focuses on the pure love of mother and child and is committed to helping mothers to deliver love to their babies through the use of baby products with high quality and meticulously made in order for raising the baby smoothly and happily.

Products under Pigeon brand in Thailand have been classified into 8 categories that are Feeding Accessories, Baby Wipes, Mother Care & Accessories, Weaning & Accessories, Health Care & Hygiene Care, Toiletries & Skincare, Pacifier & Teether, and Cleansing and Sterilizing Accessories and have covered all demands of mothers and have answered the baby development.

##### ■ Competitive Strategy

Pigeon brand has been a leader of mothers and baby products market for a long time. The strategy of the leader which is implemented is creating products innovation to the market and focus on the needs of the consumer as a key. Pigeon is a well-growing brand even in the situations where the birth rate in each year is declined resulting from its new innovations that help increase value added and create sustainable growth.

In the past year, Pigeon has increased the market share +2% from 40% to 42%. The Peristaltic Products was increased from 49% to 52% and the Milk Bottle Products was increased from 37% to 38% which made Pigeon remain as a market leader and have a strong position to drive the market. (AcNielsen, October 2019).

Furthermore, Pigeon product has expanded the distribution channels for baby wipes products in more than 16,000 convenient stores such as 7 Eleven, Family Mart, Mini Big C and etc. which expand the opportunity of the consumers to appreciate and purchase the Pigeon Baby Wipes easier. In 2019, baby wipes market grew 14%, by this result, Pigeon baby wipes grew 69%.

In the first quarter of the year, Pigeon launched a campaign “In The Mood of Mom” by Pigeon, showing that Pigeon is a brand that truly understands mothers: every mother wants to give the best to their children. The campaign tells the story through the advertisement which portrays pure love of mothers: every child's feeling is the mother's life and with the mother's love comes the inspiration of Pigeon, which makes us keep discovering, researching and developing our products, creating from every inch of details deriving from mothers' thoughts, in order to make the most perfect products with our continuous love and understanding based on the concept “Pigeon creates from love for our most beloved - 100% Love Based Innovation”. As for the marketing communication channels, we chose to conduct through Pigeon's online channel, i.e. Facebook Pigeon Little Moments Club, as well as through influencers and all social media. The campaign was so successful that it had reached more than 7 million mothers.





In addition, Pigeon launched outstanding new product and developed growth in the year 2019 such as Gift Set – Sakura Extract skin care: Sakura soap foam serves for moms who worry the first bath for their babies. This product is mild for baby with Sakura extract, nourishing skin which pump bottle designed comfortable for one hand. It helps release worry of new mothers and helps the first bathing of their baby for a happiness time. Apart from Sakura soap foam; there are Sakura Milk Bath extract which mild and absorb to skin easily.



Pigeon's nursing bottles in Kitty added new designs - fruity and lively - available in 4 colors and 4 designs, with Mini Nipples (for standard sized bottles), designed to respond to babies' natural sucking steps which help them to switch with breastfeeding.



Pigeon's PPSU nursing bottles in natural tea color and Pooh designs, with Soft Touch Plus Peristaltic Plus Nipples.



Pigeon's baby gel toothpaste, specifically formulated by experts in coordination with dentists and children specialists from the University of Singapore, Singapore, 1000 PPM Fluorides, using food grade ingredients which are natural ingredients, hence it is safe for babies.



▶ Pigeon's PPSU nursing bottles with handle in natural tea color with child development design.



▶ Pigeon SofTouch peristalticplus Size LL for 9 months babies and above, serving the need and support mother for long mother breastfeeding.

November 22, 2019, Pigeon was awarded "Mommy's Choice" the greatest brand for baby and mom in the area of nipples and nursing bottles for mom's heart from Amarin Printing and Publishing Public Company Limited at "Amarin Baby & Kids Awards 2019". Emphasizing the success of the first brand of new generation mother's mind above 10,000 mothers nationwide and voting via website of AmarinBabyAndKids.com at BITEC Bangna.



## ■ Distribution and Distribution Channels

The distribution of the Pigeon products is covered in various channels such as, Modern Trade, Traditional Trade, exhibition booth, the export to Laos, and the new significant channel that is E-Commerce via which created by the Company to facilitate the consumers to purchase the products of the Company easily.



## ■ Marketing Activities and CRM

Other than the marketing communication and the activities provided to the consumer, Customer Relationship Management activity is another strategy focused by the Company. The Company has organized the activities under the named “Pigeon Little Moments Club”, bonding from the true love and loyalty, in order to create the bonding and relations from the member as well as the loyalty to the products under Pigeon brand. The amount of the member of the club is consistently increased. The Brand organized the Workshop providing the knowledge to the member along the year in the hospital as well as the activities educating the member regarding the pregnant mothers, the breastfeeding including the various developments of the baby in each age. These activities are interested in more than 2,000 family members. Moreover, the membership of Pigeon Little Moments Club will have the special privileges to have a consult of baby and themselves caring from the specialist doctors and to join other activities created by brand for the relationship bonding between brand and its customers. Pigeon Little “Moments Club” also creates the warm social community to easily have an access to the lifestyles of new generation parents by communicating through online channels i.e. Facebook Fan page, Instagram, Line@, Website and YouTube, and provide many activities to the member as well as the useful articles to its members along the year.



With the awareness of the importance of breastfeeding, Pigeon also carries out the activities to support the breastfeeding in Thailand and is considered as the first private sector which campaign and support the breastfeeding earnestly via various marketing activities inspiring and encouraging the mother to have breastfeeding on their own. Moong Pattana International Public Company Limited has organized the project, Thailand Breastfeeding Day by Pigeon empowering mothers to achieve a new record in breastfeeding in Thailand Records. This activity is held for the 5<sup>th</sup> consecutive years.

In 2019, there were 1,234 mothers and kids from all over the countries that participated in this activity. This year we also held a talk on the topic of “Breast milk amid social media: breastfeeding your children happily and safely” by pediatricians and families of the invited guests who came to share their experiences “Before the success in breastfeeding”, together with other creative activities to enhance child development in the same event.



In addition to the fact that it has promoted Thai society to be aware of the importance, it has inspired modern mothers to pay more attention to breastfeeding, including everyone in the family, as they are all important. This is not only because breast milk is the best nutrition for babies to which every mother would like to pass on this value for as long as possible, but also it is a connection of love that a mother conveys her warmth and attachment to her child, which lays a foundation for raising a child to grow healthy, with good development and be happy. This campaign is another campaign of ours that emphasizes our expertise and leadership in promoting and supporting breastfeeding in Thailand. The atmosphere of the event was filled with knowledge from the expert team, as well as love, warmth and the impression brought in by each family who joined and shared their happiness together. The event has continuously caught interest from the fathers and mothers in Bangkok Metropolis and provincial areas for 5 consecutive years.



## Risk Factors



Adhering to enterprise risk management philosophy, the Company has determined practical scope of risk management which includes acceptable risk-encountered strategies and plans for all parties in short, medium, and long terms, leading to concrete risk controls, monitoring and quarterly reporting, at the minimum to the executives and board of directors in order to ensure that the Company is able to prevent and reduce risk including the uncertainties that might possibly impact the Company's goal and business strategies as well as restore the operation to the normal condition under a short period of time.

In 2019, the Company continued to place emphasis on the development of information system to provide responsive and convenient services; lower selling and general administrative expenses; and enter the digital age to support foreseen business growth. As the result, the Company has developed risk management plan as follows:

### 1. Strategic Risks

#### 1.1 Risks from Reduced Birthrate

Thailand has been experiencing an average of 3.8% annual decline in birthrate since 2013, from the population of 782,129 in 2013 to only 666,109 in 2018 (Birthrate statistic, the Bureau of Registration Administration, Department of Provincial Administration), and the downward trend is expected to continue, directly contributing to the decreased demand for mother and baby care products. Nonetheless, the need for higher-quality, innovative and safe products for both baby and new generation mothers has risen, resulting into the Company consistently sourcing for the new products to propel products variety to meet the needs of modernized mothers who pay attention to quality, safety, and the babies' health as it can be seen from the increase of income from the mother and baby products for years and no impact from the reduced.

#### 1.2 Risks from Business Competitions

The Company operates the distribution of Ownbrand product and is a distributor of consumer products which is acknowledged for good and effective management. The products are consumer products, food and beverage products which are very competitive products in the industry and tend to continually grow every year resulting in intense competition in distribution services or of being a distributor. The Company foresees the need to constantly enhance its competitiveness by expanding the distribution channels in order to respond to the expanding market of target groups to drive revenues and concentrate on small and mid-size businesses which are expanding into other regions domestically and internationally, specifically the CLMV.

The Company, therefore, has been focus on developing and sourcing the new products under its own brand and subsidiary brand, raising the variety of distribution channels to support new products from the manufacturer or product owner, keeping bonding with and building loyal customer base, creating effective sales and operations plan and ensuring execution as arranged, developing survey on satisfaction toward the Company used for operations improvement to proficiently meet the expectation of the product owners, building the CRM network to raise awareness of the Company and promoting the Company's image as a reputable and reliable agent in the market, optimizing information system to be more efficient and better fit to the business of the Company, and setting the inventory system to be suitable to the business of distributing agent in both cost and performance.

#### 1.3 Risks from Dependency upon Pigeon Corp, the Manufacturer and Brand Owner of Pigeon

In addition to operating business as the sole distributor in Thailand of mother and baby care products, branded "Pigeon", since 1988, the Company also co-establish Thai Pigeon Company Limited and Pigeon Industries (Thailand) Limited to manufacture "Pigeon" products for the Company to distribute it domestically. In 2019, revenues from "Pigeon" product

were accounted for 75% of total revenue, a reduction from 80% in the past, the Company still depended upon the “Pigeon” brand. On the other hand, has been retaining strong relationship for a long time, and with “Pigeon” products constantly increasing in sales, the Company was trusted by Pigeon Corp and appointed to be an exclusive distributor of “Pigeon” products in Lao People’s Democratic Republic in 2016. This represents the good relationship between the Company and Pigeon Corp. However, dependency upon Pigeon Corp can possibly impact business growth in the future. The Company, therefore, develop new products under the Company’s brands. As it can be seen that the proportion of the distribution of the products under the Company’s brands is increased. In addition, the Company has also been operating in distribution the consumer products under other brands besides “Pigeon”.

#### **1.4 Risks from being distributor of consumer products**

The Company operates the business of distribution and is the distributor of consumer products by purchasing from the product owner and selling to the retailers through many channels; such as the super store, the department stores, the convenience stores, or standalone retailer in Bangkok and other provinces. The products distributed by the Company are the products which the Company cooperates with the brand owner to create the marketing plans and promotions as well as driving the products to the store. The Company, therefore, pay attention to the cooperation with the brand owner closely, the creation of the conditions of product distribution including explicitly setting the role and responsibility of each party in order to make the distribution reach the target and create a win-win situation.

## **2. Operational Risks**

#### **2.1 Risks from Delay in Recruiting Qualified Man powers to Join the Company**

Thailand’s economy has experienced a long drought of government and private investment, leading to the production of human resources which is not matched to the needs in the labor market. As a result, skillful, experienced and qualified manpower has been highly in demand. The recruitment of such to fill in the organization structure has become challenging and have taken certain time, resulting in the possibility to sway the business growth off schedule and plan. To mitigate the risk, the Company strategized for recruitment in advance, inquiring for potential hires in vast channels, keeping the database of applicants to accelerate the selection process in both replacements of existing positions and new recruits for department expansion. Meanwhile, personal development has been in place for existing workforce to enable enhanced skills to the point of being capable of assignment coverage or sudden support during the lack of manpower, which includes in-house training to raise acknowledge, comprehension and expertise in the Company’s products and services, constant evaluation process, search of business partners in training, developing of interns with the attempts of turning them into full-time.

#### **2.2 Risks from Using Single Provider of Warehouse and Logistics Services.**

The Company uses the single provider of warehouse and logistics service, resulting in cost controls in storing and managing inventories and potential risk of ineffective warehouse management performance by the provider negatively impacting product lead time and managing warehouse becoming overkill in expenses.

The Company, therefore, has been closely evaluating the performance of the warehouse provider, putting in place data monitoring system against losses of products and establishing and evaluating operational KPIs of the provider to be as agreed. Furthermore, the Company has concurrently been comparing the in-contract warehouse provider with others in the market in terms of cost and operational effectiveness and quality in order to prevent the potential risk of the present provider not performing on par as specified in the contract. Additionally, clear policy and strategy in regard to warehouse management in both short and long terms have been developed in order for the warehouse provider to plan their operational management to be aligned with the Company’s policy and operating guidelines.

### 3. Financial Risks

#### 3.1 Risks from Exchange Rate Fluctuation

The rise in Thai Currency value in 2019 positively impact the cost of importing products from overseas for domestic distribution of the Company, however, the negative impact from shared cost generated from joint-ventures investment and dividends gained from investing in other companies as all these companies manufactured and distributed products domestically and internationally. As a result, the Company has closely been monitoring relevant exchange rates along with establishing a policy preventive against exchange-rate fluctuation, engaging in forward exchanges –rates agreement of purchase and selling upon the signal of Thai Baht being depreciated, and consistently communicating with joint-ventures and other companies to ensure that they were putting preventive plans in place and being proactive in mitigating the potential risk from the exchange rate fluctuation.

#### 3.2 Risk from the Loan Interest Rate Fluctuation

The short-term loans from many financial institutions attained by the Company to be used as cost in the business operations result in the rise in the loan interest rates directly impacts the business cost in the business operations. However, the Company managed incoming finances in accordance with spending goals by having various financial tools as options for choosing appropriate investment sources as well as cooperate with the financial institutes for the effectiveness of the products or services which reduce the operational cost and financial cost of the Company including facilitate the process of work to be more convenience and faster.

In 2019, the Company has been well and effectively managed in the cash flow for the operation and the fixed assets by selling the unused fix assets resulting in the liquidity of the Company. This helped the Company reduce loans from financial institutions and was another way to lower risk from interest loan rate fluctuations.

### 4. Compliance Risks

#### 4.1 Risk from the complication of the laws, legislations, regulations, and orders

As the Company operates the business of distribution and is the distributor of consumer products, the Company, therefore, has the import-export intensive and involves in applying the licenses for selling foods and medicine and applying for the Thai Industrials Standards which the Company attaches the great importance to the compliance of the laws, legislation, regulations and orders of the relevant government authorities and private agencies. However, in order to approve the license, the different discretions and interpretations of the supporting documents from the government officers resulting in the delay of distribution, the increase of cost and challenges in determining specific operational timeframes.

As a result, the Company defined to follow the code of conduct policies and code of conduct for suppliers to strictly comply with relevant laws, legislation, regulations and order in conducting its business. If the Company encounters expenses, fees or permit procurement that may lead to violation, the Company will consult with various experts such as IRS Officials, tariff experts, experts on food and drug standards, internal auditors, auditor, and etc., in order to be assured that the Company follows the procedures and pays taxes correctly, transparently, and able to be audited. The Company also strictly control the management and employees of the company to not engage in any fraudulent actions with the relevant government agencies and private sectors.

The Company had many transactions and activities relating to the giveaway products promotion which may risk of not being able to submit VAT accurately and completely, therefore, the Company has arranged the policy to prevent such risk by providing public relations and training including the procedures to various relevant agencies regularly. Furthermore, the Company has an internal audit in order to ensure that the Company has submitted the accurate and completed VAT.

# General Information

Company Name	: Moong Pattana International Public Company Limited (MOONG)
Board of Directors	: <ol style="list-style-type: none"><li>1. Mr. Sumeth Lersumitkul</li><li>2. Mrs. La-aid Vongvongepop</li><li>3. Mr. Manit Jeeradit</li><li>4. Mr. Thaevan Uthaivat <sup>(1)</sup></li><li>5. Mr. Songtham Phianpattanawit<sup>(2)</sup></li><li>6. Mrs. Sureeporn Anuvatudom</li><li>7. Ms. Suwanna Chokdee-anand</li><li>8. Mr. Methin Lersumitkul</li></ol> <p>Remark : <sup>(1)</sup> Resigned with effect from June 1, 2019 <sup>(2)</sup> be appointed with effect from June 1, 2019</p>
Company Secretary	: Ms. Kingkarn Tiyaprasertkul
Type of Business	: Distribute of Ownbrand product and the distributor of consumer goods
Head Office	: 18-19 Fl. Bangna Complex Office Tower 2/97 – 104 Soi Bangna-Trad 25, Bangna-Trad Road, Bangna-Nuea, Bangna, Bangkok 10260
Warehouse Location	: 444/11 Moo 7 Bangpla, Bangplee, Samutprkarn 10540
Company Registration No.	: 0107551000274
Home Page	: <a href="http://www.moongpattana.com">www.moongpattana.com</a> <a href="http://www.pigeonlittlemomentsclub.com">www.pigeonlittlemomentsclub.com</a> <a href="http://www.moong-shop.com">www.moong-shop.com</a>
Telephone	: +66 2 020 8999
Facsimile	: +66 2 020 8990
Subsidiary Factory	: Thai Pigeon Company Limited 944 Moo 15 Theparak Industrial Estate, Bangsaotong, Samutprakarn 10540
Telephone	: +66 2 313 1625-7
Facsimile	: +66 2 313 1361



Registrar	: Thailand Securities Depository Company Limited (TSD) 93 the Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	: +662 009 9000
Facsimile	: +662 009 9991
Auditor	: EY Office Limited 1. Mrs. Chonlaros Suntiasvaraporn C.P.A. 4523 2. Ms. Siraporn Ouuanunkun C.P.A. 3844 3. Mr. Chatchai Kasemsrithanawat C.P.A. 5815 193/136-137, Lake Ratchada, 33Fl. Ratchadaphisek Road, Klongtoey, Bangkok 10110
Telephone	: +662 264 9090
Facsimile	: +662 264 0789-90
<b>Company's Shareholding Position in Other Companies</b>	
Company	: Thai Pigeon Company Limited 944 Moo 15 Theparak Industrial Estate, Bangsaotong, Samutprakarn 10540
Shares information	: 47% of registered capital or 573,400 shares of 1,220,000 shares at THB 100 per share
Company	: Pigeon Industries (Thailand) Company Limited 700/103 Moo 1 Amata City Industrial Estate, Bangkok, Panthong, Chonburi 20160
Shares information	: 2.5% of registered capital or 360,000 shares of 14,400,000 shares at THB 10 per share
Company	: Yoshino Moong Pattana (Thailand) Company Limited 103/1 Moo 5 Wellgrow Industrial Estate, Bangna-Trad KM 36, Bangsamak Bangpakong, Chachoengsao 24180
Shares information	: 6% of registered capital or 180,000 shares of 3,000,000 shares at THB 100 per share.

## Key Partners

### Pigeon Corporation (Pigeon Corp)

Pigeon Corp is the manufacture, sales, import and export of baby and child care products, maternity items, women's care products, home healthcare products, nursing care products, including operation of child-minding centers.

At the Pigeon Group, our mission is to bring joy, happiness, and inspiration to babies and families around the world by providing them with products and services that embody our Corporate Philosophy of "Love." For more than 50 years since our foundation in 1957, we have evolved in tandem with the babies we serve. Now, we are deepening our research related to suckling and other elements of a baby's growth, as well as into the ageing mechanisms of the elderly. In the fields of pregnancy, Infant, Child rearing, and elderly care, we deliver products and services that resolve customers' anxieties and enrich their lives. In these ways, our oriented business is to raise corporate value in order to become the "Global Number One" manufacturer of baby and child care products.

### Thai Pigeon Company Limited (TP)

With the official authorization from Pigeon Corp, as the manufacturer of baby bottles, nipples, and plastic products, TP operates in manufacturing of "PIGEON" silicone nipples, baby bottles, baby plastic products with the first being manufactured and distributed in various sizes and models as required by Pigeon Corp; such as, Classic Silicone Nipples, Breastfeeding Nipples, and Mini Breastfeeding Nipples.

PP (Polypropylene) and PPSU (Polyphenylsulfone) are plastic baby bottle capable of being manufactured in all sizes with required Food-Grade determined materials being non-toxic to babies directly imported overseas, technology-advanced machines from abroad, sanitized and hygienic production, staff full with expertise in each of the dust-prevented production steps, quality outputs being validated and selected without defects, and the sizes, volumes, and durability being controlled by Pigeon Quality Standard (PQS) in detail throughout the process.

Pigeon nipples are certified by Thai Industrial Standards Institute (TISI) and Japanese Industrial Standard (JIS), the primary standard in Japan on baby bottles, nipples, and many other products.

The JIS, presently, is jointly determined by the Japanese government and Pigeon Corporation, who is also regarded as the pioneer of the product group in Japan. Through standardized operations and productions, TP has been certified as follows:

- ISO 14001: Certification of Environmental Management by MASCI in 2008; being re-certified in 2015
- ISO 9001: Certification of Quality Management by MASCI in 2008; being re-certified in 2015
- GMP (Good Manufacturing Practices) by MASCI since 2010 and currently on-going
- TIS 18001/BS OHSAS Occupational Health and Safety Assessment Series since 2011 and currently on-going
- TLS 8001 - 2010 Thai Labor Standard from Department of Labor Protection and Welfare in 2013 and currently on-going
- Authorized Export Operator (AEO) by Thai Customs since 2013 and currently on-going
- ISO 50001 Energy Management System by MASCI since 2015 and currently on-going
- HALAL Requirement by the Islamic Committee of Samutprakarn since 2015 and currently on-going
- TP was awarded a Certificate of Board of Investment of Thailand on December 14<sup>th</sup>, 1999, and July 22<sup>nd</sup>, 2011, and granted ownership of the lands and exemption of import duties for raw materials.

In addition, TP also received the following prizes:

- CSR-DIW continuous and Green Industry Level 4 by Department of Industrial Work

- Thailand Quality Prize: Junior by Technology Promotion Association (Thailand-Japan, TPA)
- Zero Accident Campaign: Silver Level and National Outstanding Workplace in Safety by Department of Labor Protection and Welfare

### **Pigeon Industries (Thailand) Company Limited (PIT)**

PIT is a joint venture between Pigeon Corp and Moong Pattana International Public Company Limited with the primary products being produced by PIT and classified in five categories:

1. Baby Wipes: alcohol- and perfume-free cloths for cleaning facial skin, arms, and other body parts of babies and adults with the fabric being thick and extremely soft capable of being applied as frequently as needed and available in mosquito-preventing version and in conveniently compact packages.
2. Disposable Breast Pads: made of materials which had been researched and tested by Pigeon Corp, the pads absorb excessive milk, are secured in every movement, and prevent side-leaking with two adhesive tapes for slip-prevention when in use.
3. Bottles and Nipples Cleaning Solution: 99.99% bacteria-deterred formula mild to babies invented by Pigeon experts effectively accessible into all area unlike water or any other utensil cleaning solution incapable of completely ridding milk stain or protein off baby bottles.
4. Oral Care: toothpaste for kids, teeth and oral cavity cleaning wipe for baby. Pigeon is only a brand provides 100% food grade product. Pigeon provides several product lines serve child development since newborn to 1 year old.
5. Baby skincare with Sakura extract: Sakura extract baby soap and shampoo, Sakura extract milk lotion, as Japan baby skin enrichment science, especially research for newborn and baby.

PIT is the production base for the baby wipes and disposable breast pads and has officially been certified by Pigeon Corp. Exclusively, the Company is the sole distributor of PIT products in Thailand.

In addition, PIT has been awarded National Outstanding Workplace by Department of Labor Protection and Welfare for 16 consecutive years and Authorized Export Operator (AEO) Certification by Thai Customs as the exporter credibly in security protection all the way to destinations.

### **Yoshino Moong Pattana (Thailand) Company Limited (YMP)**

Yoshino Moong Pattana (Thailand) Co., Ltd. (YMP) is the joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company operating in manufacturing, locally and internationally, of plastic packages, parts, and plastic parts such as sprayers, pump valves, and shampoo bottles, etc.

To meet customer satisfaction and worldwide requirements, YMP leverages manufacturing machines and equipment with advanced technology and is comprised of departments in productions, assembly, quality controls, logistics, and customer service at professional level. In response to the growing demand from customers, YMP expanded its manufacturing plant in 2014 and invested in additional machines imported from Japan worth 144 million Yen in 2015 along with another 52 million Baht for installing machines and improving the plant area. Exclusively, the Company is the sole distributor of YMP products in Thailand.

# Shareholder Structure



## 1. Share Capital of the Company

As at December 31, 2019, the Company had a total registered share capital of THB 222,650,523.00 with the total paid-up capital of THB 168,639,633.00, comprising of ordinary shares at par value of THB 1 each.

## 2. Shareholders

2.1. The Company's top 20 major shareholders as of December 31, 2019

No.	Name - Surname	Amount of shares	%
1	Mr. Sumeth Lersumitkul	89,376,744	53.00
2	Mr. Suthee Lersumitkul	7,699,338	4.57
3	Mr. Soraphan Lersumitkul	7,465,938	4.43
4	Mr. Methin Lersumitkul	7,381,262	4.38
5	Ms. Chantawan Jaroontham	2,850,000	1.69
6	Mrs. Sureeporn Anuvatudom	2,301,939	1.37
7	Ms. Hathairat Sae-Jong	2,109,500	1.25
8	Mr. Viboon Sirikitpanichkul	2,100,000	1.25
9	Mr. Somkiat Mitsantisuk	1,780,000	1.06
10	Mr. Paisit Tangwiwatwong	1,552,726	0.92
11	Mrs. Tassanee Jeaunrongrit	1,536,000	0.91
12	Mr. Chalermchai Eiamsherangkul	1,234,405	0.73
13	Mr. Pornchai Ngammaneeewat	1,109,400	0.66
14	Mrs. Somluck Jindapan	1,055,000	0.63
15	Mrs. Siriporn Sae-Heng	1,000,000	0.59
16	Mr. Pornchai Tanupattarachai	929,136	0.55
17	Ms. Suwanna Chokedee-anand	860,000	0.51
18	Mr. Somchai Padpai	729,200	0.43
19	Mr. Somsak Puttiteerachote	630,000	0.37
20	Ms. Maliwan Noppadonsathan	617,826	0.37
	<b>Total</b>	<b>134,318,414</b>	<b>79.65</b>
21	Others	34,321,219	20.35
	<b>Total</b>	<b>168,639,633</b>	<b>100.00</b>



## 2.2. Shareholders who are the Company's Directors and Management

Name - Surname	2019		2018		Movement between 2018-2019
	Amount of shares	%	Amount of shares	%	
Mr. Sumeth Lersumitkul	89,376,744	53.00	90,176,744	53.54	(800,000)
Mrs. La-aid Vongvongpop	12,000	0.01	12,000	0.01	-
Mr. Manit Jeeradit	-	-	-	-	-
Mr. Thewan Uthaivat <sup>(1)</sup>	-	-	-	-	-
Mr. Songtham Phianpattanawit <sup>(2)</sup>	-	-	-	-	-
Mrs. Sureeporn Anuvatudom	2,301,939	1.37	2,281,939	1.35	20,000
Ms. Suwanna Chokedee-anand	860,000	0.51	640,000	0.38	220,000
Mr. Methin Lersumitkul	7,381,262	4.38	7,181,262	4.26	200,000
Ms. Kingkarn Tiayprasertkul	-	-	-	-	-
Mr. Anusart Sathongwian <sup>(3)</sup>	125,000	0.07	50,000	0.03	75,000
Mrs. Pornpimon Suwankajit	53,000	0.03	29,000	0.02	24,000
Mrs. Saovakhon Somabot	-	-	-	-	-
<b>Shares of directors and Management</b>	<b>100,109,945</b>	<b>59.37</b>	<b>100,370,945</b>	<b>59.59</b>	<b>(261,000)</b>

Remark: <sup>(1)</sup> resigned with effect on June 1, 2019  
<sup>(2)</sup> be appointed with effect on June 1, 2019  
<sup>(3)</sup> resigned with effect on December 11, 2019

## 2.3. Proportion and distribution of share report as of December 31, 2019

- Shareholders who have holding of 0.5% is 17 shareholders, the total shares is 32,341,388 shares or 78.48%

Juristic person			Individual		
No.	No of shares	%	No	No of shares	%
0	0	0	17	132,341,388	78.48

■ Shareholders who have holding of not less than 0.5% but not less than 1 selling unit is 1,681 shareholders, the total share of 36,296,111, or 21.52%

Juristic person			Individual		
No.	No of shares	%	No	No of shares	%
6	543,000	0.32	1,675	35,752,611	21.20

■ Shareholders who have holding of less than 1 selling unit is 139 shareholders, the total share of 2,134, or 0.0%

Juristic person			Individual		
No.	No of shares	No.	No of shares	No.	No of shares
1	2	No.	138	2,132	0.00

Source: The distribution shareholders report from TSD as of December 30, 2019

## Dividend Payment Policy



The Company has policy of dividend payment at the rate not less than 50% of its net profit (Separate Financial Statement) after deduction of all reserves as specified by the Company. Dividend Payment made each year depends on the Company's investment plan, necessity and situation in the future. The Board of Directors may propose the final dividend payment during its board meeting and present to shareholders during a shareholders' meeting for approval. The Board of Directors is authorized to approve the interim dividend payment, but need to inform the shareholders at the next shareholders' meeting.

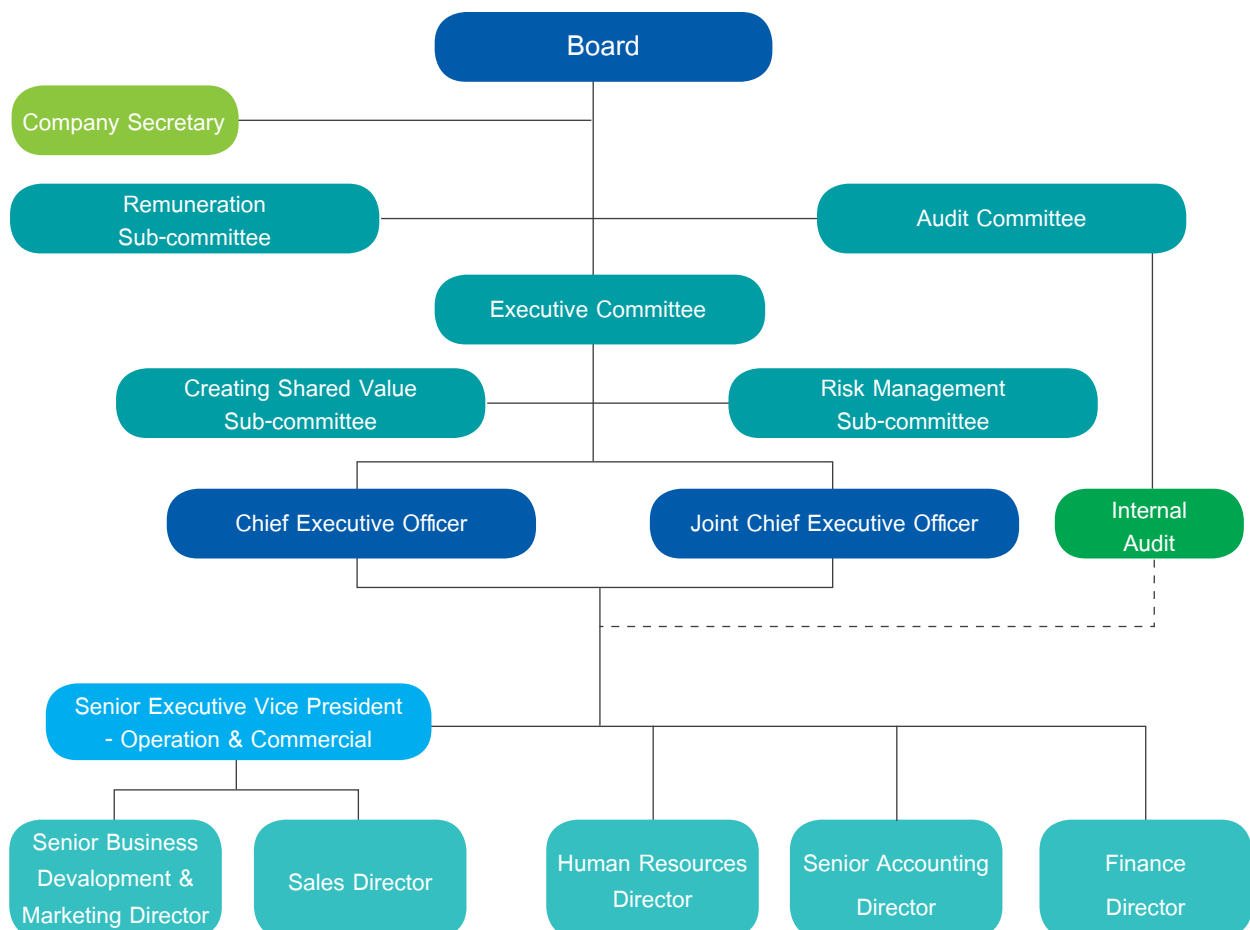
# Committees and Management Structure

The Company's Board structure is comprised of Sub-Board Committee and Management. All of the Company's directors and management are qualified in accordance with Section 68 of the Public limited Company Act B.E. 2535 and relevant of SEC's notification. As of December 31, 2019, the Company's management structure consist of the following Committee:

- Board of Director
- 5 Sub Committees:
  - Audit Committee
  - Remuneration Committee
  - Executive Committee
  - Risk Management Committee
  - Creating Shared Value Committee

## 1. Organization Structure

The Board of Directors consider to structure the Company organization and management system under the Good Corporate Governance. Shareholders appoint the appropriate persons as Company's directors to take role and responsibility of the Management for the utmost benefit of the company, shareholders and other stakeholders





## 2. The Board of Directors

The Board of Directors must be qualified in accordance with the Public Company Limited Company Act and relevant of SEC's notification. The number of the Board of Directors of the Company is not less than 5 and not over 12 appointed by shareholders' meeting and the half of Board of Directors need to residing in Thailand.

As of December 31, 2019, the Board of directors consists of 7 directors including 3 independent directors, 1 non-executive director and 3 executive directors.

Name-Surname	Position	Type
1. Mr. Sumeth Lersumitkul	Chairman of the Board	Non-executive Director
2. Mrs. La-aid Vongvongepop	Chairman of Audit Committee / Remuneration Director	Independent Director
3. Mr. Mani Jeeradit	Chairman of Remuneration Committee / Audit Committee's member	Independent Director
4. Mr. Thaevan Uthaivat <sup>(1)</sup>	Chairman of Remuneration Committee / Audit Committee's member	Independent Director
5. Mr. Songtham Phianpattanawit <sup>(2)</sup>	Audit Committee's member/ Remuneration Committee's member	Independent Director
6. Mrs. Sureeporn Anuvatudom	Director	Executive Director
7. Ms. Suwanna Chokdee-anand	Director	Executive Director
8. Mr. Methin Lersumitkul	Director	Executive Director

Remark: <sup>(1)</sup> resigned with effect from June 1, 2019

<sup>(2)</sup> be appointed with effect from June 1, 2019

## 3. Company Secretary

The Board of Directors has appointed Company Secretary whose duties and responsibilities are as stipulated in the Securities and Exchange Act (as amended) for providing consultation in accordance with rules and regulation of SEC and SET. Ms. Kingkarn Tiyaprasertkul has been appointed as Company Secretary as per the Board of Directors' resolution on May 9, 2018.

## 4. Authorised Directors who can sign on behalf of the Company

The authorized directors who can sign on behalf of the Company are Mr. Sumeth Lersumitkul or Mrs. Sureeporn Anuvatudom or Mr. Methin Lersumitkul one of those three jointly sign with Mr. Suwanna Chokdee-anad with the Company's seal affixed.

## 5. Scope of Power and Duties of the Board of Directors

1. Carry out business operation under the Company's article of association, laws, board of directors' and shareholders' resolutions (Duty of Obedience) with responsibilities, prudent and cautiously (Duty of Care), honest, trustworthy (Duty of Loyalty) and oversee the disclosure of financial and non-financial precisely in time (Duty of Disclosure).
2. Monitor and follow-up that management has operated to the best interest and fairly of majority and minority shareholders including other stakeholders such as customers, partners, creditors, competitors, employees, community, social and environment to protect their legal rights.
3. Define the Company's vision, mission, objectives and goals in steering business operations according to building sustainable value and review it's regularly, at least annually.
4. Consider and approve operation policies, allocation of resources and budget as provide by the Company's management. In addition, monitor and ensure policies and plans implementation efficiency and effectiveness as goal setting. The outcomes shall report to the Board of Directors and Executive Committee quarterly as well as problems and impediments that occur and adaptation plans.
5. Supporting, promoting and instill values, moral and ethics in all level of the Company under the Good Corporate Governance Policy, Code of Conducts and Anti-corruptions Practices.
6. Foster and support to create value-added to the Company with innovation and technology as well as using information technology to develop and improve the Company's business operations.
7. Appointing and defined role, duties and responsibilities of the Committees
8. Appointing directors or executives to be directors in the associate, subsidiary or affiliate of its company.
9. Set a written corporate governance policy and review it's regularly, at least annually.
10. Set a written Code of Conduct for directors, executives and employees to understand the business ethical standards of the Company's business besides employee's regulations that along with labor law. Monitor compliance to the Code of Conduct strictly.
11. Consider any conflict of interest thoroughly under clear guidelines for the best interest of the Company and all shareholders. Excluding any conflicted persons to participate in decision making. Monitor compliance with regulations relating to procedures transactions with conflict of interests.
12. Disclose a report on securities holding by each of them and related persons under the Securities and Exchange Act B.E. 2535 Section 59, and shall submit the report to company secretary for gathering and propose the report to the Board of Directors including disclose to the shareholders in annual report.
13. Ensure that an internal control system is in place. Assign internal control department, an independently unit to perform an internal control duties as above.
14. Establish a risk management policy to cover all activities of the Company. Assign management to implement the policy and report to the Board of Directors regularly, at least quarterly.

## 6. Authorization of the Board of Directors

1. Consider and approve the annual and revised budget.
2. Consider and approve the purchase of fixed assets worth more than 80,000,000 Baht in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning the acquisition or disposal of assets.

3. Consider and approve investments in securities, bonds, equity instruments, and unit trusts. This includes acquisitions, joint ventures in projects/other activities in which the project/activity value is more than 80,000,000 Baht per transaction or the project/activity is in accordance with the rules and regulations stipulated by the Stock Exchange of Thailand and the Securities Exchange Commission concerning acquisition or disposal of assets.
4. Consider and approve the borrowing or issuance of debentures. This includes providing a guarantee, loan guarantee, pawns, and mortgages for any of the Company's loan requests worth more than 80,000,000 Baht per request.
5. Consider and approve the writing-off of bad debt in accordance with the principles, procedures, and conditions declared and determined by law worth more than 5,000,000 Baht.
6. Consider and approve transactions that connect the Company, subsidiaries, and associated companies with related associates on matters that do not require resolution from the shareholders' meeting.
7. Consider and approve the leasing of the Company's assets with a contract period of more than 3 three years.
8. Consider and approve other matters beyond the scope, authorization, and duties of the Executive Committee.

## 7. Board and Sub-Board Meeting Schedule for year 2019

The board members were notified of 2019 Board Calendar in the Board Meeting No. 4/2018 by the Company Secretary in order to the directors could allocate time to attend the meetings. In 2019, non-executive directors held 1 meeting without executives present as details follows:

Meeting	No. 1/2019	No. 2/2019	No. 3/2019	No. 4/2019	No. 5/2019	No. 6/2019
Board of Director	27 Feb 2019	8 May 2019	7 Aug 2019	13 Nov 2019		
Audit Committee	23 Jan 2019	20 Feb 2019	2 May 2019	31 Jul 2019	6 Nov 2019	13 Dec 2019*
Remuneration Committee	27 Feb 2019					

\*Meeting without Management

In the year 2019, The Board of Directors held 4 meetings. In each Board of Director meeting, there were two-third of the Board of Directors' members attending each session to form quorum.

The Company has adopted a policy regarding the minimum quorum at the time the Board of Directors cast their votes. That is to say, there shall be not less than two-third of the total members of the Board of Directors.

#### Details of the Board of Director and Sub-Board Committee Meetings

Directors / Meeting	Board of Directors	Audit Committee	Executive Committee	Remuneration Committee	Risk Management Committee	Creating Shared Value Committees
1. Mr. Sumeth Lersumitkul	4/4					
2. Mrs. La-aid Vongvongepop	4/4	6/6		1/1		
3. Mr. Manit Jeeradit	4/4	6/6		1/1		
4. Mr. Thewan Uthaiwat <sup>(1)</sup>	2/2	3/3		1/1		
5. Mr. Songtham Phianpattanawit <sup>(2)</sup>	2/2	3/3				
6. Mrs. Sureeporn Anuvatudom	4/4		5/6		4/4	
7. Ms. Suwanna Chokdee-anand	4/4		6/6		4/4	6/6
8. Mr. Methin Lersumitkul	4/4		6/6		4/4	6/6

Remark: <sup>(1)</sup> resigned with effect from June 1, 2019

<sup>(2)</sup> be appointed with effect from June 1, 2019

### 8. Duties and Responsibilities of the Chairman

To ensure the clear division of duties of the Company's policy formulation and operation, and the role of the Board to lead and monitor the management's performance, the Company stipulates that the Chairman and the Chief Executive Officer must not be the same persons. The Chairman's duties and responsibilities including the following:

1. Call Board meeting, chair Board meeting and shareholders' meeting as well as meeting agenda in collaboration with the Chief Executive Officer. In concert with the Chief Executive Officer, to develop and set the agendas for meetings of the Board and oversee the process of sending out a notice and supporting documents accurately and completely in time.
2. Conducting meeting in accordance with the following agenda and comply with the Company's Article of Association and related laws.
3. Manage the time and maintain the scheduled meeting timings including encourage all directors to express their opinions freely.

### 9. Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer has authority and responsibilities regarding the Company as assigned by the resolutions of the Board of Directors, the Executive Committee and the shareholders' meeting. In addition, the Chief Executive Officer is responsible for developing and implementing the Vision, the Mission and the expected values of the Company.

1. Operate and/or manage the Company's daily tasks so that they are in accordance with the Company's vision, mission, expected value, goals and policies approved by the board of directors.
2. Follow-up operational results and advancement. This includes reporting the operational results, problems or obstacles that arise, and guidelines for improvement for the board of directors to acknowledge.
3. Consider the stipulations for anti-corruption policies and guidelines. This includes the promotion and support of the policies and guidelines and the regular review of the appropriateness of the systems and measures in order to align them with changes in business, acts and regulations of the law.



4. Consider setting up communication between Company personnel and relevant persons in order to acknowledge fraud and anti-corruption policies and guidelines.
5. Consider defining corporate structure and annual manpower ratios for the consideration of the executive committee.
6. Consider the approval of procurement, appointment, transfer, removals, and layoffs. Define wages, remuneration, bonuses and other benefits for the Company's executives and employees except for the position of Chief Executive Officer which will be considered and approved by the board of directors.
7. Consider the approval of budgets for production projects and/or new dealers and new distributors.
8. Consider the approval of permanent assets purchases within a budget that does not exceed 20,000,000 Baht and does not exceed 5,000,000 Baht for non-budgeted items.
9. Consider the approval of distribution, demolition and contribution of permanent assets and other assets that do not exceed 3,000,000 Baht.
10. Consider the approval of all administrative expenses that do not exceed 5,000,000 Baht or does not exceed 100,000 Baht for non-budgeted items.
11. Consider the approval of advertising and sales promotion expenses that have a value over 8,000,000 Baht.
12. Consider the approval of employee loans that have a value over 200,000 Baht.
13. Consider the approval of work-related overseas travelling expenses for executives and employees.
14. Consider the approval of regale allowance that have a value over 30,000 Baht per time.
15. Consider the approval of products given as tributes and samples that have a value over 10,000 Baht.
16. Operate in other areas assigned by the board of directors and/or the executive committee and operate according to the laws and regulations of government sectors.

## 10. Being Director of other companies

The Board of directors has defined the Chief Executive Officer to take position of director not over than 3 companies. In the case that the Company is the shareholders, the Chief Executive Officer could be assigned to take a position as a director or considering other qualified executive to take a position as a director instead.

## 11. Scope of Duties and Responsibilities of the Company Secretary

1. Prepare and maintain the following documents:
  - a) Directors' registry;
  - b) Notices for the Board of Director's meetings, minutes of the Board of Directors' meeting and Annual Report of the Board of Directors; and
  - c) Notices for the shareholders' meeting and minutes of the shareholders' meeting.
2. Maintain the report on stake holdings of directors and management.
3. Carry out other tasks as assigned by the Board of Directors.

## 12. Qualification of the Company Secretary

1. Understanding in the Company's business, as well as roles related to the company secretary's duty and knowledge such as directors and the company's roles and responsibilities, understanding the relevant laws and regulations and to regularly learn and track on related information for improvement.
2. Responsible for compliance with the company's laws and regulations. Honestly committed, dedicated to achieving and supporting the company's operations to achieve the objectives under the good corporate governance principles and business ethics of the Company.

3. Adherence to the integrity and ethics of all stakeholders. Do not take any action that will result in a bad reputation or company image.
4. Having no intention to earn personal benefit from the Company's business opportunities, as well as keeping the confidentiality of the Company.
5. Having interpersonal relation, be able to liaise with internal and external parties.

### 13. Audit Committee

The Audit Committee consists of 3 independent directors and two of them have knowledge, understanding or experience in accounting or finance with the qualifications specified by the Securities and Exchange of Thailand Act.

As of December 31, 2019, the Audit Committee consisted of 3 independent directors as the following

Name-Surname	Position	Skill
1. Mrs. La-aid Vongvongpop	Chairman	Accounting and Finance
2. Mr. Mani Jeeradit	Member	Accounting and Finance
3. Mr. Thaevan Uthavut <sup>(1)</sup>	Member	Legal
4. Mr. Songtham Phianpattana <sup>(2)</sup>	Member	Information Technology

Remark: <sup>(1)</sup> resigned with effect from June 1, 2019

<sup>(2)</sup> be appointed with effect from June 1, 2019

#### ■ Roles and Responsibilities of Audit Committee

1. Ensure the Company's financial statements are accurate and sufficient by reviewing its proper and effectiveness of internal control, management control and internal audit
2. Reviewing the Company comply with the laws related securities and exchange as well as the SET regulations and law related to the Company's business
3. Report on internal control system and its sufficient in the annual report
4. Perform any other duties as the assignment of the Board of Directors in the Charter of the Audit Committee that concurred the Audit Committee and under related legislations.

In 2019, Audit Committee Meeting held 6 meetings as follows:

Meeting		Mrs. La-aid Vongvongpop	Mr. Mani Jeeradit	Mr. Thewan Uthavut	Mr. Sontham Phianpattana	External Auditor - EY
No.	Dated					
1/2562	23 Jan 2562	●	●	●		-
2/2562	20 Feb 2562	●	●	●		● (FS 2561)
3/2562	2 May 2562	●	●	●		● (FS Q1/2562)
4/2562	31 Jul 2562	●	●		●	● (FS Q2/2562)

Meeting		Mrs. La-aid Vongvongpop	Mr. Mani Jeeradit	Mr. Thewan Uthaivat	Mr. Sontham Phianpattanawit	External Auditor - EY
No.	Dated					
5/2562	6 Nov 2562	●	●		●	● (FS Q3/2562)
6/2562	13 Dec 2562	●	●		●	● Without management

#### 14. Remuneration Committee

Remuneration Committee consists of 3 independent directors and the Chairman of the Remuneration Committee is independent director.

As of December 31, 2019, the Remuneration Committee consisted of 3 independent directors as the following;

Name-Surname	Position
1. Mr. Mani Jeeradit	Chairman
2. Mrs. La-aid Vongvongpop	Member
3. Mr. Thaevan Uthaivat <sup>(1)</sup>	Member
4. Mr. Songtham Phianpattanawit <sup>(2)</sup>	Member

Remark: <sup>(1)</sup> resigned with effect from June 1, 2019

<sup>(2)</sup> be appointed with effect from June 1, 2019

The Remuneration Committee shall consider the guidelines for determining the remuneration of directors at a fair and appropriate level in relation to the duties and responsibilities of the committee. The remuneration should be enough to motivate and retain a quality committee. The committee proposes remuneration for the approval of the board of directors and the shareholders' meeting and perform other Board-assigned tasks.

In 2019, the Remuneration Committee held 1 meeting as follows:

Name	No. 1/2019 (27 Feb 2019)
Mr. Mani Jeeradit	●
Mrs. La-aid Vongvongpope	●
Mr. Thewan Uthaivat	●
Mr. Songtham Phianpattanawit	

#### 15. Executive Committee

Executive Committee consists of at 6 members. They have roles and responsibilities as management team within the scope that authorized by the board of directors. This includes thoroughly consider matters before tabling to the directors' meeting for approval.

As of December 31, 2019, the Executive Committee comprises of 6 members as follows:

Name – Surname	Position
1. Ms. Suwanna Chokedee-anand	Chairman
2. Mrs. Sureeporn Anuvatudom	Member
3. Mr. Methin Lersumitkul	Member
4. Ms. Kingkarn Tiyaprasertkul	Member
5. Mr. Anusart Sathongvian <sup>(1)</sup>	Member
6. Mrs. Pornpimon Suwankajit	Member

Remark: <sup>(1)</sup> resigned with effect from December 11, 2019

■ **Roles and Responsibilities of the Executive Committee**

1. To consider policies, goals, strategies, business plans and annual budget in order to present to the Board of Directors for its approval and review on a regular basis.
2. To consider to implement, monitor and control the business operation in accordance with the policies, goals, business plans and annual budget.
3. To consider to determine the organization chart and manpower for each financial year, and to determine the salary structure for each level of employees, including employee recruitment, appointment, rotation, promotion, performance assessment, including salary adjustment, employee remuneration and benefits, except for the position of Chief Executive Officer, all of which Chief Executive Officer may be assigned to be the authorized person on behalf of the Company to execute the employee contract for employees at all levels, except for the position of Chief Executive Officer.
4. To consider all investment in securities, bonds, equities, investment units, including any acquisition of or joint venture in projects or other business affairs, subject to the approval limit of not more than THB 80,000,000.
5. To consider to enter into any financial transaction with financial institutions in order to open/close bank deposit account, or apply for any other services of banks, including borrowing, issuing bonds, providing collateral, guarantee of loans, pledge, mortgage, credit loans, on behalf of the Company, subject to the approval limit of not more than THB 80,000,000.
6. To consider purchase of all types of permanent assets which are on budget, subject to the approval limit of not more than THB 80,000,000 and to purchase assets which are off budget, subject to the approval limit of not more than THB 10,000,000.
7. To consider distribution, destruction and donation of permanent assets and other assets, subject to the approval limit of not more than THB 80,000,000; to consider writing off bad debts, subject to the approval limit of not more than THB 5,000,000 and to consider destruction of defective, obsolete and expired product, subject to the approval limit of not more than THB 300,000.

In 2019, the Executive Committee held 4 meetings, and in each meeting, at least two-third of the Executive Committee members attended the meeting.

## 16. Risk Management Committee

The Board of Directors considered to appoint Risk Management Committee by consists of at least 5 members and at least 1 of 5 is Company's directors. As of December 31, 2019, the Risk Management Committee consists of 6 members as the following:

Name-Surname	Position
1. Mrs. Sureeporn Anuvatudom	Chairman
2. Ms. Suwanna Chokdee-anand	Member
3. Mr. Methin Lersumitkul	Member
4. Ms. Kingkarn Tiyaprasertkul	Member
5. Mr. Anusart Sathongvian <sup>(1)</sup>	Member
6. Mrs. Sasithon Lersumitkul	Member

Remark: <sup>(1)</sup> resigned with effect from December 11, 2019

## 17. Creating Shared Value Committee

Creating Shared Value Sub-committee must consist of 5 members and 1 of member must be the Company's directors. As of December 31, 2019, the Creating Shared Value Committee consists of 8 members as the following;

Name-Surname	Position
1. Ms. Suwanna Chokdee-anand	Chairman
2. Mr. Methin Lersumitkul	Member
3. Ms. Kingkarn Tiyaprasertkul	Member
4. Mrs. Pornpimon Suwankajit	Member
5. Mr. Anusart Sathongvian <sup>(1)</sup>	Member
6. Mrs. Jittranart Buacharoen	Member
7. Mr. Teerapong Songkrowh	Member
8. Mrs. Maliwan Thiamthan <sup>(2)</sup>	Member

Remark: <sup>(1)</sup> resigned with effect from December 11, 2019

<sup>(2)</sup> resigned with effect from March 1, 2019

## 18. Management

As of December 31, 2019, the Company's management (under definition of SEC) are consisted of the following 7 members:



Name-Surname	Position
1. Ms. Suwanna Chokdee-anand	Chief Executive Officer
2. Mrs. Sureeporn Anuvatudom	Joint Chief Executive Officer
3. Ms. Kingkam Tiyaprasertkul	Chief Financial Officer
4. Mr. Methin Lersumitkul	Senior Business Development and Marketing Director
5. Mr. Anusart Sathongvian <sup>(1)</sup>	Sales Director
6. Mrs. Pornpimon Suwankajit	HR Director
7. Mrs. Saovakhon Somabot	Accounting Manager

Remark: <sup>(1)</sup> resigned with effect from December 11, 2019

## 19. Directors, Executives and Employees Compensation

- Monetary Compensation
- Director Compensation Policy

The compensation for directors was specified; by taking into account each role and responsibility of the Board of Directors and the committees, and also retain and motivate qualified directors to perform their duties effectively and responsibly. The Board of Directors should propose the shareholders to approve the maximum aggregate amount of annual compensation for the members of the Board of Directors. The 2019 Annual General Meeting approved the director compensation amount of Baht 2,500,000 for the Board of Directors, Audit Committee and Remuneration Committee. The 2019 director remuneration by position as follow:

Position	Allowance (Baht/Time)
Board of Directors	
Chairman	85,000
Member	30,000
Audit Committee	
Chairman	40,000
Member	30,000
Remuneration Committee	
Chairman	10,000
Member	7,500

#### 2019 Total Directors Compensation

Name	Director Compensation (Baht)	Sub-Committee (Baht)	Bonus (Baht)	Other Benefits (Baht)	Total (Baht)
Mr. Sumeth Lersumitkul	340,000	-	-	-	340,000
Mrs. La-aid Vongvongepop	120,000	247,500	-	-	367,500
Mr. Manit Jeeradit	120,000	190,000	-	-	310,000
Mr. Thaevan Uthaivat <sup>(1)</sup>	60,000	97,500	-	-	157,500
Mr. Songtham Phianpattanawit	60,000	90,000	-	-	150,000
Mrs. Sureeporn Anuvatudom	120,000	-	-	-	120,000
Ms. Suwanna Chokdee-anand	120,000	-	-	-	120,000
Mr. Methin Lersumitkul	120,000	-	-	-	120,000
<b>Total</b>	<b>1,060,000</b>	<b>625,000</b>	<b>-</b>	<b>-</b>	<b>1,685,000</b>

The company does not pay any other benefits to the Board members apart from meeting allowance.

#### ■ Remuneration of Management

The Company has established remuneration of Management in short-term and long-term goals.

Type of Remuneration	2019 (Baht)	2018 (Baht)	2017 (Baht)
Total salaries	29,803,723	27,317,916	27,055,633
Bonus	2,483,644	3,177,847	3,180,571
Social Security Funds	54,000	48,750	51,000
Provident Funds	894,110	790,543	739,404
Advisor Fee	3,616,800	3,616,800	3,616,800
Long-term Employees' benefit	464,035	447,307	443,451
<b>Net Total</b>	<b>37,316,311</b>	<b>35,399,163</b>	<b>35,086,859</b>

#### ■ Other compensation

No other compensation was paid

# Personal Data of the Company's Directors



## Mr. Sumeth Lersumitkul

Chairman of the Board

Age 69

### Education

- Master Degree of Business Administration, Ramkhamhaeng University
- Bachelor Degree of Economics, Ramkhamhaeng University

### Training

#### Thai Listed Companies Association (TLCA)

- Certification of Executive Development Program (EDP), 14/2014

#### Capital Market Academy (CMA)

- Certification of Chief Executive Program, 15/2012

#### Thai Institute of Directors (IOD)

- Role of the Chairman Program (RCP), 31/2013
- Role of Compensation Committee (RCC), 16/2013
- Role of Nomination & Governance Committee (RNG), 5/2013
- Director Certification Program (DCP), 107/2008
- Director Accreditation Program (DAP), 69/2008

### No. of Share (%)

53%

### Relationship among Directors

- Spouse of Mrs. Sureeporn Anuvatudom / Father of Mr. Methin Lersumitkul

### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary Yes
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship with other directors Yes

### Work Experiences

#### Listed Companies

- 2015 - Present Chairman of the Board of Director, Moong Pattana International Public Company Limited.
- 2011 - 2015 Chairman of the Board of Director & Chief Executive Officer, Moong Pattana International Public Company Limited.
- 2008 - 2011 Director & Chief Executive Officer, Moong Pattana International Public Company Limited.

#### Non-Listed Companies

- 2015 - Present Advisory Director, Yoshino Moong Pattana (Thailand) Co., Ltd.
- 2015 - Present Advisory Director, Pigeon Industries (Thailand) Co., Ltd.
- 1990 - Present Chairman, Thai Pigeon Co., Ltd.
- 1981 - 2008 Chief Executive Officer, Moong Pattana Marketing Co., Ltd.
- Positions in other competitor / related companies No



## Mrs. La-aid Vongvongpop

Independent Director / Chairman of Audit Committee / Remuneration Committee

Age 75

### Education

- Master Degree of Business Administration, Golden Gate University, California U.S.A.
- Bachelor Degree of Commerce, Thammasat University
- Bachelor Degree of Accounting, Thammasat University
- Certified Public Accountant (Thailand) No.5834

### Training

#### Thai Institute of Directors (IOD)

- Advanced Audit Committee Program (AAP), 27/2017
- Risk Management Program for Corporate Leaders (RCL), 5/2016
- Anti-Corruption for Executive Program (ACEP), 15/2015
- Audit Committee Program (ACP), 22/2008
- Director Certification Program (DCP), 51/2004
- Director Accreditation Program (DAP), 23/2004

#### Federation of Accounting Professions (FAP)

- Knowing new TFRS implementing in year 2019 and 2020 (2/2018)
- Acquisition and Advance Managerial of Financial Statements Workshop
- Integrated Report, 2/2017

### No. of Share (%)

0.01%

### Relationship among Directors

No

### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary No
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship with other directors No

### Work Experiences

#### Listed Companies

- 2015 - Present Remuneration Committee, Moong Pattana International Public Company Limited.
- 2008 - Present Chairman of the Audit Committee / Independent Director, Moong Pattana International Public Company Limited.
- 2005 - 2012 Chairman of Audit Committee / Central Plaza Hotel Public Company Limited.
- 1998 - 2004 Deputy Managing Director, Thainox Stainless Steel Public Company Limited.

#### Non-Listed Companies

- 2011 - Present Independent Director / Audit Committee, Erawan Sugar Co., Ltd. Pte.
- 2006 - 2017 Director, TPN Singapore Pte.
- 2006 - Present Executive Director, Thapanin Co., Ltd.
- 2009 - 2011 Chairman, Green R.V. Co., Ltd.
- Positions in other competitor / related companies No



## Mr. Mani Jeeradit

Independent Director / Chairman of Remuneration Committee / Audit Committee

Age 71

Education	<ul style="list-style-type: none"> <li>B.A (Summar Cum Laude) Claremont Men's College (now, Claremont McKenna College), California, U.S.A.</li> </ul>
Training	<p>Thai Institute of Directors (IOD)</p> <ul style="list-style-type: none"> <li>Anti-Corruption for Executive Program (ACEP), 15/2015</li> <li>Audit Committee Program (ACP), 36/2011</li> <li>Director Certification Program (DCP), 187/2014</li> <li>Director Accreditation Program (DAP), 87/2011</li> </ul>
No. of Share (%)	No
Relationship among Directors	No
Relationship with the Company	<ul style="list-style-type: none"> <li>Be an executives, employee, staff or advisor who receives salary No</li> <li>Be a professional service provider (such as auditor or a lawyer) No</li> <li>Having material business relationship that may affect independence of judgment No</li> <li>Having a relationship with other directors No</li> </ul>
Work Experiences	<p><b>Listed Companies</b></p> <p>2015 - Present Chairman of Remuneration Committee, Moong Pattana International Public Company Limited.</p> <p>2011 - Present Director and Audit Committee's member, Moong Pattana International Public Company Limited.</p> <p>2012 - Present Chairman of Audit Committee, Chularat Hospital Group</p> <p><b>Non-Listed Companies</b></p> <p>2015 - Present Director, License2Q Company Limited</p> <p>2004 - 2009 Chairman, BT Asset Management Company Limited</p> <p>1999 - 2008 Senior Executive Vice President, Bank Thai Public Company Limited</p> <ul style="list-style-type: none"> <li>Positions in other competitor / related companies No</li> </ul>





### Mr. Thaevan Uthaivat

Independent Director / Audit Committee / Remuneration Committee

Age 59

#### Education

- Master Degree Public and Private Management, National Institute of Development Administration (NIDA)
- Master Degree of Public Affairs, University of Texas, U.S.A.
- Master Degree of Public Administration, Midwestern State University, Wichita Falls, Texas, U.S.A.
- Bachelor Degree LL.B., Thammasat University

#### Training

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

- CG for Executives (CGE), 6/2016
- Ethical Leadership Program (ELP), 3/2016
- Anti-Corruption the Practical Guide (ACPG), 25/2016
- Chartered Director Certification Program (CDC), 9/2015
- Director Certification Program (DCP), 181/2013
- Audit Committee Program (ACP), 43/2013
- Director Accreditation Program (DAP), 72/2008

##### Office of the Judiciary

- Executives Training on Justice Administration, National Justice Academy, 19/2015

##### Thailand Arbitration Center (THAC)

- Mediation Training Class, 2016-2017

#### No. of Share (%)

No

#### Relationship among Directors

No

#### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary No
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship with other directors No

#### Work Experiences

##### Listed Companies

2015 - May 2019 Remuneration Committee's member, Moong Pattana International Public Company Limited

2008 - May 2019 Independent Director /Audit Committee, Moong Pattana International Public Company Limited

##### Non-Listed Companies

- 2014 - Present Director Saint Honore (Bangkok) Ltd.
- 2003 - Present Legal Advisor, Thai Legal Law Office
- 2003 - Present Director, Sukajitra Co., Ltd.
- 2001 - 2002 Public Affairs Director, Ford Operations (Thailand) Co., Ltd.
- 1997 - 1999 Director of Legal Division, Mass Rapid Transit Authority of Thailand
- 1995 - Present Director, Surint Omya Chemicals (Thailand) Co., Ltd.
- 1982 - 1996 Attorney and Counselor at Law, Dr.Ukrit Mongkolnavin Law Office
- Positions in other competitor / related companies No



## Mr. Songtham Phianpattanawit

Independent Director / Audit Committee/ Remuneration Committee

Age 60

Education	<ul style="list-style-type: none"> <li>Bachelor Degree of Computer Science, University of South Alabama</li> </ul>
Training	<p>Thai Institute of Directors (IOD)</p> <ul style="list-style-type: none"> <li>Director Certification Program (DCP), 54/2005</li> <li>EXAM 162005</li> </ul>
No. of Share (%)	No
Relationship among Directors	No
Relationship with the Company	<ul style="list-style-type: none"> <li>Be an executives, employee, staff or advisor who receives salary No</li> <li>Be a professional service provider (such as auditor or a lawyer) No</li> <li>Having material business relationship that may affect independence of judgment No</li> <li>Having a relationship with other directors No</li> </ul>
Work Experiences	<p><b>Listed Companies</b></p> <p>June 2019 - Present Independent Director/ Audit Committee's Member/ Remuneration Committee's Member</p> <p>2019 - Present Advisor, True Cooperation Public Company Limited</p> <p>2016 - 2017 Chief Corporate Solutions and Cooperation Officer True Cooperation Public Company Limited</p> <p>2012 - 2016 Group Executive Director- Enterprise and International Services, True Cooperation Public Company Limited</p> <p>2012 - 2016 Managing Director, Bangkok Inter Teletech Public Company Limited</p> <p>2003 - 2012 Managing Director – Corporate Solution, True Cooperation Public Company Limited</p> <p><b>Non-Listed Companies</b></p> <p>2019 - Present, Director, Freewill Solution Company Limited</p> <p>2017 - 2018, Managing Director, IoT &amp; Analytical Business, True Digital Group</p> <p>2012 - 2016 CEO, True International Gateway Co., Ltd.</p> <p>2012 - 2016 CEO, True Touch Co., Ltd.</p> <p>2012 - 2016 CEO, True Voice Co., Ltd.</p> <p>2012 - 2016 Managing Director, Telecom Asset Management Co., Ltd.</p> <p>2012 - 2016 CEO, Wire and Wireless Co., Ltd.</p> <ul style="list-style-type: none"> <li>Positions in other competitor / related companies No</li> </ul>



### **Mrs. Sureeporn Anuvatudom**

Director / Joint Chief Executive Officer

Age 69

#### Education

- Master Degree of Business Administration Ramkhumhaeng University
- Bachelor Degree of Economics, Ramkhumhaeng University

#### Training

##### **Thai Institute of Directors (IOD)**

- Anti-Corruption for Executive Program (ACEP), 15/ 2015
- Role of Nomination & Governance Committee (RNG), 5/2013
- Director Certification Program (DCP), 181/2013
- The Board's Role in Mergers & Acquisitions (M&A), 1/2011
- Director Accreditation Program (DAP), 69/2008

#### No. of Share (%)

1.37%

#### Relationship among Directors

Spouse of Mr. Sumeth Lersumitkul / Mother of Mr. Methin Lersumitkul

#### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary Yes
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship among directors Yes

#### Work Experiences

##### **Listed Companies**

- 2014 - Present Director and Joint Chief Executive Officer, Moong Pattana International Public Company Limited
- 2008 - 2014 Director and Senior Vice President, Moong Pattana International Public Company Limited

##### **Non-Listed Companies**

- 2015 - Present Director, Yoshino Moong Pattana (Thailand) Company Limited
- 1983 - 2017 Director, Elegance Hardware Co., Ltd.
- 1981 - 2008 Vice President – Account & Finance, Moong Pattana Marketing Company Limited

- Positions in other competitor / related companies No



## Ms. Suwanna Chokdee-anand

Director / Chief Executive Officer

Age 51

### Education

- Master of Business Administration (MBA Executive) Chulalongkorn University
- Bachelor of Economics and Business Administration, majoring in marketing, Kasetsart University

### Training

#### Thai Institute of Directors (IOD)

- Director Certification Program (DCP), 264/2018
- Anti-Corruption for Executive Program (ACEP), 15/2015
- How to Develop a Risk Management Plan (HRP), 3/2013
- Director Accreditation Program (DAP), 96/2012
- Successful Formulation & Execution Strategy SFE, 13/2011
- The Board's Role in Mergers & Acquisitions (M&A), 1/2011

#### Narit & Associates Limited

- Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

#### Thai Productivity Institute

- Business Process and SOP, 2012

#### Thailand Management Association (TMA)

- Conflict Resolutions Management (2017)

### No. of Share (%)

0.51%

### Relationship among Directors

No

### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary Yes
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship among directors No

### Work Experiences

#### Listed Companies

- 2015 - present Director & Chief Executive Officer Moong Pattana International Public Company Limited
- 2012 - present Director / Senior Executive Vice President - Operation and Commercial, Moong Pattana International Public Company Limited
- 2011 - 2012 Vice President - Marketing and Sales, Moong Pattana International Public Company Limited.

#### Non-Listed Companies

- 2015 - present Director, Pigeon Industries (Thailand) Co., Ltd.
- 2009 - 2010 Managing Director, Maxus Thailand Co., Ltd. (Group M Thailand)
- 2006 - 2009 Assistant Managing Director Branded Business Malee Enterprise Co., Ltd.
- 2003 - 2005 AVP. Channel Development Nestle (Thailand) Co., Ltd.
- 2001 - 2002 Senior Manager National Distributor Development (Food Services BU), Nestle (Thailand) Co., Ltd.

- Positions in other competitor / related companies No



## Mr. Methin Lersumitkul

Director

Age 43

### Education

- Master of International Business, Aston Business School, UK
- Bachelor Degree of Economics, Chulalongkorn University

### Training

#### Thai Institute of Directors (IOD)

- How to Develop a Risk Management Plan (HRP), 3/2013
- Director Accreditation Program (DAP), 122/2015

#### Thai Chamber of Commerce (NTCC)

- Transforming Mindsets for Executive Leadership - Boost Accountability, Engagement and Collaboration in your team, Netherlands, 2014

#### Narit & Associates Limited

- Commercial Contracts Drafting, Risk Management and Tax Aspects, 2013

#### Idea Forum Co., Ltd.

- Investment Laws in Myanmar, 2015

#### Thailand Management Association (TMA)

- Conflict Resolutions Management (2017)

### No. of Share (%)

4.38%

### Relationship among Directors

Son of Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom

### Relationship with the Company

- Be an executives, employee, staff or advisor who receives salary Yes
- Be a professional service provider (such as auditor or a lawyer) No
- Having material business relationship that may affect independence of judgment No
- Having a relationship with other directors Yes

### Work Experiences

#### Listed Companies

- |                |  |
|----------------|--|
| 2017 - Present | Senior Business Development and Marketing Director,<br>Moong Pattana International Public Company Limited.     |
| 2016 - 2017    | Business Development and Marketing Director,<br>Moong Pattana International Public Company Limited             |
| 2013 - Present | Director/ Business Development Director,<br>Moong Pattana International Public Company Limited                 |
| 2011 - 2013    | Marketing Director, Moong Pattana International<br>Public Company Limited                                      |
| 2010 - 2011    | Assistant Vice President, Moong Pattana International<br>Public Company Limited                                |
| 2002 - 2008    | Marketing Manager / Group Brand Manager /<br>Brand Manager, Moong Pattana International Public Company Limited |
- Positions in other competitor / related companies No

# Good Corporate Governance

## Corporate Governance Policy

As the Securities and Exchange Commission (SEC) launched the Corporate Governance Code for Listed Companies 2017 (CG Code) on March 17, 2017, the Board of Directors considered, it was proper to review and adapt the Company's Good Corporate Governance Policy to apply the CG Code to the Company's business. They have strived to build and ensure the confidence of shareholders, investors and other stakeholders. The Company shall operate its business to maintain continuous growth and achieve long term sustainable value creation with responsibilities in accordance with laws, ethic and integrity. The Company's Good Corporate Governance Policy (amended 2017) was considered and approved the policy at 9 August 2017 by the Board of Directors' meeting and effective since August 10, 2017.

To be in compliance with good corporate governance as mentioned, the Company has established the CG Policy. The Policy has been approved by the Board of Directors and communicated to all staff throughout the Company. There is also a channel which the Company can provide information regarding good corporate governance. The Board records as important and trust that the corporate governance is able to make Company's reliable for the sustainability, including to create value added to the shareholders as well as create beneficial and fairness to all stakeholders.

In 2019, Company was rated the evaluation point of corporate governance with 4 stars. In this regard, Company was given 'excellent' score for shareholders' right, equitable treatment of shareholders, rights and roles of stakeholder and disclosure and transparency, 'very good' score for the responsibility of Board of Directors.

The details of good corporate governance practices are as follows:

## Section 1 Shareholder Rights

The Board of Directors recognizes the shareholders' right and facilitates shareholders to exercise their rights and power to nominate directors to act on behalf of the shareholders for defining the Company's objectives. In addition, the Board of Director provides the additional rights to the shareholders as per good corporate governance which is disclosed in the Good Corporate Governance Policy (amended 2017).

### 1.1 The Right to Information

The Company reveals all material information of its company through SET Portal system of the Stock Exchange of Thailand and the Company's website ([www.moongpattana.com](http://www.moongpattana.com)). In addition, directors and executives should submit the report on the changes in MOONG's securities holding (Form 59-1 and 59-2) and report on acquisition or disposition of MOONG's securities holding (Form 246-2); all reports are shown in SEC website ([www.sec.or.th](http://www.sec.or.th)). Furthermore, our shareholders and investors can contact directly to:

Contact channel	Email	Telephone
Investor Relation	<a href="mailto:ir@moongpattana.com">ir@moongpattana.com</a>	0 2020 8902
Company Secretary	<a href="mailto:company.secretary@moongpattana.com">company.secretary@moongpattana.com</a>	0 2020 8999

As shareholder's treatment and responsibility policy, the Company has duty of disclosure its information with reasonable supporting information both positive and negative impacts of its business to shareholders, such information shall be simple, accurate, sufficient and a timely manner both Thai and English version. The Company ensures that all



shareholders obtain and access the relevant and adequate its information. In 2018, the Board of Directors approved the Revision Securities and Insider Trading Policy that disclosure of material nonpublic information of the Company must be designated persons who are appointed by the Executive Committee, Ms. Suwanna Chokdee-anand, Chief Executive Officer and Ms. Kingkarn Tiyaprasertkul, Chief Finance Officer to be the Company's spoke persons.

### **1.2 The Right to a Dividend**

Shareholders have right to receive share in the profit of the Company. As the Company's Dividend Policy, the Company shall allocate no less than 50% of its net profit as dividends after deducting tax and legal reserve. The Company's board of directors has an authority to consider dividend payment it seeks approval from the shareholders' meeting. An exception is for interim dividend payment, for which the Board of Directors can approve such payment and report to the next shareholders' meeting.

For the performance of 2018, the Company paid dividend to shareholder in the amount of THB 0.26 per share or 75.68% of net profit, which higher than dividend policy of the Company. The dividend payment was made on May 17, 2019.

### **1.3 The Right to Propose Agenda and Candidate's Name for Being the Directors**

In 2019, the Company informed the shareholders to propose agenda and candidate's name for being the directors (both Thai and English version) in advance between the dates 16 October 2018 to 31 December 2018 through SET Portal, the electronic channel of the Stock Exchange of Thailand and posted on the Company's website at [www.moongpattana.com](http://www.moongpattana.com). The Company's shareholders, who wish to propose the agenda and/or candidate's name to the Board of Directors, please download the forms at [www.moongpattana.com](http://www.moongpattana.com).

The Company reserves the right to consider the completely information form (Form A), that specify objectives and supporting reasons. In addition, proposing candidate's name for being the directors, please submit the completely forms (Form B - The form of proposing candidates for the election of the Company's Directors and Form C - Letter of Consent Propose candidates for nomination as directors) as well as the nominated persons must not have any characteristics prohibited by SET and SEC regulations. Whenever, in 2019 neither candidates nor agenda items were proposed.

### **1.4 The Right to attend Shareholders' Meeting**

Attending shareholders' meeting, it is shareholders' opportunity to be notified the Company's performance last year and also its plan and future direction. Furthermore, the shareholders have right to vote in agendas related to the Company both normal sessions such as adopting the minutes of the last meeting, approval the annual financial statement and appoint members of the Board of Directors, and special sessions such as increasing of decreasing capital and approval for related parties transactions, merger and acquisition or disposal of assets.

Shareholders who have right to attend the meeting, must hold the Company's shares on the record date that means shareholders must buy or have the shares 1 day before the trading sign "XM" (Excluding Meeting). The Stock Exchange of Thailand will post the sign "XM" in advance on website [www.set.or.th](http://www.set.or.th).

If shareholder could not attend the meeting, shall appoint a proxy to appoint representative or independent persons such as independent directors or audit member of the Company that provide to be a shareholder proxy. The shareholders can download the proxy forms the company's website that were attached with the invitation of AGM. For shareholders' benefit, the shareholders should use proxy form B which is entitled to cast the votes on each agendas.

In 2019, the Company held the shareholders' meeting on April 22, 2019 at 18<sup>th</sup> floor, Meeting Room, Bangna Complex Office Tower, No.2/97-104, Bangna-Trad Soi 25, Bangna-Nuea, Bangna, Bangkok 10260. There was no calling for an extraordinary general meeting. As Public Limited Company Act, The board of directors shall arrange for an annual ordinary meeting of shareholders within four (4) months from the last day of the fiscal year of the Company (31 December each year). All other shareholders' meeting except annual general meeting, are called extra ordinary general meeting.

To provide the shareholders sufficient time to consider the agenda and related documents, the Public Limited Company Act determined that company shall deliver invitation letter to shareholders at least 7 days in advance before the meeting date. While the Stock Exchange of Thailand determined that the listed companies shall send the invitation letter 14 days in advance.

The Company published the invitation letter of 2019 Annual General Meeting that specified date, time, venue, meeting agenda with board's opinion and supporting documents such as minutes, proxy forms, independent auditor's report, annual report, sustainable development report and related documents, at least 21 days prior to the meeting both Thai and English version through the Company's website and SET Portal, electronic channel of the Stock Exchange of Thailand. The documents above were delivered to the shareholders whose name appeared in the register at the record date at least 21 days in advance and advertised in the newspaper 14 days in advance for 3 consecutive days for call the shareholders' meeting.

The Company assigned TSD to be the Company's registrar to send the abovesaid documents to shareholders whose name appear on the record date 14 days prior AGM date. In order to facilitate shareholders' meeting procedures, the Company provided barcode system for registration and vote. In 2019, the Company sent out invitation letter on March 29, 2019 which sent out 23 days prior AGM date. counting in every agenda. The registration to attend the meeting shall be started at least 2 hours prior the meeting time. All the board of Directors, executives and auditor of the Company convened the 2019 Annual General Meeting.

#### **1.5 The Right to attend the shareholders' meeting**

Prior to the meeting started, the chairman of the meeting informed the number of shareholders who attend the meeting in person and by proxies as well as the vote casting. Then the Meeting had considered the matters in accordance with the following agenda. Moreover, the order of the item and agenda was not changed, and there was no request to consider any other matter. In case of shareholders who attend the meeting during the agenda, the Company shall recount the number of shareholders and its shareholding. Whenever, those shareholders could cast their vote only unapproved agendas.

During the meeting, the chair of the meeting opened session for shareholders to ask questions, express opinions and suggestions as well as before voting in each agenda. In the agenda item of selection of directors, the Company provided opportunity for shareholders to vote on individual directors. After voting in each agenda, the chair of the meeting had announced the voting results as approval, disapproval or abstention.

The Company recorded a meeting after the completion of the shareholders' meeting, the Company disclosed the result of the ballot in each agenda via SET Portal of the Stock Exchange of Thailand immediately, due to notify shareholders, investors and related stakeholders. The Company submitted the minutes of the meeting within 14 days after the meeting's date to the Stock Exchange of Thailand and the Securities and Exchange Commission as well as posted on the Company's website.

## **Section 2 Equitable of Treatment of Shareholders**

The Company operates business base on corporate governance and policy to maintain equitable treatment of shareholders including minor, institutional and foreign shareholders. With respecting the rights of shareholders to use their basic right according to the laws and regulations, the Board of Directors determined the best practice for shareholder in the Company's Good Corporate Governance Policy and Code of Conduct as well as builds shareholders' trust and confidence and invests in the Company.

To attend and vote at the shareholder's meeting is an opportunity for all shareholders to use the right for governing its business through agents or directors as well as asking questions, express opinions and suggestions. The shareholders, who cannot attend the meeting, shall appoint a proxy or independent director of the Company to be their proxies. Each shareholder has one vote for each share. Furthermore, the shareholders were invited to propose agenda and candidate's name for nomination through the Company's website prior to the shareholders' meeting.

In 2019, the Company sent out the invitation letter to 2109 Annual General Meeting of Shareholders to all shareholders 23 days prior to the date of the AGM, including provide relevant documents in both Thai and English version onto the Company's website 30 days prior to the meeting in order to facilitate both Thai and foreign shareholders.

Each shareholder has one casting vote per one share. Apart from that, the Company open the minority shareholder propose additional meeting agenda as well as propose the name of a person to be nominated as a director 3 months prior through the Company's website and SET portal system.

The Company opened registration 2 hours before the meeting and arranged the officers for checking documents, barcode registration and prepared revenue stamp (appointment of proxy) including sound system and meeting's room. Except the shareholders' meeting, investors, shareholders and interested person can equitable access the Company's information through SET electronic channel and its website. If shareholders would like to express their opinion, whistle-blower, complaints or suggestions, please directly contact:

Contact Channel	Email	Telephone
Independent Director	ind.director@moongpattana.com	
Investor Relation	ir@moongpattana.com	0 2020 8902
Company Secretary	company.secretary@moongpattana.com	0 2020 8999

The Board of Directors determined Insider Trading Policy to protection insider misuse of inside information for benefits to directors, executives, staffs and related person. The Securities and Exchange Act B.E. 2535 (as amended) provided that directors and executives must report their holdings of the Company's shares to the Securities Exchange and Commission.

In 2019, The Company does not have any connected transaction or conflict of interest. The Company has a policy in which Audit Committee will consider any connected transaction or conflict of interest in order to ensure that such transactions reasonably occur to the best benefit of the Company and must be approved by the Board of Directors. The Company has complied with the rule of SET including disclosure of the connected transactions, fair and at the arms' length.

### Section 3 Role of Stakeholders

The Board of Directors has established the "Revising Code of Conduct (2017)" as guideline on best practices of each group for Directors, Executives and Staffs to perform their duties in accordance with its practices strictly. The Company's policy on the treatment of stakeholders can be summarized as follows:

#### 3.1 Business Operation

The Company strives for operating its business as a professional trading company and distributor under the code of conduct and responsible business operation framework for addressing the needs of customers, investors and builds good relationships with business partners and promoting mutual and long lasting growth. The Company set the code of conduct of directors, executives and employees to work on responsible decision making with cautiously, prudent and sufficient information as well as equitable treatment toward stakeholders to achieve utmost benefits and drive long term business value.

#### 3.2 Responsible to Shareholders

The Company has a policy to treat all shareholders equitably and conducts business in order to create utmost all shareholders' interest with transparency not any parties involved. Then the Company shall disclose and report status of its performance correctly and completely with truth to the shareholders through various channels both Thai and English version at [www.set.or.th](http://www.set.or.th), [www.moongpattana.com](http://www.moongpattana.com) or contact Investor Relations Tel 0 2020 8999 or [ir@moongpattana.com](mailto:ir@moongpattana.com)

The Company focuses on the profitable management in order to create the return to the shareholders. The Company has policy of dividend payment at the rate not less than 50% of its net profit after deduction of all reserves as specified by the Company. The Company support the shareholders' right and fair and equal treatment to shareholders including receiving the updated information by disclosing at the Company's website continuously.

### 3.3 Customers and Consumers

The Company strives for deliver quality and safety products according to the standards at fair prices including describe information of products and services with truth and clearly written. For more product details, the Company provided officers to give an advice how to use the products. In addition, the Company provided customer services process regarding to complaints, requests and evaluated customer satisfaction which was used to improve and development the Company's products and services. Contact channels as follows:

Channel	Email	Telephone
Customer Service	crm@moongpattana.com	0 2020 8990
Investor Relation	ir@moongpattana.com	0 2020 8902
Company Secretary	company.secretary@moongpattana.com	0 2020 8999

### 3.4 Creditors

The Company has a policy to ensure that creditors are treated fairly and equally, as well as strict compliance to the terms and conditions of contract. In case of the Company is unable to carry out a contract, the Company would inform creditors in advance in order to find a way to solve the problem together.

### 3.5 Partners

The Company has a policy to treat business partners equally and fairly on the basis of fair return for both parties and to strictly comply with contract agreements or conditions that were agreed upon between the business partners. If the Company is unable to carry out the contract agreement, the Company would inform the business partners in advance. The Company did not request, take or give any benefits that were dishonest while negotiating business.

### 3.6 Employees

The Company has a policy to treat employees fairly, equally and impartially. These policies will be followed in the selection of employees, consideration for remuneration, appointments, transfers as well as capabilities and potentation development along with their positions. The Company will provide its employees with relevant knowledge and build up their awareness of the cruciality of safety, occupational health and good working environment works.

The Company establishes the Policy and procedure regarding the Occupational Health and Safety as well as the workplace. Moreover, the Company establishes the Policy regarding the remuneration and benefit for the employee fairly such as providing provident fund, ESOP, Staff training, encouraging staff to get proper training for their work and position. In 2019, the Company supports staff training totaling of 1,718 hours and the Company evaluates its employee via Key Performance Index (KPI)'s tool.

#### 3.6.1 Employee's Occupational Health and Safety

To ensure sustainability under the business operation meet which is the strategy of the Company and in compliance with good corporate governance, the Company has awareness on health, safety and quality of life of employees. Our Company has formalized the Occupational Health and Safety standards in workplaces, along with associated guidelines, to guide these practices throughout the organization. The goal is to create a safe and healthy workplace with a modern security system as well as to provide concrete guidelines on preventing any workplace accident, injury, disability

or fatality. The Company establishes Safety Vision and Safety Mission as follows:

**Safety Vision:**

Create proper safety and risk-free workplace environment, concentrate on employee healthcare in order to enhance both productivity and well-being for employees.

**Safety Mission:**

- Uplift and develop environment to be safe proper and hygienic.
- Provide knowledge, create awareness and conscious of Occupational Health and Safety standards in workplace.
- Promote employee health and well-being both physically, mentally and society.

The Company establishes Occupation Health and Safety as follows:

- Occupational Health and Safety standards in workplace are responsibilities of every employees.
- Our Company will manage, monitor, assess hazards, control safety and conduct workplace adjustments.
- Awareness of Occupational Health and Safety standards in workplace will be constantly created and disseminated to the management and employee.
- All employees are to strictly act in accordance with Policy of Occupational Health and Safety standards in workplace. Breaching of ignorant the Policy will be penalty as per the Company's rule.

**3.6.2 Human Rights Policy**

Our Company believes and aims to conduct business with ethics holding onto responsibility to society and all groups of stakeholder e.g. shareholders, customer, competitor, business partner, debtor, employee, society and environment based on Good Corporate Governance principle and our Code of Conduct. In respect of human rights protection, we have strictly complied with human rights as the most fundamental aspect of compliance is respect for basic human rights. We believe that the human rights will certainly build peaceful and harmonious community. It is to ensure that our business operations are engaged with prudence and without violating or affecting human rights, directly or indirectly and not promote or involve human right violation. We have guideline as follows:

- No conduct, support, involvement in any violation of human rights issues including any relevant of an exploitation of child and forced labour, illegal work and sexual harassment in any forms.
- Places great importance on equal rights of women, but not limited to vulnerable groups e.g. disable persons, pregnant women and women under breast-feeding.
- Places great importance and respect of nationality, social status, health, education, rights to work, social classes, races and religion.
- Deploy fair recruitment practices and impartial opportunities including for candidates with disabilities.
- Deploy policies and standards of customer information security and internal data security control.
- Determine to create and maintain corporate culture aiming to respect human rights according to this Human Rights Policy.
- Provide opportunities to employees in order to complain or express their opinions on related issues on human rights by providing the whistleblowing channels with guaranteed of its confidentiality. In addition, the Company established verification process for complaints together with measures to investigate and punishment of offender in such issue.

**3.7 Competitors**

The Company adheres to fair business operations under the framework of the law and business ethics without seeking the confidential information of a competitor in a dishonest or inappropriate manner. The Company does not ruin the reputation of its competitor with malicious accusations without any truth. This includes any other acts that violate the

intellectual property of a competitor. The Company's Policy defined as follow:

- Abide by the rules of good competition.
- Do not harm the reputation of competitors with the accusation.

### **3.8 Regulators**

The Company has conducts business operations strictly in compliance with the laws and relevant regulations issued by the regulatory agencies. Furthermore, the Company continues to associate with agencies for enhancing the Company's corporate governance practices along with national standards.

### **3.9 Social and Community**

The Company operates its business on community responsibility, society and environmental preservation. The Company is ready to strengthen and stabilize Thai society by supporting and holding activities that are always beneficial and creative for the community, society and the environment.

The Company promotes the efficient use of resources in all processes related to running a business, to reach maximum benefit. Whereby the Company considers the responsibility of executives and employees, which the Company will support the human resource budget, working time and training to participate in the proposed social and environmental development.

In 2019, the Company conducts CSV Day activity on November 1, 2019. This is following to the Company's emphasis to provide the value return to society which is the key policy of the Company in order to creating shared value concentrating sustainability. Please see further details in the "SD Report".

### **3.10 Suppliers**

The Company has established the selection of products and suppliers policy in the "Purchasing Best Practices" of the Company along with standards including international and domestic laws. Furthermore, the Company set the Anti-corruption Practices to ensure that directors, executives, employees and workers shall not be engaged in any fraud and corruption activities.

### **3.11 Intellectual Property**

The Company respects and abide by the laws regarding intellectual property, and has policy and guideline regarding noninfringement of the intellectual property rights as follows:

- All employees have a duty to protect and maintain confidentiality with respect to the intellectual property of the Company to prevent data leakage and shall not use the Company intellectual property for personal or third party interest without permission.
- All employees must respect and honor the intellectual property of others and must not infringe the intellectual property of other whether wholly or partly without the permission of the owner.

### **3.12 Anti-corruption Policy**

The Board of Directors has stipulated the Anti-Corruption Policy including the banning of bribery for the business interests. The Company has process to evaluate the potential risk of corruption that may arise from the operation of tis business as well as a guideline set for monitoring and control to prevent and pursue of risk of fraud and potential corruption risk. The Company's Internal Audit Department will serve to monitor and evaluate an effectiveness of the implementation of Anti-Corruption Policy as well as to report the evaluation result to the Board of Director.

The Company has already conducted training for employees at all levels to ensure their awareness and understanding toward the policy.

### **3.13 Whistleblowing Complaints, Concerns and Protection Measure**

The Board of Directors provides a channel for the stakeholders to place queries or file a complaint for any groups of stakeholder for the issue that may affect directly to the Board of Directors. In order to ensure the complaints are handled



with transparent and fair manner and to protect the informant or petitioner with fairness. The Board of Directors assigns the Audit Committee to be notified complaints, whistleblowing, queries or suggestions on the suspicious corrupt actions. In addition, the whistleblower need to specify information relating to those concerns, complaints or any suggestions as well as their name, address and telephone contact number.

**Issue to be notified or filing compliant in connection with fraud and corruption**

- Found the non-compliance with rules and regulation or dishonest business operations.
- Found the fraud related to the Company, directly or indirectly, such as bribes to government officers or private agencies.
- Found misconducts against the Company's regulations or misconducts that impact the Company's internal control systems causing suspicion that it may be a channel for corruption.
- Found actions that make the Company lose benefits and affects the Company's reputation.
- Found actions that are illegal, unethical, or breach business ethics.

**Channels for Whistleblowing and Complains Filing**

- 1) Chairman of the Audit Committee      e-mail: ind.director@moongpattana.com  
address to Chairman of the Audit Committee Moong Pattana International Public Company Limited
- 2) Chief Executive Officer      e-mail: suwanna@moongpattana.com  
address to Chief Executive Officer Moong Pattana International Public Company Limited
- 3) Company Secretary      e-mail: company.secretary@moongpattana.com  
address to Company Secretary Moong Pattana International Public Company Limited

In case of whistleblower or complainant file a complaint to the Chief Executive Officer or the Executive Committee, the whistleblower can submit the file directly to the Chairman of the Audit Committee.

In cases of an urgent complaint or matter regarding fraud and corruption, the related persons shall immediately report to their reporting line manager and propose to senior supervisor to further proceed without delay.

**Practices on protection and confidentiality measures**

Any groups of stakeholder eg. shareholders, customers, competitors, creditors, government, community, society, executives and employess can file a complaint against an action of fraudulent or corruption via channel stated in this policy. The information will be kept with the highest confidentiality. The Company limits the access to those complain information, only the related person can access to such data.

During the investigation process, the Audit Committee and/ or Chief Executive Officer shall take appropriate action to ensure that the complainant is protected as a result of whistleblow, complaining, witnessing, or providing information. The person receiving information under his/her duties shall keep such information as the highest confidentiality and not disclose any information to anyone who is not involved, unless by law.

**Practice on investigation process and penalties**

After getting whistleblow or a complian, the Audit Committee and/or Chief Executive Officer will investigate the facts. During the investigation, the Audit Committee and/or Chief Executive Officer shall delegate a representative (executive committee) to keep the whistleblower or complainant informed of the progress.

Provided that the Company found the information or evidence which good reason to believe, the Company will

grant the accused the rights to be informed of the allegations and grant the accused the rights to prove himself/herself by providing additional evidence showing that he/she was not involved. If the accused actually committed the act of corruption, such corruption shall be deemed as an offense against the anti-corruption practices and business ethics of the Company and then the accused must be investigated and disciplined according to the Company's working regulations. If the act of corruption was illegal, the offender shall also be subject to legal penalties.

## Section 4 Disclosure and Transparency

The Company provides full disclosure its information especially material information that affects to decision of shareholders and investors shall be accurate, sufficient and a timely manner including reliable financial and non-financial information through SET Portal system of the Stock Exchange of Thailand and the Company's website.

### 4.1 The long-term goal of the Company

The Company has developed an appropriate work plan to support the opportunities and challenges in the future, as well as fulfilling the needs that are required to have corporate social responsibility in every aspect of the operation.

### 4.2 Opportunity Day

In 2019, the Company held the investors' activities such as "Opportunity Day" – 4 meetings SET Opportunity day, dated on March 12, 2019, May 31, 2019, August 19, 2019 and November 21, 2019 at the Stock Exchange of Thailand and joined the MAI Forum 2019 dated on July 13, 2019, at Floor 22nd, Bangkok Convention Center, Centara Grand at Central World.

### 4.3 Efficiency of financial reporting and disclosure of important information process in accordance with the rules of listed company

The Board is responsible for ensuring that the preparation of financial reports and disclosure of importation information is correct, sufficient and timely in accordance to the standard and guidelines as follows:

- To provide sufficient personnel associated with the preparation and disclosure of information, with the knowledge, skills and experience appropriate to the duties and responsibilities; including Chief Executives in accounting and finance division, accountants, internal audit, Company Secretary and Investor Relation officers.

Department	Contact Person	Tel/ Email
Investor Relation	Mrs. Sasithon Lersumitkul	0 2020 8902 ir@moongpattana.com
Company Secretary	Ms. Kingkarn Tiyaprasertkul	0 2020 8999 company.secretary@moongpattana.com

- Approval of disclosure of information, such as the Company's financial report, shall consider the factors as follows:
  - To access the adequacy of the internal control system.
  - Comments of auditors on financial report and observations of the auditors regarding the internal control system.
  - The opinion of the Audit Committee.
- The disclosure of information in accordance with relevant rules such as financial statements, annual information (56-1), annual report (56-2) Management Discussion and Analysis, and quarterly financial statements via the SET Portal system and its website in both Thai and English languages.

#### 4.4 Policy on trading disclosure

Chief Executive Officer or first 4 level incumbent managements, after the Chief Executive down, person serves as the equivalent of an executive-level position at all first 4 level positions including Account Manager equivalent or higher including spouses and minor children must report the holding of securities to the office of the Securities and Exchange Commission within 3 working days from the date of the change. In addition, the Company has policy to keep silent period for 1 month before the disclosure of financial statement and waiting for 24 hours after disclosure.

### Section 5 The Board of Directors

#### 5.1 The Board of Directors

The Company comprises 6 committees which include the Board of Directors, Audit Committee, Remuneration Committee, Executive Committee, Risk Management Committee and Creating Shared Value Committee.

#### 5.2 Composition of the Board

The Board of Directors consists of not less than 5 persons with is more than one-third of the total board seats is independent directors. At least 1 non-executive director has experience in core business. In order to create value and benefits to the Company, the composition of the Board of Directors should consist of directors with diverse qualifications, including age, gender, skills, knowledge and expertise useful for the Company.

In 2019, the Board of Directors has 7 members comprising of:

- 3 executive directors
- 4 non-executive directors ( 3 of whom are independent directors)

The Company has long realized the importance of the appropriate composition of the Board of Directors, and nominates its directors in such manner that there is a balance of power between executive and non-executive directors. The composition of the Board of Director is such that independent director work together with directors who represent the major shareholders and executive directors. The number of independent directors accounts for 3 persons, thus being in line with the good corporate governance principles as prescribed by the SET.

The Board of Directors appoints one Company Secretary. The name of directors, and duties and responsibilities of the Board of Directors are shown in the topic “the Board of Directors and Management Structure”.

#### 5.3 Qualifications of the Board of Directors

The Board of Directors set qualifications of directors that should have knowledgeable, experience and expertise to benefit for operating a business. Moreover, the directors must be qualified not being prohibited by the Public Company Act, the Securities and Exchange legislations, including related regulations and the Article of Association and the Good Corporate Governance Policy of the Company.

#### 5.4 Qualifications of Independent Directors

The board of directors determined the qualifications of independent directors to be more stringent than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

- Not hold shares exceeding zero point five (0.5) percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, including shares held by related persons of such independent director.
- Not be nor used to be an executive director, employee, officer, advisor who receives a salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than one (1) years. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government

authority that is a major shareholder or controlling person of the Company.

- Not have nor used to have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner which may interfere with his/her independent judgement, and neither being nor used to be a substantial shareholder or controlling person of any person having a business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person.
- Not being a person who has any legal registered relationship in the form of close relatives, major shareholders or controlling persons of the Company, its associated companies, persons with potential conflict of interest, or person who are nominated to take care of the interest of major shareholders.

In 2019, the Company's independent directors qualified the independent directors' qualification align with SEC and SET rule and regulation by having no business relationship or professional services to the Company.

#### 5.5 Top Management

Top management is the person who appropriateness for the utmost benefit of the Company, coupled with the board composition, qualifications knowledge, capabilities, experience and expertise. Understanding well in the business and is able to manage to achieve the objective goal set by the Board of Directors.

#### 5.6 Terms of directors

At each annual general meeting of shareholders, one-third of the directors shall retire. If the number of directors cannot be divided exactly into three parts, the number of director nearest to one-third shall retire from office. The directors retiring by rotation are eligible for re-election.

#### 5.7 Terms of independent directors

Each independent director has terms of holding office of 3 years each. Each independent director cannot hold more than three terms, or more than 9 years. There is an exception to the rule when it is deemed by the shareholders or the Board of Directors that some directors play important roles in the growth and success of the Company. In such cases, the terms of office of such directors can be extended as appropriate.

However, the Company has reviewed the corporate governance policy annually, in which in 2019 there has been a review in order to amend in accordance to practice as well as explain the reasons behind the impractical issues, which the company will use as a guide to deploy appropriate practice.

Incomplete	Reason
Board of Director has determined that independent directors shall hold position 3 years per term and not exceeding 3 terms or 9 years.	For independent directors who has position exceeded 9 years, the Company believes that it is necessary to have director whose role is very important to the appliance of the Company as the independent director has extensive knowledge and experience from the position for a long time, which will help the Committee to understand the Company's business operation better.

#### 5.8 Meeting of the Board of Director

1. The board of directors schedules the meeting at least 4 times a year and conducts its meeting along with the Company's Article of Association, laws and related regulations.
2. The quorum of the board of directors requires at least half the total number of directors to be in attendance, in which the quorum shall not be less than two in three directors upon voting. The Chairman acts as the

chair of the meeting and opens session for directors to free express their views and opinions as well as promoting discretion, allocate sufficient time for management to present the issues and results of the Company's operations.

3. The meeting notice and supporting documents shall be issue to directors in advance at least 7 working days before the meeting date. However the board of directors can ask more information from executive director or board's secretary or call executives to join the board's meeting for explanation and answer questions.
4. In each meeting, the Chairman allows each director to express his opinion extensively and freely. Thus, each director may express his opinion extensively and listen to other's opinion. Each director is made based on sound rationale and thorough deliberation.
5. The Company records a meeting and takes accurate and completely minutes of the meeting. All directors had attended all meeting of the board, except in the case of conflict of interest.
6. In 2019, all directors are the proportions attendees at least 75% of meetings throughout the year.

#### **5.9 Meeting of the Board of Director who are non-executive directors**

Board of Directors have prescribed that there were only non-executive directors meeting without the executive directors for reviewing the policy, strategic, vision and guideline for managing the Company. In the year 2019, the Board of Directors' meeting (non-executive directors) were held one time on December 13, 2019.

#### **5.10 Limitation of directors hold the position in the listed company**

No directors of the Company can hold a directorship in more than 3 and 5 listed companies and unlisted companies, respectively, except those be assigned by the Board of Directors. Details regarding holding directorships of directors are disclosed in the section title "the Board of Directors and Management Structure". In 2019, no directors holds the position of listed and unlisted company more than 3 companies.

#### **5.11 Separation of Chairman and Top Management's duties**

Chairman of the Board and Chief Executive Office is not the same person. The Company has clearly defined the roles and responsibilities of the Board of Directors and the Management for balance the power. No one has full power controlling. Chairman of the Board is a leader of the Policy and corporate governance. The Chief Executive Officer is a leader of the management and operation. Details regarding the roles and responsibilities of the Chairman and the Chief Executive Officer are disclosed in the topic "the Board of Director and Management Structure".

#### **5.12 Holding directorship of Chief Executive Office**

The Company has set a policy for position taking at other companies (listed company or subsidiary) for CEO that it is required an approval from the Board of Directors.

#### **5.13 Sub-Committee**

For transparency and independence in performing their duties, most members of the sub-committee are independent directors. Independent directors are appointed as the chair of each sub-committee. Details of sub-committee are stated under the section title "the Board of Directors and Management Structure".

#### **5.14 Roles, Duties and responsibilities of the Board of Directors**

1. In 2019, the Board of Directors serves to review the vision and mission of the Company, in order for the executives and employees to have same goal and intended to operate in the same direction, including a review of major policies which appropriate and consistent business according to the principle of corporate governance i.e. Corporate Governance Policy.
2. In 2019, the Board of Directors has monitored the Company's strategy to bring to the meeting of the Board of Directors on a quarterly basis. The Board monitors the implementation of management by reporting the

results of operations and prospects follow defined strategies.

#### **5.15 Nomination of Board of Directors Process**

In case of vacancy of directors and senior management of the Company, the Company has criteria and process for recruiting directors and senior managements with utter most transparency. The Board of Director is responsible for considering the nomination of directors and senior management based on the knowledge, skills, qualifications, work experience; regardless of gender and fully devoted to their duties. As well as not prohibited by law, the relevant statutes and principles governing parties (Fit and Proper), which will cause the diversity in the structure of the Board. In addition, in order for the Board of Directors and/ or the shareholders' meeting to consider and approve (as the case may be), which is in the process of appointing the directors of the Company.

In addition, the Board of Directors may consider the nomination of director via director pool by considering the necessary of the gap skill in the Board of Directors and strategy of the business operation in case of any new strategy apart from the existing.

#### **5.16 Election of director in replacement**

In case of a vacancy in the board of directors for reasons other than the expiration of director's term of office, the board of director shall elect a person who has the qualifications and possess no prohibited characteristics under the public company limited regulations as the substitute director at the next meeting of the board of directors, unless the remaining term of office of the said director is less than two months.

The resolution of the board of directors under the first paragraph shall be by a vote of not less than three-quarters of number of remaining directors.

#### **5.17 Orientation of the new Board of Directors**

The Board of Directors has prescribed the orientation for Board of Directors onboarding to understanding the business and internal policies to help support the operating duties of the directors to fully take position as fast as possible and by having the Company Secretary as the coordinator which will cover topic of business structure, board structure and roles and responsibilities, business information, company's direction and meeting with Chairman CEO for more information of the business.

In 2019, the Company has appointed 1 member of the Board of Directors namely, Mr. Songtham Phianpattanawit, in which new board member has attended orientation, including the subject title of rule and regulation, key policies i.e. Good Corporate Governance Policy, Anti-Corruption measure.

#### **5.18 Self-Evaluation by the Board of Directors**

The Board of Directors provides regularly assessment of the board of directors and the sub-committees at least once a year. In 2019, the Company used the evaluation form of the Stock Exchange of Thailand for self-assessment of the Board of Directors and subcommittees that consists of 6 main topics: 1) Structure and qualifications of the board of directors 2) Duties, roles, and responsibilities 3) Board meetings 4) Operations of the board of directors 5) Relationships with management and 6) Self-development of directors and executives. Then the company secretary collected the results of the assessment and prepared the summary of the evaluations for further consideration to the board of directors. The board of directors will consider the evaluation results, analyze and find a conclusion to determine any measures that will improve the performance of the board further.

For 2018 Annual Performance evaluation, the Board of Director conducted self-evaluation and reported to the Board of Directors on August 27, 2019.

#### **5.19 Self-Evaluation by Sub-Committees**

The Board of Directors provides regularly assessment of the sub-committees i.e. Audit Committee, Remuneration Committee and Risk Management Committee, for the self-evaluation and committee evaluation at least once



a year.

The Company Secretary is responsible for summarizing the results of evaluation and reporting to the Board of Director, resulting the report is to consider the possibility to improve the operation efficiency.

#### 5.20 Management Evaluation

It is necessary of the Management to report the operation results comparing to the strategy and goal of the Company to the Executive Committee once a month and report to the Board at least one in a quarter. This is for the purpose of supervision the performance of the Management following to the goal and objective set.

#### 5.21 Separation of Roles and Responsibility between Board of Director and Management

The Company has clearly defined the roles and responsibilities of the Board of Directors and the Management. The Board of Directors shall be responsible for formulating policies and supervising the Management, while the Management's responsible is in line with the policies. Furthermore, in order to clearly separate the roles and duties, the Chairman of the Board and the Chief Executive Officer are different persons, including separate role of governance and management as well.

Role of the Board of Directors	Role of the Management
<ul style="list-style-type: none"> <li>Set the company's vision, mission and goal to operate business along with creating sustainable business values.</li> <li>Consider and approve policies, allocation resources and annual budget that proposed by the Management. Oversee the Management's implementation of those policies and plan.</li> </ul>	<ul style="list-style-type: none"> <li>Operate business in accordance with the vision, mission, goal and expected value which have been approved by the Board of Directors, Executive Committee and the resolution of shareholders' meeting.</li> </ul>

#### 5.22 Development of Board, Management and Executive

The Board of Directors provides and orientation session for new directors, that includes all aspects of business operations. Furthermore, the Company encourages directors, executives and company secretary to join seminar to useful for their duties such as Director Accreditation Program (DAP), Director Certification Program (DCP) and Anti-Corruption : The Practical Guide (ACPG) that organised by the Thai Institute of Directors Association (IOD)

Besides, the Board of Directors fosters and facilitates directors, audit members, executives, company secretary and internal auditor to get training to improve their performances continuously.

In 2019, the following directors and executives underwent training and seminars.

Course	Date of Attendance	Name of Directors/ Management/ related employees
Driving Performance by OKRs (Thailand Management Association)	24 January 2019	Mrs. Pornpimon Suwankajit
Intensive Recruitment Technic#2 (Panyatara Potential Analysis Center)	22 February 2019	Mrs. Pornpimon Suwankajit
TMA Trend Talk #9 (Thailand Management Association)	27 February 2019	Mrs. Pornpimon Suwankajit
Intensive for NPAs #1/62 (Federation of Accounting Professions)	9 March 2019	Ms. Kingkarn Tiyaprasertkul
Design Thinking Workshop for HR (Thailand Management Association)	21-22 March 2019	Mrs. Pornpimon Suwankajit
Excellent Management with OKRs (Mr. Kitipat Jirwasawong)	29 March 2019	Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mr. Anusart Sathongvian
Key Account Planning Mind Connect Institution	9-10 May 2019	Mr. Anusart Sathongvian
TMA Trend Talk X SET: Reshaping Business in Re- sponse to the Sustainable Trend (Thailand Management Association)	31 May 2019	Ms. Kingkarn Tiyaprasertkul
S01: Sustainability Commitment (SET)	3-4 June 2019	Mrs. Pornpimon Suwankajit
Evaluation and Data Mangement for sustainability #2 (SET)	5-6 June 2019	Ms. Kingkarn Tiyaprasertkul
S02: Supply Chain and Stakeholder Analysis (SET)	10-11 June 2019	Mrs. Pornpimon Suwankajit
Intensive TFRS 9, 15, 16 : Key Matter & case study (SET)	11-12 June 2019	Ms. Kingkarn Tiyaprasertkul
S03: Sustainability strategy and Initiative (SET)	17-18 June 2019	Mrs. Pornpimon Suwankajit
Strategic Thinking and Goal Alignment 2020 (Pacrim Group)	19-20 June 2019	Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mr. Anusart Sathongvian Mrs. Pornpimon Suwankajit
Wellness Culture – the next sustainable strategy (Slingshot)	23 July 2019	Ms. Suwanna Chokdee-anand

Course	Date of Attendance	Name of Directors/ Management/ related employees
Product Liability (Mr. Tithanan Jatupornwattanpon)	27 August 2019	Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mr. Anusart Sathongvian
TFAC Conference 2019 : Future of Finance – Digital Disruption (Federation of Accounting Professions)	28 September 2019	Ms. Kingkarn Tiyaprasertkul
Key Matter for Auditor Report regarding new TFRS #5/62 (Federation of Accounting Professions)	27 November 2019	Ms. Kingkarn Tiyaprasertkul
Fundamental of TFRS9 # 4/62 (Federation of Accounting Professions)	21 December 2019	Ms. Kingkarn Tiyaprasertkul

### 5.23 Remuneration

The Board of Directors determined the Remuneration Committee to consider the structure, form and the remuneration in the appropriation rate reflect to the duty, responsibility in compliance with the business performance, including comparable rate of other companies in the same industry and business segment. The remuneration is to be approved by the Remuneration Committee and by recommended by Remuneration Committee, the Board of Director deemed it appropriate to propose to shareholders' meeting.

Compensation and remuneration made to the Chief Executive Officer, is determined based on his/ her duties, responsibilities, performance and the Company's operating performance, to be considered and approved by the Board of Directors. The Board of Directors will evaluate the performance of the Chief Executive Officer on an annual basis.

### 5.24 The persons taking highest responsibility in finance and accounting

Chief Financial and Accounting Officer is the person taking highest responsibility in finance and accounting, who is duly qualified in terms of experiences in accounting or finance for 3 years in the past 5 years, as well as in terms of training, i.e. 12 hours of orientation and 6 hours of a continuing development course in accounting knowledge per year, in accordance with the regulations as specified by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), in order to perform its duties in preparing financial reports and producing quality reports.

### 5.25 The persons supervising accounting (Chief Accountant)

Accounting and Operation Manager is the person supervising accounting (Chief Accountant), who is duly qualified and has been registered as Certified Public Accountant (CPA) in accordance with the announcement of the Department of Business Development, equipped with experiences in accounting for 3 years in the past 5 years and has attended a continuing development course in accounting knowledge in accordance with the regulations as specified by the announcement of the Department of Business Development, in order to perform its duties in preparing financial reports and producing quality reports.

## 5.26 Audit Fee

In 2019, the Board concurred with the Audit Committee recommendation to propose to the Annual General Meeting of Shareholders to appoint the EY Office Limited as its auditor for year 2019; the aforementioned Auditors are qualified approval by the Securities and Exchange Commission including independent and have no conflict of interest with the Company, its executives, major shareholders or any related persons with the aforementioned persons that affects to the Company. With proper term and conditions for audit services and fee, the shareholders' meeting appointed the auditor and auditing fee as proposed.

Audit Fee	2019	2018	2017
Audit Fee	924,000	924,000	880,000
Change (%)	No change from 2018	5	-
Non-Audit Fee	None	None	None

## 5.27 Securities Trading and Insider Trading Policy

In 2018, the Company's Securities Trading and Insider Trading Policy was adopted and determined that directors, executives and employees to do not use inside information in the interests of their own as well as related persons. As the Securities and Exchange Act B.E. 2535 (as amended) section 59, directors and executives shall acknowledge the duty to report changes in holdings of the Company's share to the Office of the Securities and Exchange Commission. The Company has the duty of disclosure corporate's information with prudent, accurate, sufficient both Thai and English version timely through the SET electronic system and the Company's website. Disclosure of material nonpublic information of the Company must be the person who is designated only.

## 5.28 Conflict of Interest Policy

The Company determined that directors, executives and related persons to report their interest or a related person's interest for consideration by which conflict of interest may arise and use an opportunity or insider information to benefit them or operate any business competing with the Company or do something apart from their duty including trading of the Company's share. Moreover, prohibit holding shares of competing business or any business that may cause any conflict of interests between employees or member of their families with the Company, should be disclosed to the Company Secretary.

## 5.29 Anti-Corruption Policy

### 1. Guideline on Giving/ Accepting Gifts, Donation and Monetary supporting

The Company has set guidelines for giving and receiving gifts or other benefits for directors, executives and employees to be put into practice by prohibiting the directors, executives and employees at all levels, including their family, to receive or give gifts or other benefits from customers, suppliers, contractors, subcontractors or those who are involved with the Company's business, unless it is a traditional gift to maintain good relationship between individuals only. If the gifts or other benefits are worth more than 3,000 Baht, they must report to their supervisor and a "Report on Giving or Receiving Gifts or Other Benefits" must be prepared as a report and deliver the gift delivered to the Human Resource Department.

### 2. Hospitality Guideline

Reception must be based on tradition and comply with the "Sufficient Economy" philosophy. It must be moderate, infrequent, and appropriate for opportunity. It must not conflict with the legal regulations and be in accordance with good corporate governance policies and the Company's codes of conduct strictly.

### 3. Charity Guideline

Donations must be for public charities or with the clear purpose of benefiting society, without any hidden agenda or receive incorrect business benefits or indirect bribery. Therefore, the Company requires that donations be approved by an authorized person in accordance with the Company's approval manual and under the framework of good corporate governance policies and codes of conduct strictly.

### 4. Financial Contribution Guideline

The Company requires an internal control process and internal audit to ensure the reasonable and transparent use of funding. The approval process and the use of funds are in accordance with internal control procedures and approval is according to the Company's approval manual. In this regard, funding requires an internal record identifying clear objectives, responsibilities, evaluations, and monitoring and reporting to the supervisor.

### 5. Reporting on Anti-corruption Performance

The board of directors requires the preparation of a report on compliance with anti-corruption practices to be reported to the executive board on a monthly basis and to be proposed to the board of directors. It covers the communication of the anti-corruption policies, both inside and outside the organization, corruption-risk management, the giving and receiving of gifts, entertainment, charitable donations, funding, whistle-blowing and complaint.

### 6. Political Contribution Practices

This is to say, directors, executives, and employees have the right to engage in or support political activities personally, outside of office hours, and not on behalf of the Company. The Company does not provide any support to carry out political activities or any political party. The Company is neutral, not aligning with any parties or political groups.

#### 5.30 Political Contribution Policies

The Company has policy that directors, executives and employees have the right to engage in or support political activities following to the democracy, however the Company is neutral, not aligning with any parties or political groups.

#### 5.31 Investment Policy and Supervision of Subsidiaries and Joint Ventures

The Company has a policy on entering into joint ventures in order to be a dealer for distribution of products and services in consumer product business which has potential to grow and opportunities to earn profits for the Company. In the event that the Company establishes its subsidiary, the Company shall control and determine the management policy, as well as appoint a representative(s) to be the director(s) in proportion to its shareholding and attend meetings in the capacity of the shareholder(s). Such representative(s) shall cast a vote at the meeting under the guideline or direction as determined by the Board of Directors. For the investment in joint ventures, the Company shall appoint a representative(s) to be the director(s)/executive(s) as it deems appropriate, subject to the agreement to be further executed. In order to operate and monitor the operation effectively and efficiently in line with the business policy, the Board of Directors has directed its subsidiaries and joint ventures to report its performance on a monthly basis.

#### 5.32 Corporate Governance Policy and Business Ethics

The Board of Directors has placed emphasis on corporate governance for the benefits of the Company, its shareholders, customers and the stakeholders may enjoy the benefits as well. Applying the principles of corporate governance and code of conduct will result in good business operation in the long run and it will be reliable in the eye of the shareholders and everyone around. Moreover, it is beneficial to create value for the purpose of sustainable business in line with the business prospects, investors, capital market and the society, in general.

The Company has disclosed the principles of corporate governance on the Company's website for the purpose of publication to its shareholders. The investors have acknowledged that the Company has determined to carry out the business under the principles of corporate governance for transparency and accountability. As for the employees, the Company has prepared a written manual and emphasizes the employees to understand and deem it important, as well as to perform their tasks with ethics, in order to ensure that every employee has knowledge and understanding in business ethics, the results of which will be evaluated in order to improve the communication to assure the employees have thoroughly understood. The newly recruited employees shall attend an orientation on the topic of business ethics and their business ethics will be evaluated annually.



# Sustainable Development Report



The Company has carried out business with concern for economics, social, community, environment and all involved parties. Creating Shared Value Sub-committee determined policies and procedures to creating shared value into day-to-day operations of the Company's as well as notified all employees, partners and the relevant companies.

Since 2014, the Company has continued making the Sustainable Development Report by separate it from the Annual Report. Later, the report has been started to implement in compliance with the Global Reporting Initiatives (GRI) in 2019.

For more information, please see SD Report.

# The Audit Committee Report



**Dear Shareholders**  
**Moong Pattana International Public Company Limited,**

The Audit Committee of Moong Pattana International Public Company Limited (the “Company”) consists of 3 independent directors whose qualification, knowledge, ability, and specific experience are accordingly completed with the notification of the Stock Exchange of Thailand as well as whose independency of performance to follow the Charter of the Audit Committee. The 3 independent directors are Mrs. La-aid Vongvongpop, as the Chairman of the Audit Committee, Mr. Manit Jeeradit, and Mr. Thaevan Uthaiwat, as the members of the Audit Committee. During 2019, the committee’s composition changed with the resignation of Mr. Thaevan Uthaiwat, effective as from June 1, 2019. The Board of Directors had the resolution to appoint Mr. Songtham Phianpattanawit to be an Independent Director and member of Audit Committee from June 1, 2019.

In 2019, there were 6 meetings of the Audit Committee which were attended by the Company’s Senior Executives and Manager - Internal Auditing Division in the related agendas to jointly propose the information or suggestion which were beneficial to the administration. The Audit Committee recognizes the important of reviewing financial statements, internal control, corporate governance and compliance with security and exchange laws, including laws and regulations relevant to its company, as well as encourage compliant practices regarding the Company’s anti-corruption policy for corporate transparency. The Audit Committee’s report are sent to the Board of Directors by quarterly and/or requested. The summaries of the results are as follows:

## **1. Quarterly Statements of Financial Position and Annual Statements of Financial Position of 2019**

The Audit Committee had reviewed of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2019, with the cooperation of the Auditor and the Executives who were responsible for the preparation of the financial report, by enquiring and receiving the explanation concerning the accuracy and completeness of the Statements of Financial Position following the accounting standard. In addition, the Committee had reviewed the accounting amendment which had an impact on the significance of the Statements of Financial Position prior to submitting to the Board of Directors for approval. Moreover, the Audit Committee had meeting with the Auditor with no presence of the management at the meeting to acknowledge the opinion or remark concerning the procedure of the preparation of the Statements of Financial Position, the internal control of the accounting, and the disclosure of important information, adequate Key Audit Matters (KAM) of which were found no problem or abnormal transaction which were significant.

The Audit Committee opinioned that the aforementioned Statements of Financial Position were accurate in accordance with the important information of the general accepted accounting standard and had adequacy of the disclosure of important information.

## **2. Internal Control System**

The Audit Committee had jointly verified the internal control system with the Auditor and the internal Auditor in every quarter. According to the report of the internal auditing result in 2019 following the assigned plan which covered important work system, there was no significant abnormality or deficiency found in the internal control system. The operations were authorized and approved in compliance with the stipulated principles. The Executives received an emphasis to improve as stated in the report of the internal auditing results to increase efficiency and effectiveness.

The Audit Committee opinioned that the Company’s internal control system was adequate and compatible with the Company’s business and had a clear separation of the power and duty.

### **3. Compliance with the Securities and Exchange Law, Regulations and law related to Business Operations.**

The Audit Committee had reviewed the compliance with the Securities and Exchange Law, the notification of the Stock Exchange, and laws related to the Company's business, with the Internal Auditing Division and the Corporate Secretary Office of the Company, it was found that there was no significant matter of non-compliance with the laws.

### **4. Transaction with possible conflicts of interest**

The Audit Committee had quarterly considered the verification of the transaction with connected persons or enterprises with the finding that the Company had followed the normal general trading agreement and the transactions provided the utmost benefit to the Company's business operation without any indication of abnormality and the disclosure of the Company's information was performed with adequacy.

### **5. Verification of the Risk Management**

The Audit Committee had quarterly verified the progress of the risk management with the Risk Management Sub-Committee with the indication and categorization of the risk, risk assessment, the Company's internal and external risk management with the short-term and long-term planning, including the consistent monitoring and reviewing of the risk management.

### **6. Reviewing the Information Technology System**

The Audit Committee has considered and promoted to set up the policy and measures to prevent access and safety control of the usage of information technology and internal information in the availability of information regularly, provided the information access in order of employee's duty and position. The Committee would monitor the internal control systems, through the auditing by the internal audit team.

### **7. Consideration and Nomination of the Auditor of 2019**

The Audit Committee had considered the performance of the Auditor in the past period with the realization of reputation and creditability, professional independency, service proficiency, consistently on time certifying of Statements of Financial Position, and the consultancy of accounting standard, and proposed to the Board of Directors for further approval to the shareholders' Annual General Meeting to appoint 1) Ms. Siraporn Ouuanunkun C.P.A. Registration No. 3844, or 2) Ms. Chonlaros Suntiasvaraporn C.P.A. Registration No.4523 or 3) Mr. Chatchai Kasemsrithanawat C.P.A. Registration No. 5815 of EY Corporate Services Limited as the Company's Auditor for 2019 in another term with the Auditing fee at a total of Baht 924,000 (Nine Hundred Twenty-Four Thousand Baht)

The self-assessment of the Audit Committee had compared the important activities of the Committee all with the Charter of the Audit Committee and the good guideline for practice, the result was at a good level.

In conclusion, the Audit Committee had opinioned that the Company's Statements of Financial Position had prepared in accordance with the general accepted accounting standard with appropriate and effective internal control system, the business operation had followed the regulations of laws, with suitable risk management, and the Audit Committee had completely performed their duties following the Charter of the Audit Committee stipulated by the Board of Directors.



(Mrs. La-aid Vongvongpop)  
Chairman of Audit Committee

# Internal Control and Risk Management



## **The Assessment of the Company's Internal Control Systems is as follows:**

The Company greatly emphasizes the importance of the internal control system. The Company's internal audit department reviews the Company's working systems to ensure that there are sufficient internal controls and it is suitable for business operations, able to prevent damages to the Company by evaluating different aspects of the internal control systems such as corporate internal controls, risk assessment, control activities, information and communication systems and monitoring and evaluation systems.

The Audit Committee reviewed the internal control systems, followed up with the results of the assessment and the adequacy of the internal control systems according to the Securities and Exchange Commission (SEC) form and reported the evaluation results of the Company's internal control system. Management is required to report directly to the Audit Committee on a consistent, regular basis. Regarding the results of the annual audit in 2019, there was no identification of any significant issues or defects. Besides this, the Company also paid attention to any suggestions or comments in order to develop internal control systems for maximum efficiency.

## **The essence of the Company's internal controls and internal audit systems are as follows:**

### **Part 1 : Corporate Internal Controls**

1. The board of directors and management set out guidelines and practices regarding principles of integrity and maintain work ethics that cover the daily duty's task, decision making and the treatment of business partners, customers and unrelated parties.
2. The board of directors supervises the establishment of clear and measurable business goals to be used as practice guidelines for employees. They were prepared by the executive committee and proposed to the board of directors.
3. Provide a thorough review of performance goals. This includes the possibility of achieving goals, not setting goals that motivate or reward unreasonably or may lead to fraud and misconduct. Set out goals that significantly consider the business environment.
4. Organize a corporate structure that enables management to operate effectively by regularly reviewing its appropriateness.
5. Prepare ethics and regulations in written form in order to prohibit management and employees from acting in a manner that could lead to a conflict of interest with the business and includes the prohibition of corruption that damages the organization.
6. The board of directors established good corporate governance policies, business ethics, and ethics for business partners and anti-corruption practice guidelines for the directors, executives and the Company's employees to adhere to. The policies were communicated and broadcast to the executives and all Company employees via the Company's website. A regular training program for these policies was also organized.

### **Part 2 : Risk Assessment**

1. Regularly evaluate risk assessment, both internally and externally, including the risk evaluation in the area of Cyber Security as well as Fraud Corruption Risk. The Risk Management Committee consists of executives from different divisions presenting risk management to the audit committee on a quarterly basis.
2. Set up measures that monitor events that cause risk factors and set up measures to lower those risks.

3. Inform all employees regarding risk management measures so that they acknowledge and carry out these set measures and be able to follow up on the results of the implementation of these measures.
4. The Company complies with generally accepted accounting standards and is appropriate with the nature of its business.

### Part 3: Control Activities

1. The Company wrote measures regarding internal controls which appropriately cover different procedures and review to comply with compliance plans, regulations and Standard Operation Procedure, including review the structure and the operation changes. For example:
  - Prepared written policies and procedures regarding financial transactions. Have a concise procurement and general management that is able to prevent corruption.
  - Clearly define the scope of powers, responsibilities and the approval of financial limits for each level of management in writing.
2. Clearly divide duties and responsibilities in three areas, the responsibility to approve, the responsibility to record accounts and information technology, and the responsibility to manage the storage of property in order to review the performance of one another.
3. Set clear and accurate measures. In the case that the Company made transactions with major shareholders, directors, executives or any related person, there should be follow up on implementation of the transaction measure in order to comply with the set up approval procedures.
4. The person who has the responsibility to approve shall not be a stakeholder that makes transactions with major shareholders, executive directors or any related person and they must consider the utmost benefit of the Company and think as if the transaction was made with an outsider.
5. In the case that there were transactions with major shareholders, directors, executives or related persons which have long-term binding effects, the monitoring process must be implemented to follow up the compliance with the agreed upon conditions.
6. Regularly monitor the performance of subsidiaries and associated companies. This includes setting the direction for appointed directors and executives to practice accordingly.
7. Set up measures that prevent the Company's operations from violating any relevant laws in order to reduce business operation risk and maintain the reputation of the Company.

### Part 4: Information Technology and Communication Systems

1. Present sufficient important information for the board of directors to use in the decision-making process.
2. The Company receives meeting notifications or meeting documents that provide the necessary information 7 days prior to the meeting.
3. Minutes of the meeting should have sufficient details for shareholders to review the performance of the directors appropriately.
4. Keep complete accounting documents of accounting records and others accounts in different categories.
5. Conducting information security control by setting authorization permission and assigning access data levels in the system according to Segregation of Duties and Responsibilities Principle.
6. Provide effective communication channels within an organization such as e-mail, public relations activities and town hall presentation therefore build coordination and achieve goal setting.

7. The Company set up channels for complaint notification. The Company clearly defined procedures for complaint management to ensure that the complaint will be considered transparently and fairly.

## Part 5: Monitoring and Evaluation Systems

1. The Company provides a process for monitoring compliance with business ethics and regulations prohibiting management and employees from behaving in a manner that may cause a conflict of interest.
2. An internal auditor is required to review and evaluate the results of the activities of internal controls in accordance with the audit plan that was approved by the audit committee. Suggestions are given to enhance the effectiveness of internal controls. Communication is done for the acknowledgement of the executives and in order to proceed with corrective action plans. The audit results are reported directly to the audit committee in order to enable internal auditors to freely perform their duties freely and reports are given straightforward every quarterly.
3. When any material defect is detected, it shall be reported to the board of directors/audit committee in order to consider a corrective action plan within an appropriate time.
4. Regularly report the progress of the corrective action plans to the board of directors/the board of audit committee.
5. There are policies that require management to immediately report to the board of directors in such cases as an act of corruption or suspicion of corruption occurs, a practice violates the law and another offense occurs that could significantly affect the Company's reputation or financial position.

The Audit Committee and the board of directors are of the same opinion that the internal control systems adhere to the set out policies.

The Company appointed Mrs. Pavadee Udomsritanakorn to be an Internal Audit Manager. The Audit Committee considered the approval of appointments, removals, transfers and terminations which included an evaluation of the performance to internal audit manager.

In 2019, the Audit Committee reviewed the internal control systems which were evaluated by the executives and internal auditors. There was no indication of any issues or defects in all material respects which was in line with the opinions of the Company's auditor.



## Connected Transaction

In 2019, the Company had a connected transaction with an associated company and a person who may reasonably be in conflict with the Company, with the audit committee and be responsible for auditing and commenting on the necessity, reasonableness and suitability of the price of the connected transactions. This included conditions to conform to normal trading, including the comparison of prices with an outsider. The related transactions had to comply with the measures and procedures for approval of connected transactions which requires control of connected transactions of the Company or its associated companies with a person who may have a conflict of interest or a conflict in the future.

In addition to this, the Company imposed measures that the authorized persons cannot approve their own disbursements even within the limit of their authority. And in the case of transactions with connected persons or persons with potential conflicts of interest or interests, such persons are not allowed to approve the transactions and shall follow the procedures regarding approval authority when there is a connected transaction. In the case that there is a transaction, acquisition or disposition of assets, the approval authority on disclosures and the practice of acquiring or disposing of assets must be followed.

### ■ Detail of the Transactions

Thai Pigeon Company Limited (TP)	
Type of Business	Production and Distribution of Baby Products under Pigeon Brand such as nipples, nursers, baby bottles, and plastic parts for local and international markets.
Relationship	A joint venture between Pigeon Corporation (Japan) and the Company, in which the Company holds 47% of issued and paid-up capital, with mutual executive board.
Yoshino Moong Pattana (Thailand) Company Limited (YMP)	
Type of Business	Production plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic for distribution in local and international markets.
Relationship	A joint venture between Yoshino Kokusho (Japan), Nomura Jimusho Inc. (Japan), and the Company, in which the Company holds 6.0% of issued and paid-up capital, with mutual director.
Pigeon Industries (Thailand) Company Limited (PIT)	
Type of Business	Production and distribution of breast pads, baby wipes, and baby bottle and nipple liquid cleanser.
Relationship	A joint venture between Pigeon Corporation and the Company, in which the Company holds 2.5% of issued and paid-up capital, with mutual director.
Sumethaporn Company Limited	
Type of Business	Consulting Firm
Relationship	Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom hold 75% and 25% respectively, of issued and paid-up capital, with mutual executive board.

■ List of Individuals that may have conflict of interest with the Company and their relationship Individual with Potential

Conflict of Interest	Relationship
Mr. Sumeth Lersumitkul	Holds the position of Chairman of the Board and is the major shareholder of the Company at 53%.
Mrs. Sureeporn Anuvatudom	Holds the position of Joint Chief Executive Officer, and is the shareholder of the Company at 1.37%.
Mr. Methin Lersumitkul	Holds the position of Business Development and Marketing Director and is the shareholder of the Company at 4.38%.

■ Connected Transactions as of December 31, 2019

The transactions detail between the Company, associated company, and related parties for the fiscal year 2017 – 2019 Financial Statements, as the following:

■ Transaction between Related Parties

Seller of products/ provider of services	Buyer/ Recipient of Service	Transaction Details/ Key Conditions	Value of Transaction (MB)			Reasons and Necessity/ Opinion of Audit Committee
			2019	2018	2017	
The Company	YMP	The Company sources production-required raw materials and equipment for YMP and, for this services, receives 1.5% of the prices of the material/ services and, in accordance to the distributor service agreement with the Company, YMP will absorb the commission fees at rate 0.3% of the net selling prices of the products that YMP sells to their customers (Revised January 2014)	9.5	8.8	7.5	The Company provides raw materials and equipment for YMP at prices and conditions are in line with normal business practice. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
TP	The Company	The Company buys Pigeon product from TP such as nipples, baby bottles and others.	150.8	139.4	128.3	The Company is sole distributor of TP's products in Thailand. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
PIT	The Company	The Company buys Pigeon products such as breast pads, baby wipes, and baby bottles and nipple liquid cleanser from PIT	93.3	106.2	96.8	The Company is sole distributor of PIT's products in Thailand. <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.

Seller of products/ provider of services	Buyer/ Recipient of Service	Transaction Details/ Key Conditions	Value of Transaction (MB)			Reasons and Necessity/ Opinion of Audit Committee
			2019	2018	2017	
YMP	The Company	The Company buys plastic product from YMP such as plastic boxes and lids, power cassette, hairy dye comb, pump and sprayer for plastic bottles.	3.8	4.6	5.3	The Company buys products from YMP at prices and conditions are in line with normal business practice.  <u>Opinion of Audit Committee:</u> The transactions are in line with normal business practice at general market prices and standardized with revenue collection from general customers.
Mr. Sumeth Lersumitkul	The Company	The Company rents office space on 18 <sup>th</sup> floor (partly) and 19th floor, Bangna Complex Office Tower.	5.1	4.1	4.0	Because the original Company's office space was small and could not meet the needs of business expansion. The Company submitted a request to rent office space of Mr. Sumeth Lersumitkul at standard rate and general commercial agreements for improving it to be the new head office.  <u>Opinion of Audit Committee:</u> The rentals are at market price. The transactions are reasonable.
Sumethaporn Company Limited	The Company	The Company hires a Company Advisory Director for business consulting service	4.0	3.6	3.6	Due to changing hiring an individual person to the company that Mr. Sumeth Lersumitkul is an authorized person of the company.  <u>Opinion of Audit Committee:</u> The advisor fees are at underlying rate. The transactions are reasonable.

#### Transaction of Dividends Received from Related Parties

Dividend Provider	Transaction Details	Transaction Value (MB)		
		2019	2018	2017
TP	The Company received dividend income	23.5	18.8	18.8
PIT		3.3	3.3	3.1
YMP		3.6	3.3	3.2

#### Transaction of Total Outstanding between Related Parties and the Company

Outstanding between related parties and the Company		Transaction Type	Total Outstanding Value (MB)		
Company	Individual/ Juristic Persons with total Outstanding Transaction		2019	2018	2017
Company	TP	Other receivables	3.9	4.2	3.0
		Trade Payables	47.7	39.3	44.4
	PIT	Other receivables	-	-	1.2
		Trade Payables	1.1	0.4	-
		Other receivables	20.3	33.1	33.0
	YMP	Other receivables	2.3	2.1	1.8
		Trade Payables	0.1	1.0	0.8

#### Transaction of Collateral

None

#### ■ Policies or Prospects for Future Connected Transactions

In the future, the Company expects that there will be ongoing connected transactions with associated companies in conducting general business with normal conditions of business. This can be referenced to business conditions of the same type that the Company deals with outsiders, such as the purchase and sale of raw materials and finished goods, lease of office buildings, etc. The connected transactions are for necessity for business operations within the group, with price policies clearly defined. The audit committee will strictly consider and audit all connected transactions in accordance with rules and regulations on disclosure, connected transactions, acquisition or disposition of assets and the accounting standards set by the Federation of Accounting Profession.

## Financial information

Unit : (MB)

3 years Financial Information				% of growth	
Description	2019	2018	2017*	2019	2018
<b>Profit or loss (Equity Method)</b>					
Revenue	777.6	742.6	795.4	4.7	10
Total Revenue	854.8	794.5	816.4	7.6	14
Gross profit	330.8	336.2	414.7	(1.6)	14
Profit before share of income from investment in associated company, finance cost and income tax expenses	44.0	49.2	15.5	(10.6)	218
Financial Cost	0.4	1.3	2.0	(69.2)	(35.1)
Profit before income tax expenses	43.6	47.9	13.5	(9.0)	256.1
Tax expenses	7.8	8.8	1.5	(11.4)	478.3
Net profit before share of income from investment in associated company	35.8	39.1	12.0	(8.4)	227.7
share of income from investment in associated company	52.5	90.0	66.6	(41.7)	35.1
Profit for the year	88.4	129.1	78.6	(31.5)	64.1
Total comprehensive income for the year	86.0	127.7	77.3	(32.6)	65.2
<b>Statement of financial position (Equity Method)</b>					
Total assets	1,009.9	954.4	881.3	5.8	8.3
Total liabilities	230.7	217.5	245.5	6.1	(11.4)
Shareholders' equity	779.3	736.9	635.8	5.8	15.9
Finance Institution liabilities	8.1	8.7	70.3	(6.9)	(87.6)

Remark : \*No adjustment as to TFRS15



3 years Financial Information					% of growth	
Description	Unit (MB)	2019	2018	2017*	2019	2018
<b>Ordinary share information</b>						
Issued and fully paid up	'000 shares	168,640	168,433	165,259	0.1	1.9
Book value per share	THB	4.62	4.37	3.85	5.7	13.7
Par value per share	THB	1.00	1.00	1.00	-	-
Diluted EPS (Equity Method)	THB	0.52	0.77	0.47	(32.5)	63.8
Diluted EPS (Separated)	THB	0.35	0.35	0.18	-	94.4
Dividend paid per share	THB	0.26	0.18	0.18	44.4	-
<b>Financial Ratio</b>						
Gross profit margin	(%)	42.5	45.3	52.1	(6.2)	3.1
Gross profit margin (Equity Method)	(%)	11.4	17.4	9.7	(34.5)	76.1
Dividend Payout Ratio(Equity Method)	(%)	49.6	23.2	35.9	113.8	(35.5)
Dividend Payout Ratio(Separated)	(%)	73.9	51.6	91.7	43.2	(43.8)
ROA	(%)	8.7	13.5	8.9	(35.5)	51.8
ROE	(%)	11.3	17.5	12.2	(35.3)	41.9
Liquidity Ratio	(time)	1.8	1.5	1.2	15.4	26.8
Average Collection Period	(day)	100	84	80	(9.0)	5
Average Inventory Period	(day)	75	79	84	(5.1)	(6.0)
Debt to Equity ratio	(day)	0.3	0.3	0.4	-	(23.5)
Finance Institution Liabilities per Shareholder equities ratio	(time)	0.01	0.01	0.1	-	(89.3)

**Remark :** \*No adjustment as to TFRS15

# Management Discussion and Analysis

## Summary of Auditor Report

Summary of Auditor Report for the years 2017 - 2019

Financial statements of the Company for the year ended December 31, 2019	Ms. Chonlaros Suntiasvaraporn, Certified Public Accountant No. 4523 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at December 31, 2019 and its financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.
Financial statements of the Company for the year ended December 31, 2018	Ms. Chonlaros Suntiasvaraporn, Certified Public Accountant No. 4523 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at December 31, 2018 and its financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.
Financial statements of the Company for the year ended December 31, 2017	Ms. Chonlaros Suntiasvaraporn, Certified Public Accountant No. 4523 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at December 31, 2017 and its financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.

## 1. Overview of the Company's operation

Moong Pattana International Public Company Limited is a Consumer Product Company. With marketing expertise, brand awareness is created through marketing activities continuously. Besides, Moong Pattana is expert in distribution by building distribution network nationwide through modern trade, general trade both credit and cash van and including other distribution channels for example direct sales and e-commerce.

The Company has conducted the business of sales and distribution of consumer goods largely for mothers and children under the brand "Pigeon". Certain parts of products for which the Company has operated as a distributor have been manufactured by Thai Pigeon Company Limited, a company operating under a joint venture between Pigeon Corporation Limited ("Pigeon Corp") in Japan and the Company. The manufactured products include nipples, nursing bottles, training cups, etc. In addition, some types of products for which the Company has operated as a distributor have been manufactured by Pigeon Industrial (Thailand) Company Limited ("PIT"), a company operating under a joint venture with Pigeon Corp. Such products being manufactured are baby wipes and breast pads. With respect to the other product categories such as cleansing products for kids, breastfeeding products for mothers, etc., we have imported from Pigeon Corp who is the manufacturer of child care products in Japan. Besides, the Company has conducted a business as the distributor for other types of products that are not maternal and child care products, namely plastic containers, water spray bottles under the brand "Foggy" and daily use products such as cotton pads, toothbrushes, and cleansing products under the brand "V-Care". Meanwhile, the Company has also been appointed as a distributor of bed sheets under the brand "Softex", including other brands, i.e. Big Foot Candy. Apart from the investment in TP and PIT, the Company has also invested in Yoshino Moong Pattana (Thailand) Company Limited ("YMP").

## 2. Company's Performance

In 2019, the Company has total revenue amount of THB 854.8 million which is increased from previous year by THB 60.3 million or 7.6%. Net profit is THB 88.4 million. A decreasing THB 40.8 million or 31.6% are mainly from the following changes:

#### ■ Sales Revenue

In 2019, the Company's sales revenue amounted to THB 777.6 million in total, increasing by THB 35 million or 4.7% from the previous year as a result of elderly product category, a new product segment that the Company has recently operated as a distributor in the fourth quarter of 2019, benefiting mainly from modern trade channel, normal channel, as well as the export channel to Lao PDR and Cambodia.

#### ■ Other Income

In 2019, the Company's other income amounted to THB 77.2 million, increasing by THB 25.3 million from the previous year or 48.8 %. Such growing income resulted from the profits earned from the sales of immovable properties for investment amounting to THB 21.7 million, the income from being a broker rising to THB 1.1 million, and other income of THB 2.3 million.

Other incomes	2018 (Million Baht)	2017 (Million Baht)	Change (+/-)
Commission incomes	13.3	12.2	1.1
Dividend income from investment in other companies	6.9	6.6	0.3
Gain from selling investment properties	50.0	28.3	21.7
Other incomes	7.1	4.9	2.2
<b>Total other incomes</b>	<b>77.3</b>	<b>52.0</b>	<b>25.3</b>

#### ■ Gross Profits

In 2019, the Company's gross profits amounted to THB 330.8 million which contributed to 42.5% of sales revenue, decreasing from the previous year by 1.6%. It was found that the increase in the costs of sales was greater than the sales growth due to the fact that the increasing sales mostly came from the category of elderly products, which has a lower rate of gross profits than other product categories.

#### ■ Selling and Administrative Expenses

In 2019, the Company's selling and administrative expenses was THB 364.1 million, increasing by THB 25.2 million from the previous year or 7.4% due to the realization of the impact from the amendment to the Labour Protection Act (No. 7) B.E. 2562 (2019), in which it stipulates the severance pay for the employees who have worked for an uninterrupted period of twenty years to be entitled to receive payment of not less than their last rate of wages for 400 days, contributing to the change in employee benefit scheme after the termination of employment. This required the Company to realize the expenses of severance pay increasing to THB 2.2 million along with the damages resulting from the litigation of THB 9.0 million. Meanwhile, the increasing expenses were also owing to public relations and sales promotion for conducting the planned activities.

#### ■ Net Profit

In 2019, the Company's operating earnings before the profit sharing with its associated companies was THB 44 million which accounted for 5.7% of the sales revenue, decreasing by 10.7% compared to the previous year. After having included the profit sharing from the investment by the equity method with its associated companies, the Company had the net profit of THB 88.4 million, or 11.4% of the sales revenue, which decreased by THB 40.8 million from the previous year or decreased by 31.6%. Aside from the impact from the cost of sales and the selling and administrative expenses as mentioned earlier, the Company had profit sharing from investment in the associated companies decreasing by THB 37.5 million or 41.6% due to the decline in turnover of the associated companies resulting from the export under the economic slowdown.

The Company has adjusted its selling expenses in the quarterly and yearly financial statements, in accordance with the new Thailand Financial Reporting Standard, the 15<sup>th</sup> Supplement: Revenue from Contracts with Customers (TFRS 15),

by having adjusted its financial statements showing comparison in the previous year retroactively, contributing to the trade discounts payable to the customers pursuant to the contract became the deduction of sales revenue in replacement of the selling expenses, leading to declines in net sales revenue and gross profits. The sales and distribution expenses also decreased, whereas net profits remained unchanged.

### 3. Financial Position (showing investment by the equity method)

#### ■ Asset

As of 31 December 2019, the Company's total asset was THB 1,009.9 million, increasing by THB 55.6 million from the previous year or 5.8%. The significant changes are as follows:

- 1) Cash and cash equivalents increased by THB 10.5 million from the investment activities and the revenue from the sales of immovable properties were invested in short-term bonds (temporary investment), which increased by THB 37.3 million.
- 2) Trade and other receivables increased by THB 13.6 million due to the increase in the sales revenue.
- 3) Inventories increased by THB 5.9 million as a result of the purchase in support of the sales volume for the beginning of the year.
- 4) Non-current assets decreased by THB 5.9 million due to the increasing investment in the associated companies of THB 27.2 million. The sales of immovable properties for investment purposes also decreased by THB 28.4 million. Same goes to the tangible assets in the type of building and equipment as well as intangible assets, which decreased by THB 6.8 million, contributing to the calculation of depreciation and distribution by service life of such assets.

#### ■ Liabilities

As of 31 December 2019, the Company's total liabilities were THB 230.7 million, increasing by THB 230.7 million from the previous year or 6.1%. The significant changes are as follows:

- 1) Trade and other payables increased by THB million 19.3 due to the increase in sales volume orders.
- 2) Other current liabilities decreased by THB 9.6 million due to the receipt of deposit from the sales of immovable properties for investment purposes in 2018 as well as the decrease in corporate income tax payable.
- 3) Non-current liabilities increased by THB 4.5 million due to the increase in the provision for long-term employee benefits and the liabilities according to the financial lease contracts.

#### ■ Shareholders' Equity

As of 31 December 2019, the Company's shareholder equity was THB 779.3 million, increasing by THB 42.4 million from the previous year. This is due to the increase in the retained earnings from the increasing net profits during the year, netting off with the dividend income.

#### ■ Liquidity and Working Capital

THB Million

Description	Financial Statement (Equity Method)	
	2019	2018
Net cash flows from (used in) operating activities	(12.8)	30.7
Net cash flows from (used in) investing activities	71.3	71.5
Net cash flows (used in) financing activities	(48.0)	(92.5)
Cash and cash equivalents at end of year	10.5	9.7

The Company's cash flow and cash equivalents as of the end of 2019 was THB 10.5 million, which can be summarized as follows:

In 2019, the Company's net cash flow from operating activities appeared to be negative at THB 12.8 million. The significant item is the profits after income tax expenses of THB 96.1 million. After having adjusted the entry with the impact of non-cash items, e.g. depreciation, amortization, doubtful debts and profits or losses, the Company will have the earnings before interest, tax, depreciation and amortization of THB 1.9 million, and, after having adjusted the entry of assets and liabilities, the significant item of the inventories is greater than in 2018 and the tax payment was THB 11 million.

In 2019, the Company's cash flow from investment activities appeared to be positive at THB 71.3 million. The significant items of the cash flow from investment activities include the net cash flow from the sales of immovable properties for investment purposes in the amount of THB 78 million and the dividend income in the amount of THB 30 million and the cash paid for temporary investment in the amount of THB 37 million.

In 2019, the Company's net cash flow used for funding activities was THB 48 million. The significant items are the dividend payment of THB 43.8 million and the cash settlement under the financial lease liabilities of THB 4 million.

■ **Main factors and influences contributing to the operation and financial position in the future**

Reliance on Pigeon Corp who is the manufacturer and the owner of the brand Pigeon

Operation of our business mainly relies on the distribution of Pigeon products, e.g. nipples, nursing bottles and wipes, etc. The proportion of sales revenue from Pigeon products to sales revenue from all sales was at 78.9%, 79.5% and 75% in 2017, 2018 and 2019, respectively. Moreover, it was found that the gross profits from Pigeon products to gross profits of the Company in 2017, 2018 and 2019 was at 79.2%, 79.7% and 75.7%, respectively. That is to say, the Company's operation heavily relies on Pigeon products. However, the Company has continuously established a good relationship with Pigeon Corp and is a trusted distributor to distribute Pigeon products exclusively in Thailand, and, together, have established TP and PIT in order to manufacture products under the brand Pigeon and distribute such products exclusively to the Company for the distribution in Thailand. Furthermore, the Company has also been trusted by Pigeon Corp to be an exclusive distributor in the Lao People's Democratic Republic in 2016; all of which demonstrates a good relationship between the Company and Pigeon Corp.

In addition, the Company had realized the income deriving from profits sharing of investment in TP, calculated based on the equity method, in proportion to its shareholding of 47%. Due to the fact that the Company is a minor shareholder, thus the Company has no absolute control over the dividend payment and cash flow from the dividend, which are subject to the major shareholder (Pigeon Corp)'s consideration. However, in the past TP's performance and its dividend payment was continuously at the satisfactory rate.

Nevertheless, the Company has foreseen the risks involved in the reliance on the sales of Pigeon, hence our efforts to distribute more consumer products. This can be evidenced by, among others, the ratio of sales revenue earned from consumer products in 2019 at 20.6% of all revenue, which is higher than the sales revenue in 2018 at 16.8% only.

■ **Future Trends**

Thailand's birth rate tends to decline, resulting in a decline of sales volume of maternal and child products. Therefore, the Company has implemented a policy on development of new products under our own brands, so as to rely less on Pigeon Corp. By implementing such policy, the Company emphasized on increasing the proportion of consumer products, e.g. daily use products, household products, food and beverage product, including elderly product which present growth.

# Report Regarding the Responsibility of the Board of Directors for Financial Report

The Board of Directors of Moong Pattana International Public Company Limited is responsible for the Company's financial statements and financial information as shown in its annual report for the year 2019. The Company's financial reports and information are prepared in compliance with the Generally Accepted Accounting Principles, with due care and carefulness. The Company as provided sufficient disclosure of important information in the notes to financial statements for the benefit of shareholders and general investors.

For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors has set up a risk management system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and unusual activities. As well, the Company set up an Audit Committee to review its accounting policies, sufficiency of the internal control systems, auditing and disclosure of financial data to ensure accurate, reliable and reasonable data regarding its financial statutes, revenue, expenses and cash flow.

The Company's financial statements were audited by EY Office Limited. In auditing the Company's financial statements, the Board of Directors and the management provided data and document necessary for the auditor to perform the auditing tasks and provide the opinion in accordance with applicable auditing standards. The auditor's opinion already appears on the Company's annual report.

It is the Board of Directors' opinion that the financial statements of Moong Pattana International Public Company Limited ending December 31, 2019 are prepared in line with Generally Accepted Accounting Principles and relevant rules and regulations.



Mr. Sumeth Lersumitkul  
Chairman of the Board



Ms. Suwanna Chokdee-anand  
Director and CEO



Mrs. Sureeporn Anuvatudom  
Director and Joint-CEO

## Independent Auditor's Report



To the Shareholders of Moong Pattana International Public Company Limited

### Opinion

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

In my opinion, the financial statements in which equity method is applied and the separate financial statement present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at 31 December 2019, its 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 Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key Audit Matters

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

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

The key audit matter and how audit procedures respond are described below.

### Revenue recognition

Revenue from sales is considered to be a significant account because the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various industries which have different commercial terms. I therefore focused on the Company's recognition of sales revenue.

I assessed the Company's revenue recognition by obtaining the understanding and evaluating the effectiveness of the Company's internal controls related to the sales cycle. In addition, I randomly selected sales transactions occurring during the year and near the period end for testing and reviewed credit notes issued to customers after the reporting period. Lastly, I performed analytical reviews of the sales accounts and reviewed journal vouchers whether there were any unusual sales transactions.

### Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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, to 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 Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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 Company and its associated (the Group) to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 25 February 2020

# Statement of financial position

As at 31 December 2019

(Unit: Baht)

	<u>Note</u>	Financial statements		Separate financial statements	
		in which the equity method is applied			
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	26,643,650	16,151,930	26,643,650	16,151,930
Current investment	9	37,315,650	-	37,315,650	-
Trade and other receivables	10	215,989,829	202,378,415	215,989,829	202,378,415
Inventories	11	90,356,365	84,440,733	90,356,365	84,440,733
Other current assets		3,846,567	7,881,667	3,846,567	7,881,667
<b>Total current assets</b>		<b>374,152,061</b>	<b>310,852,745</b>	<b>374,152,061</b>	<b>310,852,745</b>
<b>Non-current assets</b>					
Investment in associated company	12	530,755,825	503,547,502	58,173,970	58,173,970
Other long-term investments	13	24,932,180	24,932,180	24,932,180	24,932,180
Building and equipment	14	30,410,964	35,846,423	30,410,964	35,846,423
Investment properties	15	27,700,000	56,113,114	27,700,000	56,113,114
Intangible assets	16	12,887,054	14,325,258	12,887,054	14,325,258
Deferred tax assets	23	4,747,311	3,780,576	4,747,311	3,780,576
Other non-current assets		4,349,403	4,986,706	4,349,403	4,986,706
<b>Total non-current assets</b>		<b>635,782,737</b>	<b>643,531,759</b>	<b>163,200,882</b>	<b>198,158,227</b>
<b>Total assets</b>		<b>1,009,934,798</b>	<b>954,384,504</b>	<b>537,352,943</b>	<b>509,010,972</b>

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

# Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	<u>Note</u>	Financial statements		Separate financial statements	
		in which the equity method is applied			
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	17	205,133,315	185,795,439	205,133,315	185,795,439
Current portion of finance lease liabilities	18	2,608,474	3,653,280	2,608,474	3,653,280
Other current liabilities		3,087,007	12,726,735	3,087,007	12,726,735
<b>Total current liabilities</b>		<b>210,828,796</b>	<b>202,175,454</b>	<b>210,828,796</b>	<b>202,175,454</b>
<b>Non-current liabilities</b>					
Finance lease liabilities - net of current portion	18	5,514,983	5,036,946	5,514,983	5,036,946
Deferred tax liability	23	18,016	18,016	18,016	18,016
Provision for long-term employee benefits	19	12,660,775	8,735,228	12,660,775	8,735,228
Other non-current liabilities		1,644,159	1,530,823	1,644,159	1,530,823
<b>Total non-current liabilities</b>		<b>19,837,933</b>	<b>15,321,013</b>	<b>19,837,933</b>	<b>15,321,013</b>
<b>Total liabilities</b>		<b>230,666,729</b>	<b>217,496,467</b>	<b>230,666,729</b>	<b>217,496,467</b>

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

# Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered	20				
222,650,523 ordinary shares of Baht 1 each					
(2018: 170,254,253 ordinary shares of Baht 1 each)		222,650,523	170,254,253	222,650,523	170,254,253
Issued and fully paid up					
168,639,633 ordinary shares of Baht 1 each					
(2018: 168,432,633 ordinary shares of Baht 1 each)		168,639,633	168,432,633	168,639,633	168,432,633
Share subscription received in advance		-	207,000	-	207,000
Share premium		36,549,097	36,549,097	36,549,097	36,549,097
Surplus on share-based payment transactions		743,364	560,587	743,364	560,587
<b>Retained earnings</b>					
Appropriated - statutory reserve	21	17,025,425	17,025,425	17,025,425	17,025,425
Unappropriated		556,310,550	514,113,295	83,728,695	68,739,763
<b>Total shareholders' equity</b>		<b>779,268,069</b>	<b>736,888,037</b>	<b>306,686,214</b>	<b>291,514,505</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,009,934,798</b>	<b>954,384,504</b>	<b>537,352,943</b>	<b>509,010,972</b>

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



# Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		Financial statements			
		in which the equity method is applied		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales of goods		777,589,646	742,576,265	777,589,646	742,576,265
Other income					
Commission income		13,270,673	12,171,002	13,270,673	12,171,002
Dividend income from associated company	12	-	-	23,509,400	18,807,520
Dividend income from other companies	13	6,850,000	6,562,000	6,850,000	6,562,000
Gain on sales of investment properties	15	49,986,888	28,323,002	49,986,888	28,323,002
Others		7,136,425	4,856,003	7,136,425	4,856,003
Total revenues		854,833,632	794,488,272	878,343,032	813,295,792
Expenses					
Cost of sales		446,762,741	406,370,864	446,762,741	406,370,864
Selling and distribution expenses		194,586,827	182,854,719	194,586,827	182,854,719
Administrative expenses		169,512,950	156,002,509	169,512,950	156,002,509
Total expenses		810,862,518	745,228,092	810,862,518	745,228,092
Profit before share of income from investment in associated company, finance cost and income tax expenses					
		43,971,114	49,260,180	67,480,514	68,067,700
Share of income from investment in associated company	12	52,527,057	89,998,781	-	-
Profit before finance cost and income tax expenses		96,498,171	139,258,961	67,480,514	68,067,700
Finance cost		(364,925)	(1,311,761)	(364,925)	(1,311,761)
Profit before income tax expenses		96,133,246	137,947,200	67,115,589	66,755,939
Income tax expenses	23	(7,767,267)	(8,813,028)	(7,767,267)	(8,813,028)
Profit for the year		88,365,979	129,134,172	59,348,322	57,942,911
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial losses		(2,903,024)	(1,842,444)	(641,356)	(1,100,910)
Less: Income tax effect		580,605	368,489	128,271	220,182
Other comprehensive income for the year		(2,322,419)	(1,473,955)	(513,085)	(880,728)
Total comprehensive income for the year		86,043,560	127,660,217	58,835,237	57,062,183
Earnings per share					
Basic earnings per share	25	0.52	0.77	0.35	0.35
Diluted earnings per share		0.52	0.77	0.35	0.35

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

# Statement of changes in shareholders' equity

For the year ended 31 December 2019



	Financial statements in which the equity method is applied						(Unit: Baht)
	Issued and paid-up share capital	Share subscription received in advance	Share premium	Surplus on share-based payment transactions	Retained earnings		
					Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2017							
Increase share capital	165,259,201	833,543	35,969,497	383,935	17,025,425	416,349,772	635,821,373
Share subscription received in advance	3,173,432	(833,543)	-	-	-	-	2,339,889
Share-based payment transactions	-	207,000	579,600	-	-	-	786,600
Profit for the year	-	-	-	176,652	-	-	176,652
Other comprehensive income for the year	-	-	-	-	-	129,134,172	129,134,172
Total comprehensive income for the year	-	-	-	-	-	(1,473,955)	(1,473,955)
Dividend paid (Note 22)	-	-	-	-	-	127,660,217	127,660,217
Balance as at 31 December 2018	168,432,633	207,000	36,549,097	560,587	17,025,425	514,113,295	736,888,037
Balance as at 31 December 2018							
Increase share capital	168,432,633	207,000	36,549,097	560,587	17,025,425	514,113,295	736,888,037
Share-based payment transactions	207,000	(207,000)	-	-	-	-	-
Profit for the year	-	-	-	182,777	-	-	182,777
Other comprehensive income for the year	-	-	-	-	-	88,365,979	88,365,979
Total comprehensive income for the year	-	-	-	-	-	(2,322,419)	(2,322,419)
Dividend paid (Note 22)	-	-	-	-	-	86,043,560	86,043,560
Balance as at 31 December 2019	168,639,633	-	36,549,097	743,364	17,025,425	556,310,550	779,268,069

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

# Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital	Share subscription received in advance	Share premium	Surplus on share-based payment transactions	Retained earnings		
					Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2017</b>	165,259,201	833,543	35,969,497	383,935	17,025,425	41,574,274	261,045,875
Increase share capital	3,173,432	(833,543)	-	-	-	-	2,339,889
Share subscription received in advance	-	207,000	579,600	-	-	-	786,600
Share-based payment transactions	-	-	-	176,652	-	-	176,652
Profit for the year	-	-	-	-	-	57,942,911 (880,728)	57,942,911 (880,728)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	57,062,183	57,062,183
Dividend paid (Note 22)	-	-	-	-	-	(29,896,694)	(29,896,694)
<b>Balance as at 31 December 2018</b>	168,432,633	207,000	36,549,097	560,587	17,025,425	68,739,763	291,514,505
<b>Balance as at 31 December 2018</b>	168,432,633	207,000	36,549,097	560,587	17,025,425	68,739,763	291,514,505
Increase share capital	207,000	(207,000)	-	-	-	-	-
Share-based payment transactions	-	-	-	182,777	-	-	182,777
Profit for the year	-	-	-	-	-	59,348,322 (513,085)	59,348,322 (513,085)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	58,835,237	58,835,237
Dividend paid (Note 22)	-	-	-	-	-	(43,846,305)	(43,846,305)
<b>Balance as at 31 December 2019</b>	168,639,633	-	36,549,097	743,364	17,025,425	83,728,695	306,686,214

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

# Cash flows statement

For the year ended 31 December 2019

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	96,133,246	137,947,200	67,115,589	66,755,939
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	13,706,917	13,792,610	13,706,917	13,792,610
Allowance for doubtful accounts (reversal)	(1,207,355)	1,191,866	(1,207,355)	1,191,866
Allowance for diminution in value of inventories (reversal)	1,052,567	(892,674)	1,052,567	(892,674)
Unrealised loss on exchange	78,984	7,162	78,984	7,162
Gain on sales of assets	(2,441,205)	(679,024)	(2,441,205)	(679,024)
Unrealised exchange gain from current investment	(254,445)	-	(254,445)	-
Gain on sales of current investment	(61,205)	-	(61,205)	-
Gain on sales of investment properties	(49,986,888)	(28,323,002)	(49,986,888)	(28,323,002)
Impairment of investment properties	400,000	-	400,000	-
Provision for long-term employee benefits	3,284,191	1,555,241	3,284,191	1,555,241
Share-based payment transactions	182,777	176,652	182,777	176,652
Dividend received from investment in associated company	-	-	(23,509,400)	(18,807,520)
Dividend received from investment in other companies	(6,850,000)	(6,562,000)	(6,850,000)	(6,562,000)
Share of income from investment in associated company	(52,527,057)	(89,998,781)	-	-
Interest expenses	364,925	1,311,761	364,925	1,311,761
Profit from operating activities before changes in operating assets and liabilities	1,875,452	29,527,011	1,875,452	29,527,011
Operating assets decrease (increase)				
Trade and other receivables	(12,404,059)	(15,743,394)	(12,404,059)	(15,743,394)
Inventories	(6,968,199)	(2,591,863)	(6,968,199)	(2,591,863)
Other current assets	4,035,100	(1,489,653)	4,035,100	(1,489,653)
Other non-current assets	(108,200)	28,540	(108,200)	28,540
Operating liabilities increase (decrease)				
Trade and other payables	19,258,893	20,259,808	19,258,893	20,259,808
Other current liabilities	(7,206,095)	8,376,036	(7,206,095)	8,376,036
Other non current liabilities	113,336	-	113,336	-
Cash flows from (used in) operating activities	(1,403,772)	38,366,485	(1,403,772)	38,366,485
Cash paid for long - term employee benefits	-	(326,735)	-	(326,735)
Cash paid for interest expenses	(364,925)	(1,326,618)	(364,925)	(1,326,618)
Cash paid for corporate income tax	(11,039,364)	(6,062,923)	(11,039,364)	(6,062,923)
<b>Net cash flows from (used in) operating activities</b>	<b>(12,808,061)</b>	<b>30,650,209</b>	<b>(12,808,061)</b>	<b>30,650,209</b>

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

# Cash flows statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Proceeds on sales of current investment	13,000,000	-	13,000,000	-
Cash paid for purchase of current investment	(50,000,000)	-	(50,000,000)	-
Dividend received from investment in associated company	23,509,400	18,807,520	23,509,400	18,807,520
Dividend received from investment in other companies	6,850,000	6,562,000	6,850,000	6,562,000
Acquisitions of assets	(907,805)	(4,232,739)	(907,805)	(4,232,739)
Proceeds on sales of assets	2,476,636	766,128	2,476,636	766,128
Proceeds on sales of investment properties	78,000,000	49,919,752	78,000,000	49,919,752
Increase in intangible assets	(1,637,364)	(346,500)	(1,637,364)	(346,500)
<b>Net cash flows from investing activities</b>	<b>71,290,867</b>	<b>71,476,161</b>	<b>71,290,867</b>	<b>71,476,161</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	-	(62,979,978)	-	(62,979,978)
Repayment of finance lease liabilities	(4,144,781)	(2,775,745)	(4,144,781)	(2,775,745)
Proceeds from increase in share capital	-	2,339,889	-	2,339,889
Proceeds from share subscription received in advance	-	786,600	-	786,600
Dividend paid	(43,846,305)	(29,896,694)	(43,846,305)	(29,896,694)
<b>Net cash flows used in financing activities</b>	<b>(47,991,086)</b>	<b>(92,525,928)</b>	<b>(47,991,086)</b>	<b>(92,525,928)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,491,720</b>	<b>9,600,442</b>	<b>10,491,720</b>	<b>9,600,442</b>
Cash and cash equivalents at beginning of year	16,151,930	6,551,488	16,151,930	6,551,488
<b>Cash and cash equivalents at end of year</b>	<b>26,643,650</b>	<b>16,151,930</b>	<b>26,643,650</b>	<b>16,151,930</b>
<b>Supplemental cash flows information</b>				
Non-cash transaction:				
Purchases of motor vehicle under finance lease liabilities	3,581,088	4,103,925	3,581,088	4,103,925

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

# Notes to financial statements

For the year ended 31 December 2019



## 1. General information

Moong Pattana International Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of baby and infant products, and other products, and its registered address is No. 2/97-104, 18<sup>th</sup> - 19<sup>th</sup> Floor, Bangnacomplex Office Tower, Soi Bangna-Trad 25, Bangnanuea, Bangna, Bangkok and a branch is located at No. 444/11, Moo 7, Bangpha, Bangplee, Samutprakarn.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Profession 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 The separate financial statements present investments in associated company under the cost method.

## 3. New financial reporting standards

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

During the year, the Company 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 Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

## TFRS 15 Revenue from Contracts with Customers

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

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

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

The Company adopted TFRS 15 using the full retrospective method of adoption. The Company elects to apply the practical expedient as not disclose the effect of the transition on the current year.

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

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

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



## Financial reporting standards related to financial instruments

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

### Financial reporting standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

### Accounting standard:

TAS 32 Financial Instruments: Presentation

### 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 Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## TFRS 16 Leases

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

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

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

4. Cumulative effects of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Company has adopted TFRS 15 using the full retrospective method of adoption.

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

	(Unit: Million Baht)	
	Profit for the year ended	
	31 December 2018	
	Financial	Separate
	statements in	financial
	which equity	statements
	method is applied	
Statement of comprehensive income		
Profit or loss:		
Decrease in sales of goods	(136)	(136)
Decrease in selling and distribution expenses	136	136
Profit for the year/Total comprehensive		
income for the year	-	-

The natures of these adjustments are described below:

Considerations payable to customers - The Company has determined that the considerations that it pays to customers in order to achieve a target volume of sales to each customer, including the amount of cash that the company pays or expects to pay to customers, should be recognised as deductions against revenue from sales, rather than as selling and distribution expenses, because such payments are not made in return for a transfer of goods or services that the customer has transferred to the Company separately.

## **5. Significant accounting policies**

### **5.1 Revenue recognition**

#### *Sales of goods*

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

#### *Commission income*

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

#### *Dividends*

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

### **5.2 Cash and cash equivalents**

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

### **5.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **5.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value and includes all inventory costs, labor costs and attributable factory overheads. Packing materials are valued at the lower of weighted average cost and net realisable value and are charged to costs of finished goods whenever consumed.

## 5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investment in associated company is accounted for in the financial statements, in which equity method is applied, using the equity method.
- c) Investment in associated company is accounted for in the separate financial statements using the cost method.
- d) Investments in non-marketable equity securities, which the Company classifies as other long-term investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of unit trusts is determined from their net asset value.

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

## 5.6 Building 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 building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvement	3 - 20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 - 7 years

Depreciation is included in determining income.

An item of building 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

## 5.7 Investment properties

The Company presented its land and building not used in operation as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties, which are buildings is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided for investment property which is land.

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

## **5.8 Intangible assets**

Intangible assets are carried at cost less 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 assets 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 in profit or loss.

A summary of the intangible assets with finite useful lives are as follows.

	Useful lives
Computer software	3, 5 and 10 years

## **5.9 Leasehold rights and amortisation**

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on a straight-line basis over the period of the lease which is 30 years.

The amortisation is included in determining income.

## **5.10 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 Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### 5.11 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the leased asset and the lease period.

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

### 5.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of building and equipment, investment properties 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.

### 5.13 Employee benefits

#### *Short-term employee benefits*

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

#### *Post-employment benefits and other long-term employee benefits*

##### Defined contribution plans

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

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

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other long-term employee benefits. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

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

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 Company recognises restructuring-related costs

#### **5.14 Share-based payment**

Issues and offerings of equity instruments of the Company to various parties (including employees) are recognised as share-based payment transactions, unless the issuance is clearly for a purpose other than payment for goods or services supplied to the Company.

The Company records the excess of the fair value of the shares at the transfer date over the transfer price as an expense in profit or loss, and as surplus on for share-based payment transactions in shareholder's equity.

#### **5.15 Provisions**

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



#### 5.16 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 Company recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 Company 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 Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 5.17 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currency are translated into Baht at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

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

## 6. Significant accounting judgements and estimates

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

Significant judgements and estimates are as follows:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

## Inventories

The management uses judgement to estimate the allowance for net realisable value of inventories taking into consideration the fluctuations of price or cost directly relating to events occurring after the reporting date.

The management uses judgement to estimate the allowance for obsolete inventories by considering obsolete or deteriorated inventories.

## 7. Related party transactions

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

	<u>2019</u>	<u>2018</u>	(Unit: Million Baht) <u>Pricing policy</u>
<u>Transactions with associated company</u>			
Purchases of goods	152	139	Cost plus margin
<u>Transactions with related companies</u>			
Purchase of raw material	97	111	Cost plus margin
Commission income	10	9	0.3 percent of net selling price of product sold and 1.5 percent of costs of service rendered
Advisory fee	5	4	Agreed rate
<u>Transactions with related person</u>			
Rental expenses	5	4	Agreed rate

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related companies are as follows:

	<u>2019</u>	<u>2018</u>
<b>Other receivables - related parties (Note 10)</b>		
Associated company	3,899	4,173
Related companies (related by common directors)	3,383	2,503
Total other receivables - related parties	<u>7,282</u>	<u>6,676</u>
<b>Trade and other payables - related parties (Note 17)</b>		
Associated company	47,719	39,339
Related companies (related by common directors)	20,350	34,107
Total trade and other payables - related parties	<u>68,069</u>	<u>73,446</u>

#### Directors and management's remuneration

During the years ended 31 December 2019 and 2018, the employee benefit expenses payable to the Company's directors and management are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	34,920	32,920
Post-employment benefits	464	447
Total	<u>35,384</u>	<u>33,367</u>

#### 8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cash	20	50
Cash at banks - current accounts	6,705	1,873
Cash at banks - savings accounts	19,919	14,229
Total	<u>26,644</u>	<u>16,152</u>

As at 31 December 2019, bank deposits in savings accounts carried interests between 0.1 and 0.8 percent per annum (2018: between 0.13 and 0.38 percent per annum).

#### 9. Current investment

Current Investment represents investments in the unit of fixed income open-ended fund of financial institution and are stated at fair value.

Investments in unit trust in fixed income open-ended fund are stated at fair value using inputs of Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly. Such fair value of investments in unit trust has been determined by using the net asset value as published by the Asset Management.

#### 10. Trade and other receivables

The balances of trade and other receivables as at 31 December 2019 and 2018, aged on the basis of due dates, are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade receivables - unrelated parties		
Net yet due	154,279	135,376
Past due		
Not over 3 months	51,235	54,238
3 - 6 months	613	529
6 - 12 months	456	1,106
Over 12 months	258	921
Total	<u>206,841</u>	<u>192,170</u>
Less: Allowance for doubtful accounts	<u>(893)</u>	<u>(2,140)</u>
Total trade receivables - net	<u>205,948</u>	<u>190,030</u>
Other receivables - related party (Note 7)	7,282	6,676
Others	3,042	5,914
Total	<u>10,324</u>	<u>12,590</u>
Less: Allowance for doubtful accounts	<u>(282)</u>	<u>(242)</u>
Total other receivables - net	<u>10,042</u>	<u>12,348</u>
Total trade and other receivables - net	<u><u>215,990</u></u>	<u><u>202,378</u></u>

## 11. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventory - net	
	2019	2018	2019	2018	2019	2018
Finished goods	68,999	63,661	(2,949)	(1,749)	66,050	61,912
Work in process	17,271	13,560	(38)	(83)	17,233	13,477
Packing materials	5,514	3,127	(114)	(216)	5,400	2,911
Goods in transit	1,673	6,141	-	-	1,673	6,141
Total	93,457	86,489	(3,101)	(2,048)	90,356	84,441

During the current year, the Company has reduced cost of inventories by Baht 1 million (2018: reversed the write-down of the cost of inventories by Baht 1 million), which were included in cost of sales.

## 12. Investments in an associate

### 12.1 Details of an associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Paid up share capital		Percentage of shareholding		Investment in associated company under equity method		Investment in associated company under cost method	
		2019	2018	2019	2018	2019	2018	2019	2018
				(%)	(%)				
Thai Pigeon Company Limited	The manufacture and distribution of baby an infant products	122,000	122,000	47	47	530,756	503,547	58,174	58,174
Total						530,756	503,547	58,174	58,174

### 12.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associated company in the financial statements in which the equity method is applied and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investments in associate during the year		Share of other comprehensive income from investments in associate during the year		Dividend received during the year	
	2019	2018	2019	2018	2019	2018
Thai Pigeon Company Limited	52,527	89,999	(1,809)	(593)	23,509	18,808

### 12.3 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2019 and 2018.

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Current assets	1,000	997
Non-current assets	272	235
Current liabilities	(92)	(126)
Non-current liabilities	(50)	(35)
<b>Net assets</b>	<b>1,130</b>	<b>1,071</b>
Shareholding percentage (%)	47%	47%
<b>Share of net assets</b>	<b>531</b>	<b>503</b>
Elimination entries	-	-
<b>Carrying amounts of associate based on equity method</b>	<b>531</b>	<b>503</b>

Summarised information about comprehensive income for the years ended 31 December 2019 and 2018.

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
		(Restated)
Revenue	839	981
Profit	112	191
Other comprehensive income	(4)	(1)
Total comprehensive income	108	190

### 13. Other long-term investments

		(Unit: Thousand Baht)							
Company's name	Nature of business	Paid up share capital		Percentage of Shareholding		Other long-term investments under cost method		Dividend received	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
				(%)	(%)				
Yoshino Moong Pattana (Thailand) Company Limited	The manufacture of plastic and plastic coated products	300,000	300,000	6	6	21,332	21,332	3,600	3,312
Pigeon Industries (Thailand) Company Limited	The manufacture and distribution of breast pad and baby wipes products	144,000	144,000	2.5	2.5	3,600	3,600	3,250	3,250
<b>Total</b>						<b>24,932</b>	<b>24,932</b>	<b>6,850</b>	<b>6,562</b>

#### 14. Building and equipment

(Unit: Thousand Baht)

	Building and building improvement	Machinery and equipment	Furniture, fixtures, and office equipment	Motor vehicles	Total
<b>Cost</b>					
31 December 2017	19,646	351	31,140	28,382	79,519
Additions	-	-	2,967	5,369	8,336
Disposals	-	(180)	(6,340)	(2,230)	(8,750)
31 December 2018	19,646	171	27,767	31,521	79,105
Additions	-	-	1,121	3,364	4,485
Disposals	-	-	-	(8,994)	(8,994)
31 December 2019	19,646	171	28,888	25,891	74,596
<b>Accumulated depreciation</b>					
31 December 2017	2,772	296	21,927	16,798	41,793
Depreciation for the year	1,754	21	3,166	5,188	10,129
Depreciation on disposals	-	(147)	(6,286)	(2,230)	(8,663)
31 December 2018	4,526	170	18,807	19,756	43,259
Depreciation for the year	1,754	1	3,493	4,636	9,884
Depreciation on disposals	-	-	-	(8,958)	(8,958)
31 December 2019	6,280	171	22,300	15,434	44,185
<b>Net book value</b>					
31 December 2018	15,120	1	8,960	11,765	35,846
31 December 2019	13,366	-	6,588	10,457	30,411
<b>Depreciation for the year</b>					
2018 (Baht 0.02 million included in cost of sales, and the balance in selling and distribution, and administrative expenses)					10,129
2019 (Included in selling and distribution, and administrative expenses)					9,884



As at 31 December 2019, certain equipment and motor vehicles items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 12 million (2018: Baht 12 million).

As at 31 December 2019, the Company had transportation vehicles under finance lease agreements with net book values amounting to Baht 10 million (2018: Baht 9 million).

## 15. Investment properties

Investment properties represent land and building not used in operations. The Company stated investment properties at cost less accumulated depreciation and allowance for loss on impairment.

As at 31 December 2019 and 2018, the balances of investment properties are as follows:

(Unit: Thousand Baht)

As at 31 December 2019:

Cost	41,878
Less: Accumulated depreciation	(6,896)
Less: Allowance for loss on impairment	(7,282)
Net book value	<u>27,700</u>

As at 31 December 2018:

Cost	76,152
Less: Accumulated depreciation	(13,157)
Less: Allowance for loss on impairment	(6,882)
Net book value	<u>56,113</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Net book value at the beginning of year	56,113	77,710
Disposal during the year - net book value	(28,013)	(21,597)
Allowance for loss on impairment during the year	(400)	-
Net book value at the end of year	<u>27,700</u>	<u>56,113</u>

In 2019, the Company engaged an independent professional valuer to appraise the fair value of the land and building not used in operations by using the market approach. Based on the results the fair market value of the land and building was Baht 29 million.

On 8 November 2018, the Company entered into an agreement to buy and sell investment properties such as land and buildings with a third party amounting to Baht 78 million by receiving advance payment of Baht 8 million and recording as a part of other current liabilities as at 31 December 2018. Subsequently, on 8 February 2019, the Company received the remaining payment of Baht 70 million and transferred the ownership to the buyer. The Company recognised gain on sales of the investment properties of approximately Baht 50 million in the comprehensive income statement for the year ended 31 December 2019.

#### 16. Intangible assets

Details of intangible assets which is computer software are as follows.

(Unit: Thousand Baht)

As at 31 December 2019:

Cost	28,973
Less: Accumulated amortisation	(16,086)
Net book value	<u>12,887</u>

As at 31 December 2018:

Cost	27,335
Less: Accumulated amortisation	(13,010)
Net book value	<u>14,325</u>

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

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Net book value at the beginning of year	14,325	16,896
Acquisition of computer software	1,637	347
Amortisation for the year	(3,075)	(2,918)
Net book value at the end of year	<u>12,887</u>	<u>14,325</u>

## 17. Trade and other payables

(Unit: Thousand Baht)

	2019	2018
Trade payables - related parties (Note 7)	68,069	73,446
Trade payables - unrelated parties	51,620	34,340
Other payables	26,688	25,960
Accrued expenses	58,756	52,049
Total trade and other payables	<u>205,133</u>	<u>185,795</u>

## 18. Finance lease liabilities

(Unit: Thousand Baht)

	2019	2018
Liabilities under finance lease agreements	8,728	9,305
Less: Deferred interest expenses	<u>(605)</u>	<u>(615)</u>
Total	8,123	8,690
Less: Portion due within one year	<u>(2,608)</u>	<u>(3,653)</u>
Liabilities under finance lease agreements - net of current portion	<u>5,515</u>	<u>5,037</u>

The Company has entered into the finance lease agreements for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the non-cancellable finance lease agreements are as follows:

(Unit: Thousand Baht)

	As at 31 December 2019		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	2,917	5,811	8,728
Deferred interest expenses	<u>(309)</u>	<u>(296)</u>	<u>(605)</u>
Present value of future minimum lease payments	<u>2,608</u>	<u>5,515</u>	<u>8,123</u>

(Unit: Thousand Baht)

	As at 31 December 2018		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	3,945	5,360	9,305
Deferred interest expenses	<u>(292)</u>	<u>(323)</u>	<u>(615)</u>
Present value of future minimum lease payments	<u>3,653</u>	<u>5,037</u>	<u>8,690</u>

## 19. Provision for long-term employee benefits

As at 31 December 2019 and 2018, provision for long-term employee benefits was as follows:

	(Unit: Thousand Baht)		
	Employee retirement benefits	Other long- term employee benefits	Total
<b>Provision for long-term employee benefits</b>			
<b>as at 1 January 2018</b>	6,406	-	6,406
<i>Included in profit or loss:</i>			
Current service cost	485	-	485
Interest cost	336	-	336
Past service cost	-	734	734
<i>Included in other comprehensive income:</i>			
Actuarial loss arising from			
Financial assumptions changes	588	-	588
Experience adjustments	513	-	513
Benefits paid during the year	(195)	(132)	(327)
<b>Provision for long-term employee benefits</b>			
<b>as at 31 December 2018</b>	8,133	602	8,735
<i>Included in profit or loss:</i>			
Current service cost	681	90	771
Interest cost	313	14	327
Past service cost	2,165	-	2,165
<i>Included in other comprehensive income:</i>			
Actuarial loss arising from			
Financial assumptions changes	641	22	663
<b>Provision for long-term employee benefits</b>			
<b>as at 31 December 2019</b>	11,933	728	12,661

The Company expects to pay Baht 8 million of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2018: 9 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2019</u>	<u>2018</u>
Discount rate	1.49	2.85
Salary increase rate	6.00	6.00
Turnover rate	0 - 39	0 - 39

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

	(Unit: Thousand Baht)	
	<u>As at 31 December 2019</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(260)	274
Salary increase rate	303	(290)
Turnover rate	(300)	320

	(Unit: Thousand Baht)	
	<u>As at 31 December 2018</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(195)	204
Salary increase rate	194	(187)
Turnover rate	(181)	202

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 Company has additional long-term employee benefit liabilities of Baht 2.2 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the income statement for current year in which the law was effective.

#### **20. Registered capital**

On 22 April 2019, the Annual General Meeting of the Company's shareholders for 2019 passed resolutions as follows:

- 1) A decrease in the Company's registered share capital from Baht 170.25 million (170.25 million ordinary shares of Baht 1 each) to Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) by cancelling 0.19 million ordinary shares registered but unissued shares with the par value of Baht 1 per share which were reserved for the Warrants No.1.
- 2) An increase in the Company's registered share capital from Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) to Baht 222.65 million (222.65 million ordinary shares of Baht 1 each) by issuing 52.59 million new ordinary shares at a par value of Baht 1 each by consider to allocation as follows:
  - 2.1) Allocate 50.59 million of newly issued ordinary shares to support the capital increase under a general mandate in proportion to their existing shareholding (Right Offering).
  - 2.2) Allocate 2 million of newly issued ordinary shares to support the exercise of the ESOP#2.

The Company registered the capital decrease and increase with the Ministry of Commerce on 1 May 2019 and 2 May 2019, respectively.

#### **21. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution.

## 22. Dividend

On 26 April 2018, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.18 per share, totaling Baht 30 million, to the shareholders from the 2017 operating results. The dividend was paid on 23 May 2018.

On 22 April 2019, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.26 per share, totaling Baht 44 million, to the shareholders from the 2018 operating results. The dividend was paid on 17 May 2019.

## 23. Income tax

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

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	8,423	8,851	8,423	8,851
Adjustment in respect of income tax of previous year	183	(69)	183	(69)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(839)	31	(839)	31
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>7,767</b>	<b>8,813</b>	<b>7,767</b>	<b>8,813</b>

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

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax on</b>				
Actuarial losses of the Company	(128)	(220)	(128)	(220)
Actuarial losses of the associated company	(453)	(148)	-	-
<b>Total</b>	<b>(581)</b>	<b>(368)</b>	<b>(128)</b>	<b>(220)</b>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Financial statements in which the		Separate	
	equity method is applied		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	96,113	137,947	67,116	66,756
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	19,226	27,589	13,423	13,351
Adjustment in respect of income tax of previous year	183	(69)	183	(69)
Effects of:				
Exemption of income	(1,370)	(1,312)	(6,072)	(5,074)
Share of income from investment in associate	(10,505)	(18,000)	-	-
Non-deductible expenses	1,539	1,539	1,539	1,539
Additional expense deductions allowed	(1,147)	(694)	(1,147)	(694)
Others	(159)	(240)	(159)	(240)
Total	(11,642)	(18,707)	(5,839)	(4,469)
Income tax expenses reported in the statement of comprehensive income	<u>7,767</u>	<u>8,813</u>	<u>7,767</u>	<u>8,813</u>

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

	(Unit: Thousand Baht)	
	Financial statements in which the equity method	
	is applied / separate financial statements	
	<u>2019</u>	<u>2018</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	48	182
Allowance for diminution in value of inventories	620	410
Allowance for impairment loss on investment properties	1,457	1,376
Provision for long-term employee benefits	2,532	1,747
Others	90	65
Total	<u>4,747</u>	<u>3,780</u>
<b>Deferred tax liability</b>		
Actuarial gains	18	18
Total	<u>18</u>	<u>18</u>



## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
		(Restated)
Salaries, wages, and other employee benefits	168,527	165,804
Depreciation and amortisation expenses	13,707	13,793
Transportation expenses	17,234	14,300
Warehouse management expenses	12,961	9,749
Inventories and consumables used	236,345	214,909
Changes in finished goods and work in process	9,049	(2,033)

## 25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period.

The following table sets forth the computation of basic and diluted earnings per share:

Financial statements in which equity method is applied						
	Profit for the years ended		Weighted average		Earnings	
	31 December		number of ordinary shares		per share	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	88,366	129,134	168,640	167,510	0.52	0.77
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	130	184		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	88,366	129,134	168,770	167,694	0.52	0.77
Separate financial statements						
	Profit for the years ended		Weighted average		Earnings	
	31 December		number of ordinary shares		per share	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	59,348	57,943	168,640	167,510	0.35	0.35
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	130	184		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	59,348	57,943	168,770	167,694	0.35	0.35

## 26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its product categories and has the following two reportable segments:

1. Distribution of baby and infant products
2. Distribution of other products

The following tables present revenue and profit and total assets/total liabilities information regarding the Company's operating segments for the years ended 31 December 2019 and 2018 are as follow:

(Unit: Million Baht)

	Financial statements in which the equity method is applied					
	Distribution of baby and infant products		Distribution of other products		Total	
	2019	2018 (Restated)	2019	2018 (Restated)	2019	2018 (Restated)
<b>Revenue</b>						
Revenue from external customers	591	594	187	149	778	743
<b>Total revenues</b>	<u>591</u>	<u>594</u>	<u>187</u>	<u>149</u>	<u>778</u>	<u>743</u>
<b>Segment profit</b>	<u>103</u>	<u>122</u>	<u>33</u>	<u>31</u>	<u>136</u>	<u>153</u>
<b>Unallocated income and expenses:</b>						
Commission income					13	12
Dividend income from other companies					7	7
Gain on sales of investment properties					50	28
Other income					7	5
Administrative expenses					(170)	(156)
Share of income from investment in associated company					53	90
Finance cost					-	(1)
<b>Profit before income tax expenses</b>					<u>96</u>	<u>138</u>
Income tax expenses					<u>(8)</u>	<u>(9)</u>
<b>Profit for the year</b>					<u>88</u>	<u>129</u>

(Unit: Million Baht)

	Financial statements in which the equity method is applied					
	Distribution of baby and infant products		Distribution of other products		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade and other receivables	164	147	52	55	216	202
Inventories	53	56	37	28	90	84
Investment in an associate					531	503
Building and equipment					30	36
Others assets					143	129
<b>Segment total assets</b>					<b>1,010</b>	<b>954</b>
<b>Segment total liabilities</b>					<b>231</b>	<b>217</b>

#### Geographic information

The Company operates exclusively in the single geographic area of Thailand. As a result, most of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

#### Major customers information

In 2019, the Company had revenue from two major customers, one in amount of Baht 129 million (2018: Baht 147 million) and the other in amount of Baht 89 million (2018: Baht 98 million), and mainly arising from sales of baby and infant products.

#### 27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contribute to the fund monthly at the rate of 3 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. The contributions for the year 2019, amounting to Baht 3 million (2018: Baht 3 million) were recognised as expenses.

**28. Warrants to purchase new ordinary shares of the Company issued to the executive directors and/or employees of the Company (ESOP)**

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved to issue and offer 2 million warrants to purchase the Company's ordinary shares to the Company's Board of Directors, management, and employees (ESOP warrants) at no cost. Details of the warrants are summarised below.

Date of grant	5 September 2016
Number granted (Units)	2,000,000
Contractual lives	5 years from the date of issuance
Exercisable	The first 4 exercise dates on the last business day of December of each calendar year and the final exercise date on the maturity date of the warrants
Exercise price per 1 ordinary share	3.80 Baht (Unless it is adjusted in accordance with the conditions of any right adjustment)
Exercise ratio (warrant to ordinary shares)	1:1

The average estimated fair value of each warrant granted is Baht 1.0211. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 4.86, exercise price of Baht 3.80, expected volatility of 0.0144 percent, expected dividend yield of 3.09 percent, contractual life of five years, and a risk-free interest rate of 1.496 - 1.847 percent.

Presented below is a summary of movement in the number of warrants during the year.

	Units
Outstanding as at 31 December 2018	669,000
Exercised during the year 2019	-
Outstanding as at 31 December 2019	669,000

As at 31 December 2019, the Company has the unissued warrants of ESOP totaling 424,000 units.

## 29. Commitments and contingent liabilities

### 29.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of building, equipment and vehicle and relating services. The terms of the agreements are generally between 1 and 7 years.

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

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Payable:		
less than 1 year	12	11
In over 1 and up to 5 years	20	23
In over 5 year	-	1

As at 31 December 2019, future minimum sublease payments expected to be received under non-cancellable subleases totaled approximately Baht 16 Million (2018: Baht 4 million). During the year 2019, the Company recognised rental expenses of Baht 2 million (2018: Baht 2 million) and subleasing revenue of Baht 5 million (2018: Baht 5 million).

### 29.2 Hire a specialist commitment

The Company has entered into an agreement to hire a specialist with a local related company (related by common shareholders and directors).

As at 31 December 2019, the Company has future commitments to pay an advisory fee under this agreement totaling of Baht 2 million (2018: Baht 2 million).

### 29.3 Marketing research service commitment

The Company has entered into agreements with two local companies in respect of marketing research of the Company's products.

The future minimum service fee payable under these agreements as at 31 December 2019 is approximately Baht 7 million (2018: Baht 8 million).

### 29.4 Long-term service commitment

The Company entered into an agreement with an overseas company (which is the major shareholder of the associated company) regarding using the trademark of that company. Under this agreement, the Company is to pay this company royalty fee determined at 3 percent of the sales of that goods. The royalty fees under this agreement for the year ended 31 December 2019 amounting to approximately Baht 30 million (2018: Baht 29 million) were recognised as expenses.

## 29.5 Litigation

In April 2012, an unconnected company filed a lawsuit against the Company, alleging that the Company had failed to comply with a distributorship agreement, and demanding compensatory damages of Baht 87 million. The Company countersued that company, seeking compensatory damages of Baht 196 million. The case was ordered by the Court of First Instance and the Appeal Court in 2014 and 2016, respectively. On 23 April 2019, the Supreme Court ordered the Company to pay the plaintiff for the compensatory damages of Baht 6 million, together with interest of 7.5 percent per annum from 4 August 2011 until the debt is fully paid. Therefore, the case was considered to be finalised. On 29 April 2019, the Company paid the compensatory damages amounting to Baht 9 million and recorded as expenses in the income statement for the year ended 31 December 2019.

## 30. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had certain assets that were disclosed at fair value using different level inputs (as mentioned in Note 5.18 to the financial statements) as follows:

	(Unit: Million Baht)			
	As at 31 December 2019			
	Financial statements in which equity method is applied /			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Current investment	-	37	-	37
Investment properties	-	29	-	29

	(Unit: Million Baht)			
	As at 31 December 2018			
	Financial statements in which equity method is applied /			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	103	-	103

## **31. Financial instruments**

### **31.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, and finance lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the statement of financial position.

#### **Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, since most of the Company's financial assets bear floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal. The details of cash at banks is set out in Note 8 to the financial statements.

#### **Foreign currency risk**

The Company has low risk exposure to foreign currency since the outstanding balance of the Company's financial liabilities denominated in foreign currency in the statement of financial position at the end of reporting period was immaterial amount.

### **31.2 Fair values of financial instruments**

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

## **32. Capital management**

The primary objectives of the Company's capital are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2019, the debt to equity ratio in the financial statements in which equity method is applied was 0.30:1 (2018: 0.30:1) and in the separate financial statements is applied was 0.75:1 (2018: 0.75:1).



### 33. Event after the reporting period

- a) On 7 February 2020, the Annual General Meeting of Shareholders of the associated company passed the resolution to approve a dividend payment of Baht 32.8 per share from the its operating results for the year 2019, totaling of approximately Baht 18.81 million.
- b) On 25 February 2020, the meeting of the Company's Board of Directors passed significant resolutions to propose to the Annual General Meeting of the shareholders for 2020 as the follows:
  - 1) Approval the payment of a dividend of Baht 0.26 per share from operating results of the year 2019, totaling approximately Baht 43.85 million.
  - 2) Issue and offer 2 million warrants to purchase the Company's ordinary shares to the Company's Board of Directors, management and employees (ESOP#2) free of charge.
  - 3) A decrease in the Company's registered share capital from Baht 222.65 million (222.65 million ordinary shares of Baht 1 each) to Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) by cancelling 52.59 million ordinary shares registered but unissued shares with the par value of Baht 1 per share which were reserved for a general mandate and the ESOP#2 which were approved in the Annual General Meeting of the Company's shareholders for 2019.
  - 4) An increase in the Company's registered share capital from Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) to Baht 222.65 million (222.65 million ordinary shares of Baht 1 each) by issuing 52.59 million new ordinary shares at a par value of Baht 1 each by consider to allocation as the follows:
    - 4.1) Allocate 50.59 million of newly issued ordinary shares to support the capital increase under a general mandate in proportion to their existing shareholding (Right Offering).
    - 4.2) Allocate 2 million of newly issued ordinary shares to support the exercise of the ESOP#2.

### 34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

