



CREATE QUALITY OF LIFE FOR ALL



# รายงานประจำปี 2563 ANNUAL REPORT 2020

บริษัท มุ่งพัฒนา อินเตอร์เนชั่นแนล จำกัด (มหาชน)  
Moong Pattana International Public Company Limited

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## Chairman's Statement



It seems that 2020 was quite a challenging year for Moong Pattana International Public Company Limited and I believe that it was also a challenging year for many businesses in consequence of the Coronavirus or COVID-19 pandemic which had spread rapidly, causing an impact to all sectors as well as the public.

Certain businesses had suffered such impact due to the shutdown of countries, cities, department stores and shops in response to the government measures imposed to prevent the outbreak of Coronavirus. Moreover, it was such a difficult situation all over the world that had a direct impact on the economy, resulting in the export drop and the decline of employment. Thailand's economy tended to shrink due to the COVID-19 situation - the restoration of the travel industry and exports was still highly uncertain, including domestic demands, being it consumption or private investment, regardless of the government's driving force on the public finance policy, e.g. Rao Tiew Duay Kan travel campaign, Khon La Khrueng shopping campaign or Shop Dee Mee Kuen campaign. However, private sector's spending continued dropping due to the fact that most consumers continued to spend more cautiously.

With our determination to encourage sustainable growth and profitability for the shareholders, the Board of Directors, the Management and staff had dedicated ourselves to meet the expectations of our customers, business partners, and stakeholders in order to maintain the customer base and market share in such an intensely competitive consumer market which had suffered from the impact of the COVID-19 situation, as well as the shutdown of department stores in the 2<sup>nd</sup> Quarter of 2020. In this regard, the Management of the Company decided to adjust the plan to tackle the emergency situation so that the sales management is more efficient and flexible. Under such a situation, the Company generated its total sales revenue of THB 779.44 million, an increase of 0.24% compared to the previous year. Our net profit calculated based on the equity method was THB 57.18 million, equivalent to a decrease of 35.30% due to the increase of operating costs and the impact from our associated companies' reduction of profits. Nevertheless, the Company had continuously earned profits for 11 consecutive 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. The Company is a member of the Coalition Against the Corruption (CAC). Furthermore, the Company supported the organization of activities which create core value to society. Such activities include:

- Staff helped separate plastic bottles to sell and contribute the funds for Wat Huai Lamyai School for the purpose of education in furtherance to the waste separation project in the previous year
- Sewing tote bags for donation to hospitals
- Donation of milk bottles and nipples for Morgan people at Surin Islands, a conservation tourism project for income distribution to local communities under the Andaman Promise campaign, between November 7-8, 2020 through the Stock Exchange of Thailand's Care the Bear project
- Teaching kids to brush teeth at Wat Huai Lamyai School community, Nakhon Sawan Province, on December 9, 2020, to create core values to the society by emphasizing on the sustainable giving under the project named "Moong" Doing Good Deeds, Creating Future for the Community, which had been conducted for 5 consecutive years.

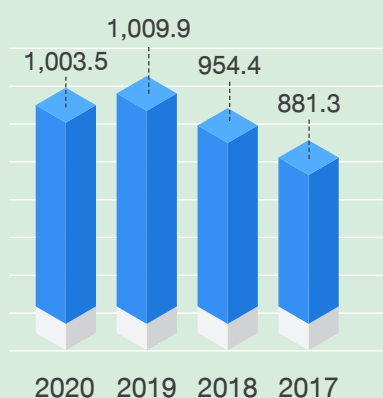
In 2020, the Company was honored to receive 5 stars (Excellent) for CG evaluation rating, which had been improved from 4 stars in the previous year. This reflects the determination of the Board of Directors, the Management and staff to develop and promote good corporate governance continuously in order to operate the business with sustainability, ethics, transparency and accountability.

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

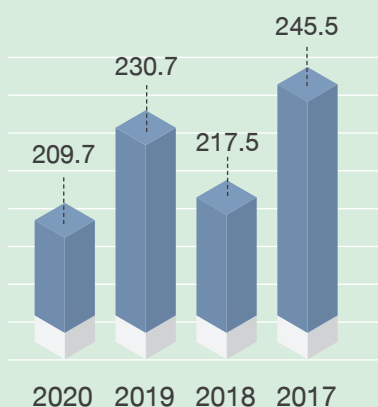
### Total Assets

(Million Bath)



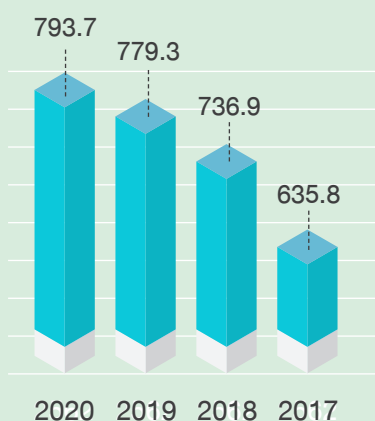
### Total Liabilities

(Million Bath)



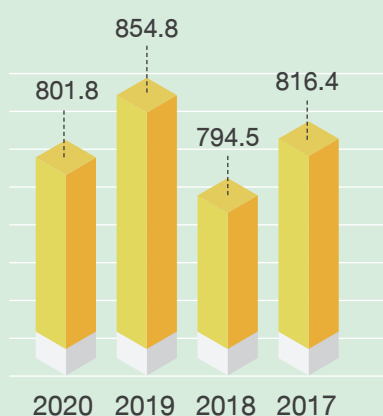
### Total Shareholders' Equity

(Million Bath)



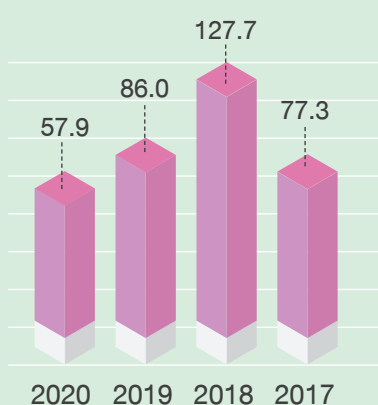
### Total Revenues

(Million Bath)



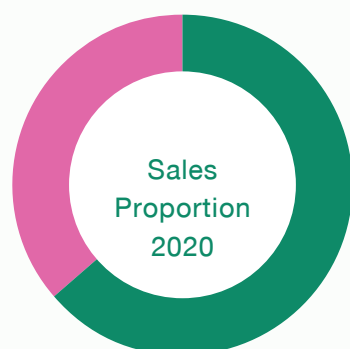
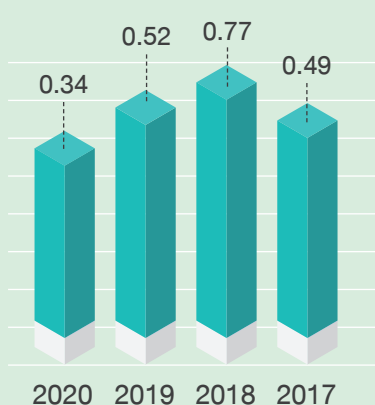
### Total Comprehensive Income

(Million Bath)

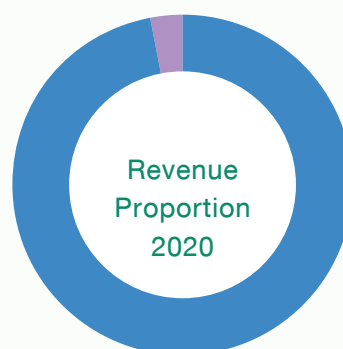


### Basic Earnings per Share

(Million Bath)



36.27% Consumer Products  
63.73% Baby and Mom Products



2.79% Other Income  
97.21% Sales of Goods



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## Nomination and Remuneration Committee Report

Dear Shareholders Moong Pattana International Public Company Limited

The Nomination and Remuneration Committee (“NRC”) of Moong Pattana International Public Company Limited is comprised of 3 independent directors. In 2020, the NRC held 1 meeting. The NRC performed its duties as assigned by Board of Directors as specified in the Good Corporate Governance Policy and the Nomination and Remuneration Committee Charter. The NRC 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.
- Consider the issuance and offering of Warrant to purchase the ordinary shares of the Company to directors, executives and employee (ESOP#2 Project)
- Establish the performance evaluation of CEO/ Joint-CEO for 2020, and report the evaluation results to Board of Directors in order to be a guidance for develop effectiveness of the performance of CEO/ Joint-CEO.

The details of attendance of the NRC for 2020 as follows:

<b>Mr. Manit Jeeradit</b> Chairman of NRC	<b>Attended 1/1</b>
<b>Mrs. La-aid Wongvongpope</b> A member of NRC	<b>Attended 1/1</b>
<b>Mr. Songtham Phianpattanawit</b> A member of the NRC	<b>Attended 1/1</b>

In 2020, the Board of Directors at its meeting No. 2/2020 on May 13, 2020 has considered and resolved to establish the Nomination Committee which was merged into the Remuneration Committee, called as “Nomination and Remuneration Committee” in order to enhance the corporate governance and to consider the significant issues before tabling to the Board of Directors for further agreement or approval and further propose to shareholders meeting.

The NRC 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 NRC

# Policy and Business Overview

## 1. Vision, Objective and Business Strategy

### 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.”

### Mission



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

### Core Value & Culture



#### Operation Excellence

- Passion for Excellence
- Commitment
- Ready to Change

#### Employee

- Harmony
- Participation

#### Partnership

- Entrepreneur
- Transparent

#### Customer Centric

- Creative
- Professional

### 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.

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## 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.



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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”.

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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).

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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)

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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 1<sup>st</sup> 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.

At present, the company has its 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.

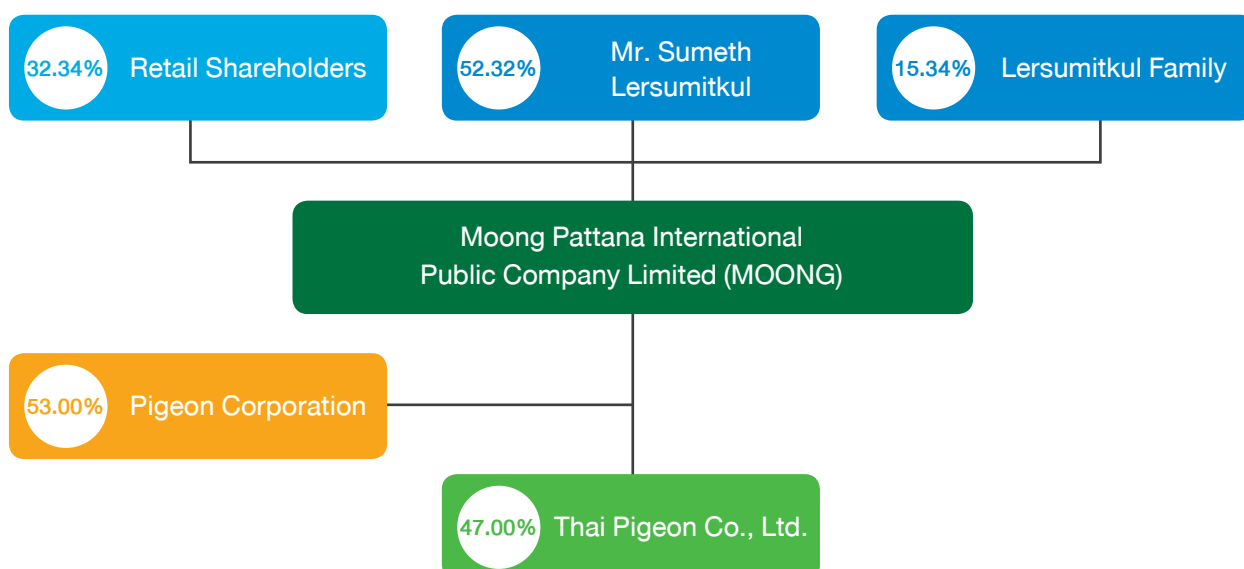
#### 2020

The exercise of holders of warrant of MOONG (MOONG-ESOP) which was the last exercise on October 30, 2020, was summarized to exercise the right in the amount of 83,000 units representing the number of the ordinary shares of 83,000 shares.

The Company has its registered paid-up capital from the MOONG-ESOP exercise in the amount of THB 168,722,633, par value of THB 1 per share.

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

Details of shareholder structure of the Company and subsidiary as of December 31, 2020 as follows:



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## 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, toothpaste and foam soap
    - Foggy: foggy products
    - Smile V: foggy products
    - Milk me: milk tablet products
    - BAO: Herbal Drink 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>• Softex: baby pads</li> <li>• Splash About - swimwear and swimming aids for babies and kids from United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>• V care - cotton pad, cotton buds and cotton balls, adults wipes, toothbrush, toothpaste and foam soap</li> <li>• Kingpac - garbage bag, zippered bag and plastic bag</li> <li>• Foggy - Spraying bottles to fill liquor</li> <li>• Smile V - Spraying bottles</li> <li>• ProdentalB - Toothbrush</li> <li>• ZP - Toothbrush</li> <li>• Carebeau - Shampoo for with hair</li> </ul>
Food and Beverage Product Group	
<ul style="list-style-type: none"> <li>• Milk me - Milk tablets</li> <li>• Himalaya - Salt lemon candy and mint candy</li> <li>• BAO - Herbal Drink</li> <li>• 4Care Balance - Organic Rice Drink (Online Channel)</li> </ul>	
Senior Product Group	
<ul style="list-style-type: none"> <li>• Mumu - Adult diapers</li> <li>• Softex - Adult pads</li> </ul>	

In 2020, the Company was entrusted by the manufacturer and the owner of the products to be the distributor of the following products:

Carebeau	Shampoo for white hair
4Care Balance	Organic Rice Drink (Online Channel)
Steadtler	Stationary (Distribution in Laos)



## • Business Strategies

The COVID-19 outbreak since the beginning of 2020 had unavoidably caused the World a major crisis. While apparently Thailand had handled the first phase of the outbreak very well, it later on had to face with the new phase hence a more adverse effect on Thailand's economy, due to the fact that Thailand's income heavily relies on foreign tourists, which is considered higher than other countries in the same Asian region. Moreover, Thailand was facing supply disruption at domestic and international level, including negative income effect or multiplier effect. In addition, as a result of domestic political stress in the last quarter of the year, the Thai economy in 2020 has shrunk at the fastest pace by -6.4%, since the Asian financial crisis in 1998.

In 2020, 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 2018-2020

Revenue Type	2020		2019		2018	
	MB	%	MB (Restated)	%	MB	%
Baby and Mom Products	493.0	58.5	590.8	65.1	594.0	67.2
Consumers Products	286.4	34.0	186.8	20.6	148.6	16.8
Plastic & Packaging Products	0.0	0.0	0.0	0.0	0.0	0.0
Share of Income from Investment in Associated Company <sup>1</sup>	41.0	4.9	52.5	5.8	90.0	10.2
Dividend Income <sup>2</sup>	6.6	0.8	6.9	0.8	6.6	0.7
Others <sup>3</sup>	15.8	1.9	70.4	7.8	45.4	5.1
<b>Total Revenues</b>	<b>842.8</b>	<b>100.0</b>	<b>907.4</b>	<b>100.0</b>	<b>884.5</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**

V care selectively and attentively invents and develops products in all groups to respond to the customer's needs. Having been attentive to every inch of detail from manufacturing to delivering quality products, we assist in improving their living standards in every aspect. Nowadays, the products in which the Company has developed as well as conducted marketing and distribution management to cover a wide range of the consumers' needs are as follows:

- **Cotton Products**

V care cotton products are made from 100 % natural cotton fibers. Our products enhance the standard of cotton products by combining the water weaving technology with dual heat sterilization to ensure the products' quality and purity, being chemical-free with soft and gentle cotton texture for all skin types.



**Cotton for Baby**



**Cotton for Woman**

- **Wipes Products**

V care responds to the behavior of new generation consumers that is more careful in hygienics in all daily activities by developing the wipes with the quality suitable for multi-functional uses, staying clean and facilitating new normal way of life with the adult wipes in 3 formulas.



Cool

Anti-Bacterial



99% Purify Water

Furthermore, to respond to consumers' behavior that is interested in taking care of oral health naturally, V care has developed and launched new products under the toothpaste group in the middle of 2020.

- **Toothpaste Products**

V Care has invented and developed herbal toothpaste that has been specifically formulated for enhancing oral health naturally in response to consumers of all ages.



Sensitive care



Fresh care

- **Toiletries Products**

V Care foam soap, developed with advanced technology focusing on a hygienic basis, is ready to give convenience to new generation consumers.



Whitening



Revitalize

- **Toothbrush Product**



Toothbrush  
for kids



Toothbrush  
for Adults

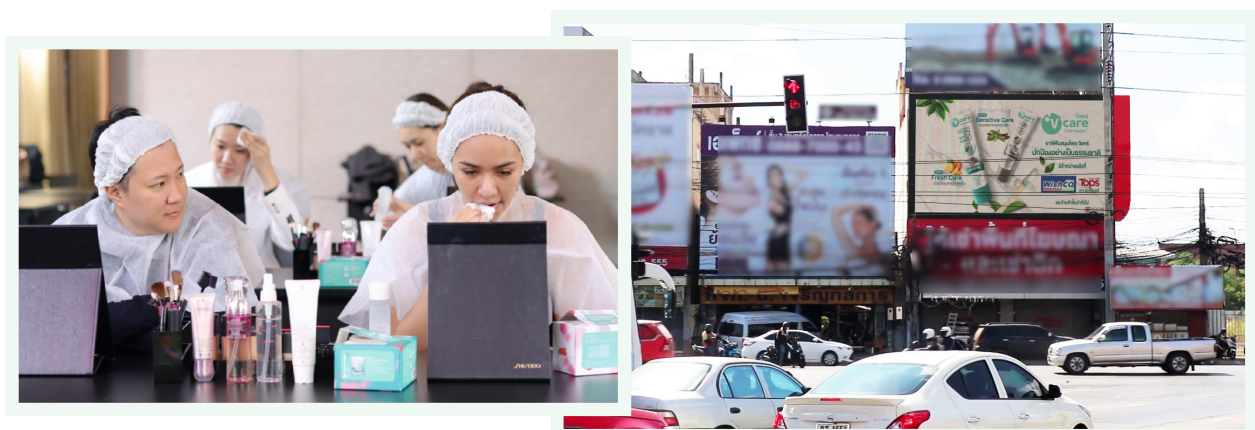
## • Competitive Strategies

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, toothpaste and foam soap.

Through the year 2020, the Company emphasizes and promoted V care brand in order to build a recognized brand continually. For boosting up V care brand to be known as the first brand of personal care products from the target customers, the Company communicates and conducts activities through every single group of products, by promoting via main broad channel e.g. Online, Social Media, at the point of sale and out of home media for reaching the new generation customers.



Communicate whole year through online and social media



Marketing activities and out of home media



Reaching to target customers directly e.g. communicate via Key Opinion Leader, out of home media, sample products for trial use. By such communication through the year 2020, V care are continually more well-known for the target group of customers.



Sampling for target group of customers

One more success in recent two years, by the expansion of the distribution channel the anti-bacterial wipes group of products to convenience store e.g. 7-11 including the marketing activities which emphasize the brand awareness, it made V care brand and its products are more widely known. V care reaches the increasing market share of such group of product and range the top 3 market share at 9.5% in 2020 (Nielsen Thailand, December 2020)

#### • 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) as well as enhance rapidly to well-known e-commerce e.g. Lazada, Shopee which is popular among new generation consumers due to its convenience, fast and all-time purchasing.



## 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.



Foggy Spraying bottle



Smile V Spraying bottle

- 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.



New Package  
of Smile V Sprayer

- Distribution and Distributing Channels**

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

### 3. Milk me Milk Tablets

Milk me - milk tablets develop 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) as well as new channel e.g. Lazada, Shopee.

### 4. BAO Herbal Drink

To follow the Company's direction aiming at expanding the products to be responsive to the needs of new generation consumers as well as striving for promoting their health care and better living, the Company has developed the new product under the Company's brand "BAO" which was launched in the market by the end of 2020. The Company will further distribute the products and conduct its marketing campaigns at the beginning of 2021.

BAO Chrysanthemum Herbal Drink is made by combining the value of genuine herbs with natural sweeteners from Luo Han Guo. It is sugar-free which is thus suitable for new generation consumers who place importance on taking good care of their health on a daily basis.



- **Competitive Strategies**

To build the brand awareness and trail use of the target group of customers. The Company has started to communicate via online channel, at the point of sale - stores and event sales. This is to build the awareness of different quality of products from other herbal drink. The increasing of broad marketing communication and marketing activities are planned to be launched in the first year of 2021.

- **Distribution and Distributing Channels**

The Company distributed the products through the main channels i.e. Modern Trade, General Trade consisting of the small retailer or distributors and other specific channels - food service including the export and distribution via e-commerce of the Company at [www.moong-shop.com](http://www.moong-shop.com) as well as new channels e.g. Lazada, Shopee which is popular and reach target customers.

## 5. 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, or the economic downturn under COVID-19 outbreak situation the resulting from its new innovations that help increase value added and create sustainable growth.

In the second quarter of 2020, Pigeon launched a campaign “Imperfect Mom” presenting that Pigeon is the brand that truly understands mothers. The campaign told the story through the advertisement portraying that the mothers saw herself as an imperfect mother and felt guilty as she could not look after her baby at all times due to her work for which she had to be responsible.

Being inspired by the love of mothers, Pigeon has never stopped inventing, researching and developing the products which were created from every inch of details deriving from mothers’ thoughts, to deliver the most perfect products infused with our continuous love persistently, 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 communicate through Pigeon’s online channel, i.e. Facebook Pigeon Little Moments Club, including through influencers and social media end to end,



<https://youtu.be/Twyo8oCfwjA>





as well as at on-line and off-line points of sales, causing the campaign to be successful in reaching more than 2 million mothers all over the country.

And to emphasize Pigeon's expertise in being a baby and children development expert, we have initiated the display orientation of the products to be in line with the stages of child development. This is to facilitate the mother's purchase to be much easier and even more complete. The products have been categorized distinctly by the ages of the kids as follows:

Breastfeeding mothers

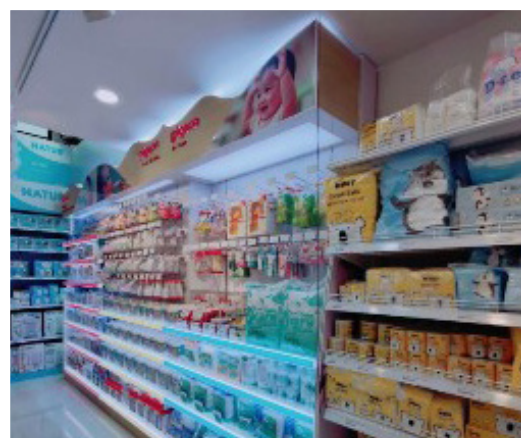
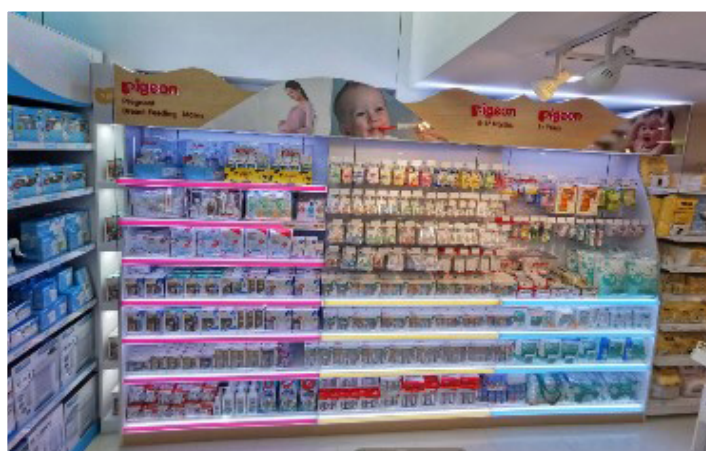
Babies ages 0-5 months

Children ages 6-12 months

Children ages 1 year above

Central Plaza Mega Bangna was the first model store implementing this new approach which has been widely accepted by the customers. Therefore, Pigeon further extended the use of this display orientation approach to other large baby shops accordingly.

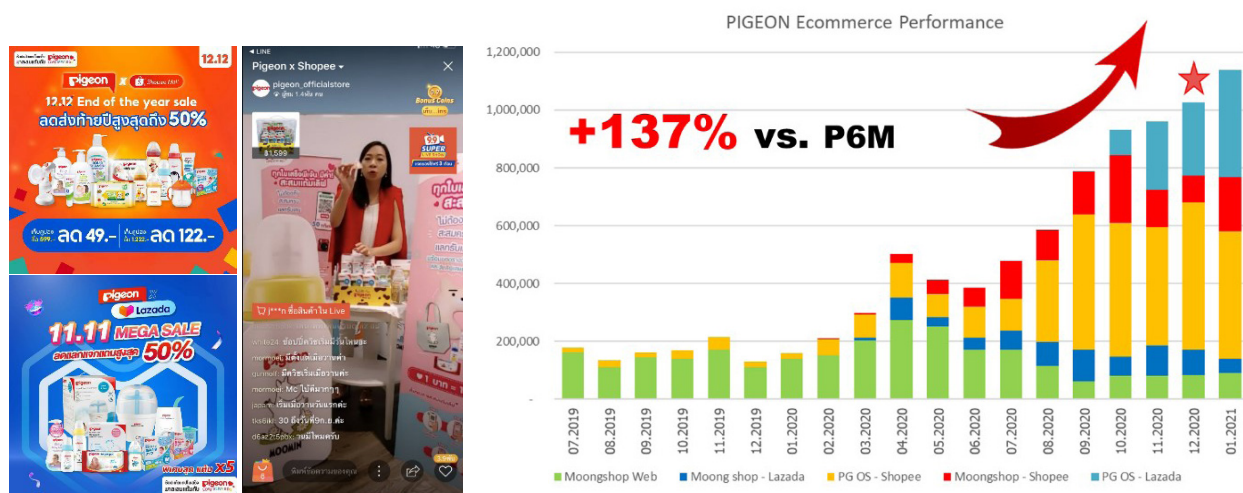






## Enhancement of the Importance of E-commerce Sales Channels

According to the changes in customer behavior to be more focusing on convenience and reducing offline purchases, Pigeon has given greater attention to e-commerce sales channels. As a result, Pigeon has created the new store: Pigeon Official Store on Shopee and Lazada during the third and fourth quarter. This has facilitated mothers to get access to Pigeon products more often and much easier, and thus contributed to the increasing Pigeon's sales volume via e-commerce of 137% compared to the previous 6 months.



Pigeon has never stopped inventing and developing new products to respond to the needs of mothers and children. To enhance its persistent growth, Pigeon launched many new outstanding products i.e.:



- PPSU nursing bottles in natural tea color in the model “MOM Love”, coming with Soft Touch Plus Peristaltic Nipples promoting the natural suction of the baby as if sucking from the mother’s breast, withstanding 180 degrees of heat, made of high-quality PPU materials, and BPA BPS free.



- RPP nursing bottles with the authentic Moomin copyright, made of high-quality PP (Polypropylene) materials, BPA and BPS free, along with the mini peristaltic nipples invented from natural sucking of the babies “Latching on, Sucking fossa, Swallowing”, created by the research institute of Pigeon Japan.



- **Relaxing nipples** in the model “FunFriends Mickey & Minnie, Animal & Fruits” and the model “Skin Friendly Pacifier”, being friendly for skin, minimizing the area of the product in contact with the skin, co-designed by dentist, women, no worries about misalignment of baby teeth, and available in 3 sizes: S size for newborns - 3 months, size M for babies from 3 - 6 months, and size L for newborns 6-18 months.
- **Pigeon Baby Wash 2 in 1** with Sakura extracts, mastered by baby skincare science from Japan, moisturizing baby’s delicate skin and scalp, enriched with natural extract, being gentle with natural ingredients, cleansing baby skin mildly.



- **Gift set** for the convenience of the mothers The set includes baby care appliances being a tool for looking after babies and ultimately promoting baby development.



On 30 October 2020, Pigeon received Mommy’s Choice award: the Best Mother and Child Care Product, type Best Baby Wipes in Mothers’ Heart from Amarin Printing & Publishing Public Company Limited from the event “Amarin Baby & Kids Awards 2020”, emphasizing that Pigeon is the most favorite brand in modern mothers’ hearts, voted by the actual users over 10,000 all over the country via the website AmarinBabyAndKids.com.

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- **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 Litter 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.

#### **Activities for promotion of breastfeeding and education for new mothers in digital era**

The Company, as the manufacturer and distributor of mother and baby care products’ brand “Pigeon”, is aware of the importance of fostering children for their healthy growth by the new generation of fathers and mothers whose lifestyles have changed nowadays, Pigeon is determined to be an essential assistance, providing education and understanding for fathers and mothers to foster their children more easily and happily with sound bodies of knowledge from Pigeon experts as well as medical personnels, particularly our continued support for breastfeeding for over 60 years. We also support mothers in Thailand to be more successful with breastfeeding their children in order to help every baby grow with suitable development, good health and happiness. This is not only because breast milk is the best nutrition for babies, but also it is the precious and meaningful time for mothers and their babies to spend together - the love and attachment, the warmth when mothers embrace their babies. Overall, we are regarded as the first private business actively initiating in campaigning and promoting breastfeeding through a number of workshop activities, education and marketing activities, which help draw inspiration and pass on moral support to mothers to be able to breastfeed by themselves.



## 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 2020, 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:

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### Strategic Risks

## Strategic Risks

### 1.1 Risks from Reduced Birthrate

Thailand has been experiencing decline in birthrate, 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 and China.



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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 2020, revenues from "Pigeon" product were accounted for 63% 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.

## 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 overkilled 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.

## Financial Risks

### 3.1 Risks from Exchange Rate Fluctuation

The rise in Thai Currency value in 2020 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 2020, the Company has been well and effectively managed in the cash flow for the operation. The Company has no short-term loan from Financial Institution, so that the Company has no risk from interest loan rate fluctuations.

## 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.

## Crisis Management during COVID-19 situation

At the beginning of COVID-19 situation, particularly in January 2020 from the outbreak news in China, the Company monitored the news and assessed the risks for the impacts that may incur, and, at the same time, prepared for plans and measures in order to be able to cope with situations if the situation becomes more severe and has a wider impact.

The Company established a Business Continuity Plan (BCP) Working Group for the Company to operate normally during the crisis situation and to be prepared for any uncertain situation by convening meetings to closely monitor activities, e.g. sale and marketing, finance, supply chain and human resources, with its goals to achieve the staff's safety (zero infection), manage the Company's liquidity, determine communication channels for the staff within the organization and monitor the situation closely, be it the situation in Thailand or in other countries, especially countries of our business partners, customers and stakeholders, so that the determined measures are in line with the practice for the maximum safety of all the parties concerned. Furthermore, the Company monitored the number of infected people, locations reported for infection, areas which may affect the Company's business or staff, to ensure zero infection. In addition, prediction and assessment were, among others, conducted for situations that may impact the business operation, supply chain, financial position and information technology (IT).

In respect of IT management, the Company developed the working mode to "Intelligent Workplace" for any emergency situation that may arise in order to support such change of the working mode, thereby enabling the staff to be able to work in any possible environment, whether working from home, office or anywhere else by implementing remote working mode and using text, voice and image communications for working from home mode for more convenience.

Moreover, the Company carefully assessed the impacts that may arise, managed the impacts that may incur against the stakeholders, and prepared a plan for business restoration after the COVID-19 outbreak to ensure the risk management during the COVID-19 situation that the Company can efficiently retain its competitive capabilities in the long run.



## Emerging risk

- 6.1 The Company carries on a business of distributorship in consumer goods since over 80% of its revenue are primarily derived from distributorship business, for which the goods and products are under third-party brands. In this regard, the risks involved are high and unsustainable if the brand owners change the distributors. Therefore, the Company has a policy to expand the proportion of goods under in-house brands by developing new products and new brands to be launched to the market. This can be acknowledged by the fact that the Company developed and launched new products in consumer goods, then expanding to food and beverage. In addition, the Company allocated its budget for marketing in-house brands to earn more recognition, resulting in a continuous growth in sales of goods under in-house brands, and leading to an increase of 14% revenue in the past year 2020. The Company targets the growth of goods under in-house brands at 20% in the next 3-5 years.
- 6.2 The market of consumer goods has changed in accordance with the consumer behaviors. Especially in this digital era, it can be seen that offline sale channels incline to decrease, while the online sale channels have substantially grown. As the outbreak of COVID-19 clearly affects the change of the consumer behaviors, the Company needs to change its strategies, including IT systems, to be consistent with such change. In this regard, the Company allocated its budgets to facilitate the growth of online sale channels, covering various platforms from the Company's website to market places, resulting in the substantial growth of online sale channels' proportion of over 2% of the total sale revenue of the Company, not including the proportion of modern trading which had been expanded from offline to online channels. From this point of view, we can see that the online channels incline to grow exponentially, for which the Company targeted its proportion of online sale channels at 10% within the next 5 years.
- 6.3 HR New Normal for Employee Management

In respect of HR, if consider positive way of effect of COVID-19, it drives creating unexpectedly of new normal and workplace transformation. Due to the fact that such situation is rapidly evolving and expanding which shift normal working process into full digital working mode automatically. Changing the way of normal work to Work From Home, bringing to use more technology e.g. online meeting via video conference with relevance of both internal and external party.

It caused employees to adapt themselves to learn and develop their skill e.g. language, technology and soft skills in order to create more chance and increase their capability. They are able to select the tools, including reducing their working process as well as paperless working which bring a New Normal to the Company.

Nevertheless, COVID-19 brings the effect of organization behavior. Due to the changes of working pattern regarding social distancing, and the changes of welfare condition from such situation. The Company has prepared the plan in order to support and compensate those kind of welfare to be new normal circumstance. It can bring the core value to employees and to create their awareness as the same experience as well as build employer branding including strengthen the trust to employees.

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## General Information

Company Name	: Moong Pattana International Public Company Limited (MOONG)
Board of Directors	: 1. Mr. Sumeth Lersumitkul 2. Mrs. La-aid Vongvongepop 3. Mr. Manit Jeeradit 4. Mr. Songtham Phianpattanawit 5. Assoc. Professor Chadaporn Teekauttamakorn <sup>(1)</sup> 6. Mr. Somboon Prasitjutrakul <sup>(2)</sup> 7. Mrs. Sureeporn Anuvatudom 8. Ms. Suwanna Chokdee-anand 9. Mr. Methin Lersumitkul <b>Remark:</b> <sup>(1)</sup> be appointed with effect from April 27, 2020 <sup>(2)</sup> be appointed with effect from April 27, 2020
Company Secretary	: Ms. Kingkarn Tiyaprasertkul <sup>(1)</sup> Ms. Chananya Vilamard <sup>(2)</sup> <b>Remark:</b> <sup>(1)</sup> resigned with effect from September 1, 2020 <sup>(2)</sup> be appointed by the BOD with effect from May 13, 2020
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 : DIA International Audit Co., Ltd.  
 1) Mr. Joompoth Piratanakorn C.P.A. Registration No. 7645  
 2) Ms. Suphaphorn Mangjit C.P.A. Registration No. 8125  
 3) Mr. Suvimol Krittayakiern C.P.A. Registration No. 2982  
 316/32 Soi Sukhumvit 22, Klongtoey, Klongtoey, Bangkok 10110

Telephone : +662 332 5126  
 Facsimile : +662 742 1239

#### Company's Shareholding Position in Other Companies

**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.

#### Company's Shareholding Position in Other Companies

**TP 47%**

Thai Pigeon  
Company Limited

**PIT 2.5%**

Pigeon Industries (Thailand)  
Company Limited

**YMP 6%**

Yoshino Moong Pattana (Thailand)  
Company Limited

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## 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.



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5. Baby skincare with Sakura extract: Sakura extract baby soap and shampoo, Sakura extract milk lotion, 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, 2020, the Company had a total registered share capital of THB 222,650,523.00 with the total paid-up capital of THB 168,722,633.00, comprising of ordinary shares at par value of THB 1 each.

### 2. Shareholders

#### 2.1 The Company's top 18 major shareholders as of December 30, 2020

No.	Name - Surname	No. of Shares	%
1	Mr. Sumeth Lersumitkul	88,276,744	52.32
2	Mr. Suthee Lersumitkul	7,999,338	4.74
3	Mr. Methin Lersumitkul	7,781,262	4.61
4	Mr. Soraphan Lersumitkul	7,665,938	4.54
5	Ms. Chantawan Jaroontham	3,050,000	1.81
6	Ms. Hathairat Sae-Jong	2,470,400	1.46
7	Mrs. Sureeporn Anuvatudom	2,341,939	1.39
8	Mrs. Tassanee Jeaurarongrit	1,600,600	0.95
9	Mr. Paisit Tangwiwatwong	1,552,726	0.92
10	Mr. Somkiat Mitrsantisuk	1,490,000	0.88
11	Mr. Chalermchai Eiamsrangkul	1,254,405	0.74
12	Mr. Ittichai Sangunsinthukul	1,250,000	0.74
13	Mr. Somchai Padpai	1,114,700	0.66
14	Ms. Suwanna Chokdee-anand	1,060,000	0.63
15	Mrs. Somluck Jindapan	1,055,000	0.63
16	Mr. Powwit Klinpathum	1,011,100	0.60
17	Mr. Pornchai Ngammaneeewat	1,000,000	0.59
18	Mrs. Siriporn Sae-Heng	1,000,000	0.59
<b>Totals of above shares</b>		<b>132,974,152</b>	<b>78.81</b>
19	Others	35,748,481	21.19
<b>Total</b>		<b>168,722,633</b>	<b>100.00</b>

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

Name - Surname	2020		2019		Movement between 2019-2020
	Amount of shares	%	Amount of shares	%	
Mr. Sumeth Lersumitkul	88,276,744	52.32	89,376,744	53.00	(1,100,000)
Mrs. La-aid Vongvongepop	12,000	0.01	12,000	0.01	-
Mr. Manit Jeeradit	-	-	-	-	-
Mr. Songtham Phianpattanawit	-	-	-	-	-
Assoc. Prof. Chadaporn Teekauttamakorn*	-	-	-	-	-
Mr. Somboon Prasitjutrakul*	-	-	-	-	-
Mrs. Sureeporn Anuvatudom	2,341,939	1.39	2,301,939	1.37	40,000
Ms. Suwanna Chokdee-anand	1,060,000	0.63	860,000	0.51	200,000
Mr. Methin Lersumitkul	7,781,262	4.61	7,381,262	4.38	400,000
Ms. Kingkarn Tiayprasertkul <sup>(1)</sup>	-	-	-	-	-
Mrs. Pornpimon Suwankajit	53,000	0.03	53,000	0.03	-
Mrs. Saovakhon Somabot	-	-	-	-	-
<b>Shares of directors and Management</b>	<b>99,524,945</b>	<b>58.99</b>	<b>99,984,945</b>	<b>59.30</b>	<b>(460,000)</b>

Remark: \* be appointed with effect from April 27, 2020

<sup>(1)</sup> resigned with effect from September 1, 2020

## 2.3 Proportion and distribution of share report as of December 30, 2020

- Shareholders who have holding of 0.5% is 20 shareholders, the total shares is 134,803,288 shares or 79.90 %

Juristic person			Individual		
No.	No of shares	%	No	No of shares	%
0	0	0	20	134,803,288	79.90

- Shareholders who have holding of not less than 0.5% but not less than 1 selling unit is 1,575 shareholders, the total share of 33,917,067 or 20.10 %

Juristic person			Individual		
No.	No of shares	%	No	No of shares	%
5	616,700	0.36	1,570	33,300,367	19.74

- Shareholders who have holding of less than 1 selling unit is 143 shareholders, the total share of 2,276 or 0.0%

Juristic person			Individual		
No.	No of shares	%	No	No of shares	%
1	2	0.00	142	2,276	0.00

Source: The distribution shareholders report from TSD as of December 30, 2020

## 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.

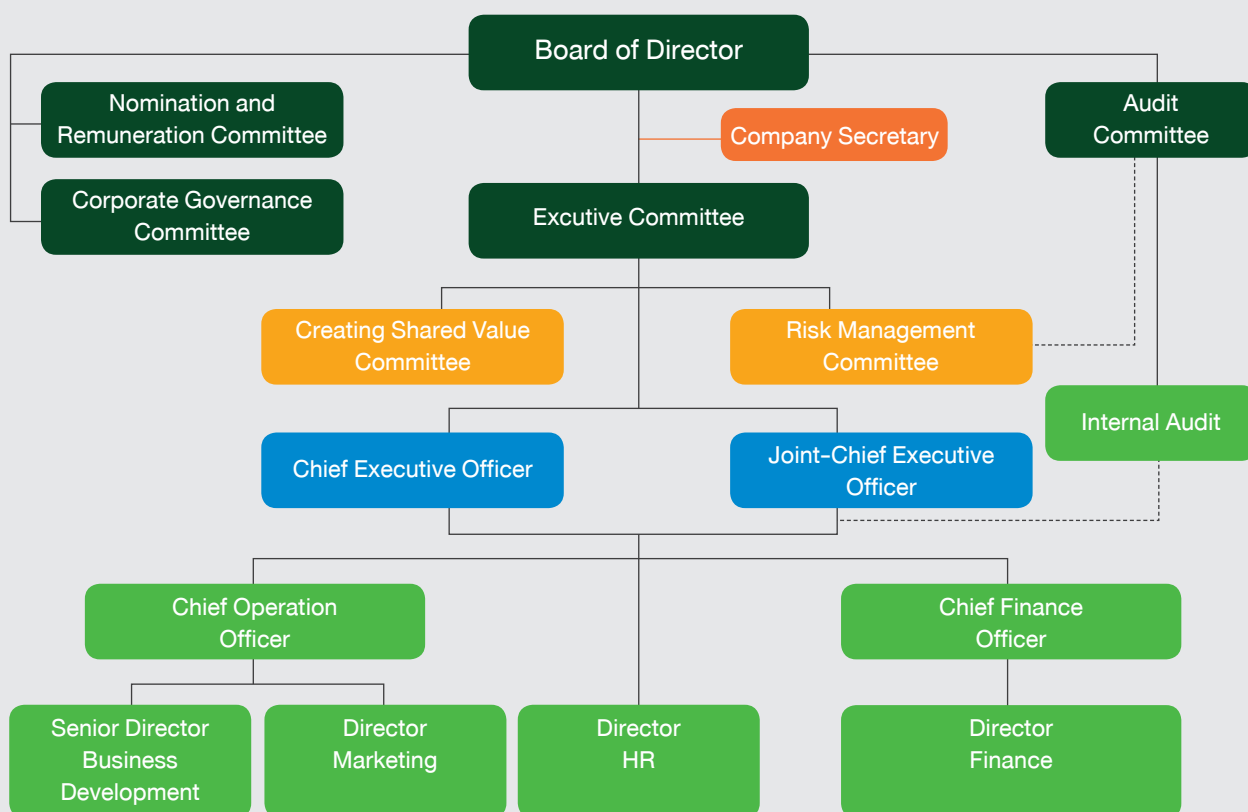
## Committees and Management Structure

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, 2020, the Company's management structure consist of the following Committee:

- Board of Director
- 6 Sub Committees:
  - Audit Committee ("AC")
  - Nomination and Remuneration Committee ("NRC")
  - Good Corporate Governance Committee ("GCGC")
  - Executive Committee ("EXCOM")
  - Risk Management Committee ("RMC")
  - Creating Shared Value Committee ("CSVC")

### 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, 2020, the Board of directors consists of 9 directors including 4 independent directors, 2 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 Vongvongpop	Chairman of Audit Committee / Chairman of Good Corporate Governance Committee/ Nomination and Remuneration Committee member	Independent Director
3. Mr. Manit Jeeradit	Chairman of Nomination and Remuneration Committee/ Audit Committee member/ Good Corporate Governance Committee member	Independent Director
4. Mr. Songtham Phianpattanawit	Nomination and Remuneration Committee member	Independent Director
5. Assoc. Prof. Chadaporn Teekauttamakorn <sup>(*)</sup>	Audit Committee member/ Good Corporate Governance Committee member	Independent Director
6. Mr. Somboon Prasitjutrakul <sup>(*)</sup>	Director	Director
7. Mrs. Sureeporn Anuvatudom	Director	Executive Director
8. Ms. Suwanna Chokdee-anand	Director	Executive Director
9. Mr. Methin Lersumitkul	Director	Executive Director

**Remark:** <sup>(\*)</sup> be appointed with effect from April 27, 2020

## 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. Chananya Vilamard has been appointed as Company Secretary following to the Board of Directors' resolution on May 13, 2020.

## 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.

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## 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 2020

The board members were notified of 2020 Board Calendar in the Board Meeting No. 4/2019 by the Company Secretary in advance in order to secure and manage their prior schedule. In 2020, there was one meeting be held without management as details follows:

Meeting	No. 1/2020	No. 2/2020	No. 3/2020	No. 4/2020	No. 5/2020
Board of Director	25 Feb 2020	13 May 2020	11 Aug 2020	11 Nov 2020	
Audit Committee	19 Feb 2020	7 May 2020	5 Aug 2020	4 Nov 2020	26 Nov 2020*
Remuneration Committee	25 Feb 2020				

\* Meeting without Management

In the year 2020, The Board of Directors held 4 meetings. In each Board of Directors 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	Nomination & Remuneration Committee	Risk Management Committee	Creating Shared Value Committees
1. Mr. Sumeth Lersumitkul	4/4		6/6			
2. Mrs. La-aid Vongvongpop	4/4	5/5		1/1		
3. Mr. Manit Jeeradit	4/4	5/5		1/1		
4. Mr. Songtham Phianpattanawit	4/4	2/2		1/1		
5. Assoc. Professor Chadaporn Teekauttamakorn <sup>(1)</sup>	3/3	4/4				
6. Mr. Somboon Prasitjutrakul <sup>(1)</sup>	3/3					
7. Mrs. Sureeporn Anuvatudom	4/4		6/6		4/4	
8. Ms. Suwanna Chokdee-anand	4/4		6/6		4/4	5/5
9. Mr. Methin Lersumitkul	4/4		6/6		4/4	5/5

**Remark:** <sup>(1)</sup> be appointed with effect from Apr 27, 2020

## 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.

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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, 2020, 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. Manit Jeeradit	Member	Accounting and Finance
3. Mr. Songtham Phianpattanawit <sup>(1)</sup>	Member	Information Technology
4. Assoc. Prof. Chadaporn Teekauttamakorn <sup>(2)</sup>	Member	Accounting and Finance

**Remark:** <sup>(1)</sup> stepped down from Audit Committee member with effect from May 14, 2020 (remain as Independent Director)  
<sup>(2)</sup> be appointed with effect from April 27, 2020

- 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 2020, Audit Committee Meeting held 5 meetings as follows:

Meeting		Mrs. La-aid Vongvongpop	Mr. Manit Jeeradit	Mr. Sontham Phianpattanawit	Assoc. Prof. Chadaporn Teekauttamakorn	External Auditor - DIA
No.	Dated					
1/2020	19 Feb 2020	●	●	●		● (FS 2019)
2/2563	7 May 2020	●	●	●	●	● (FS Q1/2020)
3/2563	5 Aug 2020	●	●		●	● (FS Q2/2020)
4/2563	4 Nov 2020	●	●		●	● (FS Q3/2020)
5/2563	26 Nov 2020	●	●		●	● Non-Management Meeting

#### 14. Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of 3 independent directors and the Chairman of the Remuneration Committee is an Independent Director.

As of December 31, 2020, the Nomination and Remuneration Committee consisted of 3 independent directors as the following;

Name - Surname	Position
1. Mr. Manit Jeeradit	Chairman of NRC and Independent Director
2. Mrs. La-aid Vongvongpop	Member of NRC and Independent Director
3. Mr. Songtham Phianpattanawit	Member of NRC and Independent Director

The Nomination and 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 2020, the Remuneration Committee held 1 meeting as follows:

Name	No. 1/2020 (25 Feb 2020)
Mr. Manit Jeeradit	●
Mrs. La-aid Vongvongpop	●
Mr. Songtham Phianpattanawit	●

## 15. Good Corporate Governance Committee

The Board of Directors is considered and approved to establish the Good Corporate Governance Committee at its meeting on May 13, 2020. The Good Corporate Governance Committee consists of 3 independent directors and the Chairman of the Good Corporate Committee is an Independent Director.

As of December 31, 2020, the Good Corporate Governance Committee consisted of 3 independent directors as the following;

Name - Surname	Position
1. Mrs. La-aid Vongvongepop	Chairman of GCG and Independent Director
2. Mr. Manit Jeeradit	Member of GCG and Independent Director
3. Assoc. Prof. Chadaporn Teekauttamakorn	Member of GCG and Independent Director

- Roles and Responsibilities of Good Corporate Governance Committee**

1. Determine good corporate governance principles and professional conducts of directors, executives and employees.
2. Monitor, evaluate the result of conformance with good corporate governance principles and professional conducts of directors, executives and employees and provide any suggestions regarding such matters.
3. Arrange any activities to encourage directors, executives and employees to understand more about good corporate governance principles and realize the necessity to conform to specified professional conduct.
4. Ensure full and fair disclosure of conformance with good corporate governance principles in the Company's Annual Report.
5. Perform other tasks requested by the Board of Directors.

## 16. Executive Committee

Executive Committee consists of at 5 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, 2020, the Executive Committee comprises of 5 members as follows:

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

**Remark:** <sup>(1)</sup> resigned with effect from September 1, 2020

### • 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 2020, the Executive Committee held 6 meetings, and in each meeting, at least two-third of the Executive Committee members attended the meeting.

## 17. 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, 2020, the Risk Management Committee consists of 5 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 <sup>(1)</sup>	Member
5. Mrs. Sasithon Lersumitkul	Member
6. Mrs. Saovakhon Somabot	Member

**Remark:** <sup>(1)</sup> resigned with effect from September 1, 2020

## 18. 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, 2020, the Creating Shared Value Committee consists of 6 members as the following;

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

**Remark:** <sup>(1)</sup> resigned with effect from September 1, 2020

## 19. Management

As of December 31, 2020, the Company's management (under definition of SEC) are consisted of the following 5 members:

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

**Remark:** <sup>(1)</sup> resigned with effect from September 1, 2020

## 20. 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 2020 Annual General Meeting approved the director compensation amount of Baht 2.5 million for the Board of Directors, Audit Committee and Sub-committee.

The 2020 directors remuneration by position as follow:

Position	Allowance (Baht/Time)
<b>Board of Directors</b>	
Chairman	85,000
Member	30,000
<b>Audit Committee</b>	
Chairman	40,000
Member	30,000
<b>Nomination and Remuneration Committee</b>	
Chairman	10,000
Member	7,500
<b>Good Corporate Governance Committee</b>	
Chairman	10,000
Member	7,500



## 2020 Total Directors Compensation

Name	Director Compensation (Baht)	Sub-Committee (Baht)	Bonus (Baht)	Other Benefits (Baht)	Total (Baht)
1. Mr. Sumeth Lersumitkul	340,000	-	-	-	340,000
2. Mrs. La-aid Vongvongepop	120,000	207,500	-	-	327,500
3. Mr. Mani Jeeradit	120,000	160,000	-	-	280,000
4. Mr. Songtham Phianpattanawit	120,000	67,500	-	-	187,500
5. Assoc. Prof. Chadaporn Teekauttamakorn	90,000	60,000	-	-	150,000
6. Mr. Somboon Prasitjutrakul	90,000	-	-	-	90,000
7. Mrs. Sureeporn Anuvatudom	120,000	-	-	-	120,000
8. Ms. Suwanna Chokdee-anand	120,000	-	-	-	120,000
9. Mr. Methin Lersumitkul	120,000	-	-	-	120,000
<b>Total</b>	<b>1,240,000</b>	<b>479,500</b>	<b>-</b>	<b>-</b>	<b>1,737,500</b>

**Remark:** 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	2020 (THB)	2019 (THB)	2018 (THB)
Total salaries	23,938,118	29,803,723	27,317,916
Bonus	1,832,918	2,483,644	3,177,847
Social Security Funds	34,350	54,000	48,750
Provident Funds	564,592	894,110	790,543
Advisor Fee	3,710,000	3,616,800	3,616,800
Long-term Employees' benefit	443,378	464,035	447,307
<b>Net Total</b>	<b>30,523,356</b>	<b>37,316,311</b>	<b>35,399,163</b>

### • Other compensation

No other compensation was paid

## Personal Data of the Company's Directors



### Mr. Sumeth Lersumitkul

Chairman of the Board

Age 70

#### 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 (%):** 52.32%

**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 /  
Chairman of Good Corporate Governance Committee/  
Nomination and Remuneration Committee's member

Age 76

### 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)

### 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

May 2020 - Present	Chairman of Good Corporate Governance Committee/ Nomination and Remuneration Committee member, Moong Pattana International Public Company Limited
2008 - Present	Chairman of the Audit Committee / Independent Director, Moong Pattana International Public Company Limited
2015 - 2020	Remuneration Committee, 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

2006 - Present	Executive Director, Thapanin Co., Ltd.
2011 - 2018	Independent Director / Audit Committee, Erawan Sugar Co., Ltd. Pte.
2009 - 2011	Chairman, Green R.V. Co., Ltd
2006 - 2017	Director, TPN Singapore Pte.

- Positions in other competitor / related companies No



## Mr. Manit Jeeradit

Independent Director/Chairman of Nomination and Remuneration Committee / Audit Committee's member

Age 72

### Education

- B.A (Summar Cum Laude) Claremont Men's College (now, Claremont McKenna College), California, U.S.A.

### Training

#### Thai Institute of Directors (IOD)

- Anti-Corruption for Executive Program (ACEP), 15/2015
- Audit Committee Program (ACP), 36/2011
- Director Certification Program (DCP), 187/2014
- Director Accreditation Program (DAP), 87/2011

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

May 2020 - Present	Chairman of Nomination and Remuneration Committee/ Good Corporate Governance Committee's member, Moong Pattana International Public Company Limited
2011 - Present	Independent Director and Audit Committee's member, Moong Pattana International Public Company Limited.
2015 - 2020	Chairman of Remuneration Committee, Moong Pattana International Public Company Limited.
2012 - Present	Chairman of Audit Committee, Chularat Hospital Group

#### Non-Listed Companies

2015 - Present	Director, License2Q Company Limited
2004 - 2009	Chairman, BT Asset Management Company Limited
1999 - 2008	Senior Executive Vice President, Bank Thai Public Company Limited

- Positions in other competitor / related companies No



## Mr. Songtham Phianpattanawit

Independent Director/ Audit Committee's member/  
Nomination and Remuneration Committee's member

Age 61

### Education

- Bachelor Degree of Computer Science, University of South Alabama

### Training

#### Thai Institute of Directors (IOD)

- Director Certification Program (DCP), 54/2005
- EXAM 162005

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

May 2020 - Present	Nomination and Remuneration Committee's member, Moong Pattana International Public Company Limited
June 2019 - Present	Independent Director, Moong Pattana International Public Company Limited
June 2019 - May 2020	Audit Committee's member/ Remuneration Committee's member, Moong Pattana International Public Company Limited
2019 - Present	Advisor, True Cooperation Public Company Limited
2016 - 2017	Chief Corporate Solutions and Cooperation Officer, True Cooperation Public Company Limited
2012 - 2016	Group Executive Director- Enterprise and International Services, True Cooperation Public Company Limited
2012 - 2016	Managing Director, Bangkok Inter Teletech Public Company Limited
2003 - 2012	Managing Director - Corporate Solution, True Cooperation Public Company Limited

#### Non-Listed Companies

2019 - Present	Director, Freewill Solution Company Limited
2017 - 2018	Managing Director, IoT & Analytical Business, True Digital Group
2012 - 2016	CEO, True International Gateway Co., Ltd
2012 - 2016	CEO, True Touch Co., Ltd
2012 - 2016	CEO, True Voice Co., Ltd.
2012 - 2016	Managing Director, Telecom Asset Management Co., Ltd.
2012 - 2016	CEO, Wire and Wireless Co., Ltd.

- Positions in other competitor / related companies No



## Assoc. Prof. Chadaporn Teekauttamakorn

Independent Director/ Audit Committee's member/  
Good Corporate Governance Committee's member

Age 59

### Education

- Master of Science (Management), Anglia Ruskin University, UK
- Master of Accounting (Management Account), Chulalongkorn University
- Bachelor of Business Administration (Account), Rajamangala Institute of Technology

### Training

#### Thai Institute of Directors (IOD)

- Director Accreditation Program (DAP), 171/2020

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

Apr 2020 - Present Independent Director/ Audit Committee's member/  
Good Corporate Governance Committee's member,  
Moong Pattana International Public Company Limited

#### Non-Listed Companies

Present Director, Murraya Marketing Co., Ltd.

Present Head of Accounting Department, Faculty of Business Administration,  
Ramkhamhaeng University

Present Working Group, Thailand Accounting Program Network, Federation of Accounting  
Professions Under the Royal Patronage of His Majesty the King

1994 - Present Professor, Accounting Department, Faculty of Business Administration,  
Ramkhamhaeng University

2016 - Present Director, Thai Accounting Firms Association

2013 - 2017 Deputy of Dean, Department of Academic and Research,  
Faculty of Business Administration, Ramkhamhaeng University

- Positions in other competitor / related companies No





## Mr. Somboon Prasitjutrakul

Director

Age 61

### Education

- Certificate Senior Executive Management, Stanford, USA
- Master Degree in Business Administration (Management), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate Marketing Management, Thammasat University
- Bachelor of Marketing, San Jose State University, USA

### Training

#### Thai Institute of Directors (IOD)

- Director Certification Program (DCP), 54/2005

No. of Share (%): No

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 with other directors                                     | No  |

### Work Experiences

#### Listed Companies

Apr 2020 - Present	Director, Moong Pattana International Public Company Limited
Feb 2560 - Present	Director, JWD Infologistics Public Company Limited
Nov 2014 - Present	Director, Taokaenoi Public Company Limited

#### Non-Listed Companies

2020 - Present	Director, Tia Ngee Hiang (Chaosua) Co., Ltd.
2014 - 2020	Director, Thanatarn Paper Co., Ltd.
2018 - Present	Director, Davakam Apothecary Hall Co., Ltd.
2014 - 2020	Director, Riverpro Pulp and Paper Co., Ltd.
1993 - 2008	CEO, DKSH (Thailand) Ltd.
1989 - 1993	Manager Ciba Geigy (Thailand) Ltd.

- |   |    |
|---|----|
| • Positions in other competitor / related companies | No |
|---|----|



## Mrs. Sureeporn Anuvatudom

Director / Joint Chief Executive Officer

Age 70

### 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 (%):** 1.39%

**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 52

### 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

#### PACRIM Group

- The 4 Essential Roles of Leadership (2018)

#### Thailand Management Association (TMA)

- Conflict Resolutions Management (2017)

#### Narit & Associates Limited

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

#### Thai Productivity Institute

- Business Process and SOP, 2012

No. of Share (%): 0.63%

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 - 2015	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. (GroupM 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 44

### Education

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

### Training

#### Thai Institute of Directors (IOD)

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

#### Thailand Management Association (TMA)

- Conflict Resolutions Management (2017)

#### Idea Forum Co., Ltd.

- Investment Laws in Myanmar, 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

**No. of Share (%):** 4.61%

**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                                      | Director / Senior Business Development and Marketing Director, Moong Pattana International Public Company Limited. |    |
| 2016 - 2017   | Business Development and Marketing Director, Moong Pattana International Public Company Limited.                   |    |
| 2013 - 2016   | Business Development Director, Moong Pattana International Public Company Limited.                                 |    |
| 2011 - 2013   | Marketing Director, Moong Pattana International Public Company Limited.  |    |
| 2010 - 2011   | Assistant Vice President, Moong Pattana International Public Company Limited.                                      |    |
| 2002 - 2008   | Marketing Manager / Group Brand Manager / 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 as well as the Board of Directors take its consideration to review CG Policy annually.

Additionally in 2020, the Company's Board of Directors appointed the Good Corporate Governance Committee at the Board of Director meeting No. 2/2563 held on May 13, 2020 to enhance the Company's good corporate governance.

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 2020, the Company's points of corporate governance was rated 5 stars (excellent), moving up from last year that was 4 stars. In this regard, the Company is one of the 47 companies with the registered capital of lower than THB 1,000 million that was rated with 5 stars. The Board of Directors emphasized the importance of enhancing good corporate governance continuously so as to enable the Company to maintain its sustainable growth and to build confidence in all stakeholders that the Company has conducted the business with transparency, ethics, and accountability.

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

##### Investor Relation

 [ir@moongpattana.com](mailto:ir@moongpattana.com)

 0 2020 8902

##### Company Secretary

 [company.secretary@moongpattana.com](mailto:company.secretary@moongpattana.com)

 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 2017, 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 spokespersons.

In addition, the Company opens the opportunity to shareholders to send the questions for AGM in advance via the Company's website, as well as the Company has opportunity day to open the opportunity to shareholders and investors to be able to have the Company's information, as the optional channel.

### 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 2019, the Company paid dividend to shareholder in the amount of THB 0.26 per share or 81.03% of net profit, which higher than dividend policy of the Company. The dividend payment was made on May 22, 2020.



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

In 2020, 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 31 October 2019 to 31 December 2020 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 2020 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 or 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 2020, the Company held the shareholders' meeting on April 27, 2020 at 18th 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.

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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 2020 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 Company assigns Thailand Securities Depository Co., Ltd. (TSD) who is registrar of the Company to deliver the invitation letter to the shareholders whose name appeared in the register at the record date not less than 14 days in advance. In 2020, the Company sent out the invitation letter to its shareholders on 31 March 2020 which deliver in advance 26 days before the AGM date, and advertised in the newspaper 14 days in advance for 3 consecutive days for call the shareholders' meeting.

In order to facilitate shareholders' meeting procedures, the Company provided barcode system for registration and vote 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 2020 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 2020, the Company sent out the invitation letter to 2020 Annual General Meeting of Shareholders to all shareholders 26 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

#### Independent Director

✉ [ind.director@moongpattana.com](mailto:ind.director@moongpattana.com)

#### Investor Relation

✉ [ir@moongpattana.com](mailto:ir@moongpattana.com)

☎ 0 2020 8902

#### Company Secretary

✉ [company.secretary@moongpattana.com](mailto: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.

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In 2020, 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:

## Contact Channel

<b>Customer Service</b>  <a href="mailto:crm@moongpattana.com">crm@moongpattana.com</a>  02 020 8990	<b>Investor Relation</b>  <a href="mailto:ir@moongpattana.com">ir@moongpattana.com</a>  0 2020 8902	<b>Company Secretary</b>  <a href="mailto:company.secretary@moongpattana.com">company.secretary@moongpattana.com</a>  0 2020 8999
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### 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 potention development along with their positions. The Company will provide its employees with relevant knowledge and build up their awareness of the crucially 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 2,039 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:

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#### 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

- No conduct, support, involvement in any violation of human rights issues including any relevant of an exploitation of child and forced labor, 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 2020, the Company conducts CSV Day activity on 9 December 2020. 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".

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### 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 Environmental Policy

The Company is committed to conducting the business to achieve sustainable growth based on environmental responsibility along with effective environmental management. In recognition of reducing environmental impact arising from the business operation and its products and service, the Company therefore has implemented the policies that encourage the development in value chain management, creating innovations that reduce any potential impact, setting a target for consuming natural resources with the awareness of their value, as well as encouraging same-level subsidiaries, trading partners and stakeholders to acknowledge the policies so that they can behave in the same direction, the policies of which are as follows:

- a. Respect, adhere and abide by environmental laws and regulations strictly.
- b. Create awareness among the management and employees in utilizing resources and energy economically, to its utmost value.
- c. Conduct training, public relations and communications with the employees and other parties concerned to enable them to realize the environmental impact, and to promote employees’ consciousness in environmental preservation, occupational health, safety, and satisfactory work environment continuously and thoroughly. The Company will provide support in human resources, budgets and working hours for conducting the training in this regard.
- d. Set up a channel for receiving opinions, suggestions, and complaints from the employees to encourage employee engagement with respect to environmental management.
- e. Promote environment and energy saving by putting the responsibility upon the management and all employees that they shall cooperate to follow the defined measures.

### 3.12 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.

### 3.13 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.

### 3.14 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.

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## 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: ceo@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.

In 2020, no whistleblowing of misconduct was reported by stakeholders.

## Practices on protection and confidentially measures

Any groups of stakeholder e.g. shareholders, customers, competitors, creditors, government, community, society, executives and employees 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.

In the event that the Company receives a report, whistleblowing or any complaint on misconduct, the Company will investigate such incident to seek the preventive measures for repeated misconduct, and will also raise the issue to the Board of Director's meeting for their consideration and advice the proper proceeding of the issue.

## 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 2020, the Company held the investors' activities such as "Opportunity Day" - 4 meetings SET Opportunity day, dated on 13 March, 2020 at the Stock Exchange of Thailand and online session on 25 May, 2020, 26 August, 2020 and 27 November, 2020.

### 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:

1. 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.

#### Contact Channel

##### Investor Relation

Mrs. Sasithon Lersumitkul

✉ ir@moongpattana.com

☎ 0 2020 8902

##### Company Secretary

Ms. Chananya Vilamard

✉ company.secretary@moongpattana.com

☎ 0 2020 8999



2. 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.
3. 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.

### 5.1 The Board of Directors

The Company comprises 7 committees which include the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance 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 2020, the Board of Directors has 9 members comprising of:

- 3 executive directors
- 6 non-executive directors ( 4 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 4 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 2020, 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 2020 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 Directors

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 2020, 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 2020, the Board of Directors' meeting (non-executive directors) were held one time on 26 November, 2020.

#### **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 2020, no directors holds the position of listed and subsidiary 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".

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

1. In 2020, 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 2020, 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, sills, 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 Director 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 2020, the Company has appointed 2 members of the Board of Directors namely, Associate Professor Chadaporn Teekauttamakorn and Mr. Somboon Prasitjutrakul, in which new board members have attended orientation on 1 June 2020, including the subject title of rule and regulation, key policies i.e. Good Corporate Governance Policy, Anti-Corruption measure. In this regard, Mr. Songtham Phianpattanawit, Independent Director has attended orientation refresher course as well.

### 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 2020, 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 2019 Annual Performance evaluation, the Board of Director conducted self-evaluation and reported to the Board of Directors on 25 February 2020.

### 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 Performance Evaluation of the Chief Executive Officer (CEO)

In 2020, the Company assessed the performance of the Company's Chief Executive Officer by referring the performance evaluation criteria in the operating result form used for the Chief Executive officer of the Stock Exchange of Thailand, the main criteria of which consist of; 1) Leadership 2) Strategy determination 3) Strategy execution 4) Planning and financial outcome 5) Relationship with the Board of Director 6) Relationship with the outsiders 7) Work administration and relationship with personnel 8)

Position succession 9) Knowledge in products and services, and 10) Personal attributes. The Company then appointed the company secretary to gather and finalize the performance evaluation in order to propose to the Nomination and Remuneration Committee for its consideration, as well as to enable them to find the way to improve the work efficiency of the Chief Executive Officer accordingly.

The performance evaluation of the Chief Executive Officer for the year 2020 will be added to the agenda of the Nomination and Remuneration Committee's meeting and the Board of Director's meeting in 2021.

#### 5.21 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.

#### 5.22 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>

#### 5.23 Remuneration for the Board of Directors

The Company's Board of Director determined the policy on directors' remuneration clearly and transparently by delegating the Nomination and Remuneration Committee to be responsible for considering the structure and the rate of the director's remuneration to be at an appropriate level, reflecting the duties and responsibilities of the directors, as well as in line with the Company's operating results, including comparing the remuneration rates of directors in the same industries with a comparable size. Also, the directors' remuneration shall be subject to approval at the shareholders' meeting.

## 5.24 Remuneration for Top Management

The Company's Board of Director determined the framework and policies on the remuneration of the Chief Executives Officer and/or Joint-Chief Executives Officer by delegating the Nomination and Remuneration Committee to be responsible for assessing the performance of the Chief Executives Officer and/or Joint-Chief Executives Officer, taking into account the Company's operating results in comparison to their duties and responsibilities, by comparing the remuneration rates in the same industries with a comparable size as well as economic circumstances. The Company viewed that the aforementioned remuneration has been appropriate and appealing enough to attract and retain the top management.

The framework of management's remuneration is in line with the principle to ensure the alignment of benefits between the Company's management and the shareholders, and to strengthen the alignment between the Company's operating results and the remuneration, that the remuneration is at an appropriate level and appealing enough to retain potential personnel.

## 5.25 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 2020, the following directors and executives underwent training and seminars.

Course	Date of Attendance	Name of Directors/ Management/ related employees
Preliminary to Corporate Sustainability (The Stock Exchange of Thailand)	29 January 2020	Mrs. Sasithon Lersumitkul
MOONG DNA (In-house training: Aj. Suwatchai Kaewsubsak)	30 January 2020	Ms. Chananya Vilamard Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mrs. Pornpimon Suwankajit Mrs. Sasithon Lersumitkul Mrs. Saovakhon Somabot Mrs. Pavadee Udomsritanakorn
OKR2020 Workshop (In-house training: Management Team)	19 February 2020	Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mrs. Pornpimon Suwankajit
Organization Development with OKRs concept	16 March 2020 20 April 2020	Mrs. Saovakhon Somabot Mrs. Sasithon Lersumitkul
Seminar : Company Secretary Operation supporting to e-meeting (Thai Listed Companies Association)	5 May 2020	Mrs. Sasithon Lersumitkul Ms. Chananya Vilamard
Risk Management in the Covid-19 situation (Thai Listed Companies Association)	14 May 2020	Ms. Kingkarn Tiyaprasertkul Mrs. Sasithon Lersumitkul
Operation Guideline for PDPA (Mr. Rongrak Panapawutthikul Assistant Manager, Head of Legal The Stock Exchange of Thailand)	18 May 2020	Ms. Kingkarn Tiyaprasertkul Mrs. Pornpimon Suwankajit
PDPA Act - Impact to the digital business (Mr. Tithanan Jatupornwattanpon)	31 May 2020	Ms. Suwanna Chokdee-anand Mrs. Sureeporn Anuvatudom Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mrs. Pornpimon Suwankajit Mrs. Sasithon Lersumitkul Mrs. Pavadee Udomsritanakorn Ms. Chananya Vilamard

Course	Date of Attendance	Name of Directors/ Management/ related employees
Strategic Workshop 2021 (In-house training: Ms. Suwanna Chokdee-anand)	3 July 2020	Mr. Methin Lersumitkul Ms. Kingkarn Tiyaprasertkul Mrs. Pornpimon Suwankajit Mrs. Sasithon Lersumitkul
Board War Room: People Readiness After Covid-19 (IOD)	5 June 2020	Ms. Suwanna Chokdee-anand
Director Briefing: The Roles of Director During Covid-19 : Financial Reporting, Leadership and Beyond (IOD)	12 June 2020	Mrs. La-aid Vongvongpop
Road to Join CAC 2/2020 (IOD)	19 June 2020	Ms. Chananya Vilamard
Legal in Action: Company Secretary Roles beyond Regulations (Thai Listed Companies Association)	25 June 2020	Ms. Chananya Vilamard
TLCA CFO Professional Development Program (TLFA CFO CPD) No. 2/2020: Transfer pricing (Thai Listed Companies Association)	1 July 2020	Ms. Kingkarn Tiyaprasertkul
Road to Certify CAC 3/2020 IOD	3 July 2020	Ms. Chananya Vilamard
Director Accreditation Program (DAP171/2020) (IOD)	20 July 2020	Associate Professor Chadaporn Teekauttamakorn
TLCA CFO Professional Development Program (TLCA CFO CPD) No. 3/2020: Related Party Transaction and Impairment Issue (Thai Listed Companies Association)	23 July 2020	Ms. Kingkarn Tiyaprasertkul
Director's Briefing : Corporate Strategy Beyond the Crisis, a Chairman/ Board Perspective (IOD)	13 August 2020	Ms. Suwanna Chokdee-anand

Course	Date of Attendance	Name of Directors/ Management/ related employees
Operation for decreasing of Global Warming in Covid-19 Situation with Care the Bear (The Stock Exchange of Thailand)	18 August 2020	Ms. Chananya Vilamard
S01: Corporate Sustainability Strategy (The Stock Exchange of Thailand)	2-3 September 2020	Mr. Methin Lersumitkul Mrs. Sasithon Lersumitkul Ms. Chananya Vilamard
S02: Corporate Sustainability Strategy (The Stock Exchange of Thailand)	9-10 September 2020	Mr. Methin Lersumitkul Mrs. Sasithon Lersumitkul Ms. Chananya Vilamard
Understanding e-withholding tax : impact to the business (Board of Trade of Thailand)	15 September 2020	Ms. Saovakhon Somabot
S03: Corporate Sustainability	16-17 September 2020	Mr. Methin Lersumitkul Mrs. Sasithon Lersumitkul Ms. Chananya Vilamard
CGR Workshop : Enhancing Good Corporate Governance based on CGR Scorecard (IOD)	21 September 2020	Ms. Chananya Vilamard
ASEAN Corporate Secretaries Network (ACSN) 2nd Webinar 2020 - Future of the Board - "How the role of the Company Secretaries will evolve?"	29 September 2020	Ms. Chananya Vilamard
Strengthen Good Corporate Governance (SEC)	29 September 2020	Mrs. Pavadee Udomsritanakorn
What should IR prioritize in a crisis? In the light of Covid-19 and other crisis (Thai Listed Companies Association)	30 September 2020	Ms. Sasithon Lersumitkul
Cyber Security Risk (Thai Listed Companies Association)	21 October 2020	Mrs. Pavadee Udomsritanakorn

Course	Date of Attendance	Name of Directors/ Management/ related employees
The Roles of Leadership Workshop (In-house training: Ms. Suwanna Chokdee-anand)	11 October 2020	Mr. Methin Lersumitkul Mrs. Pornpimon Suwankajit Mrs. Sasithon Lersumitkul Mrs. Saovakhon Somabot
The New CFO (Crisis Financial Officer) (maiA)	17 November 2020	Ms. Sasithon Lersumitkul
Tax Issues 2020 for professional accounting (Dharmniti)	24 November 2020	Mrs. Saovakhon Somabot
Driving Organizational Culture from the Boardroom (IOD)	4 December 2020	Associate Professor Chadaporn Teekauttamakorn
Seminar : TFRSs/ TFRS for NPAEs (Chulalongkorn University)	9 December 2020	Associate Professor Chadaporn Teekauttamakorn
Zero-Corruption for sustainability (Ministry of Commerce)	15 December 2020	Associate Professor Chadaporn Teekauttamakorn
Business Adaption Strategy with e-commerce (Ministry of Commerce)	16 December 2020	Associate Professor Chadaporn Teekauttamakorn
Standard for Thai Financial Reporting (Thai Accounting Firms Association)	24 December 2020	Associate Professor Chadaporn Teekauttamakorn
TFRS9 and TFRS 16 for operation (Thai Accounting Firms Association)	25 December 2020	Associate Professor Chadaporn Teekauttamakorn



## 5.26 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.

## 5.27 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.

## 5.28 Audit Fee

In 2020, the Board concurred with the Audit Committee recommendation to propose to the Annual General Meeting of Shareholders to appoint DIA International Audit Co., Ltd. as its auditor for year 2020; 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	2020	2019	2018
Audit Fee	950,000	924,000	924,000
Change (%)	2.81	No change from 2018	5
Non-Audit Fee	None	None	None

## 5.29 Securities Trading and Insider Trading Policy

In 2017, 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.

### **5.30 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 disclose to the Company Secretary.

### **5.31 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.

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## **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.

### **5.32 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.

### **5.33 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.

### 5.34 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. Besides, the Company has encouraged all employees to recognize the good corporate governance culture by stipulating it to be an indicator of performance evaluation.

In 2020, all employees conducted the test on the Company's code of conduct and good corporate governance via online system within 30 December 2020. The overall test results were in the range of 80 percent.

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## 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 2020.

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. Mani Jeeradi, and Mr. Songtham Phianpattanawit, as the members of the Audit Committee. During 2020, the committee’s composition changed with the stepping down of Mr. Songtham Phianpattanawit from his position of Audit Committee member (still hold the position of Independent Director), effective as from May 13, 2020. In addition, the Annual General Meeting of Shareholders had the resolution to appoint Assoc. Professor Chadaporn Teekauttamakorn to be an Independent Director and Audit Committee member which effect from April 27, 2020 onwards.

In 2020, there were 5 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 2020**

The Audit Committee had reviewed of the quarterly Statements of Financial Position and the annual Statements of Financial Position of 2020, 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.

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The Audit Committee opined 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 2020 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 opined 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 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.

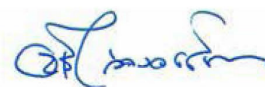


## 7. Consideration and Nomination of the Auditor of 2020

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) Mr. Joompoth Piratanakorn C.P.A. Registration No. 7645, or 2) Miss Suphaphorn Mangjit C.P.A. Registration No.8125, or 3) Mrs. Suvimol Krittayakiern C.P.A. Registration No. 2982 of DIA International Audit Co., Ltd. as the Company's Auditor for 2020 with the Auditing fee at a total of Baht 950,000 (Nine Hundred fifty 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 Vongvongepop)  
Chairman of Audit Committee

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## 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 2020, 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 and Fraud and Corruption Risk. The risk management subcommittee 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.

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## 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 the 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 2020, 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 2020, 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**

<p><b>Thai Pigeon Company Limited (TP)</b></p> <p><u>Type of Business</u> Production and Distribution of Baby Products under Pigeon Brand such as nipples, nursers, baby bottles, and plastic parts for local and international markets.</p> <p><u>Relationship</u> 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</p>	<p><b>Yoshino Moong Pattana (Thailand) Company Limited (YMP)</b></p> <p><u>Type of Business</u> Production plastic products and packaging such as spray pumps for liquid products, bottle packaging and coated plastic for distribution in local and international markets.</p> <p><u>Relationship</u> 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.</p>
<p><b>Pigeon Industries (Thailand) Company Limited (PIT)</b></p> <p><u>Type of Business</u> Production and distribution of breast pads, baby wipes, and baby bottle and nipple liquid cleanser.</p> <p><u>Relationship</u> 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.</p>	<p><b>Sumethaporn Company Limited</b></p> <p><u>Type of Business</u> Consulting Firm</p> <p><u>Relationship</u> Mr. Sumeth Lersumitkul and Mrs. Sureeporn Anuvatudom hold 75% and 25% respectively, of issued and paid-up capital, with mutual executive board</p>

- 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 52.32%
Mrs. Sureeporn Anuvatudom	Holds the position of Joint Chief Executive Officer, and is the shareholder of the Company at 1.39%
Mr. Methin Lersumitkul	Holds the position of Business Development and Marketing Director and is the shareholder of the Company at 4.61%



- **Connected Transactions as of December 31, 2020**

The transactions detail between the Company, associated company, and related parties for the fiscal year 2018 - 2020 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
			2020	2019	2018	
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)	8.7	9.5	8.8	The Company provides raw materials and equipment for YMP at prices and conditions are in line with normal business practice. <b>Opinion of Audit Committee:</b> 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.	121.4	150.8	139.4	The Company is sole distributor of TP's products in Thailand. <b>Opinion of Audit Committee:</b> 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	90.9	93.3	106.2	The Company is sole distributor of PIT's products in Thailand. <b>Opinion of Audit Committee:</b> 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 (M/B)			Reasons and Necessity/ Opinion of Audit Committee
			2020	2019	2018	
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.	6.6	3.8	4.6	The Company buys products from YMP at prices and conditions are in line with normal business practice. <b>Opinion of Audit Committee:</b> 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 19 <sup>th</sup> floor, Bangna Complex Office Tower.	4.7	5.1	4.1	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. <b>Opinion of Audit Committee:</b> 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 services	3.7	4.0	3.6	Due to changing hiring an individual person to the company that Mr. Sumeth Lersumitkul is an authorized person of the company. <b>Opinion of Audit Committee:</b> The advisor fees are at underlying rate. The transactions are reasonable.

#### Transaction of Dividends Received from Related Parties

Dividend Provider	Transaction Details	Transaction Details		
		2020	2019	2018
TP	The Company received dividend income	18.8	23.5	18.8
PIT		3.3	3.3	3.3
YMP		3.3	3.6	3.3

#### 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		2020	2019	2018
Company	TP	Other receivables	3.0	3.9	4.2
		Trade Payables	37.6	47.7	39.3
	PIT	Other receivables	-	-	-
		Trade Payables	1.0	1.1	0.4
		Other receivables	27.4	20.3	33.1
	YMP	Other receivables	1.9	2.3	2.1
		Trade Payables	1.1	0.1	1.0

#### 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 Summary

3 years Financial Information					% Change	
	Unit	2020	2019	2018	2020	2019
<b>Profit or loss (Equity Method)</b>						
	(MB)					
Revenue		779.4	777.6	742.6	0.2	4.7
Total Revenue		801.8	854.8	794.5	(6.2)	7.6
Gross profit		300.4	330.8	336.2	(9.2)	(1.6)
Profit before share of income from investment in associated company, finance cost and income tax expenses		19.1	44.0	49.2	(56.6)	(10.6)
Financial Cost		0.7	0.4	1.3	75.0	(69.2)
Profit before income tax expenses		18.4	43.6	47.9	(57.8)	(9.0)
Tax expenses		2.2	7.8	8.8	(71.8)	(11.4)
Net profit before share of income from investment in associated company		16.2	35.8	39.1	(54.7)	(8.4)
share of income from investment in associated company		41.0	52.5	90.0	(21.6)	(41.7)
Profit for the year		57.2	88.4	129.1	(35.3)	(31.5)
Total comprehensive income for the year		58.0	86.0	127.7	(32.6)	(32.7)
<b>Statement of financial position (Equity Method)</b>						
	(MB)					
Total assets		1,003.5	1,009.9	954.4	(0.6)	5.8
Total liabilities		209.7	230.7	217.5	(9.1)	6.1
Shareholders' equity		793.8	779.3	736.9	1.9	5.8
Finance Institution liabilities		5.3	8.1	8.7	(34.8)	(6.9)
<b>Ordinary share information</b>						
Issued and fully paid up	'000 shares	168,723	168,640	168,433	0.05	0.1
Book value per share	THB	4.70	4.62	4.37	1.7	5.7
Par value per share	THB	1.00	1.00	1.00	-	-
Diluted EPS (Equity Method)	THB	0.34	0.52	0.77	(34.6)	(32.5)
Diluted EPS (Separated)	THB	0.21	0.35	0.35	(40.0)	-
Dividend paid per share	THB	0.26	0.26	0.18	-	44.4

## Financial Ratio

Financial Ratio		2020	2019	2018
<b>Liquidity Ratio</b>				
Current Ratio	Time	1.78	1.77	1.54
Quick Ratio	Time	1.22	1.28	1.02
Receivables Turnover	Time	4.33	4.37	4.37
Average Collection Period*	Day (s)	84	83	84
Inventory Turnover	Time	4.81	4.85	4.64
Average Inventory Period	Day (s)	76	75	79
Account Payable Period	Time	4.06	3.93	4.01
Payment Period	Day (s)	90	76	77
Cash Cycle	Day (s)	70	82	85
<b>Profitability Ratio</b>				
Gross Profit Margin	%	38.54	42.55	53.75
Operating Profit Margin	%	7.71	12.41	15.85
Gross Profit Margin (Equity Method)	%	7.34	11.36	14.70
ROE	%	7.20	11.34	17.52
<b>Efficiency Ratio</b>				
ROA	%	5.68	8.75	13.53
Assets Turnover	Time	0.80	0.87	1.01
<b>Financial Policy Ratio</b>				
D/E Ratio	Time	0.26	0.30	0.30
Finance Institution Liabilities per Shareholder equities ratio	Time	0.01	0.01	0.1
Dividend Payout Ratio (Equity Method)	%	76.69	49.62	23.15

\* The Company sets the credit terms as follows:

- General Trade: 30 - 60 days credit terms;
- Modern Trade: 60 - 90 days credit terms.

The Company has its policy to achieve maximum efficiency in the Collection Management.

## Management Discussion and Analysis

- **Summary of Auditor Report**

Summary of Auditor Report for the years 2018 - 2020

Financial statements of the Company for the year ended December 31, 2020	Mr. Joompoth Priratanakorn, Certified Public Accountant No. 7645 of DIA International Audit Co., Ltd, 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, 2020 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, 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.

### 1. Overview of the Company's operation

Moong Pattana International Public Company Limited operates in distribution of consumer products. The Company's expertise in marketing through brands management which distributed by the Company to raise market awareness and consistently maintain target's group loyalty in the products and brand via marketing activities and distributing through nationwide channels to include Modern Trade, Traditional Trade, Cash Van and other channels e.g. Food Services 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 2020, the Company and its subsidiary has total revenue amount of THB 801.8 million which is decreased from previous year by THB 53.0 million or 6.2%. Net profit is THB 57.2 million. A decreasing THB 31.2 million or 35.3% are mainly from the following changes:

- **Sales Revenue**

In 2020, the Company’s sales revenue amounted to THB 779.4 million in total, increasing by THB 1.9 million or 0.2% from the previous year as a result of elderly product category, a new product segment that the Company has recently operated own brand product and as a distributor for new products, benefiting mainly from general trade channel, as well as the export channel to Lao PDR and Cambodia, and online channel.

- **Other Income**

In 2020, the Company’s other income amounted to THB 22.4 million, decreasing by THB 54.8 million from the previous year or 71.0 %. Such decreasing income resulted from the sales of immovable properties for investment amounting to THB 50.0 million, the income from being a broker decreasing to THB 1.8 million, and other income of THB 2.7 million.

Other incomes	2020 (Million Baht)	2019 (Million Baht)	Change (+/-)
Commission incomes	11.4	13.3	-1.8
Dividend income from investment in other companies	6.6	6.9	-0.3
Gain from selling investment properties	0.0	50.0	-50.0
Other incomes	4.4	7.1	-2.7
<b>Total other incomes</b>	<b>22.4</b>	<b>77.3</b>	<b>-54.8</b>



- **Gross Profits**

In 2020, the Company's gross profits amounted to THB 300.4 million which contributed to 38.5% of sales revenue, decreasing from the previous year by 9.2%. 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 distributor products, which has a lower rate of gross profits than other product categories.

- **Selling and Administrative Expenses**

In 2020, the Company's selling and administrative expenses was THB 303.7 million, decreasing by THB 60.4 million from the previous year or 17.0%, due to the fact that the Company had managed its expenses to be in line with the sales volume. Moreover, in 2019, the Company realized the impact from the amendment to the Labor 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 over 20 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, resulting in the Company's realization of such expenses increasing by THB 2.2 million and the litigation expenses of THB 9.0 million

- **Net Profit**

In 2020, the Company's operating earnings before the profit sharing with its associated companies was THB 19.1 which accounted for 2.4% of the sales revenue, decreasing by 56.6% when compared to the previous year. After having included the profit sharing from the investment by the equity method with its associated companies, the Company's net profit was THB 57.2 million or 7.1% of the sales revenue, which decreased by THB 31.2 million or 35.3%. This was partly due to the incline of profit sharing from investment in the associated companies which was THB 11.6 million or 22.0% as a result of the decrease of associated companies' financial performance.

Additionally, when excluding the revenue and profit from the disposition of real property for investment purposes of THB 50.0 million in 2019, the Company's net profit did increase, regardless of the economic slowdown contributing to the COVID-19 outbreak, since the beginning of 2019 until the second phase outbreak around the end of 2019 which had an impact on the Company's revenue - a low growth notwithstanding the distribution of new products. However, taking into account the Company's operating profit, it can be viewed that the operating profit margin had increased from the previous year, as the Company managed the selling and administrative expenses efficiently.

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

- **Asset**

As of December 31, 2020, the Company's total asset was THB 1,003.5 million, decreasing by THB 6.4 million or 0.6% from the previous year. The significant changes are as follows:

- 1) Cash and cash equivalents increased by THB 39.2 million contributing to the increase and decrease of net cash from or spent in activities related to operation, investment and funding.
- 2) Trade and other receivables reduced by THB 35.8 million due to the decrease of sales volume.
- 3) Inventories increased by THB 3.7 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 23.4 million comprising of the increasing investment in the associated companies of THB 23 million, the reduction of fixed assets in type of buildings and equipment as well as intangible assets of THB 21.3 million, and the increase of the right-of-use assets of THB 22.8 million as a result of the application of the Thai Financial Report Standards for Lease Contracts (TFRS 16).

- **Liabilities**

As of December 31, 2020, the Company's total liabilities were THB 209.7 million, decreasing by THB 20.9 million or 9.1% from the previous year. The significant changes are as follows:

- 1) Trade and other payables decreased by THB 24.4 million as a result of due payments and the decrease of sales volume on consumer goods with the average payment term of 90 days.
- 2) Non-current liabilities decreased by THB 3.9 million due to benefit payment for retired employees, and increased due to the liabilities according to the Thai Financial Report Standards for Lease Contracts (TFRS 16).

- **Shareholders' Equity**

As of 31 December 2020, the Company's shareholder equity was THB 793.8 million, increasing by THB 14.5 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 from associates and investment in other companies.

As of December 31, 2020 and 2019, the Company's shareholders' equity was equivalent to 7.2% and 11.3%, respectively. The Return On Equity (ROE), as of December 31, 2020, was inclined, mainly due to the decrease of operating profit.

- Liquidity and Working Capital

(THB Million)

Description	Financial Statement (Equity Method)	
	2020	2019
Net cash flows from (used in) operating activities	33.5	(12.8)
Net cash flows from investing activities	62.0	71.3
Net cash flows used in financing activities	(56.3)	(48.0)
<b>Cash and cash equivalents at end of year</b>	<b>39.2</b>	<b>10.5</b>

The Company's cash flow and cash equivalents as of the end of 2020 was net increasing of THB 39.2 million, which can be summarized as follows:

As of 2020, the Company's cash flow was derived from the operation activities equivalent to THB 33.5 million, mainly from the profit before corporate income tax in the amount of THB 59.4 million, adjusted by effect of non-cash inflow (outflow) from the performance which was inclined by THB 27.4 million, e.g. depreciation expenses, allowance for doubtful accounts, dividend income, profit and loss statement. Thus, the Company's profit before changes in assets and liabilities was THB 32 million, adjusted by asset items and operating liabilities which had increased by THB 3.5 million and payment of interest expenses and tax of THB 1.9 million.

As of 2020, the Company's net cash flow was arising from investment activities equivalent to THB 62 million, mainly from net cash earned from the redemption of short-term investment in the amount of THB 37 million and the dividend income in the amount of THB 25 million.

As of 2020, the Company's net cash flow used in funding activities was equivalent to THB 56.3 million, mainly from the dividend payment in the amount of THB 43.8 million and the payment for the debts due according to the financial lease contracts in the amount of THB 12 million.

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- **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 79.5%, 75.3% and 62.8% in 2018, 2019 and 2020, 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 2020 at 37% of all revenue, which is higher than the sales revenue in 2019 at 16% 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 2020. 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 DIA International Audit Co., Ltd. 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, 2020 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

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# INDEPENDENT AUDITOR'S REPORT

To The shareholders of Moong Pattana International Public Company Limited

## Opinion

I have audited the financial statements in which the equity method is applied and separate financial statement of Moong Pattana International Public Company Limited which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In my opinion, the accompanying financial statements in which the equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Moong Pattana International Public Company Limited as at December 31, 2020, and its financial performance and its 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 Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

## Revenue from sales of goods recognition

As stated in note to financial statements no.5.1, revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue is measured at the amount of the consideration received or receivable, after deducting discounts and consideration payable to customers. The Company has sales transaction incurred in various channels under different sale promotion patterns. This matter has risk in incorrect recognition and classification of transaction related to sales. I therefore, have considered as key audit matter.

I have obtained assurance related to revenue from sales of goods recognition by

- Obtain an understanding and assess internal control related to revenue incurred in each channel including sales promotion activity.
- Test significant control system related to revenue recognition.
- Perform analytical review sales and sale promotion activity transactions incurred.
- Examine classification of sale promotion activity
- Select by random sales transactions incurred during the year and near the period end for testing and reviewed credit notes issued to customers after the reporting period
- Review journal vouchers whether there were any unusual sales transactions

#### **Other Matter**

The financial statements of Moong Pattana International Public Company Limited. for the year ended December 31, 2019, presented herein as comparative information, were audited by another auditor who expressed an unqualified opinion on the report dated on February 25, 2020.

#### **Other Information**

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

My opinion on the financial statements does not cover the other information and I do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, 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.



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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 judgment 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 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 in which the equity method is applied and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Co., Ltd.



(Mr. Joompoth Priratanakorn)

C.P.A. (Thailand)

Registration No. 7645

February 23, 2021

## Statement of financial position

As at 31 December 2020

(Unit: Baht)

		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	65,838,962	26,643,650	65,838,962	26,643,650
Current investment	9	-	37,315,650	-	37,315,650
Trade and other current receivables	10	180,200,038	215,989,829	180,200,038	215,989,829
Inventories	11	94,032,745	90,356,365	94,032,745	90,356,365
Other current assets		4,305,399	3,846,567	4,305,399	3,846,567
Total current assets		344,377,144	374,152,061	344,377,144	374,152,061
Non-current assets					
Investment in associated company	12	553,712,948	530,755,825	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	14,762,856	30,410,964	14,762,856	30,410,964
Investment properties	15	27,700,000	27,700,000	27,700,000	27,700,000
Right-of-use assets	16	22,800,720	-	22,800,720	-
Intangible assets	17	10,890,384	12,887,054	10,890,384	12,887,054
Deferred tax assets	24	3,730,902	4,747,311	3,730,902	4,747,311
Other non-current assets		599,611	4,349,403	599,611	4,349,403
Total non-current assets		659,129,601	635,782,737	163,590,623	163,200,882
Total assets		1,003,506,745	1,009,934,798	507,967,767	537,352,943

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

Moong Pattana International Public Company Limited

## Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and current payables	18	180,753,239	205,133,315	180,753,239	205,133,315
Current portion of lease liabilities	19	9,540,572	2,608,474	9,540,572	2,608,474
Other current liabilities		3,491,712	3,087,007	3,491,712	3,087,007
<b>Total current liabilities</b>		<b>193,785,523</b>	<b>210,828,796</b>	<b>193,785,523</b>	<b>210,828,796</b>
Non-current liabilities					
Lease liabilities - net of current portion	19	8,302,477	5,514,983	8,302,477	5,514,983
Deferred tax liability	24	-	18,016	-	18,016
Non - current provisions for employee benefit	20	6,006,163	12,660,775	6,006,163	12,660,775
Other non-current liabilities		1,644,159	1,644,159	1,644,159	1,644,159
<b>Total non-current liabilities</b>		<b>15,952,799</b>	<b>19,837,933</b>	<b>15,952,799</b>	<b>19,837,933</b>
<b>Total liabilities</b>		<b>209,738,322</b>	<b>230,666,729</b>	<b>209,738,322</b>	<b>230,666,729</b>

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

**Statement of financial position (continued)**

As at 31 December 2020

(Unit: Baht)

	<u>Note</u>	<u>Financial statements in which the equity method is applied</u>		<u>Separate financial statements</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered	21				
222,650,523 ordinary shares of Baht 1 each (2019: 222,650,523 ordinary shares of Baht 1 each)		<u>222,650,523</u>	<u>222,650,523</u>	<u>222,650,523</u>	<u>222,650,523</u>
Issued and fully paid up					
168,722,633 ordinary shares of Baht 1 each (2019: 168,639,633 ordinary shares of Baht 1 each)		168,722,633	168,639,633	168,722,633	168,639,633
Share subscription received in advance		-	-	-	-
Share premium		37,332,893	36,549,097	37,332,893	36,549,097
Surplus on share-based payment transactions	29	-	743,364	-	743,364
Retained earnings					
Appropriated - statutory reserve	21	22,265,052	17,025,425	22,265,052	17,025,425
Unappropriated		565,447,845	556,310,550	69,908,867	83,728,695
<b>Total shareholders' equity</b>		<u>793,768,423</u>	<u>779,268,069</u>	<u>298,229,445</u>	<u>306,686,214</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,003,506,745</u>	<u>1,009,934,798</u>	<u>507,967,767</u>	<u>537,352,943</u>

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

Moong Pattana International Public Company Limited

## Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales of goods		779,443,287	777,589,646	779,443,287	777,589,646
Commission income		11,426,019	13,270,673	11,426,019	13,270,673
Dividend income from associated company	12	-	-	18,807,520	23,509,400
Dividend income from other companies	13	6,562,000	6,850,000	6,562,000	6,850,000
Gain on sales of investment properties	15	-	49,986,888	-	49,986,888
Other income		4,415,666	7,136,425	4,415,666	7,136,425
<b>Total revenues</b>		<b>801,846,972</b>	<b>854,833,632</b>	<b>820,654,492</b>	<b>878,343,032</b>
<b>Expenses</b>					
Cost of sales		479,061,311	446,762,741	479,061,311	446,762,741
Selling and distribution expenses		162,140,166	194,586,827	162,140,166	194,586,827
Administrative expenses		141,541,508	169,512,950	141,541,508	169,512,950
<b>Total expenses</b>		<b>782,742,985</b>	<b>810,862,518</b>	<b>782,742,985</b>	<b>810,862,518</b>
<b>Profit (loss) before share of income from investment in associated company, finance cost and income tax expenses</b>		<b>19,103,987</b>	<b>43,971,114</b>	<b>37,911,507</b>	<b>67,480,514</b>
Share of income from investment in associated company	12	40,966,787	52,527,057	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>60,070,774</b>	<b>96,498,171</b>	<b>37,911,507</b>	<b>67,480,514</b>
Finance cost		(688,977)	(364,925)	(688,977)	(364,925)
<b>Profit (loss) before income tax expenses</b>		<b>59,381,797</b>	<b>96,133,246</b>	<b>37,222,530</b>	<b>67,115,589</b>
Income tax expenses	24	(2,205,899)	(7,767,267)	(2,205,899)	(7,767,267)
<b>Profit (loss) for the year</b>		<b>57,175,898</b>	<b>88,365,979</b>	<b>35,016,631</b>	<b>59,348,322</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses		997,321	(2,903,024)	-	(641,356)
Less: Income tax effect	24	(199,464)	580,605	-	128,271
<b>Other comprehensive income for the year</b>		<b>797,857</b>	<b>(2,322,419)</b>	<b>-</b>	<b>(513,085)</b>
<b>Total comprehensive income for the year</b>		<b>57,973,755</b>	<b>86,043,560</b>	<b>35,016,631</b>	<b>58,835,237</b>
<b>Earnings per share</b>	26				
Basic earnings per share		0.34	0.52	0.21	0.35
Diluted earnings per share		0.34	0.52	0.21	0.35

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

Moong Pattana International Public Company Limited

## Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Financial statements in which the equity method is applied

	Note	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	Total
<b>Balance as at 31 December 2018</b>		168,432,633	207,000	36,549,097	560,587	17,025,425	514,113,295	736,888,037
Increase share capital		207,000	(207,000)	-	-	-	-	-
Share-based payment transactions		-	-	-	182,777	-	-	182,777
Profit for the year		-	-	-	-	-	88,365,979	88,365,979
Other comprehensive income for the year		-	-	-	-	-	(2,322,419)	(2,322,419)
Total comprehensive income for the year		-	-	-	-	-	86,043,560	86,043,560
Dividend paid	23	-	-	-	-	-	(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	556,310,550	779,268,069
<b>Balance as at 1 January 2020 (before restated)</b>		168,639,633	-	36,549,097	743,364	17,025,425	556,310,550	779,268,069
Cumulative effect of change in accounting policy	4	-	-	-	-	-	249,473	249,473
<b>Balance as at 1 January 2020 (as restated)</b>		168,639,633	-	36,549,097	743,364	17,025,425	556,560,023	779,517,542
Increase share capital		83,000	-	-	-	-	-	83,000
Share-based payment transactions		-	-	783,796	(743,364)	-	-	40,432
Profit for the year		-	-	-	-	-	57,175,898	57,175,898
Other comprehensive income for the year		-	-	-	-	-	797,856	797,856
Total comprehensive income for the year		-	-	-	-	-	57,973,754	57,973,754
Dividend paid	23	-	-	-	-	-	(43,846,305)	(43,846,305)
Legal reserve	22	-	-	-	-	5,239,627	(5,239,627)	-
<b>Balance as at 31 December 2020</b>		168,722,633	-	37,332,893	-	22,265,052	565,447,845	793,768,423

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

## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

## Separate financial statements

	Note	Retained earnings				
		Issued and paid-up share capital	Share subscription received in advance	Share premium	Surplus on share-based payment transactions	Appropriated - statutory reserve
<b>Balance as at 31 December 2018</b>		168,432,633	207,000	36,549,097	560,587	17,025,425
Increase share capital		207,000	(207,000)	-	-	-
Share-based payment transactions		-	-	-	182,777	-
Profit for the year		-	-	-	-	59,348,322
Other comprehensive income for the year		-	-	-	-	(513,085)
Total comprehensive income for the year		-	-	-	-	58,835,237
Dividend paid	23	-	-	-	-	(43,846,305)
<b>Balance as at 31 December 2019</b>		168,639,633	-	36,549,097	743,364	17,025,425
<b>Balance as at 1 January 2020 (before restated)</b>		168,639,633	-	36,549,097	743,364	17,025,425
Cumulative effect of change in accounting policy	4	-	-	-	-	249,473
<b>Balance as at 1 January 2020 (as restated)</b>		168,639,633	-	36,549,097	743,364	17,025,425
Increase share capital		83,000	-	-	-	-
Share-based payment transactions		-	-	783,796	(743,364)	-
Profit for the year		-	-	-	-	35,016,631
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	35,016,631
Dividend paid	23	-	-	-	-	(43,846,305)
Legal reserve	22	-	-	-	-	5,239,627
<b>Balance as at 31 December 2020</b>		168,722,633	-	37,332,893	-	22,265,052
						69,908,867
						298,229,445

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



**Statement of cash flows**

(Unit: Baht)

For the year ended 31 December 2020

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before tax	59,381,797	96,133,246	37,222,530	67,115,589
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities :				
Depreciation and amortisation	19,540,050	13,706,917	19,540,050	13,706,917
Allowance for doubtful accounts (reversal)	(874,140)	(1,207,355)	(874,140)	(1,207,355)
Allowance for diminution in value of inventories	680,524	1,052,567	680,524	1,052,567
Unrealised loss on exchange	107,374	78,984	107,374	78,984
Gain on sales of assets	(747,648)	(2,441,205)	(747,648)	(2,441,205)
Unrealised exchange gain from current investment	-	(254,445)	-	(254,445)
Gain on sales of current investment	(126,198)	(61,205)	(126,198)	(61,205)
Gain on sales of investment properties	-	(49,986,888)	-	(49,986,888)
Impairment of investment properties	-	400,000	-	400,000
Provision for long-term employee benefits	866,859	3,284,191	866,859	3,284,191
Share-based payment transactions (reversal)	(191,968)	182,777	(191,968)	182,777
Dividend received from investment in associated company	-	-	(18,807,520)	(23,509,400)
Dividend received from investment in other companies	(6,562,000)	(6,850,000)	(6,562,000)	(6,850,000)
Share of income from investment in associated company	(40,966,787)	(52,527,057)	-	-
Interest expenses	888,934	364,925	888,934	364,925
Profit from operating activities before changes in operating assets and liabilities	31,996,797	1,875,452	31,996,797	1,875,452
Operating assets decrease (increase)				
Trade and other receivables	37,096,547	(12,404,059)	37,096,547	(12,404,059)
Inventories	(4,356,904)	(6,968,199)	(4,356,904)	(6,968,199)
Other current assets	(458,832)	4,035,100	(458,832)	4,035,100
Other non-current assets	2,950,002	(108,200)	2,950,002	(108,200)
Operating liabilities increase (decrease)				
Trade and other payables	(24,486,584)	19,258,893	(24,486,584)	19,258,893
Other current liabilities	432,696	(7,206,095)	432,696	(7,206,095)
Other non current liabilities	-	113,336	-	113,336
Cash paid for long - term employee benefits	(7,721,428)	-	(7,721,428)	-
Cash flows from (used in) operating activities	35,452,294	(1,403,772)	35,452,294	(1,403,772)
Cash paid for interest expenses	(688,977)	(364,925)	(688,977)	(364,925)
Cash paid for corporate income tax	(1,235,497)	(11,039,364)	(1,235,497)	(11,039,364)
<b>Net cash flows from (used in) operating activities</b>	<b>33,527,820</b>	<b>(12,808,061)</b>	<b>33,527,820</b>	<b>(12,808,061)</b>

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

Moong Pattana International Public Company Limited

## Statement of cash flows (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Proceeds on sales of current investment	64,441,848	13,000,000	64,441,848	13,000,000
Cash paid for purchase of current investment	(27,000,000)	(50,000,000)	(27,000,000)	(50,000,000)
Dividend received from investment in associated company	18,807,520	23,509,400	18,807,520	23,509,400
Dividend received from investment in other companies	6,562,000	6,850,000	6,562,000	6,850,000
Proceeds on sales of assets	747,664	2,476,636	747,664	2,476,636
Proceeds on sales of investment properties	-	78,000,000	-	78,000,000
Acquisition of fixed assets	(167,219)	(907,805)	(167,219)	(907,805)
Acquisition of intangible assets	(1,389,436)	(1,637,364)	(1,389,436)	(1,637,364)
<b>Net cash flows from investing activities</b>	<u>62,002,377</u>	<u>71,290,867</u>	<u>62,002,377</u>	<u>71,290,867</u>
<b>Cash flows from financing activities</b>				
Repayment of finance lease liabilities	(12,803,980)	(4,144,781)	(12,803,980)	(4,144,781)
Proceeds on increase share capital	315,400	-	315,400	-
Dividend paid	(43,846,305)	(43,846,305)	(43,846,305)	(43,846,305)
<b>Net cash flows used in financing activities</b>	<u>(56,334,885)</u>	<u>(47,991,086)</u>	<u>(56,334,885)</u>	<u>(47,991,086)</u>
<b>Net increase in cash and cash equivalents</b>	<u>39,195,312</u>	<u>10,491,720</u>	<u>39,195,312</u>	<u>10,491,720</u>
Cash and cash equivalents at beginning of year	26,643,650	16,151,930	26,643,650	16,151,930
<b>Cash and cash equivalents at end of year</b>	<u><u>65,838,962</u></u>	<u><u>26,643,650</u></u>	<u><u>65,838,962</u></u>	<u><u>26,643,650</u></u>

### Supplemental cash flows information

Non-cash transaction:

Purchases of motor vehicle underfinance lease	-	3,581,088	-	3,581,088
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The accompanying notes are an integral part of the financial statements.

## Notes to financial statements

For the year ended 31 December 2020

### 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 at 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 located at 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, 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 2019) and new financial reporting standards and interpretations which are effective for fiscal periods 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. 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:

#### Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

### **TFRS 16 Leases**

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

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

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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### **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

#### **(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards: Major changing and revising are as the follows;

- Revising the reference to the Conceptual Framework for Financial Reporting
- Definition of business
- Definition of materiality and
- Reforming Interest rate Benchmark

At present, the Management of the Company has assessed the impacts to the financial statements of the year when such standards are adopted.

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

As described in Note 3(a) to the financial statements, the Company has adopted the set of financial reporting standards related to financial instruments. The Company has elected to adjust the cumulative effect of initially applying the new standards related to impairment to retained earnings as at 1 January 2020, and the comparative information was not restated.

For adoption of TFRS 16, the cumulative effect of initially applying this standard is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated. The Company has elected to apply this standard to the leases previously classified as operating leases by recognition right-of-use assets as lease-by-lease basis. The carrying amount of the right-of-use assets at if the Standard had been applied since the commence date; but discounted using the lessee's incremental borrowing rate as at 1 January 2020.:

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policy due to the adoption of this standard are presented as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/ Separate financial statements			
	31 December 2019	The impacts of TFRS		1 January 2020
		Group of financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Trade and other current receivables	215,990	(433)		215,557
<b>Non-current assets</b>				
Buildings and equipment	30,411		(9,695)	20,716
Right-of-use assets	-		33,937	33,937
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	2,608		7,438	10,046
<b>Non-current liabilities</b>				
Lease liabilities - net of current portion	5,515		12,514	18,029
<b>Shareholders' equity</b>				
Financial statements in which the equity method is applied				
Retained earnings - unappropriated	83,729	433	(184)	83,978
Separate financial statements				
Retained earnings - unappropriated	556,311	433	(184)	556,560

## Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	Separate financial statements
Operating lease commitments as at 31 December 2019	21,532	21,532
<u>Less</u> Short-term leases and leases of low-value assets	(799)	(799)
<u>Less</u> Deferred interest expenses	(781)	(781)
Increase in lease liabilities due to TFRS 16 adoption	19,952	19,952
Liabilities under finance lease agreements as at 31 December 2019	8,123	8,123
Lease liabilities as at 1 January 2020	28,075	28,075
Comprise of:		
Current lease liabilities	10,046	10,046
Non-current lease liabilities	18,029	18,029
	28,075	28,075

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	Separate financial statements
Vehicle	20,838	20,838
Office buildings	9,377	9,377
Leasehold rights	3,722	3,722
<b>Total right-of-use assets</b>	<b>33,937</b>	<b>33,937</b>

As at 1 January 2020, the classifications and measurement of financial assets and financial liabilities required by TFRS 9, in comparison with classification and the carrying amount, are as follows:

(Unit: Thousand Baht)

	The former carrying amount	Consolidated financial statements			
		Classification and measurement in accordance with TFRS 9			
		Fair value through P&L	Fair value through OCI	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	26,644	-	-	26,644	26,644
Current investment	37,316	37,316	-	-	37,316
Trade and other receivables	215,557	-	-	215,557	215,557
Other long-term investment	24,932	-	24,932	-	24,932
<b>Total financial assets</b>	<b>304,449</b>	<b>37,316</b>	<b>24,932</b>	<b>242,201</b>	<b>304,449</b>
Financial liabilities as at 1 January 2020					
Trade and other payables	205,133	-	-	205,133	205,133
Lease liabilities	28,075	-	-	28,075	28,075
<b>Total financial liabilities</b>	<b>233,208</b>	<b>-</b>	<b>-</b>	<b>233,208</b>	<b>233,208</b>



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## 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 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.

### 5.4 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.

## 5.5 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.

## 5.6 Leases

### Accounting policies adopted since 1 January 2020

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (a) Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

Buildings and building improvement	3 - 20 years
Motor vehicles	5 - 7 years

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**(b) Lease liabilities**

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**(c) Short-term leases and leases of low-value assets**

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

**Accounting policies adopted before 1 January 2020**

**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.

## 5.7 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.

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

## 5.8 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.

## 5.9 Impairment of non-financial assets

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

## 5.10 Employee benefits

### *Short-term employee benefits*

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

Post-employment benefits and other long-term employee benefits

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#### 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

### **5.11 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.

### **5.12 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.

## 5.13 Financial instruments

### Accounting policies adopted since 1 January 2020

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

### Financial assets at FVOCI

Financial assets include investment in equity securities that not held for trading but held for strategic purposes or for securities with potential for high market volatility measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently transferred to profit or loss when disposal, instead, it is transferred to retained earnings.

Dividends on listed equity investments are recognised as other income in profit or loss.

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### Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

The Company may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency (sometimes referred to as an accounting mismatch).

### Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Impairment of financial assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Accounting policies adopt before 1 January 2020

#### **Trade receivables**

Trade and other current receivables 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.

#### **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.

## **5.14 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.



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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.

#### **5.15 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.

#### **5.16 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 expected credit losses of trade receivables and contract assets**

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

### **Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets**

In determining depreciation of plant and equipment and right-of-use assets and amortisation of intangible assets, the management is required to make estimates of the useful lives and residual values (if any) and to review useful lives and residual values when there are any changes.

In addition, the property, plant and equipment, right-of-use assets and intangibles assets are subject to impairment if there is an indication they may be impaired, and impairment losses are recorded in the period when it is determined that their recoverable amount is lower than the carrying amount.

Indications include significant falls in the market value of assets or the future economic benefits of assets, significant changes in the overall business strategy impacting to the future utilization of assets, significant negative industry or economic trends, significant loss of market share, and significant unfavourable regulatory and court decisions that impact the business.

### **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.

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>	<u>Pricing policy</u>
<u>Transactions with associated company</u>			
Purchases of goods	122	152	Cost plus margin
<u>Transactions with related companies</u>			
Purchase of raw material	98	97	Cost plus margin
Commission income	9	10	0.3 percent of net selling price of product sold and 1.5 percent of costs of service rendered
Advisory fee	4	5	Agreed rate
<u>Transactions with related person</u>			
Rental expenses	5	5	Agreed rate

The balances of the accounts as at 31 December 2020 and 2019 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
<b>Other receivables - related parties (Note 10)</b>		
Associated company	3,000	3,899
Related companies (related by common directors)	2,900	3,383
Total other receivables - related parties	<u>5,900</u>	<u>7,282</u>
<b>Trade and other payables - related parties (Note 18)</b>		
Associated company	37,632	47,719
Related companies (related by common directors)	28,547	20,350
Total trade and other payables - related parties	<u>66,179</u>	<u>68,069</u>

### Directors and management's remuneration

During the years ended 31 December 2020 and 2019, the employee benefit expenses payable to the Company's directors and management are as follows:

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	28,165	34,920
Post-employment benefits	443	464
Total	<u>28,608</u>	<u>35,384</u>

### 8. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Cash	-	20
Cash at banks - current accounts	2,784	6,705
Cash at banks - savings accounts	63,055	19,919
Total	<u>65,839</u>	<u>26,644</u>

As at 31 December 2020, bank deposits in savings accounts carried interests between 0.1 and 0.3 percent per annum (2019: between 0.1 and 0.8 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 current receivables

The balances of Trade and other current receivables as at 31 December 2020 and 2019, aged on the basis of due dates, are as follows:

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Trade receivables - unrelated parties		
Net yet due	123,999	154,279
Past due		
Not over 3 months	45,239	51,235
3 - 6 months	465	613
6 - 12 months	229	456
Over 12 months	<u>199</u>	<u>258</u>
Total	170,131	206,841
Less: Allowance for expected credit losses		
(2019: Allowance for doubtful account)	<u>(301)</u>	<u>(893)</u>
Total trade receivables - net	<u>169,830</u>	<u>205,948</u>
other current receivables - related party (Note 7)	5,900	7,282
Others	<u>4,470</u>	<u>3,042</u>
Total	10,370	10,324
Less: Allowance for expected credit losses		
(2019: Allowance for doubtful account)	<u>-</u>	<u>(282)</u>
Total other current receivables - net	<u>10,370</u>	<u>10,042</u>
Total Trade and other current receivables - net	<u><u>180,200</u></u>	<u><u>215,990</u></u>

## 11. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventory - net	
	2020	2019	2020	2019	2020	2019
Finished goods	75,072	68,999	(3,557)	(2,949)	71,515	66,050
Work in process	16,746	17,271	(96)	(38)	16,650	17,233
Packing materials	5,492	5,514	(128)	(114)	5,364	5,400
Goods in transit	504	1,673	-	-	504	1,673
Total	97,814	93,457	(3,781)	(3,101)	94,033	90,356

During the current year, the Company has reduced cost of inventories by Baht 0.68 million (2019: reduced the the cost of inventories by Baht 1 million), which were included in cost of sales.

## 12. Investments in an associate

(Unit: Thousand Baht)

### 12.1 Details of an associate:

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	
		2020	2019	2020 (%)	2019 (%)	2020	2019	2020	2019
Thai Pigeon Company Limited	The manufacture and distribution of baby and infant products	122,000	122,000	47	47	553,713	530,756	58,174	58,174
Total						553,713	530,756	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	
	2020	2019	2020	2019	2020	2019
Thai Pigeon Company Limited	40,967	52,527	798	(1,809)	18,807	23,509

### 12.3 Summarised financial information about material associate

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

(Unit: Million Baht)

	<u>2020</u>	<u>2019</u>
Current assets	970	1,000
Non-current assets	319	272
Current liabilities	(61)	(92)
Non-current liabilities	(49)	(50)
<b>Net assets</b>	<b>1,179</b>	<b>1,130</b>
Shareholding percentage (%)	47%	47%
<b>Share of net assets</b>	<b>554</b>	<b>531</b>
Elimination entries	-	-
<b>Carrying amounts of associate based on equity method</b>	<b>554</b>	<b>531</b>

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	<u>2563</u>	<u>2562</u>
Revenue	696	839
Profit	87	112
Other comprehensive income	2	(4)
Total comprehensive income	89	108

### 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 at fair value (2019: under cost method)		Dividend received	
		<u>2020</u>	<u>2019</u>	<u>2020</u> (%)	<u>2019</u> (%)	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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	3,312	3,600
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
						<u>24,932</u>	<u>24,932</u>	<u>6,562</u>	<u>6,850</u>

#### 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 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
Reclassification**	-	-	-	(14,809)	(14,809)
Additions	-	-	230	-	230
Reclassification	50	-	(481)	547	116
Disposals	-	(43)	(6,842)	(2,372)	(9,257)
31 December 2020	19,696	128	21,795	9,257	50,876
<b>Accumulated depreciation</b>					
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
Reclassification**	-	-	-	(5,114)	(5,114)
Depreciation for the year	1,763	-	3,039	582	5,384
Reclassification	34	-	(430)	547	151
Depreciation on disposals	-	(43)	(6,078)	(2,372)	(8,493)
31 December 2020	8,077	128	18,831	9,077	36,113
<b>Net book value</b>					
31 December 2019	13,366	-	6,588	10,457	30,411
31 December 2020	11,619	-	2,964	180	14,763
<b>Depreciation for the year</b>					
2019 (Included in selling and distribution, and administrative expenses)					9,886
2020 (Included in selling and distribution, and administrative expenses)					5,384

\*\*The reclassification to right-of-use is due to the first time adoption of TFRS16.

As at 31 December 2020, 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 10 million (2019: Baht 12 million).

As at 31 December 2020, the Company had no outstanding amount of transportation vehicles under finance lease agreements. (2019: Baht 10 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 2020 and 2019, the balances of investment properties are as follows:

(Unit: Thousand Baht)

As at 31 December 2020:

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 2019:

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

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Net book value at the beginning of year	27,700	56,113
Disposal during the year - net book value	-	(28,013)
Allowance for loss on impairment during the year	-	(400)
Net book value at the end of year	<u>27,700</u>	<u>27,700</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. Right-of-use assets

Movements of the right-of-use assets/leasehold rights account as at 31 December 2020 are summarised below.

(Unit: Thousand Baht)

	Office buildings	Leasehold rights	vehicles	Total
<b>Cost</b>				
1 January 2020	14,688	22,015	29,222	65,926
Reclassification	-	-	(547)	(547)
Disposals	-	-	(1,567)	(1,567)
31 December 2020	14,688	22,015	27,108	63,812
<b>Accumulated depreciation</b>				
1 January 2020	5,312	18,293	8,384	31,989
Depreciation for the year	4,896	747	5,127	10,770
Reclassification	-	-	(547)	(547)
Disposals/written-off	-	-	(1,202)	(1,202)
31 December 2020	10,208	19,040	11,762	41,010
<b>Net book value</b>				
1 January 2020	9,376	3,722	20,838	33,937
31 December 2020	4,480	2,974	15,346	22,800
<b>Depreciation for the year</b>				
2020 (Included in selling and distribution, and administrative expenses) (2019: Nil)				10,770

The cost and accumulated depreciation as at 1 January 2020 represented the effects of the first time adoption of TFRS16, included the reclassification from fixed assets.

## 17. Intangible assets

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

(Unit: Thousand Baht)

As at 31 December 2020:

Cost	29,088
Less: Accumulated amortisation	(18,198)
Net book value	<u>10,890</u>

As at 31 December 2019:

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

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	<b>2020</b>	<b>2019</b>
Net book value at the beginning of year	12,887	14,325
Acquisition of computer software	1,355	1,637
Reclassification	34	-
Amortisation for the year	(3,386)	(3,075)
Net book value at the end of year	<u>10,890</u>	<u>12,887</u>

## 18. Trade and current payables

(Unit: Thousand Baht)

	<b>2020</b>	<b>2019</b>
Trade payables - related parties (Note 7)	66,179	68,069
Trade payables - unrelated parties	41,102	51,620
Other payables	17,440	26,688
Accrued expenses	56,032	58,756
Total Trade and current payables	<u>180,753</u>	<u>205,133</u>

## 19. Lease liabilities

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Liabilities under lease agreements	18,512	8,728
Less: Deferred interest expenses	(669)	(605)
Total	<u>17,843</u>	<u>8,123</u>
Less: Portion due within one year	(9,540)	(2,608)
Liabilities under lease agreements - net of current portion	<u>8,303</u>	<u>5,515</u>

The Company has entered into the lease agreements for rental of motor vehicles and office buildings 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 lease agreements are as follows:

(Unit: Thousand Baht)

	<u>As at 31 December 2020</u>		
	<u>Less than</u>		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	9,943	8,569	18,512
Deferred interest expenses	(403)	(266)	(669)
Present value of future minimum lease payments	<u>9,540</u>	<u>8,303</u>	<u>17,843</u>

(Unit: Thousand Baht)

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

## 20. Non - current provisions for employee benefit

As at 31 December 2020 and 2019, Non - current provisions for employee benefit was as follows:

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
<b>Non - current provisions for employee benefit as at 1 January 2019</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
Experience adjustments	-	-	-
Benefits paid during the year	-	-	-
<b>Non - current provisions for employee benefit as at 31 December 2019</b>	11,933	728	12,661
<i>Included in profit or loss:</i>			
Current service cost	779	88	867
Interest cost	189	11	200
Past service cost	-	-	-
<i>Included in other comprehensive income:</i>			
Actuarial loss arising from	-	-	-
Financial assumptions changes	(7,607)	(115)	(7,722)
<b>Non - current provisions for employee benefit as at 31 December 2020</b>	5,294	712	6,006

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

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2019: 9 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	<u>2020</u>	<u>2019</u>
Discount rate	1.49	1.49
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 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

	<u>As at 31 December 2020</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(245)	260
Salary increase rate	269	(255)
Turnover rate	(359)	384

(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

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.

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## 21. Registered capital

On 27 April 2020, the Annual General Meeting of the Company's shareholders for 2020 passed resolutions as follows:

- 1) 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 the Warrants No.2.
- 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 7 May 2020 and 8 May 2020, respectively.

## 22. 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.

## 23. Dividend

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.

On 27 April 2020, 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 2019 operating results. The dividend was paid on 22 May 2020.

## 24. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Current income tax charge	1,208	8,423	1,208	8,423
Adjustment in respect of income tax of previous year	-	183	-	183
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	998	(839)	998	(839)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>2,206</u>	<u>7,767</u>	<u>2,206</u>	<u>7,767</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax on				
Actuarial losses of the Company	-	(128)	-	(128)
Actuarial losses of the associated company	199	(453)	-	-
<b>Total</b>	<u>199</u>	<u>(581)</u>	<u>-</u>	<u>(128)</u>



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

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	59,382	96,133	37,223	67,116
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	11,876	19,226	7,444	13,423
Adjustment in respect of income tax of previous year	-	183	-	183
Effects of:				
Exemption of income	(1,312)	(1,370)	(5,074)	(6,072)
Share of income from investment in associate	(8,193)	(10,505)	-	-
Non-deductible expenses	995	1,539	995	1,539
Additional expense deductions allowed	(1,136)	(1,147)	(1,136)	(1,147)
Others	(24)	(159)	(24)	(159)
Total	(9,670)	(11,642)	(5,239)	(5,839)
Income tax expenses reported in the statement of comprehensive income	2,206	7,767	2,205	7,767

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	
	2020	2019
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	60	48
Allowance for diminution in value of inventories	756	620
Allowance for impairment loss on investment properties	1,457	1,457
Lease liabilities	160	-
Provision for long-term employee benefits	1,183	2,532
Others	115	90
Total	3,731	4,747
<b>Deferred tax liability</b>		
Actuarial gains	-	18
Total	-	18

## 25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	<u>2020</u>	<u>2019</u>
Salaries, wages, and other employee benefits	149,645	168,527
Depreciation and amortisation expenses	19,540	13,707
Transportation expenses	19,398	17,234
Warehouse management expenses	14,303	12,961
Inventories and consumables used	218,080	236,345
Changes in finished goods and work in process	5,547	9,049

## 26. 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		Weighted average		Earnings	
	years ended		number of		per share	
	31 December		ordinary shares			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	57,176	88,366	168,653	168,640	0.34	0.52
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	(10)	130		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants						
to ordinary shares	<u>51,176</u>	<u>88,366</u>	<u>168,643</u>	<u>168,770</u>	0.34	0.52

	Separate financial statements					
	Profit for the		Weighted average		Earnings	
	years ended		number of		per share	
	31 December		ordinary shares			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	35,017	59,348	168,653	168,640	0.21	0.35
<b>Effect of dilutive potential ordinary shares</b>						
ESOP	-	-	(10)	130		
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants						
to ordinary shares	<u>35,017</u>	<u>59,348</u>	<u>168,643</u>	<u>168,770</u>	0.21	0.35

## 27. Segment information

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

For management purposes, the 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 2020 and 2019 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	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Revenue from external customers	493	591	286	187	779	778
<b>Total revenues</b>	<u>493</u>	<u>591</u>	<u>286</u>	<u>187</u>	<u>779</u>	<u>778</u>
<b>Segment profit</b>	<u>106</u>	<u>103</u>	<u>32</u>	<u>33</u>	<u>138</u>	<u>136</u>
<b>Unallocated income and (expenses):</b>						
Commission income					11	13
Dividend income from other companies					7	7
Gain on sales of investment properties					-	50
Other income					4	7
Administrative expenses					(142)	(170)
Share of income from investment in associated company					41	53
Finance cost					(1)	-
<b>Profit before income tax expenses</b>					<u>58</u>	<u>96</u>
Income tax expenses					(2)	(8)
<b>Profit for the year</b>					<u>56</u>	<u>88</u>

(Unit: Million Baht)

Financial statements in which the equity method is applied						
	Distribution of baby and infant products		Distribution of other products		Total	
	2020	2019	2020	2019	2020	2019
Trade and other current receivables	138	164	42	52	180	216
Inventories	65	53	29	37	94	90
Investment in an associate					554	531
Building and equipment					15	30
Others assets					161	143
<b>Segment total assets</b>					<u>1,004</u>	<u>1,010</u>
<b>Segment total liabilities</b>					<u>210</u>	<u>231</u>

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## 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 2020, the Company had revenue from two major customers, one in amount of Baht 114 million (2019: Baht 129 million) and the other in amount of Baht 72 million (2019: Baht 89 million), and mainly arising from sales of baby and infant products.

### 28. 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.

### 29. 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 2019	669,000
Exercised during the year 2020	(83,000)
Maturity	(586,000)
Outstanding as at 31 December 2020	-

### 30. Commitments and contingent liabilities

#### 30.1 Short-term leases and lease of low-value asset 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 5 years.

As at 31 December 2020 and 2019, future minimum lease payments under these non-cancellable operating leases agreements were as follows.

	(Unit: Million Baht)
	<u>2020</u>
Payable:	
less than 1 year	3
In over 1 and up to 5 years	5

As at 31 December 2020, future minimum sublease payments expected to be received under non-cancellable subleases totaled approximately Baht 9 Million (2019: Baht 16 million). During the year 2020, the Company recognised rental expenses of Baht 1 million (2019: Baht 2 million) and subleasing revenue of Baht 5 million (2019: Baht 5 million).

#### 30.2 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 2020, the Company has future commitments to pay an advisory fee under this agreement totaling of Baht 1 million (2019: Baht 2 million).

#### 30.3 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 terms of the agreements are generally between 2 and 5 years.

The future minimum service fee payable under these agreements as at 31 December 2020 is approximately Baht 9 million (2019: Baht 7 million).

### 30.4 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 2020 amounting to approximately Baht 24 million (2019: Baht 30 million) were recognised as expenses.

### 31. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had certain assets that were disclosed at fair value using different level inputs (as mentioned in Note 5.16 to the financial statements) as follows:

(Unit: Million Baht)

	As at 31 December 2020			
	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	-	-	-	-
Other long-term investment	-	-	25	25

(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
Other long-term investment	-	-	25	25

### 32. Financial instruments

#### 32.1 Financial risk management

The Company's financial instruments, as defined under Thai Financial Reporting Standard No. 7 "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 are set out in Note 8 to the financial statements.

As at 31 December 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Financial statements in which equity method is applied / Separate financial statements as at 31 December 2020						
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total	Interest rate
<u>Financial assets</u>						
Cash and cash equivalents	8	63,055	-	2,784	65,839	0.1% - 0.3%
Trade and other current receivables	10	-	-	180,200	180,200	-
<u>Financial liabilities</u>						
Trade and other current payables	18	-	-	180,753	180,753	-
Lease liabilities	19	-	17,843	-	17,843	2.5% - 5.2%

## 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.



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### 32.2 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.

### 33. 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 2020, the debt to equity ratio in the financial statements in which equity method is applied was 0.26:1 (2019: 0.30:1) and in the separate financial statements is applied was 0.70:1 (2019: 0.75:1).

### 34. Event after the reporting period

- (a) On 7 February 2021, 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 2020, totaling of approximately Baht 40 million.
- (b) On 23 February 2021, the meeting of the Company's Board of Directors passed the dividend payment resolution to propose to the Annual General Meeting of the shareholders for 2021, regarding the approval of the payment of a dividend of Baht 0.18 per share from operating results of the year 2020, totaling approximately Baht 30.37 million.

### 35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2021.

