



Symbol LST
Headline Clarification on the independent director resignation
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Subject : Clarification on the independent directors and audit committee (the "AC")'s resignation

To : The President
The Stock Exchange of Thailand

Reference: The public announcement of the SET to require the Company to provide more information on AC's resignation dated 2 April 2007

Referred to the above public announcement of the SET, Lam Soon (Thailand) Public Company Limited (the "Company") would like to clarify as follows:-

1. The details in relation to the difference in opinions about the policy in determining the salary standard and other remuneration of the Company's executive directors which is one of the reasons that caused the Independent Directors to resign. It should mention the opinions and the reasons of the Independent Director and the management team regarding this issue.

Explanation 1.

In fact, the Board of Directors has considered the policy in determining the salary standard and other remuneration of the Company's executive directors at the Board of Director (the "BOD") meetings;

- The Board of Directors' meeting no. 1/2007 on 6 January 2007, on agendas 4, 5, 6 and 7,
- The Board of Directors' meeting no. 2/2007 on 28 February 2007, on agendas 5.5 and 5.6 "Re: to set the policy in adjusting the salary and bonus payment of employees and directors",

In this regard, in the midst of the Board of Directors consideration in relation to the above issue, the directors has express many different opinions and these different opinions are usual observable fact during the Board of Directors' meeting. Subsequently, respective resolutions were unanimously passed by the Board of Directors to approve such issue (in accordance with the Chairman and the Remuneration Committee's proposal). The Company therefore would like to inform that there is no different in opinion with respect to the policy in determining the salary standard and other remuneration of the Company's executive directors.

In addition, the Company wishes to clarify that, regarding the additional information that the Company provided to the SET in relation to the directors' resignations dated 19 March 2007, the main reason for resignation was provided by each director

in his resignation letter, and does not represent the opinion of the Company.

2. The list of the Executive Directors, their duties and responsibilities, as well as the policy for their remuneration over the past years.

Explanation: 2.1

The list of the Executive Directors and their duties and responsibilities.

1. Mr. Whang Tar Liang: Vice Chairman and Executive Director
 - a. Determine the long-term investment strategy of the Company and its subsidiaries
 - b. Determine the purchasing policies on crude palm oil (CPO), the principal raw material of the Company. CPO represents 80% of the cost of goods sold of the Company and a value of approximately 3,000 million Baht in 2006.
 - c. As Group Managing Director of the Lam Soon Group, oversee the oversea Lam Soon Group and refer any new manufacturing technology, research and product improvement and manufacturing best practices to the Company and its subsidiaries.
2. Mr. Whang Shang Ying: Executive Director
 - a. Determine marketing policies and brand development of Company's products and its subsidiaries.
 - b. Oversee business development of the Company and its subsidiaries, including oversea Lam Soon Group and other unrelated organization, and facilitate the exchange of marketing information and best practices within Lam Soon Group.
 - c. Provide advice and input in relation to legal issues such as on corporate matters, including mergers, acquisitions and joint ventures.
3. Mr. Somchai Chongsawadchai :Managing Director
 - a. Administer the purchase of CPO in accordance with the directions of Mr. Whang Tar Liang from time to time.
 - b. Administer and manage the Company and its subsidiaries in accordance with the Company's policies as set by the Board of Directors.
4. Ms. Anchalee Suebchantasiri: Director and Finance Manager
Administer and manage the Company and its subsidiaries' accounting, finance, information technology, human resources and administration.
5. Mr. Ampol Simarojana: Director and Factory Manager
Administer and manage the factory of the Company's group which consists of 6 factories as follows:
 1. the refinery in Samutprakarn province
 2. crushing mills in Trang and Krabi provinces
 3. vegetables and fruits processing plants in Nakorn Prathom and Lampang provinces.
 4. Frozen vegetable and fruit, processing plant in Lampang province

In this connection, the duties and responsibilities of the Executive Directors have remained unchanged since the Company was listed on the SET in 1996, except for Mr. Whang Shang Ying, who assumed his duties and responsibilities as Executive Director with effect since 2000,

Explanation 2.2:

The remuneration comprises (a) fees paid to Directors, and (b) salary and bonus paid for employment of executives. The policies of the Company on the directors' remuneration over the past years consist of the following:

- (a) The directors' fees are considered by the Company's Board of Directors, and proposed to the Shareholders' Meeting for approval.
- (b) The salaries and bonuses of the executive directors are subject to the Company's performance, investments and expansion, as well as each executive director's performance. Such procedures have been observed even before the Company was listed on the SET. However, after the setting up of the RC, the RC would consider the guidelines and principles and recommend such remuneration to the Board of Directors for its approval.

3. Summary of Executive Directors' remuneration package in 2005 and 2006 which provides the following information.

3.1) The Executive Directors' whole remuneration package is classified according to the types of remuneration (such as salary, bonus, allowance for meeting, etc.)

3.2) The percentage of the combined top three remunerations to the whole remuneration package for the seven Executive Directors in amount of 74.94 million Baht in 2006 and 58.60 million Baht in 2005.

3.3) According to the Company's Articles of Association, is it required for the Executive Directors' remuneration payment to be approved by the Board of Directors or during the shareholder's meeting and how? So far, who has been the authorized person to approve the remuneration of Executive Directors?

Explanation: 3.1 and 3.2

The Company did not set up any executive directors committee. It appointed the executive directors who were directors that hold the executive positions in the Company. Their duties and responsibility are listed in 2.1 above. Therefore, the executive directors' remunerations do not include any meeting allowances. The Company has always disclosed the information related to the remuneration of the 4 highest paid directors and the management in accordance with the Securities and Exchange Commission's (the "SEC") notification, "Re: The disclosure in accordance with the annual registration statement (Form 56-1)". Such information disclose all the remuneration paid to the directors and the management, and there is no other remuneration paid to the directors other than the remunerations disclosed in Form 56-1. In this regard, the executive directors' remuneration increased from Baht 58.60 million in 2005 to Baht 74.94 million in 2006 due to the considerable increased of the Company turnover. In addition, the Company has continuously expanded its operations in accordance with the details provided in the Company Annual Report 2006.

However, regarding other information that the SET requires the Company to disclose, the Company would like to inform that the Company will consider disclosing such information in addition to the information required by the above Notification of the

SEC base on a valid legal ground and conditions, since such information is sensitive and such disclosure may have detrimental effect on the Company. In addition, it seems unfair to the Company since no other listed companies have to disclose such detailed information as requested by the SET. The Company will further inform such issue to the Annual General Meeting No. 1/2007.

Explanation 3.3:

In accordance with the Company's Articles of Association;

"The directors have rights to receive the remuneration in the form of salaries, monetary awards, meeting allowances, pensions, bonuses or benefit in other form in accordance with the Articles of Association or Shareholders Meeting's resolution which may be fixed or set out as principles and will be determined from time to time or will take the effect until there is amendment. Moreover, the directors are entitled to receive pension, and other benefits in accordance with the Company regulation except for the Independent Directors remuneration which is to be in accordance with the SET's notification.

The provision in first paragraph shall not prejudice the rights of the employees of the Company whom may be nominated as the directors and entitled to receive the remuneration and benefits as employees of the Company"

Therefore, the payments for the remuneration of the Executive Directors are not limited to the approval by the Board of Directors or the Shareholders at a meeting duly called for such purpose. In this regard, such remuneration of the executive directors until the managing director have to be approved by the Vice Chairman. With regard to the other 2 directors who hold high executive positions, the managing director is the person responsible for the approval of such executive directors' remuneration. Such consideration have been observed even before the Company was listed on the SET.

Recently, the SET has campaigned for good corporate governance, and in this respect, the RC should be formed. The Company, recognizing the importance of such committee, has proposed to the Board of Directors to set up such RC in 2004. Currently, the Company is searching for the independent directors and if the appointments of the independent directors are completed, the Company will arrange for the appointment of the Company's RC to replace the resigned directors.

Sincerely Yours,

Anchalee Suebchantasiri
Director

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For more information, please contact S-E-T Call Center Tel. 0-2229-2222 E-mail : SETCallCenter@set.or.th

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