



Annual Report 2020

RESPONSIBILITY / QUALITY / HEALTHY / WELLNESS



ANNUAL REPORT 2020 OF LAM SOON (THAILAND) PLC.

Topics	Page
1. Financial Highlights (Consolidated Financial Statements).....	1 - 3
2. Message from the Chairman and the Managing Director.....	4 - 5
3. Report of the Audit and Corporate Governance Committee.....	6
4. Report of the Board of Directors' Responsibilities for Financial Statements.....	7
5. Report on the Implementation of Principles of Good Corporate Governance.....	8 - 32
6. General Information.....	33 - 35
6.1 Company Profile.....	33
6.2 Companies in which the Company has Investment Holding of more than 10%.....	34
6.3 Other References.....	35
7. Nature of Business.....	36 - 40
7.1 Revenue Structure.....	37
7.2 News Highlights of Previous Year.....	38 - 40
8. Risk Factors.....	41
9. Industry Overview and Competitiveness.....	42 - 49
10. Management Discussion and Analysis.....	50 - 73
10.1 Business Overview.....	50 - 52
10.2 Operations Overview.....	53 - 58
10.3 Sustainability and Community.....	59 - 65
10.4 Financial Overview.....	66 - 71
10.5 Factors which might affect financial performance in the future.....	72
10.6 Remuneration of Statutory Auditor.....	72
11. Shareholders and Management.....	73 - 87
11.1 Shareholders.....	73
11.2 Board of Directors and Management Committee.....	74 - 86
11.3 Dividend Payout Policy.....	87
12. Common Interested Persons and Connected Transactions.....	88 - 89
12.1 Connected transactions with common interested persons, necessity and reasons for connected transactions.....	88
12.2 Measures or criteria to approve connected transactions.....	89
12.3 Connected Transactions in the Future.....	89
13. Other Factors Affecting Investment Decisions.....	90
13.1 Legal Conflicts.....	90
13.2 Obligations on Future Share Issuance.....	None
14. Report and Consolidated Financial Statements.....	Enc.

**Investors may study more information on the Company from
the Annual Registration Statement (FORM 56-1) published on
www.sec.or.th or www.lamsoon.co.th**

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

(Unit : Million Baht)

	2018	2019	2020
Total Assets	5,153	5,395	5,706
Total Liabilities	1,192	1,190	1,417
Shareholders' Equity	3,961	4,205	4,289
Sales	7,204	6,398	6,731
Total Revenues	7,309	6,454	6,839
Gross Profit	1,132	1,282	1,132
Net Profit of equity holders of the Company	382	482	383

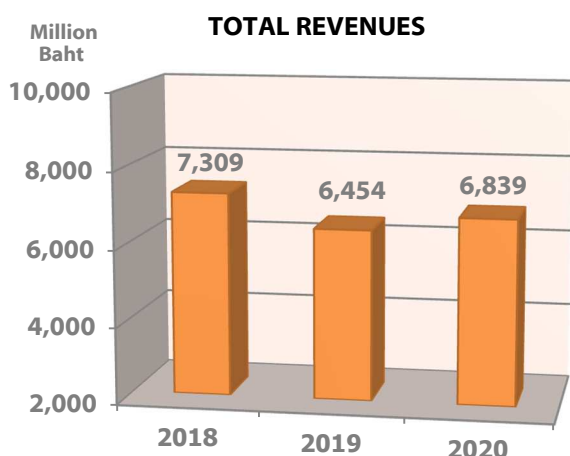


Total assets increased by 310.3 million Baht or 5.8% mainly because:-

- 1) Inventory increased by 547.4 million Baht or 65.0%.
- 2) Property, plant, and equipment increased by 168.7 million Baht or 7.4%.
- 3) Cash and cash equivalents was 238.3 million Baht, decreasing by 425.9 million Baht or 64.1%.

Page
69

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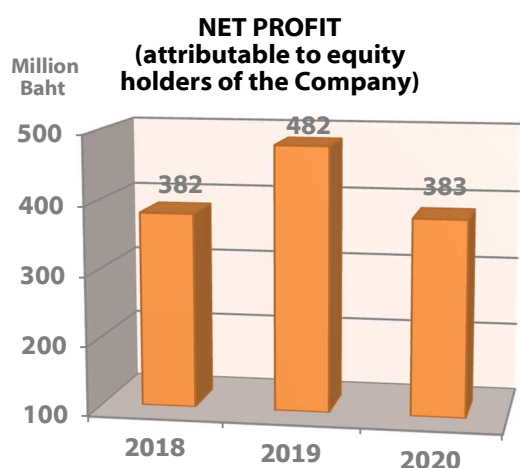


Total revenues increased by 384.7 million Baht or 6.0% from:

- 1) Sales of the Company and its subsidiaries increased by 332.9 million Baht or 5.2%.
- 2) Other income increased by 14.3 million Baht or 25.6%.

Page
67

for more information



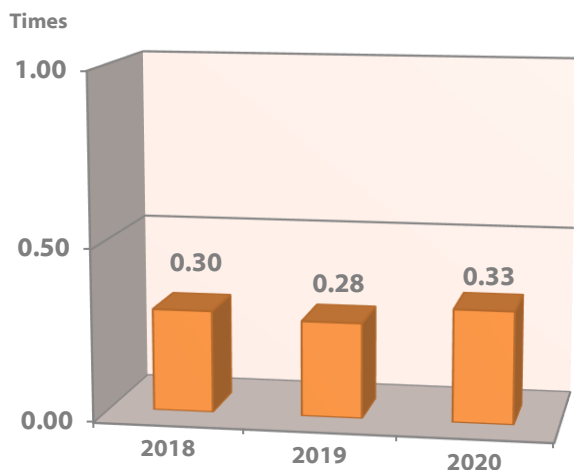
Net profit (attributable to equity holders of the Company) decreased by 99.0 million Baht or 20.6%, with lower net profit margin of 5.6%.

Page
69

for more information

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

TOTAL DEBT TO EQUITY RATIO

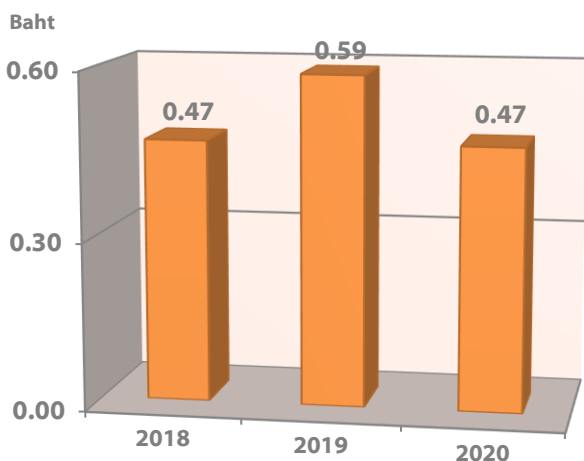


Total debt to equity ratio increased to 0.33 times in 2020 (2019 : 0.28 times).

Page
71

for more information

EARNINGS PER SHARE

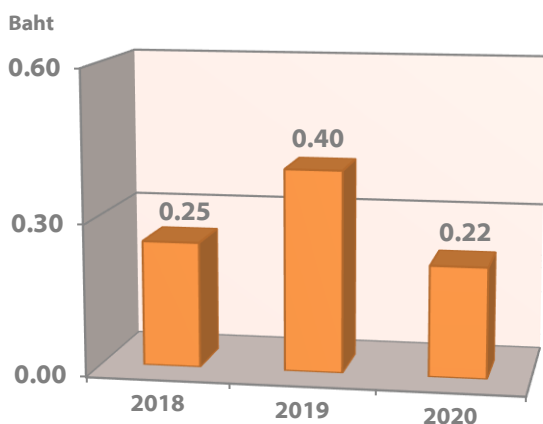


Earnings per share: Decreased from 0.59 in 2019 to 0.47 Baht per share.

Page
69

for more information

DIVIDEND PER SHARE



Dividend per share: Pursuant to the resolution of BOD meeting on 25 February 2021, dividend per share of 0.22 Baht is proposed to be paid for the financial year 2020, subject to approval at AGM no. 1/2021.

This would represent a payout ratio of 65.4% of net profit, in accordance with the Company's policy of paying not less than 40% of its net profit after tax as dividend.

Page
69

for more information

FINANCIAL HIGHLIGHTS (CONSOLIDATED FINANCIAL STATEMENTS)

FINANCIAL RATIOS

(Unit : %)

	2018	2019	2020
Profit Margin Contributable to Equity holders	5.22	7.47	5.60
Return on Equity (Average)	10.10	11.77	9.89
Return on Total Assets (Average)	6.94	9.11	7.57

PER SHARE DATA

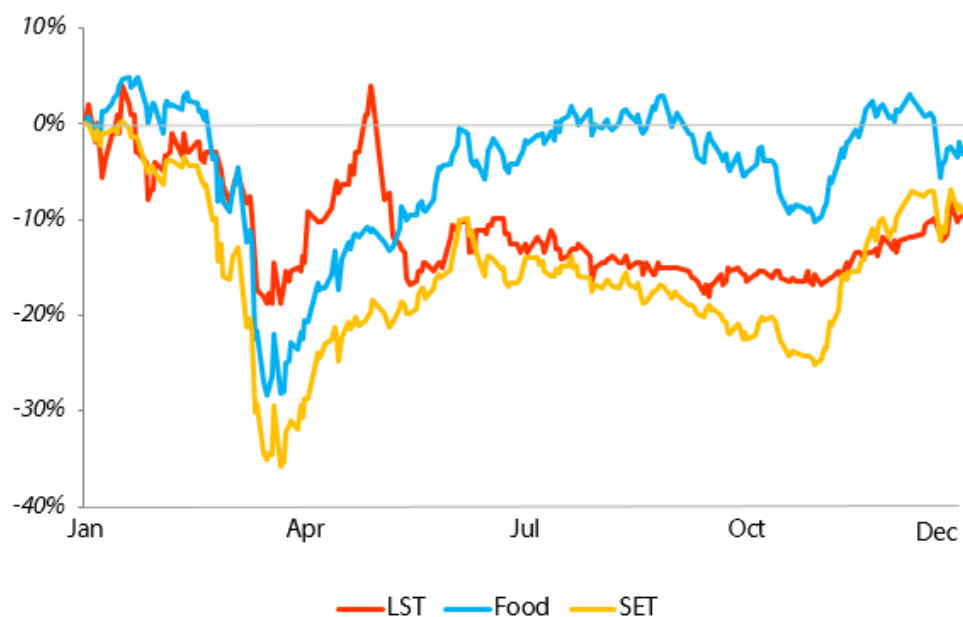
(Unit : Baht)

	2018	2019	2020
Earnings per Share	0.47	0.59	0.47
Dividend Paid per Share	0.18	0.25	0.40
Dividend per Share (operational year)	0.25	0.40	0.22 ⁽ⁱ⁾
Book Value per Share	3.83 ⁽ⁱⁱ⁾	4.20 ⁽ⁱⁱ⁾	4.13 ⁽ⁱⁱ⁾

Notes : ⁽ⁱ⁾ According to the resolution of BOD meeting on 25 February 2021, to be proposed to AGM no.1/2021

⁽ⁱⁱ⁾ Based on the Company only

2020 STOCK PRICE PERFORMANCE





2020 Overview

In 2020, the global supply of FFB and CPO decreased slightly. CPO production was around 70 million MT (2019 : 73 million MT). The output of FFB in the Kingdom was at 14.98 million MT, decreasing by 12.6% compared to the previous year. In 2020, total CPO production in the Kingdom was at 2.6 million MT (2019 : 3 million MT). Monthly CPO price in the Kingdom in 2020 ranged between 19.34 – 38.76 Baht/Kg. The annual average CPO price was 28.05 Baht/Kg (2019 : 18.23 Baht/Kg).

The overall situation of oil palm and palm oil industry in 2020 was very volatile. At the beginning of the year, FFB output decreased remarkably with CPO stock nationwide at the end of February being only at 178,672 MT. (net of the volume purchased by EGAT). As a result, CPO price escalated to as high as 40 Baht/Kg. The peak production season in March coincided with the worsened situation caused by the pandemic COVID-19. Demand for palm oil shrunk rapidly, the excess supply putting CPO price under pressure. Slumping petroleum prices exacerbated the situation. CPO price headed down to the lowest level at 17-18 Baht/Kg. in July with CPO stock nationwide as high as 564,735 MT. The government responded by introducing measures in particular designating biodiesel B10 as the primary diesel and absorbing surplus CPO to generate electricity for several times, most recently using 37,550 MT in August. In the last quarter, the lockdown situation due to COVID-19 began to ease and purchasing power returned to the market. Higher demand and lower output drove prices of various vegetable oils in global, palm oil in particular, CPO price in the Kingdom moving upward in tandem.

To mitigate the volatility of the palm oil business, your Company has taken steps to diversify into other non palm oil businesses. These include :-

1. do research and development to add value to the bakery ingredient channel with its margarine and shortening.
2. be a leader in healthy consumer food products in the retail channel, under the Yok Extra and Naturel brands for our core grocery range, and the UFC brands for beverages, fruit and vegetable-based products. Besides, there are plans to extend the product range into the organic food categories.
3. work with other brand owners to widen our product offering and enhance distribution synergies. In addition, your Company intends to explore new markets overseas. It is expected that such a move would enhance the existing businesses and further create sustainable growth of your Company.

Nevertheless palm oil remains the core business of Lam Soon. Your Company has accordingly done research and development to improve the quality and differentiate the palm oil products, starting from the upstream production process in order to reduce various residual contaminants found in refined oil e.g 3-MCPD (3-monochloropropanediol) and GE (glycidyl fatty acid esters). Beyond this, steps have been taken to comply with the standard of CSPO (Certified Sustainable Palm Oil) and ensure sustainable oil palm and palm oil production with environmental friendly under RSPO (Roundtable on Sustainable Palm Oil).

Company's Performance

In 2020, your Company recorded sales revenue at 4,974.2 million Baht, an increase of 411.2 million Baht or 9.0% (2019 : 4,563.0 million Baht); dividends received by the Company from two subsidiaries amounted to 26.4 million Baht, a decrease of 54.0 million Baht. Your Company recorded gross profit at 705.4 million Baht, a decrease of 210.9 million Baht (2019 : 916.3 million Baht). As a consequence, your Company recorded a net profit of 275.8 million Baht, a decrease of 233.2 million Baht or 45.8% (2019 : 509.0 million Baht).

United Palm Oil Industry Public Company Limited (UPOIC), a 69.96% subsidiary of the Company, turned around to record a net profit of 125.1 million Baht (2019 : net loss at 3.6 million Baht) on revenue of 923.8 million Baht (2019 : 545.8 million Baht). FFB crops from its own plantations decreased by 7.9% and that from the concession lands increased by 3.2%, while purchased crops increased by 69.5%. As such, the total volume of FFB throughput increased by 35.6% when compared with the previous year.



MESSAGE FROM THE CHAIRMAN AND THE MANAGING DIRECTOR

At Universal Food Public Company Limited (UFC), a 98.83% subsidiary of your Company, sales revenue decreased by 7.6% to 1,590.0 million Baht (2019 : 1,721.2 million Baht). Domestic sales revenue fell mainly due to the shortage of fruit supply following inclement weather and weak demand for juices. Export revenue was adversely impacted by Covid-19 pandemic which led to major changes in customer consumption and shopping behaviors. Disruption in supply chain and transportation internationally adversely impacted shipments and cost. Consequently, the net profit dropped by 17.0 % to 49.4 million Baht (2019 : 59.4 million Baht).

Overall, the consolidated group profit for the year decreased from 480.5 million Baht in 2019 to 420.0 million Baht, or a decrease of 12.6%.

Production and Investment

To maintain your Company's competitiveness, the management has been focused on improving and enhancing operational efficiency. To this end, your Company continued to carry out its investment programme in 2020 namely the improvement of chiller system, the improvement of refinery plant, new waste water treatment and new warehouse. The commissioning of all projects was completed and started running in 2020.

To support the strategy to offer a wide variety of new products to serve the target consumers in new distribution channels, UFC made additional investments in an automated production line for single serve size UHT packs. It also improved the cooling system efficiency and oil-free air compressor system. In addition, the projects to use renewable energy from solar cells has been successfully implemented in 2020.

Marketing

Health consciousness continues to be a key consumer trend. The Covid-19 pandemic has accelerated the trend of health & wellness as more and more consumers opt for healthier choice of foods. Your Company has realised this opportunity. We therefore launched new products under Naturel and Yok Extra brand to leverage healthier benefits to meet consumers' demands e.g. Naturel Butter Spread, Naturel Organic Jasmine Brown Rice, Yok Extra 100% Canola Oil. Furthermore, your Company has identified good opportunities in the Bakery segment and therefore extended its product lines in Baking Flour category under Zest and Golden Leaf brand. To introduce these new products to mass consumers and communicate their benefits, your Company is emphasising the use of digital media.

Sustainability and Community

Your Company is committed to operate with integrity, transparency, fair treatment towards stakeholders and recognise the importance on the concern for society, and the environment. It is also determined to enhance the quality of the community where it operates. The major projects, supporting community and society, which have been always conducted on every year include:-

- Local activities to enhance your Company's image and develop relationship between its factories and nearby communities
- Activities to promote and preserve the cultural heritage of Thailand
- Local youth sports day
- Donation to various local causes

Human Resources and Corporate Culture

2020 was a challenging year to operate the business amidst the Covid-19 pandemic. The crisis gave your Company the opportunity to conduct various activities including to create new jobs and strengthen career path. Employees feel confident of safeguarding their jobs even as many businesses reduce the number of employee, and/or salary and welfares. The emphasis placed by your Company taking care of its people is one of long-lasting corporate cultures and considered to build morale in work and lead to quality work.

In previous year, your Company arranged training for all junior supervisors of Bangpoo refinery plant, along with the development of standard, quality, safety and environment.

We wish to express our sincere thanks and appreciation to the Board of Directors, our Management team, employees, customers, and all stakeholders for rendering their full-fledged support to the Company for all these years. All of you are a crucial part of Lam Soon's high standing today in the palm oil business in the Kingdom. We look forward to your continued support in the future.

Art-ong Jumsai Na Ayudhya, Ph.D.
The Chairman

Ms. Anchalee Suebchantasiri
Managing Director

REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

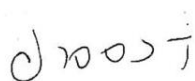
The Audit and Corporate Governance Committee comprised three independent directors as follows:

Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Audit and Corporate Governance Committee
Assoc. Prof. Preecha Jarungidanan, Ph.D.	Member of the Audit and Corporate Governance Committee
Mr. Banchong Chittchang	Member of the Audit and Corporate Governance Committee

In 2020, the Audit and Corporate Governance Committee has fulfilled and executed its duties and responsibilities in compliance with the Stock Exchange of Thailand's regulations and other activities assigned by the Board. The Committee held 4 meetings within the year, with substantive agenda as follows:

1. Approval of quarterly financial statements and review of annual financial statements including the disclosures of information in Notes to Financial Statements, submitted to the Board of Directors. The financial statements were in accordance with generally accepted accounting principles. The disclosures of information in Notes to Financial Statements were found to be adequate and accurate;
2. Examination of the reports and recommendations of internal audit regarding the internal control and risk management as set out in the annual audit plan, with proposals to the management to take necessary actions. In 2020, the Company was found to have exercised an appropriate and effective internal control and risk management system, with transparent governance and no material management failures;
3. Consultative meetings with the management, external and internal auditors in order to make suggestions and practical guidelines for management. The management has subsequently adopted these suggestions to improve the Company's working efficiency;
In addition, in 2020 the Committee had 1 meeting with the external auditors without the management attending. The information disclosed by the management to the auditors was found to be adequate without any deficiencies;
4. Consultative meetings with the management and external auditors regarding the implementation of new Thai Accounting Standard and the readiness of the Company;
5. Proposal to the Board of Directors to consider the 2020 annual audit plan and renewal of the appointment of Dr. Virach and Associates to be outsourced internal auditor for a further one-year term, to 31 December 2020, including appropriate remuneration;
6. Consideration of the principles of Good Governance for Listed Companies, which Thai Institute of Directors (IOD) and the Stock Exchange of Thailand (SET) updated and improved to meet the standards of ASEAN CG Scorecard;
7. Reports to the Board of Directors the results of the meetings and all activities undertaken by the Audit and Corporate Governance Committee;
8. Proposal to the Board of Directors for approval at the 2021 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2021 including appropriate remuneration;
9. Consideration of "Board Self-Assessment" Form, a part of the Corporate Government Self-Assessment, as an instrument to internally practice for good corporate governance principles.

The Audit and Corporate Governance Committee concluded that management continued systematically to exercise good internal control and did not find that any relevant statutes and regulations have been contravened.



Art-ong Jumsai Na Ayudhya, Ph.D.
Chairman of the Audit and Corporate Governance Committee
25 February 2021

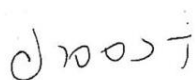
REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors of the Company considered the consolidated financial statements of the Company and its subsidiaries, including information as shown in the Annual Report, and concluded that the financial statements have been prepared under generally accepted accounting standards in Thailand. Proper accounting policies have been chosen and have always been consistently adhered to. The financial statements have also been prepared with careful basis using the best estimation. Adequate material information has been disclosed in the notes to the financial statements. The Board has also adopted and maintained an effective system of internal controls in the Company so that we can be reasonably assured that accounting records are accurate, complete and adequate to protect the assets of the Company. These controls are also preventive measures against possible wrongdoing or other significant irregularities in the operations of the Company.

In this regard, the Board of Directors has appointed the Audit and Corporate Governance Committee responsible for the quality of the Company's financial reports and the internal control systems, as well as other processes to support the financial documents to be prepared under generally accepted accounting standards, including to disclose information transparently.

The Audit and Corporate Governance Committee considered the operational performance of the Company during the year 2020 and provided the opinion that the Board of Directors and the Management make a great effort to achieve the Company's objectives without finding that any relevant statutes and regulations having been contravened, and attach importance to the effective internal control system and to the adequacy of the risk management. Information system has also been prepared to support the good corporate governance principles. In sum, the overall internal control system of the Company has been at satisfactory level which can assure the credibility of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2020.

The opinion of the Audit and Corporate Governance Committee with regard to these matters is set out in the Report of the Audit and Corporate Governance Committee in this Annual Report and the Annual Registration Statement (Form 56-1).



Art-ong Jumsai Na Ayudhya, Ph.D.
The Chairman



Ms. Anchalee Suebchantasiri
Managing Director

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Securities and Exchange Commission (SEC) with the collaboration of the Task Force for Sustainability in Listed Companies has developed the Corporate Governance Code 2017 (the "CG CODE") by integrating Environmental, Social, and Governance issues (ESG) into the business process for the Board of Directors, as the leader and governing body of a listed company, who can apply as a guideline to supervise the listed company to conduct the business with integrity, respect for the rights, responsibilities for stakeholders, development or reduction of negative impacts on the environment as well as the adaptation to any changing conditions. This is in accordance with sustainable development under the philosophy of Sufficiency Economy.

Lam Soon (Thailand) Public Company Limited (LST) recognises the importance of Corporate Governance Code in promoting transparency in LST's operations, fair and equitable treatment to all stakeholders as well as an efficient management system in parallel with Corporate Social Responsibility aiming at the Company's long-term sustainable value creation. The Board of Directors therefore considered the application of the CG CODE Principles as deemed appropriate, and resolved to apply the Principles by means that are suitable for the Company's business. If any of the Principles cannot be applied or are not applicable, an explanation shall be provided at the Board Meeting.

8 Principles of the Corporate Governance Code

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 2	Define Objectives that Promote Sustainable Value Creation
Principle 3	Strengthen Board Effectiveness
Principle 4	Ensure Effective CEO and People Management
Principle 5	Nurture Innovation and Responsible Business
Principle 6	Strengthen Effective Risk Management and Internal Control
Principle 7	Ensure Disclosure and Financial Integrity
Principle 8	Ensure Engagement and Communication with Shareholders

The Board has assigned the Audit and Corporate Governance Committee to develop an action plan and measures for monitoring to ensure implementation, assessment of compliance, and recommending improvement on the CG CODE as appropriate.

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

1. Structure of the Board

According to the Articles of Association of the Company, the Board composes of not exceeding 9 directors. The Board of Directors must be qualified and not subject to the prohibitions under the law of public company limited and other relevant laws. In addition, the Board composition shall have a wide range of skills, experiences, abilities and specific characteristic as well as gender and age. At least one-third of the total number of directors are independent directors. Independent directors shall not be less than 3 persons, and must be complied with the qualification announced by SEC.

2. Duties and Responsibilities of the Board

1. To review and approve the vision, mission, strategy, objectives, risk, plan and budget of the Company;
2. To control and supervise the management in the implementation of the business plan to achieve the objectives and increase the wealth for the shareholders;
3. To set a Corporate Governance Code and encourage every employee in the organisation to implement the Code, assessment of Code implementation and reviewing the Code at least once a year;
4. To set a code of business conduct to cover all levels of personnel namely, directors, executives, and employees. To encourage all persons in the Company to comply with the policy, monitoring of implementation and assessment of effectiveness of the implementation regularly;
5. To set up internal control system, internal auditing, and measures for risk management as well as regularly monitoring the same;
6. To appoint sub-committees, assignment of roles, duties and responsibilities of each sub-committee;
7. To have clear communication regarding the roles, duties and responsibilities of the Board, Audit and Corporate Governance Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, Management and employees;
8. To be responsible for the disclosure of the Company's financial status in the Financial Statements of the Company and its subsidiaries, in the annual report, annual

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- registration statement (Form 56-1) as well as disclosure of information to meet the requirement of law and relevant government authorities;
9. To set guideline for reviewing the suitability of transaction with potential conflict of interest;
 10. To arrange the board meeting of more than 6 times a year, at least once in every quarter, and convene the shareholders' meeting at least once a year;
 11. At a meeting of the Board of Directors, there must be present not less than one half of the total number of directors to form a quorum. At least two-third of the total number of directors shall be presented at the time when the Board passing a resolution;

In the event that the Chairman is absent or is unable to perform his duties, if there is a Vice-Chairman, the Vice-Chairman shall be the chairman of the meeting. In the absence of the Vice-Chairman or if the Vice-Chairman is unable to perform his duties, the directors present at the meeting shall elect one among themselves to be the chairman of the meeting.

12. Such other duties and responsibilities stipulated by law, the Articles of Association, and resolutions passed at shareholders' meeting.

3. Scope of Authority of the Board of Directors

1. Each director shall have one vote and decisions of the meeting shall be by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have an additional casting vote. In case of a vacancy on the Board of Directors otherwise than by rotation, the resolution of the Board of Directors must be passed by a vote of not less than three-fourths of the number of subsisting directors.
2. Director who has a personal interest in any matter who shall have no right to vote on such matters.
3. Two directors shall be authorised to jointly sign together with the Company's seal affixed. However, the Board of Directors may specify names of the directors authorised to sign and bind the Company together with the Company's seal affixed.
4. The Board of Directors may appoint other persons to carry out the Company's business under the Board of Directors' supervision or may confer upon such other persons such powers as they think fit and for such time as they think expedient and any revoke, withdraw, alter or vary any such powers.
5. The Board of Directors may pay interim dividends to the shareholders from time to time when the Board of Directors finds the Company has sufficient profit and a report thereof shall be made to the shareholders' meeting at the next meeting.
6. Although various transactions are under the authority of the Board of Directors, there are the following cases stated in the Articles of Association to be conducted at the shareholders' meeting.
 - (1) Reviewing the report of the Board of Directors covering the work done during the preceding year as proposed to the meeting by the Board of Directors;
 - (2) Considering and approving the statements of financial position and statements of comprehensive income of the preceding fiscal year;
 - (3) Considering the appropriation of profits, reviewing directors' remuneration and the appropriation of a reserved fund;
 - (4) Election of new directors in place of those who must retire on the expiration of their terms;
 - (5) Appointment of the auditor and fixing his remuneration;
 - (6) The sales or transfer of the whole or substantial part of the business of the Company to other persons;
 - (7) The purchase or acceptance of transfer of business of other companies or private companies to the Company;
 - (8) The making, amendment or termination of contracts relating to the leasing out of the whole or substantial part of the businesses of the Company, the assignment to any other persons to manage the businesses of the Company, or the consolidation of the business with other persons with an objective towards profit and loss sharing;
 - (9) The amendment of Memorandum or Articles of Association;
 - (10) The increase or decrease in the Company's capital or the issuance of debentures;
 - (11) The amalgamation or dissolution of the Company;
 - (12) Other businesses.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

4. The Chairman of the Board

The Chairman of the Board shall be an independent director or non-executive director. The Chairman must be a different person from the Managing Director so that the two roles are clearly separated. The duties and responsibilities are as follows:-

1. In calling a board meeting, the Chairman or assigned delegate shall serve a written notice calling for such meeting to members of the Board not less than 7 days prior to the date of the meeting so that the directors may have adequate time to study, review, and make proper decisions. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed;
2. Jointly with the Managing Director, defines the agenda of each meeting;
3. To ensure the efficiency of each meeting by allocating enough time for the executives to present information, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarising the meeting's resolutions;
4. To play a key role in encouraging the Board of Directors' conformance to corporate governance principles, including identifying themselves, refraining from voting, and leaving the meeting in case of having conflicts of interest in any agenda;
5. To inform the Board of Directors all significant matters;
6. To encourage the Board of Directors to attend shareholders' meeting and preside over such meeting to ensure the meeting efficiency and address shareholders' queries;
7. To encourage the Board of Directors to perform their duties under the scope of authority given by laws, and the corporate governance.

5. The Managing Director

The Managing Director is assigned by the Board of Directors to conduct the Company business under the approved plans and budgets with rigour, integrity and the duty of good corporate governance to ensure that the Company, shareholders and stakeholders are properly and fairly engaged in the business including the disclosure of general information and financial information of the Company in accordance with good practices and does not have any interest or conflict of interest with the Company and its subsidiaries.

6. Company Secretary

The Company shall appoint a Company Secretary in accordance to section 89/15 of the Securities and Exchange Act B.E. 2551 with the following duties and responsibilities:-

1. To prepare and keep the following documents:-
 - a register of directors;
 - a notice calling the Board and shareholders' meetings;
 - a minute of meeting of the Board of Directors and meeting of shareholders;
 - an annual report of the Company.
2. To follow-up and ensure implementation of the resolutions of the Board and shareholders' meetings;
3. To keep a report on interest filed by a director or an executive and submit a copy of report to the Chairman of the Board and the Chairman of Audit and Corporate Governance Committee within 7 business days from the date on which the Company has received such report;
4. To advise directors with regard to the law and relevant regulation as well as to supervise and oversee to ensure that the Company, the Board of Directors, and the executives comply to all the laws and regulations;
5. To ensure the disclosure of information according to the regulations of the SET, the SEC and other relevant laws;
6. To liaise with relevant regulatory bodies;
7. To do other things assigned by the Board and/or performing any other acts as specified in the notification of the Capital Market Supervisory Board.

In addition, the Company Secretary is assigned to function as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act, and other related laws.

7. Qualification of Independent Directors

The Board has set the qualification of the independent directors as follow:-

- a) holding shares not exceeding 0.5% of the total number of voting rights of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling persons, including the shares held by related persons of the independent director;
- b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, associate, joint venture, subsidiary in the same level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of application filing with the Office. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company;
- c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiary;
- d) not having a business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years prior to the date of application filing with the Office.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the value of three percent (3%) or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- e) neither being nor having been an auditor of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;
- f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiary, associate, joint venture, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of application filing with the Office;
- g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
- h) not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, neither being nor having been a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 0.5% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary;
- i) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

In the case where the person appointed by the Company as independent director has or used to have a business relationship or provide professional service exceeding the value specified under (d) or (f) of the first paragraph, the Company shall be granted an exemption from such prohibition only if the Company has provided the opinion of the Company's Board of Directors indicating that, by taking into account the provision in Section 89/7, the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders' meeting under the agenda for the appointment of independent director.

- a) The nature of the business relationship or professional service which such person's qualification not in compliance with the prescribed rules;
- b) The reason and necessity for maintaining or appointing such person as independent director;
- c) The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

For the purpose of (e) and (f) of the first paragraph, the term "partner" shall mean a person assigned by audit firm or a provider of professional service to sign on the audit report or the professional service report (as the case may be) on behalf of such juristic person.

The Board has set the criterion for the amount of shareholding allowed to an independent director to be more stringent than laid out by the SEC i.e. the Company's independent directors are allowed to hold the Company's shares not exceed 0.5%.

8. Director's Term of Office

According to the Article 13 of the Articles of Association of the Company, the terms of one-third of the directors are due to expire by rotation at every Annual General Meeting of Shareholders.

9. Directors Concurrently Being Directors of Other Companies

To ensure that directors have sufficient time to perform his duties fully, the Company has set the number of companies allowed for Chairman and directors to be directors of listed companies as follows:-

- Chairman: only 1 company
- Director: not more than 5 companies.

The Company does not set limit for being directors in other non-listed companies because most of Executive Directors are directors of subsidiaries, associates, joint venture, or related companies.

10. Executives Holding Directorship in Other Companies

Executives may hold directorship or executive positions in subsidiary, affiliate, joint venture or other related companies in the same group. In case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

Principle 2 Define Objectives that Promote Sustainable Value Creation

The Board defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, corporate culture, and code of business conduct, including encouraging the communication among personnel at every level to move forward the Company in the same direction. Furthermore, the Board of Directors monitors and ensures that the Company's strategies are put into practice. At least once a year, the Board of Directors follows up on the management performance and requires that there must be a report on the Company's operation and business performance, especially the performance against financial targets and action plans, to make sure that the established strategies are being accomplished.

1. Vision

Be the leading food and food-related Company with sustainable growth and development.

2. Mission

- 1) Manufacturing high quality and nutritious food product together with innovative production to fulfill customer requirements as well as providing the best services and building capacity which is able to be competitive in the future;
- 2) Employing advanced technology with international management system as well as taking care of the environment, communities, and society;
- 3) Building trust and confidence toward our customers, and allocate compensation or dividend to shareholders, and other stakeholders appropriately. Moreover, healthy, safety, and welfare of all employees are always taken into highly consideration.

3. Corporate Culture

- 1) **Accountability** : Being responsible of assigned duties and work together towards a common goal
- 2) **"Can-do" attitude** : Having a positive attitude, being enthusiastic and motivated, and working with happiness and enjoyment
- 3) **Teamwork** : Being reliable, communicate openly and work together by taking into account the best result
- 4) **Continuous improvement** : Striving to improve working procedure and exploring new method to develop products and services
- 5) **Take care of people** : Being a caregiver, having senses of fairness and equality and creating work-life balance

4. Code of Business Conduct

The Company recognises that following code of conduct on the part of executives and employees is necessary for the sustainability and achievement of the Company in the long term. The Company believes that the code of business conduct is a basic foundation for promoting and upgrading good corporate governance. The Company has updated its code of business conduct as a codification of good behaviour patterns which have been approved by the Board of Directors and announced to all directors, executives and employees. The Company has subsequently monitored the compliance to the code strictly and regularly.

Code of Business Conduct was first compiled in officially written format in 2009. This current version is the first revision (R.01) which was clearly divided into categories, and its content was improved to cover relevant comprehensive regulations and policy with wider range of practical guidelines for stakeholders. This version was also included the policy of Anti-Corruption to accommodate the current business implementation.

Principle 3 Strengthen Board Effectiveness

1. Procedure for Director Nomination

The Nomination Committee shall have the duty to recommend names of suitable candidates for the Board and shareholders' meeting to elect as directors according to the Company's Articles of Association. The Nomination Committee shall undertake the task of identifying, evaluating, selecting and proposing new nominees to the Board.

The Board shall consider that the candidates possess experience suitable for the post of directorship, to assist the Board to act prudently as well as capability to make rational business decisions, strategic thinking, leadership, and expertise in the profession, honesty and suitable personal qualification.

2. Criteria

The foremost criteria for nominating director candidates shall be the candidates' skills and experiences, professional qualification, business knowledge and experience as well as personal qualities and integrity. Consideration shall also be given to the benefits of diversity such as gender, age, ethnicity, and nationality.

3. Sub-committees

3.1 Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee shall comprise at least 3 independent directors. The members of the Audit and Corporate Governance Committee must be appointed by the Board of Directors with at least 1 committee member possessing sufficient knowledge and experience in order to perform his/her/their duties of reviewing the credibility of the financial statements. The members of the Audit and Corporate Governance Committee must be directors of the Company who are qualified as “independent directors” pursuant to the definition announced by the Company and in accordance with the stipulations of the Capital Market Commission and the regulations of the Stock Exchange of Thailand. The Chairman of the Audit and Corporate Governance Committee can be the same person as the Chairman of the Board. The term of office shall be 3 years to comply with the office term as directors, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

Finance and Accounting Manager shall be designated as Secretary to the Audit and Corporate Governance Committee to provide support to the Audit and Corporate Governance Committee’s proceedings, including setting up meeting appointments, preparing meeting agendas, distributing meeting documents, taking minutes of meeting, and other tasks as assigned by the Audit and Corporate Governance Committee.

Duties and Responsibilities of the Audit and Corporate Governance Committee

1. To review the credibility and sufficiency of the financial reporting;
2. To approve the disclosure of quarterly financial statements to the SET;
3. To review the adequacy and effectiveness of internal control systems and internal audit functions and the independence of internal auditing unit as well as to approve the appointment, transfer, dismissing of the head of internal auditing unit or any other unit responsible for internal auditing;
4. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws;
5. To consider, select, propose the appointment of, and terminate an independent person to work as the external auditors including the audit fee. The Audit and Corporate Governance Committee shall hold at least one meeting with the auditor without the management’s presence at the meeting;
6. To consider all connected transactions or the conflict-of-interests transactions disclosures in compliance with the laws and regulations of the SET, to ensure that the transaction is justified and for the best benefit of the Company;
7. To report the operating results of the internal audit to the Board of Directors on quarterly basis, which including the Audit and Corporate Governance Committee’s opinion on the internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
8. To report the activities of the Audit and Corporate Governance Committee in the Company's annual report, which must be signed by the Chairman of the Audit and Corporate Governance Committee. The following information should be included in the report:-
 - (8.1) Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible
 - (8.2) Comments on the adequacy of the Company's internal control systems
 - (8.3) Comments on compliance with the Securities and Exchange Acts, regulations of the SET, and any other relevant laws
 - (8.4) Comments on whether the Company's auditor is suitable
 - (8.5) Comments on the transaction with potential conflicts of interest
 - (8.6) The number of Audit and Corporate Governance Committee’s meetings and meeting attendance of each member
 - (8.7) General comments or observation from the performing of duties according to the Charter
 - (8.8) Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board
9. To ensure that the management has a mechanism to receive complaints and supervise the proper handling of complaint receipt;
10. To propose the Good Corporate Governance Guidelines to the Board of Directors;

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

11. To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices;
12. To consider, review, and revise the Good Corporate Governance Policy consistently;
13. To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate;
14. To ensure that the Chairman and the members of Audit and Corporate Governance Committee shall attend the shareholders' annual general meeting in order to classify issues associated with the Audit and Corporate Governance Committee or appointment of the external auditors;
15. To assess its own performance (Self-Assessment) and report the findings to the Board of Directors for acknowledgment as a whole and on individual basis;
16. To regularly review the Charter of Audit and Corporate Governance Committee;
17. To take care of any other matters assigned by the Board of Directors;
18. There shall be at least 4 meetings of the Audit and Corporate Governance Committee per year. At a meeting, at least half the number of the members of the Audit and Corporate Governance Committee must be present to constitute a quorum;
19. The Audit and Corporate Governance Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

In 2020, the Audit and Corporate Governance Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Audit and Corporate Governance Committee	2020-2023	4/4
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2020-2023	4/4
(3) Mr. Banchong Chittchang	Independent Director	2020-2023	4/4

3.2 Remuneration Committee

The Remuneration Committee shall comprise at least 3 independent directors, majority of whom should be independent directors. The Chairman of the Remuneration Committee must be an independent director who shall not be the same person as the Chairman of the Board. The term of office shall be 3 years to comply with the office term as directors, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

Duties and Responsibilities of the Remuneration Committee

1. To set the criteria and procedure for determining remuneration of directors, executive directors, managing director and proposed to the Board of Directors and/or the shareholders' meeting for approval;
2. To consider the remuneration of the Board of Directors and executives, as compared to the remuneration offered by other listed companies operating in the same business, to motivate them to foster the Company's continuous development;
3. To propose guidelines for assessing the performance outcomes and compensation for managing director for the Board's approval;
4. To report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee;
5. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
6. To regularly review the Charter of Remuneration Committee;
7. To take care of any other matters assigned by the Board of Directors;
8. Meetings of the Remuneration Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Remuneration Committee, at least half the number of the members of the Remuneration Committee who should be independent director, must be present to constitute a quorum.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

In 2020, the Remuneration Committee held 2 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Assoc. Prof. Preecha Jarungidan, Ph.D.	Chairman of the Remuneration Committee	2019-2022	2/2
(2) Mr. Banchong Chittchang	Independent Director	2019-2022	2/2
(3) Mr. Whang Shang Ying	Executive Director	2019-2022	1/2

3.3 Nomination Committee

The Nomination Committee shall comprise at least 3 independent directors, majority of whom should be independent directors. The Chairman of the Nomination Committee shall not be the same person as the Chairman of the Board. The term of office shall be 3 years to comply with the office term as directors, ending at the annual general meeting of shareholders. Nevertheless, a retiring member is eligible for re-appointment.

Duties and Responsibilities of the Nomination Committee

1. To consider and review the current structure of the Board of Directors whether it fits the Company's business strategies and provide improvement, recommendations including the director nomination to suit the corresponding structure by presenting the Director Qualifications and Skills Matrix showing competencies of the existing directors and the attributes being sought to suit the needs of the Board of Directors at that time;
2. To define nomination process and criteria in accordance with the composition and qualifications stated in 1;
3. To assess director independence qualification in accordance with the SEC regulations;
4. To select, assess and recommend to the Board based on a due diligence investigation and interviews, technically competent persons of integrity, principle and who foster and practice highest standard of professionalism for appointment as directors;
5. To allow minority shareholders to nominate a director candidate to the Nomination Committee; a time frame for the nomination process must be in place to ensure that the Nomination Committee will have sufficient time to perform due diligence on the candidate's background before the shareholders' annual meeting;
6. To disclose the director nomination policies and procedures to shareholders with a view to ensure transparency in selection of directors. A director nomination form should be available and contain relevant appointment information including supporting reasons and willingness of the nominated candidates;
7. To consider the characteristics of the nominees for the Board members by following guidelines in selecting director candidates:-
 - (7.1) General characteristics of individual director
 - integrity and accountability
 - informed judgment
 - prudence and maturity i.e. able to engage in constructive debates and give independent opinions
 - principled and professional
 - other characteristics as the Nomination Committee deems appropriate
 - (7.2) Competencies in the following areas to ensure the Board's overall suitability
 - accounting and finance
 - organisation and human resource management
 - risk management
 - crisis management
 - legal and compliances
 - industry knowledge
 - international marketing
 - strategic planning
 - other competencies as the Nomination Committee deems appropriate
8. To consider and review Board members development programme in order to ensure that all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements, the annual budget of which should be set at an appropriate amount;

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

9. To supervise and ensure that the Company arranges orientation programmes and provide welcoming package that is beneficial to the newly appointed director(s) to perform the roles and responsibilities;
10. To assess its own performance (Self-Assessment) and report the findings to the Board for acknowledgment as a whole and on individual basis;
11. To regularly review the Charter of Nomination Committee;
12. To be responsible for establishing a succession plan the Company's Managing Director and propose to the Board of Directors;
13. To be responsible for recruiting suitable executive candidates, providing training programme and retaining the executives;
14. To take care of any matters assigned by the Board of Directors;
15. Meetings of the Nomination Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. Nevertheless, there shall be at least 2 meetings per year. At a meeting of the Nomination Committee, at least half the number of the members of the Nomination Committee who should be independent director, must be present to constitute a quorum.

In 2020, the Nomination Committee held 5 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Datuk Simon Shim Kong Yip	Chairman of the Nomination Committee	2020-2023	3/5
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2020-2023	5/5
(3) Mr. Banchong Chittchang	Independent Director	2020-2023	5/5
(4) Lackana Leelayouthayotin, Ph.D.	Independent Director	2020-2023	5/5
(5) Mr. Whang Shang Ying	Executive Director	2020-2023	3/5

3.4 Risk Management Committee

The Board of Directors, on 11 August 2016, approved to formalise the Risk Management Committee (RMC) with the below duties and responsibilities.

The Risk Management Committee shall comprise a minimum of 3 members who are appointed by the Board from non-executive directors, senior management, together with the Managing Director. The term of office shall be 3 years. The Committee reports directly to the Board through Audit and Corporate Governance Committee review.

Duties and Responsibilities of the Risk Management Committee

1. To assist the Board in setting a policy of risk management, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
2. To ensure that an appropriate policy and plan for a system of risk management is developed by the management, approved by the Board and distributed throughout the Company;
3. To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;
4. To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
5. To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;
6. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
7. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- should be established to ensure that risks are mitigated and that the Company's objectives are attained;
8. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
 9. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
 10. To provide an independent and objective oversight and view of the information on corporate accountability and specifically associated risk, also proposing to the Audit and Corporate Governance Committee and then to the Board on all categories of identified risks facing the Company.
 11. To review the strategy, policy and risk tolerance and appetite recommended by the management. The Committee will ensure compliance with such policies in accordance with the overall risk profile of the Company. Risk in the widest sense, i.e. enterprise-wide risk, will be considered by the Committee;
 12. To review the management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations and confirm that appropriate action has been taken;
 13. To address key risk areas and key performance indicators (KPI) of the Company, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
 14. To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgement that it is accountable for the risk management function.

In 2020, the Risk Management Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Service Period	Attendance / Total Meetings
(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer	2019-2022	4/4
(2) Ms. Piyathida Sukchan	Executive Director	2019-2022	4/4
(3) Mr. Virat Suwannarat	Vice President Human Resources	2019-2022	4/4
(4) Mr. Nattapong Mathakun	Bangpoo Plant Manager	2019-2022	4/4

4. Board of Directors' Meeting

The Company shall arrange the board meeting of more than 6 times a year, or at least once in every quarter. The Chairman of the Board may call special meetings as he deems necessary. Two or more directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is required by at least 2 directors, the date of the meeting shall be fixed within 14 days from the date of receipt of the request.

In case of regular meetings, the meeting schedule shall be set in advance annually and inform to each director in November every year.

The Company Secretary shall set agenda required to comply with the law and related regulations. Other agendas shall be jointly set by the Chairman and the Managing Director. Each director may also propose agenda items for the meeting by sending the agenda items through the Company Secretary 14 days prior to the meeting date. The Company Secretary shall collect all the proposed agenda items for the Chairman consideration before include them in the meeting agenda.

The Company shall send to all directors meeting document with the meeting notice, clearly stating the matter as for information, for approval or for consideration as the case may be, at least 7 days prior to the meeting date to enable each director to have time to study the information before the meeting. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and the date of the meeting may be sooner fixed. During the meeting, the Chairman will allocate sufficient time for the management to present detail information and answer additional questions from the directors, and allow sufficient time for the directors to the matters. Furthermore, the Chairman allows each director to express his/her opinions freely. In case of a director having a stake in a matter being considered, the

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. At least 2/3 of the total number of directors shall be presented to form a quorum at the time of the Board passing a resolution.

In 2020, the Board of Directors held 7 meetings. The attendance of each member is as follows:-

Name	Position	Period of Directorship	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Independent Director and Chairman of Board of Directors	2020-2023	5/7
(2) Ms. Anchalee Suebchantasiri	Managing Director	2018-2021	7/7
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2018-2021	7/7
(4) Mr. Banchong Chittchang	Independent Director	2020-2023	7/7
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director	2019-2022	7/7
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director	2020-2023	3/7
(7) Mr. Whang Shang Ying	Executive Director	2018-2021	5/7
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary	2019-2022	7/7
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	2019-2022	7/7

The minutes of the meeting shall be in writing stating the date, time of meeting commencement and termination, names of directors attending the meeting and directors absent from the meeting, summary of topics and issues as well as observation of the directors, resolutions and opinion of dissenting directors, name of persons recording the minutes and certifying the minutes. After being confirmed, the minutes shall be kept by the Company Secretary and will be ready for examination by related parties.

Non-executive directors may hold meetings among themselves without the management present at the meeting in order to discuss management issues of interest. The result of the meeting shall be reported to the Managing Director. In 2020, there were one meeting of non-executive directors which were not attended by Executive Directors, in relation to, new accounting standards that would affect the Company including the collaboration of the management team working with the external auditor, and other general matters.

5. Board Self Assessment

The Company shall have the Board assess themselves using the assessment form of the SET's Corporate Governance Center. The assessment will be done once each year in February. Each director shall hand in the completed assessment form to the Company Secretary to compile and report to the Board so that improvement can be considered.

5.1 Self Assessment of the Board of Directors as a whole

Principles

Self-Assessment form of the Board of Directors as a whole has been implemented to evaluate performance of the Board as a whole by applying the guideline from the SET with the nature and structure of the Board. The result of the assessment is served as a tool for the Board of Directors to review its own duty and further enhancing the efficiency and effectiveness. Six categories of the assessment of opinion and action level are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	98.29
2. Roles, duties and responsibilities of the Board	95.14
3. The Board Meeting	99.69
4. Duties of directors	94.84
5. Relationship with management	100.00
6. Director's self improvement and management training	93.52
Average Scores	96.71

In 2020, overall evaluation results of the six categories indicated **"Very Good"**.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

5.2 Self Assessment of Sub-Committees as a whole

Principles

Self-Assessment form of Sub-Committees as a whole has been implemented to evaluate performance of Sub-Committees as a whole by applying the guideline from the SET with the nature and structure of Sub-Committees. The result of the assessment is served as a tool for Sub-Committees to review its own duty and further enhancing the efficiency and effectiveness. Seven categories of the assessment of opinion and action level are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	96.43
2. Sub-Committees meeting conducted under the determined conditions	100.00
3. Audit Committee	100.00
4. Nomination Committee	93.75
5. Remuneration Committee	100.00
6. Corporate Governance Committee (under Audit Committee)	90.56
7. Risk Management Committee	88.75
Average Scores	95.74

In 2020, overall evaluation results of the seven categories indicated “**Very Good**”.

5.3 Self Assessment of the Board of Directors and Sub-Committees (individual basis)

Principles

Self-Assessment form of the Board of Directors and sub-committees (individual basis) has been implemented to evaluate performance of individual director as a tool for reviewing his/her own duty and further enhancing the efficiency and effectiveness. Categories of the assessment, in compliance with good corporate governance principles, are as follows:-

Categories of the assessment	Scores (%)
1. Board structure and qualifications	95.83
2. The Board Meeting	99.31
3. Roles, duties and responsibilities of the Board	99.44
Average Scores	98.74

In 2020, overall evaluation results of the three categories indicated “**Very Good**”.

Remark: “Very good” has scored in the range of 81-100 scores.

In sum, the score result of the Board Self-Assessment in 2020 was 96.59%. (2019 : 95.50%)

5.4 Assessment of Managing Director

The Board of Directors conducts an annual performance assessment of Managing Director by determining the Key Performance Indicators reflected by the Company’s operating performance in both quantitative and qualitative terms. The Remuneration Committee, comprises majority of whom are independent directors and its Chairman is an independent director, is responsible to consider such key indicators which are transparent and suitable with the business of the Company. Categories of the assessment are as follows:-

1. Leadership
2. Strategic planning and performance
3. Financial planning and financial performance
4. Relationship with the Board of Directors
5. Risk management and internal control
6. Wealth creation to shareholders

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Principle 4 Ensure Effective CEO and People Management

1. Remuneration of Directors and Executives

1.1 Remuneration of Directors

The Remuneration Committee shall consider the criteria and principle and the form of remuneration for directors and make its recommendation to the Board. The Remuneration of directors shall be approved by the shareholders' meeting. Comparison shall be made to other companies in the same industry, of the same experience, commitment, scopes of roles and responsibilities as well as the remuneration survey of other companies listed on the SET. The remuneration shall be set at a level sufficient to attract and retain qualified persons.

Remuneration of the Board of Directors and Sub-Committees	2019		2020	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	9	4,323,880	9	4,393,620
Audit and Corporate Governance Committee	3	1,294,560	3	1,315,440
Remuneration Committee	3	137,655	3	137,655
Nomination Committee	5	114,975	5	114,975

Besides monetary remuneration, overseas directors attending the meeting shall be reimbursed for air-tickets, food and accommodation. The Company also takes out insurance against director liability for directors and executives. It is to cover the risk of directors and executives in performing duties for the Company. However, protection will not be provided in the case of wilful misconduct or gross negligence or any act in bad faith.

1.2 Remuneration of Executives

The remuneration of Executives shall be in accordance with guidelines and policy set by the Remuneration Committee from time to time. The remuneration shall be commensurate to job scope competence and the performance of the Company. The Remuneration Committee shall recommend the appropriateness of remuneration to the Board for review and approval. The remuneration structure rewards individual performance and incentivises the Executive Directors, Managing Director and key executives to act in support of the Company's objectives and goals, and fosters the long-term commitment of the Company performance.

In 2020 Executive Directors, Managing Director and Executives jointly defined Key Performance Indicators (KPIs) for assessment criteria used by the Remuneration Committee in assessing the performance of Executive Directors, Managing Director and Executives.

Remuneration	2019		2020	
	No. of Persons	Baht	No. of Persons	Baht
Executives	8	77,962,410	8	79,306,010

Apart from salary and bonus, other forms of remuneration include provident fund, retirement fund, Company's cars and the related expenses, medical expense, and accidental insurance.

Furthermore, some directors concurrently holding positions as directors and executives of subsidiary companies will receive remuneration from some subsidiary companies as set by each such subsidiary company.

Remuneration received from subsidiary Companies	2019		2020	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,370,400	4	2,345,400
As executives of subsidiaries	2	6,855,000	2	7,367,150

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

2. Board and Management Training

The Company arranges orientation for new directors and management, which includes factory tour to observe production processes as well as introduction to the nature of business of the Company and its subsidiaries. The following documents would be provided to the new directors:-

1. Listed Company Director Handbook containing topics such as roles and responsibilities, restrictions that directors should not do as they are prohibited by relevant law, roles and responsibilities of sub-committees
2. Principles of Good Corporate Governance and Code of Business Conduct of the Company
3. Memorandum and Articles of Association of the Company
4. The latest annual report and Form 56-1 annual submission

Furthermore, the Board of Directors has a policy to encourage and promote continuous training and development of directors, Managing Director, executives, and employees, which is relevant to their roles to enhance their knowledge, skills and useful experiences related to the operation including useful information related to the business that will drive the Company toward its goals.

In 2020, directors and executives who attended the major training sessions were as follows:

No.	Directors and Executives	Position	Training Session	Objectives
1.	Mr. Banchong Chittchang	Independent Director Member of Audit and Corporate Governance Committee Member of Remuneration Committee Member of Nomination Committee	11 online courses arranged by Thai Institute of Directors Association (Thai IOD) Director Leadership Certification Program (DLCP) IOD Facilitators Briefing	To develop knowledges and skills of director in various aspects, updated rules and regulations in particular, and to follow principles of good corporate governance including get ready under COVID-19 pandemic circumstance To build understanding and get ready for volatility and uncertainty of global situation arising at present and in the future To study principles of good governance of the Board and strengthen long-term competitiveness for corporate
			<p>In addition, Mr. Banchong Chittchang participated with facilitators of Thai IOD to lecture the major courses as follows:-</p> <ul style="list-style-type: none"> - DCP Module 1 : Practice of Directorship - DCP Module 8 : Directing Strategic Progress - AACP : Advanced Audit Committee Programme "Role of Audit Committee as an Independent Director" - BNCP : Board Nomination & Compensation Programmed "Director Nomination" - RCP : Roles of Chairman Programmed "Defining Chairman's Role" - BRP : Board Reporting Programme "Creating Value to Board Reporting" 	

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

No.	Directors and Executives	Position	Training Session	Objectives
2.	Ms. Piyathida Sukchan	Executive Director and Company Secretary	Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors Association (Thai IOD)	The program touches upon responsibilities of company secretaries and other pivotal functions to help them carry out their board supporting roles successfully, including the introduction of corporate governance framework along with key issues which may occur in their works.

3. Succession Plan

The Company has prepared for succession plan by recruiting management trainees to develop knowledge and ability for being company future executives. In addition, the Company assigns the following persons to take charge and act on behalf in case the Managing Director is unable to function, namely,

1. Vice President – Account and Finance Manager to act and make decision regarding the finance and accounting of the Company and its subsidiaries;
2. Ms. Piyathida Sukchan to act and make decision in other matters of the Company and its subsidiaries.

Principle 5 Nurture Innovation and Responsible Business

1. Nurture Innovation

The Board of Directors prioritises and promotes research & technology development and innovation that create value for the business together with the benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company. The Board also supervises the management to allocate and manage resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives with sustainability.

2. Role of Stakeholders

The Company has a policy that recognises the rights and interests of all groups of stakeholders whether they are employees, shareholders, creditors, customers, trade-counterparts, competitors, community and society. The expectations of one group of stakeholders may be different from another group. Therefore, the Company shall ensure that the rights of each group will be protected according to relevant laws and handled carefully and with sensitivity. Procedures are stated as the Company's policy namely Policy and Practice toward stakeholders, and published on the Company's website as follows:-

- Policy and Practice toward shareholders
- Policy and Practice toward customers
- Policy and Practice toward business partners
- Policy and Practice toward competitors
- Policy and Practice toward creditors
- Policy and Practice toward employees
- Policy and Practice toward community, society, and environment
- Policy and Practice toward human-right respect
- Policy and Practice toward the intellectual property and copyright
- Policy and practice towards quality, safety, and occupational health
- Policy and Practice toward anti-corruption and bribery

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Furthermore, the Company has implemented various standards from the quality management system to enhance focusing on role of stakeholders such as:-

- ISO 9001 : 2015 is the Quality Management System (QMS) which governs the design, production development, installation and service in order to assure the quality. This system ensures all processes have been controlled and inspected by documentation indicating working procedure. Therefore, it is confident that all employees recognise their roles, responsibilities and working process.
- GMP is the system of good manufacturing practice which is to assure the quality of food and the safety for consumption. The system covers all process starting from the location of manufacturer, factory structure, good and quality manufacturing system to meet the standard of each step such as production planning, the control of raw materials during the process and then finished products, storage, quality control and transportation to consumers. In addition, there is the inspection, monitoring of the product quality and having a good system of hygiene.
- Hazard Analysis and Critical Control Point (HACCP) is the system to control food safety standards in every production process in order to prevent hazards and contaminants in food during the production process. This system includes controlling and monitoring to ensure that the standard systems are effective.
- ISO 45001 is the standard for occupational health and safety management systems in workplace which protect employees from accidents and occupational diseases. This system is the method to control and reduce hazard and risks from working that affect health, life and properties.
- Food Safety System Certification 22000 (FSSC 22000) is the high standard that concerns the quality assurance and food safety. The system is to ensure the consumer's confidence and emphasise the sustainable business growth, covering both systems of ISO 22000 and ISO/TS 22002-1. The system is worldwide recognition.
- ISO 14001 is the environment management system which is most recognised by worldwide organisations. This standard has objective for enhancing the awareness of the importance for environmental management together with business development focusing on preventing pollution and protecting environment. These lead to reduce environmental impact and production costs.
- Roundtable on Sustainable Palm Oil (RSPO) is the standard for the sustainable palm oil production taking into recognition of the impacts on stakeholders especially the forest as being the source of water. This standard applies throughout the supply chain from upstream to producers.
- Thai Labor-standard (TLS 8001-2546) is the rule and practices in a relation with the labor employment and working conditions such as wages, working hours, holidays and work safety. This standard protects employees whom are been equally treated in order to have good quality of life, good relationship and morale of work.

The Company conducts its activities with the concern of safety, health and environment. Management and employees at all levels have committed to carry out their functions with responsibility.

In 2020, there were four cases of working accident but no employees of the Company being serious injury or dead in workplace.

However, on 25 June 2020, a worker of outside contractor had fallen down while repairing the cool water supply pipeline, and caused injury at Bangpoo refinery plant. The Company immediately delivered him to the hospital. Later the worker was dead.

3. Human Resources Development Policy

The Company commits to support and maintain working environment enhancing their efficient contributions. The Company engages in teamwork building and continuous improvement to ensure high performance of human resources as it is believed that the continuous development would strengthen their capability and competence, following an increase in efficiency of the operation and serving customer satisfaction along with building awareness of all employees on the professional ethic.

In 2020, the average training hours of employees was 11.80 hours / person and there were a total of 36 training courses provided to employees including the training on environmental management by focusing on the maximum benefit of resource usage. Furthermore, the Company applies various media used in public relations, providing knowledge and

understanding about energy savings and environmental friendly, which are communicated directly and through the training in following major courses:-

- **Energy Conservation Course** is to provide knowledge about the source of energy and good energy management. All new employees are required to learn the energy conservation. In 2020, there were 55 employees attending this course.
- **Environmental Management Course for ISO 14001** is to provide the knowledge about environmental management to meet the standard. All new employees are required to learn the environmental management. In 2020, there were 55 employees attending this course.
- **Occupational Safety Course** is to provide the knowledge about practice and compliance with rules and regulations including the law related to the safety standard. In 2020, there were 55 employees attending this course.

In addition, the Company arranges training courses about **Code of Business Conduct** and **Anti-Corruption Policy** for employees on monthly basis. In 2020, there were 55 employees attending this course.

4. **Anti-Corruption Policy**

The Company Group has announced an official anti-corruption policy which was reviewed and approved by the Board of Directors. The details are as follows:

“Directors, management, and employees of the Group are prohibited from requesting, performing or accepting corruption in any form, whether directly or indirectly. This shall be applicable to all business units of the Group. Regular reviews on compliance with the anti-corruption policy shall be made, as well as reviews on implementation to ensure compliance with the policy, practices, regulations, rules, notifications, and laws. In case of breach of the policy, any act considered as facilitative to, or implicated in corruption, shall be subject to penalties as stipulated by the Group policies.”

Communication and public relation activities under anti-corruption policy including complaint/suggestion making and whistle-blowing channels are carried out via both internal and external media e.g. electronic mail, announcement, the Group’s website, annual report, orientation for directors and employees including arranging a discussion on yearly basis to ensure mutual understanding among employees. Such policy is complied with the law of Thailand for the actions against corruption.

In each year, the risk management committee evaluates the potential risk of corruption and reports the concerns to the Audit and Corporate Governance Committee and the Board.

5. **Practice towards oversight and control for safeguarding and monitoring the corruption risk**

The Company establishes the practice towards oversight and control for safeguarding and monitoring the corruption risk summarised as follows:-

1. To provide internal control system, internal audit function, and risk management covering key business functions such as accounting, payment, procurement in order to prevent and monitor the corruption risk as well as to recommend any appropriate solutions
2. To put in place complaint-making and whistle-blowing channels, covering complaint-filing, verification, and summary of findings, together with protection of the complainants and related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders that are affected or potentially affected by the Group’s business or conduct of its directors, executives, or employees resulting from law-breaking or violation of the code of conduct, as well as suspected corrupt practices.

The Group will keep their complaints confidential and not disclose them to unrelated parties except when required by law.

Those with knowledge of complaints or related information must maintain confidentiality and not disclose it except when required by law. If this is intentionally violated, the Group will punish them under its regulations or the law, or both, as seen fit.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

3. Executives in each unit are responsible for monitoring the progress of the complaint and report to the Audit and Corporate Governance Committee and the Board of Directors for acknowledgement.

6. Guidelines for monitoring and evaluating the actions to prevent the involvement in Corruption

The Company establishes the following guidelines for monitoring and evaluating the actions to prevent the involvement in corruption.

1. The Company's internal audit unit is assigned to conduct auditing according to the annual audit plan which is approved by the Audit and Corporate Governance Committee, and report any significant issues including provide recommendations to the Audit and Corporate Governance Committee.
2. Relevant business unit is required to regularly monitor and evaluate the corruption risk to ensure the effective implementation of the anti-corruption policy including follow up, review, and improve the policy from time to time. The risk evaluation result must be reported to the Risk Management Committee, the Audit and Corporate Governance Committee and the Board of Directors respectively in a timely and consistent manner.
3. In fact-finding process, if the information from the investigation or complaints have shown an explicit evidence which may have a significant impact on the financial position and the operating performance of the Company including the violation of law or code of business conduct, or any suspicious issues in the financial report or internal control system, the Audit and Corporate Governance Committee shall report the concerns to the Board of Directors for further improvement and correction.

Principle 6 Strengthen Effective Risk Management and Internal Control

1. Risk Management

The Board of Directors realised the importance of the Risk Management. Therefore, in 2016, the Board approved to formalise the Risk Management Committee comprising senior managements and Managing Director being the Chief Risk Officer. Duties and responsibilities of the Risk Management Committee were presented in Principle 3 item 3.4. The Management then has to evaluate the risk in every unit and work process, assess the efficiency and existing control measure, and propose plan and method to reduce risk to the Board of Directors.

2. Controlling System and Internal Audit

In order to have an independent internal auditing which can be fully functioning, the Audit and Corporate Governance Committee arranged for the Company to hire an outside firm which is an audit firm in the list approved by the SEC to do the auditing, to ensure that the operations, financial activities of the Company have complied with the guidelines effectively, including compliance with the law and regulations (Compliance Controls).

The Audit and Corporate Governance Committee has appointed Dr. Virach & Associates Office to be the Company's outsourced internal auditor. The service contract is subject to the renewal on yearly basis. The internal auditor shall report directly to the Audit and Corporate Governance Committee every quarter.

3. Conflict of Interests

3.1 Prevention of use of inside information

To prevent directors and executives from using inside information for personal gains and disclose it to outside parties, the Company sets the following rules:-

- Executives shall report their holding of LST's shares and report change of holding to the SEC according to section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of the transaction date and handing copy thereof to the Company Secretary as well as report shareholding to the Board every quarter. Future change of law (if any) shall also enforceable.

"Executives" means directors, managers or first 4 management officers ranking immediately below the Managing Director. This shall include management level of

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

accounting or finance officers or equivalence who have the duty to prepare and file report of shareholding in his own name, spouse and minor child to the SEC.

- Directors, executives, managers and employees who have access to inside information shall be prohibited from disclosing such information to outside parties who has no duty involving the Company and shall refrain from buying and selling LST's shares in the period of one month prior to the Company's financial statements being announced and at least one day after the date of financial statements being disclosed.
- Directors and executives shall report to the Board of Directors or the delegated person about their transaction (buy and sell) of the Company's shares at least 1 day before the transaction date and notify SEC within 3 business days after transaction date as specified by the Securities and Exchange Act.
- Directors, executives, managers and employees shall be prohibited from using inside information that may materially affect the LST share price, which has not yet disclosed to the public, for personal gains and/or persuading other persons to buy or sell LST shares. The Company shall take action against violation of the rule which shall be punishable by law.
- In case directors, executives managers and employees intentionally commit any criminal act according to law on securities and exchange, the Company shall punish the violators by any one or more penalties as follows:-
 - cut wages or compensation or other benefits
 - layoff, dismiss, or discharge from the post of director, executive, manager and employee as it would be deemed intentionally causing damage to the Company. In case the violator is a director, the matter shall be submitted to the shareholders' meeting to consider the penalty.
 - report the violation to the SET and/or the SEC
 - report to the police to take action according to the law
 - take other measures according to the resolution of the Board or the shareholders' meetings.

3.2 Approval of transaction containing conflict of interest

Directors, executives, or other persons, who enter into related party transaction or transaction containing potential conflict of interest and transaction regarding acquisition or disposal of material assets as defined by the Notifications of the SEC and the SET which are in force on the date of such transaction, shall strictly follow the Notifications. The Company has set the criteria to approve the transaction as follows:-

- (1) Person with interest or potential conflict of interest shall refrain from approving such related transaction;
- (2) The price or compensation for such transaction shall be under normal business terms and conditions with the benefit of the Company as the main consideration;
- (3) The Audit and Corporate Governance Committee shall review and give opinion prior to the transaction. If the Audit and Corporate Governance Committee has no expertise in the matter, the Company shall arrange to have independent expert to give opinion to the Audit and Corporate Governance Committee which will be used to review the matter before submitting to the Board and the shareholders' meeting for approval.

However, in order to facilitate normal business transaction, the Board has approved in principle to allow the management to do the transaction between the Company and its subsidiaries if the transaction falls into the following categories:-

1. Being a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person;
2. Being reasonable advance payments occurring in the normal course of business operation and with reimbursement on an actual basis.

The management shall report transaction with value over 500,000 Baht which will be reviewed by the Audit and Corporate Governance Committee before presenting to the quarterly Board meetings.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- (4) The Company shall disclose the transaction according to the rule and procedure set out by the SEC and the SET.

3.3 To disclose information on the interest of directors, executives, and related persons

In order for the Board to make decision based on the common benefit of the Company and to have directors, executives who have transaction with interest involving the Company business to comply with the Notification of the Capital Market Supervisory Board no. Tor Jor. 2/2552 re: Reporting of interest of directors, executives and related persons, the Company sets the following rules:-

- Directors, Executives and related persons who have transaction with interest in relation to management of the Company or its subsidiary with the value of 1 million Baht or more, or 0.03% of the Net Tangible Assets (NTA) of the Company or its subsidiary, whichever amount is higher, shall file a report to the Company Secretary, according to the report form, within 7 business days from the date of transaction. Every time when there is a change of the transaction, such change must be reported within 7 business days from the date of change.
- The Company Secretary shall submit a copy of the report on interest under paragraph 1 to the Chairman of the Board and Chairman of the Audit and Corporate Governance Committee within 7 business days from the date of receipt of such report.
- Directors and Executives who have interest in any meeting agenda item which is under consideration shall not participate in making decision and shall leave the meeting room. The Company will not send document related to the said agenda to such interested persons.
- The Company shall disclose such interest in the annual report and Form 56-1.

3.4 Mechanism for stakeholders to do whistle blowing or make complaints

In case that stakeholders require to do whistle blowing or make any complaints to the Company, the below channels have been set up as the guideline.

1. **Provide channel for stakeholders to do whistle blowing or make complaints :** Any stakeholder wishes to communicate to the Board of Directors directly without passing through the management of the Company to express his opinions about the operation of the Company's business including whistle blowing or complaints such as incorrect financial report, violation of the law or ethics or deficiency of internal control system, etc. may address his communication directly to the Audit and Corporate Governance Committee.

By post: Mr. Banchong Chittchang
Member of the Audit and Corporate Governance Committee
Lam Soon (Thailand) Plc.
64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260

By email: banchong_ch@yahoo.com

2. **Protection of informer's identity :** A stakeholder who communicate or make complaints in item 1 will not be required to disclose his name.
3. **Action after receiving concerns or complaints :** The Audit and Corporate Governance Committee shall investigate the information and facts given by the informer in item 1 and report to the Board within 30 days of the date receiving the information.
4. **Measure of redress and damage compensation :** If the Board determines that a stakeholder has suffered damages from any violation of law by the Company, the Board shall take steps to redress the problem as soon as possible as well as finding measure to prevent recurrence of the problem. Appropriate compensation will be given to the person suffered from violation of law.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Principle 7 Ensure Disclosure and Financial Integrity

1. Disclosure and Transparency

The Company recognises the importance of timely disclosure of information that shareholders may use for their investment decision as well as decision in exercise their votes at the shareholders' meeting. The Company periodically assesses the efficiency of information disclosure. The following information is regularly disclosed.

- Disclosure of the following in Thai and English and update of the information in the Company's website
 - Principles of Good Corporate Governance
 - Policy and Practice toward stakeholders including environment policy; anti-corruption policy; quality, safety, and occupational health policy etc.
 - Code of Business Conduct
 - Nature of Business
 - Business Structure
 - Shareholder Structure
 - Structure of the Board of Directors
 - Vision/Mission
 - Articles of Association
 - Annual Report
 - Form 56-1 (Thai version)
 - Financial Statements
 - Meeting notices and meeting documents
 - Minutes of the Shareholders' Meeting
 - News published by the Company
- Periodically submit accurate, complete, and timely information to the SET and the SEC such as Financial Statements, Form 56-1, Annual Report
- News on important changes which may have material impact on the share price according to the regulations of the SET
- The Board of Directors assumes the responsibility for the accuracy, completeness and timely manner of the Company's financial reporting and information disclosure in accordance with relevant guidelines including rules and generally accepted accounting standards with appropriate accounting policies which are applied and consistently conformed. The report shall be audited by an external auditor and reviewed by the Audit and Corporate Governance Committee to ensure that sufficient disclosure is made and it can reflect the Company's financial status and operating performance.
- The Executive Directors shall be responsible for communicating with investors both individual and institutional, shareholders, security analysts and relevant government sectors. Information can be requested from Tel: 02-361 8959-87 or Fax: 02-361 8988-9 or by email: company.secretary@lamsoon.co.th or through the Company's website.

2. Financial Liquidity and Solvency

The Board of Directors assigns the management to regularly monitor and evaluate the Company's financial status and report to the Board of Directors on regular basis. The Board of Directors and the management will ensure that any potential threats to the Company's financial liquidity and solvency are promptly addressed and remedied.

The Company emphasises its trustworthiness and therefore, strictly conforms with conditions and agreements made with creditors in order to create reliability. The Company always pays all interest and principle accurately, timely, and completely. Also, the Company shall not use loans proceeds in the way that is contrary to its objectives nor conceal any information that may be harmful to creditors.

In the event that the Company is unable to comply with any condition of an agreement, the Company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Company strives to maintain good relationships and mutual trust with creditors. However, the Company has controlled the capital management at appropriate

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

level to prevent the Company from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner. The management is responsible for planning, monitoring and controlling the financial position of business sector to cover the significant risks under either normal circumstances or crisis.

Principle 8 Ensure Engagement and Communication with Shareholders

1. Right of Shareholders

- The Company shall hold an Annual General Meeting of Shareholders (AGM) within 4 months of the end of the Company's fiscal year. The meeting will consider the Annual Report of the Board of Directors presenting the operational performance of the past year, statements of financial position, statements of comprehensive income, dividend distribution and legal reserve appropriation, election of directors to fill the vacancy caused by expiration of service term, director's remuneration, appointment of auditor and auditor's remuneration.
- For Annual General Meeting of Shareholders (AGM), the Company shall separate the agendas between the appointment of directors and the director's remuneration. The Company provides the ballot to shareholders to use for proposing candidates and voting directors as an individual.
- The Company shall hold an extraordinary general meeting of shareholders as the Board of Directors thinks fit. One or more shareholders holding shares in aggregate of at least ten (10) percent of the total number of issued shares may together join the name list in writing to request to the Board of Directors to call for an extraordinary meeting at any time. However, it is necessary to specify the subject and the reasons for calling such meeting to be clearly stated in such request. The Board of Directors shall proceed to call a shareholders' meeting to be held within forty-five days from the date of receipt of such request from the said shareholders.
- The Company shall disclose the Board resolutions regarding the determination of AGM date and the meeting agendas with the reasonable details through the SET online system and the Company's website no later than the next working day after the Board having resolution.
- In calling a shareholders' meeting, the Company shall prepare a written notice calling the meeting that states the place, date, time, agenda of the meeting and the matters to be proposed to the meeting with reasonable details by indicating clearly whether it is the matter proposed for information, for approval or for consideration, as the case may be, including the opinions of the Board of Directors in the said matters, and the said notice shall be delivered to the shareholders and the Registrar for their information at least 21 days prior to the date of the meeting.
- At a shareholders' meeting, in order to constitute a quorum, there shall be shareholders and proxies (if any) amounting to not less than 25 persons and holding shares amounting to not less than one-third of the total number of shares issued. The Chairman of the Board of Directors shall be the chairman of the meeting and conducting the meeting according to the sequence in the agenda stated in the meeting notice, and it is the policy not to add items to the agenda without advance notice to shareholders.
- In a regular agenda, the ballot shall be used in the event any shareholder would like to cast a negative vote or abstain from voting. The ballot shall always be used in important agenda such as election of directors, approving connected transactions, acquisition or disposal of assets, amendment of memorandum of association and articles of association.
- The Company shall ensure that shareholders have the opportunity to propose the agenda for AGM as it deems material and beneficial including to propose candidate for selection as director in advance, and to submit questions which are related to the Company prior the meeting date, the procedures of which are published on the Company's website.
- Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions and ask questions.

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- The Company's policy to facilitate and encourage shareholders to attend and participate at the shareholders' meeting has been established and posted on its website.
- The Company shall post meeting documents and meeting notices in both Thai and English languages on its website at least 30 days prior to the meeting date so that the shareholders can study the information for the meeting in advance.
- The Company shall ensure that shareholders have the opportunity to ask questions and shall record important issues raised by the shareholders and explanation of the Board as well as recording clearly the number of affirmative votes, negative votes, and abstained votes, in the meeting minutes, once having votes in any respective agenda. Two shareholders are invited to act as witness in the counting of votes, and VDO has been recorded during the meeting until the meeting finishes.
- The Company shall disclose the resolutions together with voting result through the SET online system within the next day after the meeting date.
- The Company shall post a draft minutes of the shareholders' meeting on the Company's website within 14 days of the completion of the meeting. The shareholders may inspect the correctness and may make objection if necessary without having to wait until the next meeting to do so.
- The Company participates in SET Opportunity Day, arranged by the Stock Exchange of Thailand. The objective of the event is to provide an opportunity for listed companies to carry out investor relations activities and to clarify information about the business and operations to security analysts, investors and the media who attending the event. The Company always joins the activity at least once a year with approximately 20-30 participants attended the meeting (excluding audience participation through online channel).

2. Equitable Treatment of Shareholders

- Regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap, the Company values all shareholders by protecting their fundamental rights equally and fairly, including applies the one share one vote principle to ensure the investment confidence.
- The Company shall provide a proxy form B, in which a shareholder can give comments on his votes, enclosed in the meeting notices stating clearly the required documents and procedure for appointment of proxy to attend the meeting. A shareholder who cannot attend the meeting in person but would like to exercise his voting right may appoint another person as proxy to attend and vote at the meeting. He may also appoint an independent director as his proxy.
- The Company establishes the policy for prevention of utilising insider information, and informs the same to employees, executives, and directors (details in Principle 6 item 3.1).
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis (details in Principle 6 item 3.2).

REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Implementation of Corporate Governance Code for Listed Companies

The Company has reviewed the Corporate Governance Policy, developed from the 2012 Good Corporate Governance Principles for listed Companies in aligning with the guideline set by the Stock Exchange of Thailand, and the 2017 Corporate Governance Code for Listed Companies as prescribed by the Office of Securities and Exchange Commission. After consideration, the Board of Director founded that the Company has adopted most of 8 principles that are suitable for the Company's business.

However, there are some principles that the Company has not adopted or put into practice, which the management clarified the reasons at the Board Meeting to adjust and ensure the suitability for the Company's business at the next step. The key non-conformed principles are included as follows:-

Principles not exercised	Reasons for not exercising
The Board of Directors to determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment.	Every Director has knowledge, capability, experience and an understanding in the business operation, with independence in expressing opinions deemed beneficial for the Company. The experience of Directors from long-term tenure will support them to understand the Company's operation which has the particular nature of business.
Chairman of Nomination Committee should be an independent director.	Although the Chairman of the Nomination Committee is not independent director, he is not an executive director. Furthermore, the consideration of recruitment must be proposed to the Board of Directors, the Chairman of which is an independent director. Thus the consideration of the recruitment deems as being balance of power and independent.
At least one member of Audit Committee should be educated or have experience in Accounting e.g. Certified Public Accountant (CPA), Continuing professional development (CPD).	Even though no member of Audit and Corporate Governance Committee is educated or has experience in Accounting in particular, most of the members have experience in finance and management, which is adequate for the current business scope of the Company while still ensuring efficiency of the audit and corporate governance functions.
The Board members not comprise independent directors more than 50%	The Board of Directors comprises 9 members, 4 of whom are independent directors (representing less than 50% but more than one-third of the total number of Directors), and the Chairman of the Board is an independent director. Such composition is considered to reflect the appropriate balance of power. In addition, independent directors are able to work effectively with all directors with independence in expressing their opinions.

GENERAL INFORMATION

Company Profile

Name of Company	:	Lam Soon (Thailand) Public Company Limited
No. of Registration	:	0107538000568 (formerly Bor Mor Jor 579)
Website	:	www.lamsoon.co.th
Corporate Headquarters	:	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260 Tel 02-361 8959-87 Fax (Management Dept.) 02-361 8988-9 Fax (Sales Dept.) 02-361 8994-5
Refinery Address	:	236 Moo 4, Bangpoo Industrial Estate, Sukhumvit Road, Phraeksa Sub-District, Muang Samut Prakarn District, Samut Prakarn 10280 Tel 02-709 3610-24 Fax 02-324 0640
Crushing Mill Address	:	99/9 Moo 2, Sikao-Kuankun Road, Kalasae Sub- District, Sikao District, Trang 92150 Tel 075-270 690-1 Fax 075-270 692-3
Nature of Business	:	Manufacturer and distributor of vegetable oil products, margarine and shortening
Registered Share Capital	:	820,000,000 Baht
Outstanding shares (common shares)	:	820,000,000 shares
Par value	:	1 Baht

Vision & Mission

Vision : The leading food and food related company with sustainable growth and development

Mission :

1. Manufacturing high quality and nutritious food product together with innovative production for novel food to fulfill customer requirements as well as providing the best services and building capacity which is able to be competitive in the future
2. Employing advanced technology with international management system as well as taking care of the environment, communities, and society
3. Building trust and confidence toward our customers, and allocate compensation or dividend to shareholders, and other stakeholders appropriately. Moreover, healthy, safety, and welfare of all employees are always taken into highly consideration

Companies in which the Company has investment holding of more than 10%

1. United Palm Oil Industry Public Company Limited (UPOIC)

Corporate Headquarters	:	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea Khet Bangna, Bangkok 10260
		Tel 02-744 1046-8 Fax 02-361 8989
Krabi Office and Crushing Mill Address	:	98 Moo 6, Nuaklong-Khao Phanom Road, Km.9.5 Huayyoong Sub-District, Nuaklong District, Krabi 81130
		Tel 075-666 075 Fax 075-666 072
Nature of Business	:	A plantation company producing crude palm oil and crude palm kernel oil
Registered Share Capital	:	324,050,000 Baht
Outstanding shares (common shares)	:	324,050,000 shares
Shareholding (common shares)	:	226,715,110 shares or 69.96%

2. Universal Food Public Company Limited (UFC)

Corporate Headquarters	:	60 Soi Bangna-Trad 25, Khwaeng Bangna Nuea Khet Bangna, Bangkok 10260
		Tel 02-398 8555 Fax 02-744 0860-2
Factory Address (1)	:	64 km. 1, Moo 1, Lampang-Chiang Mai Road, Pongsaengthong Sub-District, Muang District, Lampang 52100
		Tel 054-810 270-4 Fax 054-810 275
Factory Address (2)	:	469/1 Bhapatone-Banpaew Road, Moo 3, Don-yai-hom Sub-District, Muang District, Nakhon Pathom 73000
		Tel 034-229 397-9, 034-388 262-3 Fax 034-388 264
Nature of Business	:	Fruit and vegetable processing; Manufacturer of beverages, sauces and seasonings for sale in both the domestic and export markets.
Registered Share Capital	:	525,000,000 Baht
Issued and Paid-up Share Capital	:	525,000,000 Baht
Outstanding shares (common shares)	:	52,500,000 shares
Shareholding (common shares)	:	51,884,457 shares or 98.83%

Other references

1. Register

Name : Thailand Securities Depository Co., Ltd.
Address : 93 The Stock Exchange of Thailand Building,
Ratchadapisek Road, Khwaeng Din Daeng, Khet Din Daeng,
Bangkok 10400
Tel 02-009 9000
Fax 02-009 9991

2. Auditor

Name : Ms. Satida Ratananurak
Certified Public Accountant No. 4753
Address : EY Office Limited
33rd Floor, Lake Rajada Office Complex,
193/136-137 Rajadapisek Road,
Klong Toey, Bangkok 10110
Tel 02-264 0777, 02-661 9190
Fax 02-264 0789-90, 02-661 9192

No. of years being the Company's Auditor : 3
Relations or interests with the Company / : --None--
the Company's subsidiaries /
the management / major shareholders /
or any relevant persons of the aforementioned

Investor Relations

Name : Ms. Anchalee Suebchantasiri
Managing Director
e-mail : anchales@lamsoon.co.th

Name : Ms. Piyathida Sukchan
Executive Director
e-mail : piyatida@lamsoon.co.th

Tel 02-361 8959-87
Fax 02-361 8989

NATURE OF BUSINESS

Lam Soon (Thailand) Public Company Limited operates a crushing mill and a palm oil refinery. With its refining capacity at 700 MT per day or 255,500 MT per year, it is considered a major player in Thailand. It also sells and markets its product line which includes:

1. Processed Palm Oil
 - 1.1 RBD Palm Oil
 - 1.2 RBD Palm Olein
 - 1.3 RBD Palm Stearin
 - 1.4 Hydrogenated Fat
 - 1.5 Palm Fatty Acid Distillate
 - 1.6 RBD Palm Kernel Oil
2. Other non-palm vegetable oils (Coconut Oil, Soybean Oil, Sunflower Seed Oil, Corn Oil, Olive Oil, Blended Canola and Sunflower Oil, Pure Canola Oil, Rice Bran Oil)
3. Margarine and Shortening
4. Fruits and vegetables packed in can, pouch, and glass container
5. Fruit juices and juice drinks, coffee and miscellaneous beverage
6. Sauces and seasonings

Items 4, 5 and 6 are manufactured by its subsidiary, Universal Food Public Company Limited (UFC).

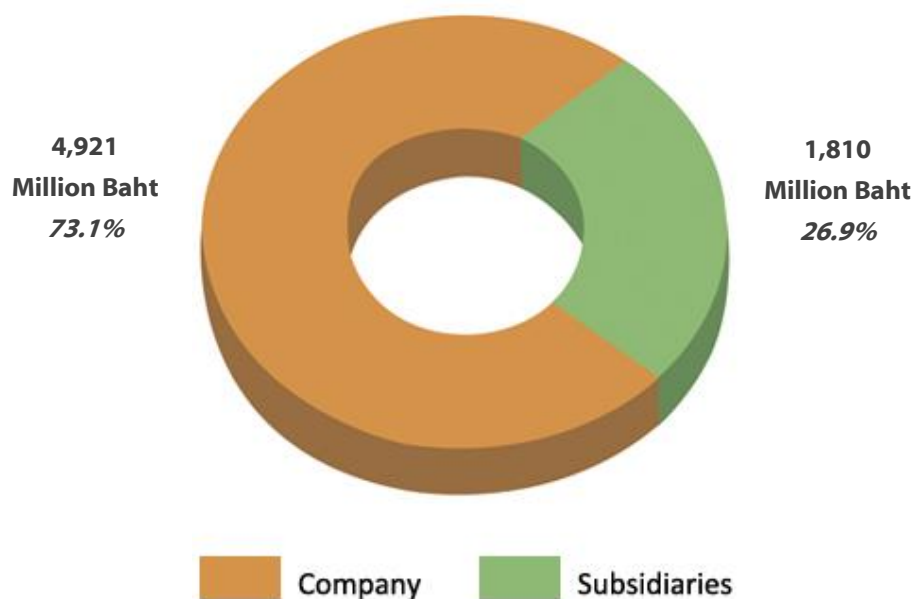
For the Company's above product line, Processed Palm Oil has contributed 61.6% of its total sales, while the Company currently has approximately 10 - 15% market share in the palm oil business (measured by CPO volume purchase).



NATURE OF BUSINESS

Revenue structure

	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Company	4,973	69.0	4,501	70.3	4,921	73.1
Subsidiaries	2,231	31.0	1,897	29.7	1,810	26.9
Total	7,204	100.0	6,398	100.0	6,731	100.0



Product/Services by Group	Operated by	2018		2019		2020	
		Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Crude Palm Oil	LST and UPOIC	206	2.86	103	1.61	180	2.67
Other Vegetable oil		4,272	59.30	3,802	59.42	4,148	61.63
Margarine and Shortening	LST	635	8.81	655	10.24	676	10.04
Other palm based products	LST and UPOIC	56	0.78	39	0.61	61	0.91
Selling Electricity power to PEA	LST and UPOIC	6	0.09	9	0.15	9	0.14
Beverages	UFC and LST ⁽ⁱ⁾	1,264	17.55	1,094	17.10	956	14.20
Fruits and Vegetables		654	9.07	586	9.16	582	8.64
Sauces and Seasonings and others		111	1.54	110	1.71	119	1.77
Total Sales - Net		7,204		6,398		6,731	

Note: ⁽ⁱ⁾ LST has been the distributor for UFC products in the domestic market since March 2006.

News Highlights of Previous Year

1. **Audit Committee : The Appointment of Audit and Corporate Governance Committee**

To comply with the principle of Corporate Governance, on 21 February 2020 the Board approved to change the scope of duty and responsibility of Audit Committee by assigning Audit Committee to cover the functions of corporate governance, and change the name from "Audit Committee" to "Audit and Corporate Governance Committee". The extended functions of corporate governance are as follows:-

- To propose the Good Corporate Governance Guidelines to the Board of Directors;
- To monitor the performance of the Directors and Executives in compliance with Good Corporate Governance Practices and the Securities Exchange of Thailand's Good Corporate Governance Practices;
- To consider, review, and revise the Good Corporate Governance Policy consistently;
- To report to the Board of Directors about the Company's good corporate governance performance supported by comments, guidelines, and recommendations for improvement as appropriate

2. **Amendment of the Articles of Association : The Article Number 21**

To be in line with the announcement of the Emergency Decree re: Electronic Meetings B.E. 2563 (2020) which was published in the Government Gazette with the effect from 19 April 2020 onwards, the Annual General Meeting of Shareholders No. 1/2020 on 24 April 2020 resolved to approve the amendment of the Article 21 of the Company's Articles of Association as follows:

From

"Article 21 : The Board of Directors must hold a meeting at least once every 3 months.

In summoning a meeting of the Board of Directors, the Chairman of the Board or a person entrusted by him shall send notices thereof to the Directors not less than 7 days prior to the date of the meeting. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and date of the meeting may be sooner fixed.

The Company's Board of Directors may hold a meeting at the locality in which the Company's head office is situated or other provinces around the Kingdom.

Two or more Directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is requested by at least 2 Directors, the Chairman of the Board shall fix the date of the meeting within 14 days from the date of receipt of the request."

Amend to

"Article 21 : The Board of Directors must hold a meeting at least once every 3 months.

In summoning a meeting of the Board of Directors, the Chairman of the Board or a person entrusted by him shall send notices thereof to the Directors not less than 7 days prior to the date of the meeting. However, in a case of necessity or urgency for the purpose of maintaining the rights and interests of the Company, the summoning of the meeting may be made by other methods and date of the meeting may be sooner fixed.

The Company may send a summoning notice for the Board of Directors' meeting including its related documents by an electronic mail.

The Company's Board of Directors may hold a meeting at the locality in which the Company's head office is situated or other provinces around the Kingdom, **or the Board of Directors' meeting can arrange via electronic media according to the conditions, procedures and methods prescribed by law.**

Two or more Directors may ask the Chairman of the Board to convene a Board of Directors' meeting. In the event a meeting is requested by at least 2 Directors, the Chairman of the Board shall fix the date of the meeting within 14 days from the date of receipt of the request.

3. **Amendments of the Company's Business Objectives and the Company's Memorandum of Association : Clause 3**

In order to describe the details of the Company's business objectives and support the new business operation in the future, as the Company required to certify its laboratory ISO/IEC17025 with Department of Science Service, the Company's Business Objectives were amended from 25 to 26 objectives by adding one more objective No.26 as follows:

"To engage in the service business of laboratory function, experiment, lab equipment/material to control the quality and specification of products, chemicals or other substances provided for individuals, group of persons, juristic persons, government agencies or government organisations inside and outside the Kingdom."

By doing so, the Company was also required to amend Clause 3. Business Objectives of the Company's Memorandum of Association, to be in line with the amendment of the Company's Business Objectives to include the additional item as above, to read as follows:

"Clause 3 The business objective of the Company comprise 26 items, details of which are prescribed in the Bor Mor Jor. 002 form attached hereto".

4. Notes to Financial Statements : Item 35.5

In August 2020, the Company was notified of import duty and VAT assessment by the Customs Department regarding the import of refined, bleached, and deodorized soybean oil exercising duty exemption and customs tariff reduction privileges for goods originated in ASEAN. The Company submitted an appeal against the duty assessment to Customs Tariff Appeal Section. The decision on such matter is currently under consideration of the Customs Department. However, the Company believed that possibility of the unfavorable result of such matter is remote. (More information as presented in Note 35.5)

News Highlights of Subsidiary

1. Litigation : The Appeals Court ordered the dismissal of the case against the Subsidiary

In July 2018, Krabi prosecutor filed a lawsuit against a subsidiary, United Palm Oil Industry Public Company Limited, alleging that it utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9, 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The content has been disclosed in the Notes to interim financial statements for the three-month and six-month periods ended 30 June 2018 onwards.

On 2 August 2019, Krabi Provincial Court ordered the dismissal of the case but the subsidiary was ordered by the Court to return the land. On 4 December 2020, the subsidiary appealed the judgement of the Court of First Instance. Later on 28 April 2020, the Appeals Court dismissed the case. The Case is therefore closed as presented in Note 35.7 (1).

2. Litigation : Subsidiary's Krabi Noi Estate, Muang District

On 6 July 2020, the subsidiary was served with a summons in a criminal action involving alleged trespass. The Krabi Provincial Agricultural Land Reform Office had made an allegation against the subsidiary. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the subsidiary. On 20 August 2020, the subsidiary turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the subsidiary submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.

3. Order of Krabi Provincial Agricultural Land Reform Office

3.1 The Land With Title No. 602

On 9 March 2020, the Agricultural Land Reform Office (ALRO) issued a notice designating land plots under title No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nuaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws. On 13 April 2020, the subsidiary, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plots. On 14 May 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days. On 28 October 2020, the subsidiary appealed the order of the ALRO in Krabi. The case is currently under the consideration.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 5 million.

3.2 The Land With Title No. 603

On 21 July 2020, the ALRO issued a notice designating land plots under title deed No. 603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nuaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other laws. On 3 September 2020, the subsidiary as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots. On 30 October 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days. On 24 November 2020, the subsidiary appealed the order of the ALRO in Krabi. The case is currently under the consideration.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 14 million.

4. Operations of Subsidiary : Fire Incident

On 26 August 2020, a fire broke out in a crude palm oil processing plant of the subsidiary in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The subsidiary started to bring machines into operation again on 16 November 2020. The subsidiary had insurance to cover damaged assets and business interruption.

1. Palm Oil Price Volatility and Interventions from the Government Sector

Being a commodity, the price of CPO is highly volatile. In some periods, there is a shortage while in other years there is an oversupply. The monthly average price of CPO in 2020 ranged between 19.34 – 38.76 Baht/Kg (2019 : 14.76 – 29.75 Baht/Kg). The average price in 2020 was 28.05 Baht/Kg, increasing by 53.87% from 2019, compared with the average price in global market at 20.86 Baht/Kg. The high volatility of local price during the year is exacerbated by inadequate inventory management. Besides, the peak season of palm crop delivers abundant output leading to accumulated CPO stock balance which normally push the prices of FFB and CPO down sharply. Such circumstance may lead to price intervention introduced by the Government, which can be seen in July of previous year when FFB and CPO daily prices had been shrunk to below 2.50 and 18 Baht/Kg. respectively.

2. Palm Oil and FFB as Controlled Goods

Palm oil is a controlled goods according to the announcement of the Central Committee on Goods and Services Prices No. 31 B.E. 2563. However, the current measures to control palm oil are only applicable to transportation, no longer price controls or price ceiling. The Department of Internal Trade only requires companies to notify the details of purchased and sales of palm oil, stock, and storage location, and announces the price calculation structure to estimate FFB price as a guideline for determining the price for industries. Furthermore, the import of palm oil is restricted. Therefore, inventory management might be limited.

Furthermore, during these two years, there have been some important measures / announcements related to the oil palm and palm oil industry namely measures to balance the domestic palm oil market by EGAT, measures to determine the minimum % Oil Extraction Rate of CPO, programme to support income for oil palm farmers, 20-Year Roadmap for Thai Oil Palm and Palm Oil Industry Development (2017 – 2036), and Oil Palm and Oil Palm Products Act which is still under consideration.

3. Climate

Because the major raw material of the Company comes from agricultural product, its future operating performance is to a large extent dependent on uncontrollable factors such as weather condition, rainfall level, and the volume of Fresh Fruit Bunch (FFB) harvested in Thailand in each season. Recently there have been fluctuations in weather phenomenon that is very uncommon. Heavy flooding in some years and severe drought in others have increased the volatility in output each year or during the year, leading to government intervention.

INDUSTRY OVERVIEW AND COMPETITIVENESS

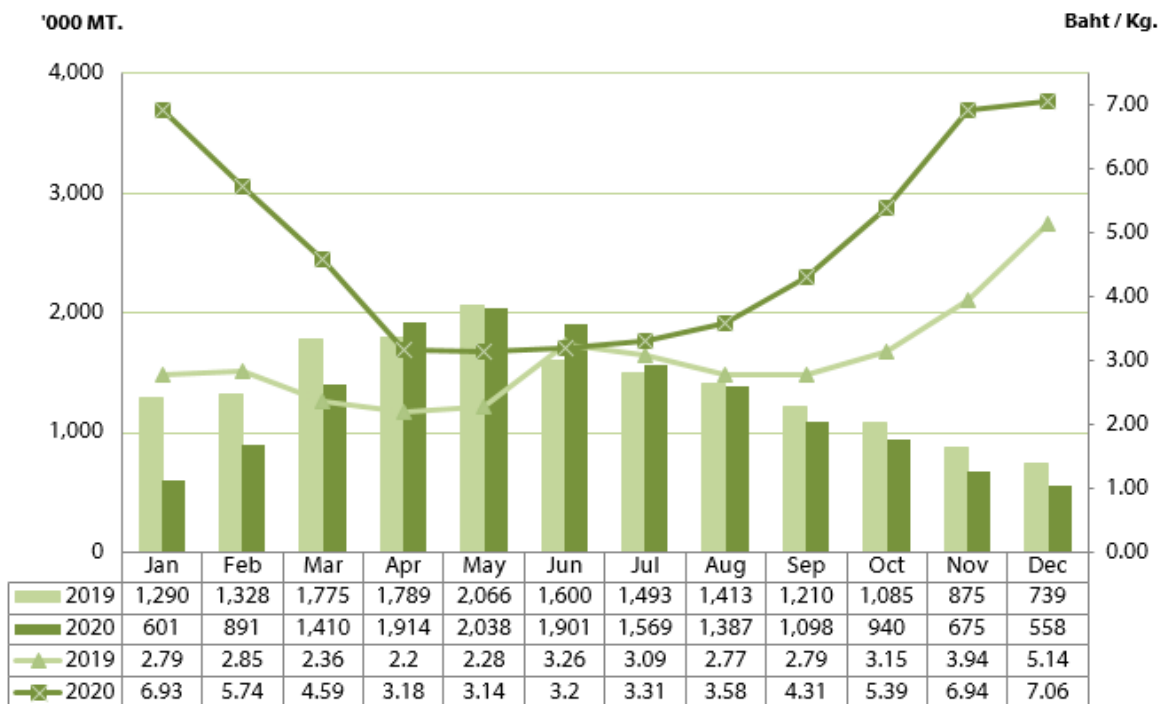
Among all vegetable oils, palm oil is the most commonly consumed. It also has the lowest production cost. Thailand is the third largest palm oil producer, accounting for less than 4% of global production, far behind Indonesia and Malaysia. Indonesia and Malaysia currently have oil palm harvesting areas of around 85 and 35 million rai respectively; Thailand has around 5.7 million rai, about 90% of which is located in southern provinces due to the weather suitability.

(a) Fresh Fruit Bunch (FFB)

In the past, excess supply of palm oil pressed down the price to maintain at low level, supported by 1) favourable climate enhancing yield, 2) significant expansion of harvested area to meet the government's target of yearly expansion of 10 million rai by 2029, 3) an influx of maturing oil palms (over 8 years) planted earlier producing high yields. Since late 2016 through 2019, FFB output in the Kingdom has improved significantly due to continual rain.

In 2020, however, FFB output declined to less than that in 2019 due to the dry weather and lower yield attributable to farmers reducing fertiliser applications. Monthly FFB output ranged from its peak of 2.04 million MT in May and to its lowest at around 0.5 million MT in December. The annual average FFB price in 2020 was at 4.78 Baht/Kg (2019 : 3.05 Baht/Kg), with the highest monthly average at 7.06 Baht/Kg in December and lowest at 3.14 Baht/Kg in May.

Figure 1 : Monthly FFB Output and FFB Price (OER 18%)



Source : Department of Internal Trade

The number of CPO crushing mills has increased from 91 in 2013 to about 130 mills at present (of which only 99 mills are still in operation), giving rise to a current total milling capacity of about 30 -35 million MT of FFB per year. This is significantly higher than the FFB output recorded in 2020 at about 15 million MT; capacity utilisation rate of crushing mills was about 50%. Because of the significant imbalance between demand and supply, there is price volatility and FFB quality is compromised, ultimately hindering the development of the palm oil industry in Thailand.

(b) Crude Palm Oil (CPO)

Supply

2020 was characterised by extreme volatility in the palm oil industry. Total CPO production in the Kingdom in 2020 was 2,651,598 MT (2019 : 3,033,473 MT). At the beginning of the year, as FFB output decreased dramatically, CPO stock nationwide dropped to as low as 178,672 MT. at the end of February (net of the volume purchased by EGAT), while CPO price escalated to of 40 Baht/Kg.

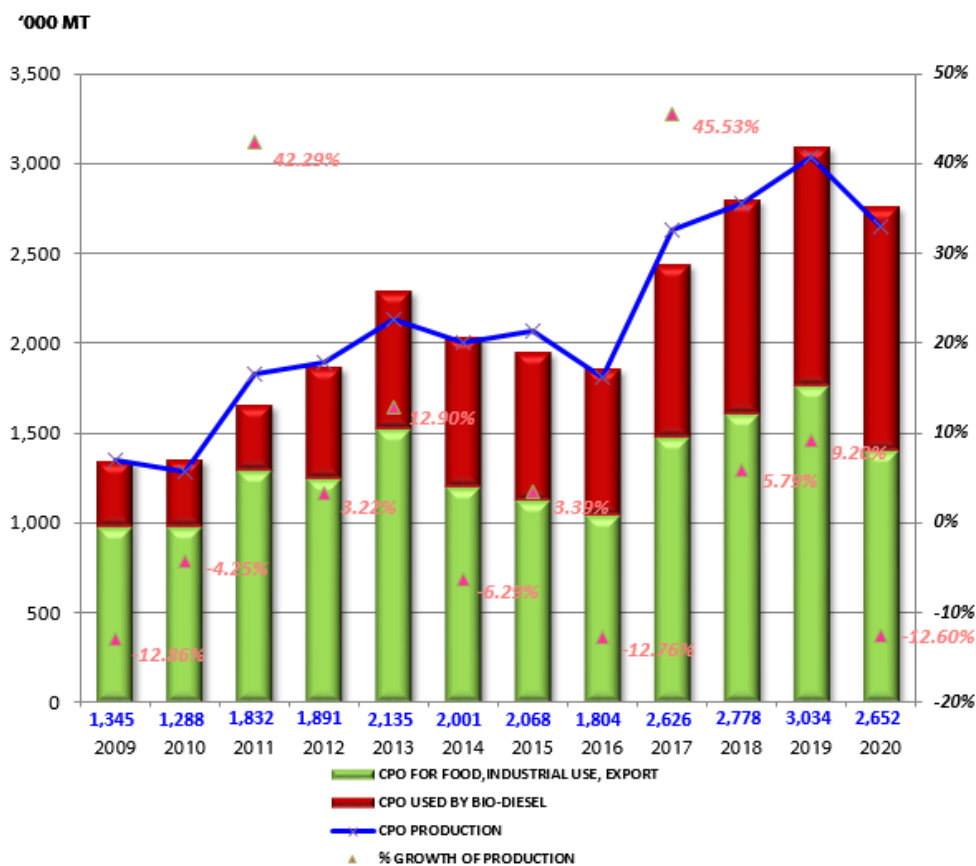
The downstream processing capacity of palm oil in Thailand is as follows:-

1. *Refineries* : There are a total of 20 refineries in Thailand giving a current refining capacity of about 2.5 million MT of input per annum. The capacity utilisation is estimated at 70%. When compared with a large number of crushing mills, there are fewer players because of entry barriers for newcomers in the form of huge capital investment cost, know-how, and technology. Nevertheless, competition among refineries started to intensify in recent years as the new players apply price strategy in an attempt to gain market share.

2. *Margarine and Shortening* : It is estimated that the capacity utilisation of the industry is lower than 50%. There are about 4-5 major players in this business, with the Company ranked no.1 in the retail bakery channel.

Demand

Figure 2 : CPO Production in Thailand



Source : Department of Internal Trade

INDUSTRY OVERVIEW AND COMPETITIVENESS

CPO demand in the Kingdom was shared between :-

(MT)	2019	2020	% Change
Consumption	1,462,953	1,164,985	-20.37
Biodiesel	1,337,160	1,363,651	1.98

From February 2020 onwards, several countries introduced full lockdown measures to limit the serious COVID-19 pandemic, adversely impacting global commercial activities. Airline industry, food and beverage, and agro-business in particular were critically affected. The energy sector was similarly disrupted. The future contract of West Texas petroleum (WTI) in April, delivered in May, reached first-ever negative point in history, reflecting the severely diminished demand and petroleum stock surplus. Reduced demand in F&B combined with lower Biodiesel production in response to rock bottom petroleum price in turn caused oil palm price to collapse from 3,000 RM/MT in early 2020 to below 2,000 RM/MT in early May.

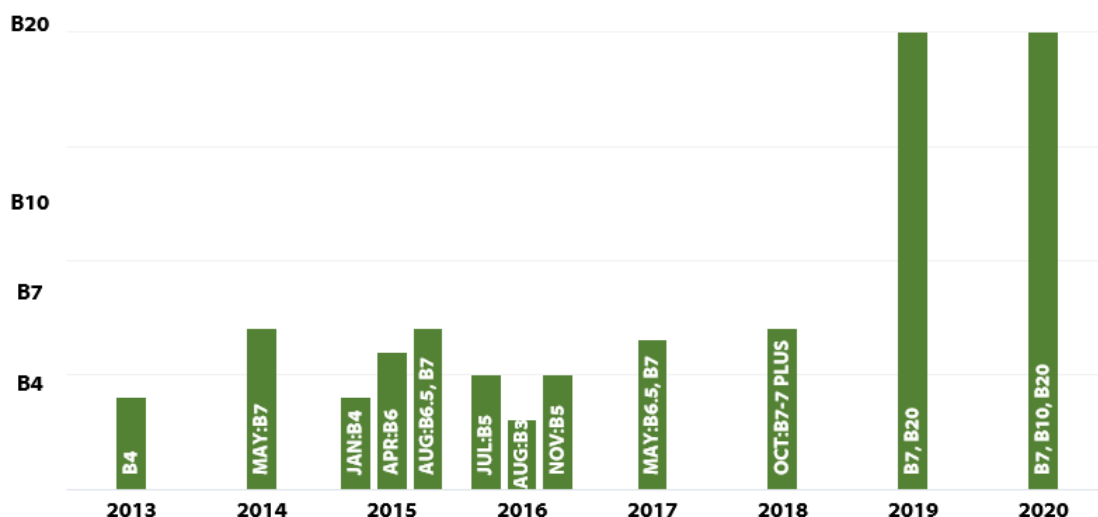
Demand for palm oil in the Kingdom shrank rapidly, exacerbated by peak season coming in March. Under pressure of excess supply and slumping petroleum prices, CPO price fell to the lowest level at 17-18 Baht/Kg. in July with CPO stock nationwide as high as 564,735 MT. The government continued to introduce measures to support the price of oil palm, as well as reduce petroleum imports. These included:-

1. The use of CPO to generate electricity : The Electricity Generating Authority of Thailand (EGAT) was designated to purchase CPO in the event of excess supply. From end of 2018 until August 2020, 360,000 MT of CPO was absorbed from the system.

2. Blending CPO in biodiesel : In the past 7 years, the Government (c/o the Ministry of Energy) adjusted the palm oil blending in biodiesel from time to time to optimise Palm oil stock level to balance pricing between palm oil consumption and biodiesel usage. In 2020,

- The Ministry of Energy announced the availability across the country for biodiesel B10 as the primary diesel from 1 January 2020 onwards, replacing B7. The retail price of B10 is set lower than B7 by 3 Baht per litre. Nevertheless, out of 10 million diesel-powered automobiles in total, 5 - 6 million automobiles or accounting for 50% might have some limitation on using B10, even though the quality and specification of B100 biodiesel is improved.
- The Ministry of Energy directed all petrol service stations nationwide to sell B10 from 1 March 2020 onwards.
- Promoting B20 and B7 as alternative biodiesel (retaining) including the use of B100 among farmers and agricultural institutions in the agriculture sector.
- The government estimates that such measures will absorb about 2 million MT of CPO from the system annually.

Figure 3 : Summary of Mandate for Biodiesel (2013 – 2020)



Indonesia implemented B30 mandate until December 2020. Malaysia implemented B20 mandate in Sarawak on 1 September 2020, with Sabah and Peninsular Malaysia following in January and June 2021 respectively. The Biodiesel policy of these two largest palm oil producing countries are intended to reduce the world CPO stock and push up the price. However, since the last quarter of 2019, the price spread between palm oil and petroleum price widened to over 400 USD/MT., the highest level since April 2016. To mitigate such high CPO premium, the Indonesian government has had to subsidise the B30 to sustain demand for Biodiesel.

3. Support exports to reduce excess supply : In October 2020, the government introduced a budget up to 600 million Baht to subsidise the expenses of exporting palm oil up to 300,000 MT at the rate of 2.00 Baht/Kg. However, since the local CPO price was much higher than global price, no CPO was exported under the scheme; however some CPKO export benefited from the project because local CPKO price was close to the world market.

As the lockdown situation due to COVID-19 began to ease in the last quarter, the world prices of various vegetable oils, palm oil in particular, increased on the back of higher demand and lower FFB output.

(c) CPO price and stock

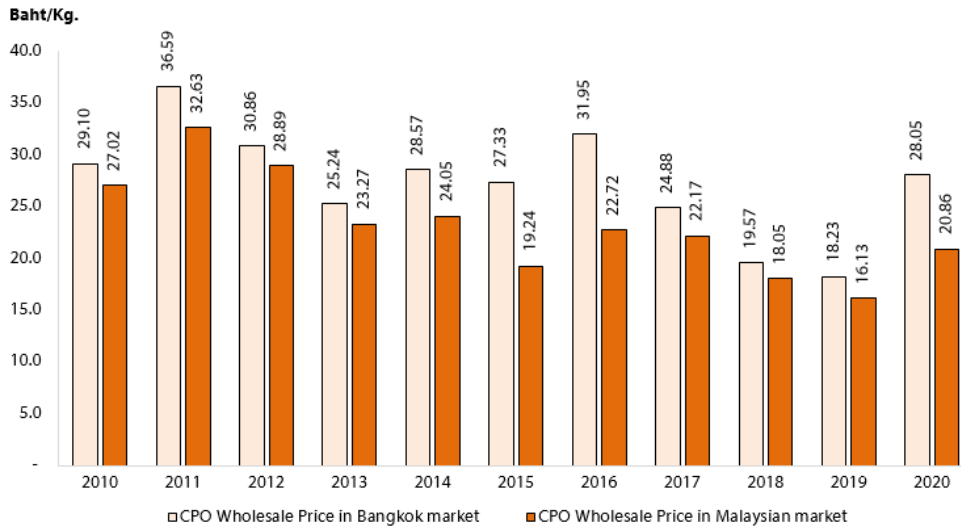
Monthly CPO price in the Kingdom in 2020 varied between 19.34 – 38.76 Baht/Kg (2019 : 14.76 – 29.75 Baht/Kg). The annual average CPO price was 28.05 Baht/Kg., a 53.87% increase from 2019 (2019 : 18.23 Baht/Kg). CPO price in the Kingdom had reached its lowest in July and highest in December. The average price gap from the global market was at 7.19 Baht/Kg (2019 : 2.10 Baht/Kg).

During the Q3 of 2020, when the local price of CPO was close to that of Malaysia, palm oil crushing mills exported CPO mainly to India. In September alone, the total export volume was higher than 70,000 MT. The total export of CPO equivalent in 2020 was around 236,251 MT, decreasing by 20% (2019 : 296,297 MT.).

After world palm oil price reached its lowest in May, all types of vegetable oil started to recover due to reviving measure by several countries to mitigate economic downturn. Palm oil price as well, surged strongly in the last quarter. The CPO price at Bursa Malaysia Derivatives : 3rd month rose to the highest ever in more than 8 years on 31 December 2020 at 3,602 RM/MT. when demanding resumed from significant consumers i.e. India, China, and the EU. At the year-end, Malaysia recorded palm oil stock at 1,264,881 MT (2019 : 2 million MT). CPO price in world market reached its peak at 3,900 RM/MT. on 31 December 2020, the highest level for more than 8 years.

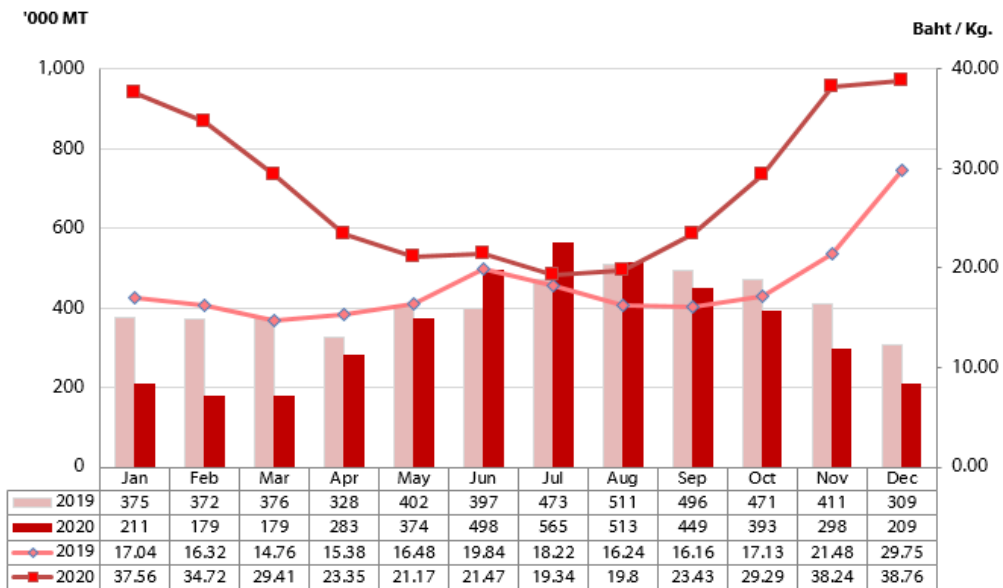
There was also a fluctuation of CPO stock in Thailand. The annual lowest level was in February at 178,672 MT (volume net of the amount from Electricity Generating Authority of Thailand). But the quantity had been increasing since the start of the high crop season in March which, combined with the decreasing consumer demand caused by the COVID-19 outbreak, resulted in the highest stock in July at 564,735 MT. Later the stock shrank rapidly again owing to several measures from the government to balance palm oil stock, CPO demand in Thailand increasing with the dramatic decrease of FFB output in the last quarter. The CPO stock decreased to 209,328 MT. at the year-end (2019 : 309,181 MT.). Monthly CPO price in the Kingdom rose to its highest level of the year, 38.76 Baht/Kg. in December, the gap from global price widening to as high as 13 – 14 Baht/Kg.

Figure 4 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market



Source : Department of Internal Trade

Figure 5 : CPO Stock Equivalent and Monthly CPO Price Movement



Source : Department of Internal Trade

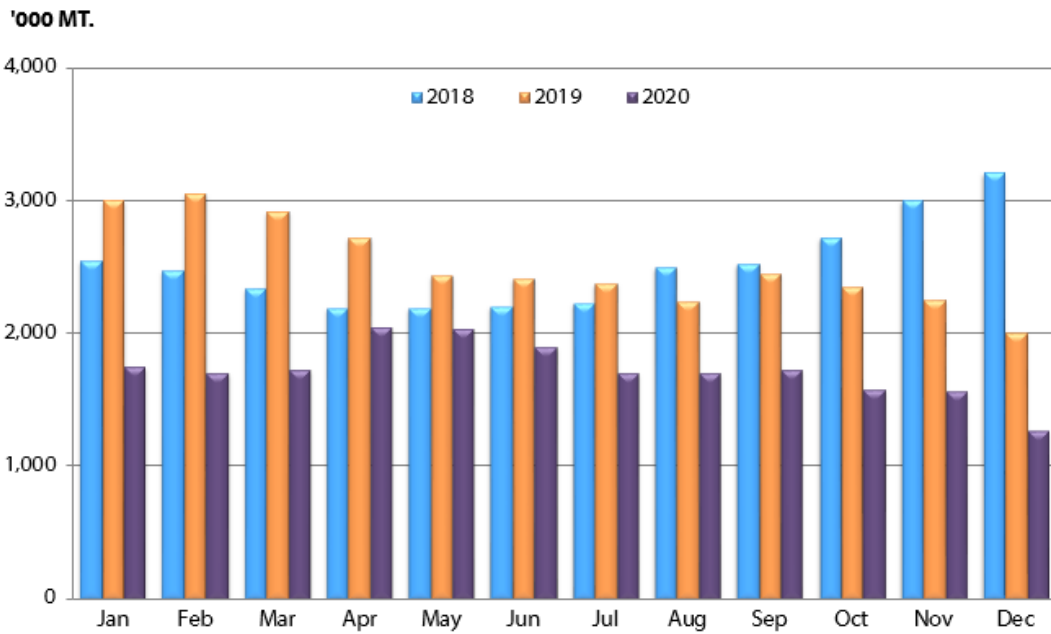
Remark : CPO Stock Equivalent in 2019 was after deducting the volume bought by EGAT.

Figure 6 : Malaysian Palm oil Monthly Price



Source : <https://www.indexmundi.com/commodities/?commodity=palm-oil&months=120¤cy=myr>

Figure 7 : Malaysia Palm Oil Stock



Source : Malaysian Palm Oil Board

Figure 8 : 2020 Highlights by Quarter

	Production ('000 MT)		Price (Baht/Kg)		Highlights
	FFB	CPO	FFB (OER 18%)	CPO	
Q1	2,901 (4,392)	484 (795)	5.75 (2.67)	33.90 (16.04)	Nationwide CPO stock dropped to only 178,672 MT (net of the volume purchased by EGAT) at the end of February while CPO price climbed to a peak of 40 Baht/Kg.
Q2	5,854 (5,455)	988 (967)	3.17 (2.58)	22.00 (17.23)	The COVID-19 pandemic and the subsequent global lockdown caused the demand from the F&B sectors, as well as from the energy sector to contract. Petroleum price dropped dramatically to the record low, leading to reduced demand for biodiesel and putting pressure on palm oil price, which continued to decline.
Q3	4,054 (4,116)	779 (766)	3.73 (2.88)	20.86 (16.87)	EGAT absorbed 37,550 MT of CPO for use as fuel to generate electricity. At the same time, CPO price in global market began to recover as demand rebounded. Global price was higher than local leading to an increase of CPO export since July, reaching a year high of 70,534 MT. in September.
Q4	2,173 (2,699)	400 (506)	6.46 (4.08)	35.43 (22.79)	As demand for commodity returned, mainly from China and India, higher prices were achieved. At the same time, global stock of palm oil decreased. In December, monthly average CPO price in the Kingdom was as high as 38.76 Baht/Kg. owing to low stock level as well (209,328 MT).
Full year	14,982 (16,662)	2,652 (3,034)	4.78 (3.05)	28.05 (18.23)	

() refers to same period (quarter or year, as the case may be) in the preceding year

Source: Figures from Department of Internal Trade

Price Outlook for 2021

The contracting supply of sunflower and rapeseed production due to droughts in the Black Sea region and La Nina phenomenon likely to cause some disruptions to soybean production in South America would sustain the elevated vegetable oil prices well into the first quarter of 2021. At the same time, assuming demand recovers from the easing of lockdown measures, it is foreseen the global palm oil stocks will continue to deplete until higher production resumes in the second half of 2021.

China and India, the world's two biggest palm oil consumers, are likely to continue importing edible oils to recover the short position of stocks. Palm oil price is accordingly expected to gain further during the first quarter of 2021. Overall, the global palm oil outlook in 2021 looks favourable compared with the average prices of 2019 and 2020. The full implementation of the B30 mandate in Indonesia and the B20 mandate in Malaysia is crucial to sustain the consumption and absorb the additional palm oil supply.

For Thailand, in terms of demand, the local edible consumption in 2021 is estimated at 1 million MT, and the usage from biodiesel will be at 2 - 2.2 million MT., after the Ministry of Energy designated biodiesel B10 as the primary diesel of the Kingdom as of 1 January 2020. Almost all production output of 2021 then would be consumed locally, and exports may occur in small promotion periodically when seasonal production coming. The main export market continues to be India.

The EU announced Renewable Energy Directive (RED II) setting the EU-wide overall target of 32% for renewable energy in 2030, and the binding target of minimum 14% for renewables in transport in 2030. In addition crop-based biofuels will be capped at member states' 2020 levels, with a maximum of 7%. Moreover, biofuels produced from crops for which a significant expansion of the production area into land with high carbon stock is observed, shall decrease gradually to zero by 2030, implying the implementation of "zero palm oil" from transport fuel by 2030. The objective for reforming the energy market and reducing energy consumption is to meet the environmental conservation goal. At the same time, rising concerns over the health consequences of palm oil consumption, particularly in reference to the high content of saturated fat and high proportion of carcinogenic chemicals in palm oil relative to other vegetable oils, are encouraging consumers to seek "Palm Oil Free" food products in EU. The EU had set new food safety standards on 3-MCPDE and GE, contaminants found in refined oil products, affecting palm oil demand in food sector.

However palm oil exports from Thailand to EU remain limited. Nevertheless, Thailand should shift its palm oil production to be more sustainable and introduce production traceability. In addition to the RED II regulation and the growing environmentally conscious market, industry still faces the perception that palm oil containing large amounts of saturated fat and carcinogens compared with other vegetable oils.

Overall, both local and global CPO prices during the first quarter of 2021 are expected to further increase particularly if lockdown released by many countries, bringing back the economic activity. However, given concerns about the second or third wave of the outbreak, the extent and speed of the recovery is difficult to predict.

Business Overview

1. Product Highlights

1.1 Naturel Butter spread

The urban population is growing rapidly. They are more health conscious and driving the growth of healthy and plant-based food. Realising this opportunity, your Company has expanded into a new category and launched a Soft Oil Butter Spread product under Naturel as a Healthy Food brand. This product responds to the needs of vegetarians and health-loving people who love butter and bakery products, but are lactose intolerant.

Naturel Butter Spread is available in 3 variants namely Extra Virgin Olive Oil, Coconut Oil and Sunflower Oil.



1.2 Naturel 100% Organic Jasmine Brown Rice



Responding to rising trend of healthy food, Naturel as a Healthy Food brand entered the organic rice category with Naturel Organic Riceberry in 2017. After it received good response from the consumer, a new product "Organic Jasmine Brown Rice" was added in 2020.

1.3 Yok Extra 100% Canola Oil

To capture the health conscious trend, a new product "100% Canola Oil" was launched under Yok Extra brand. Canola oil has the unique benefit of low saturated fat, which helps to reduce the risk of blocked blood vessel and also contains omega 3 6 9 which is good for health.

Yok Extra 100% Canola Oil in 1 litre PET bottle is suitable for all types of cooking applications such as deep fried, stir fried, salad dressing and baking. This new innovation will also enhance Yok Extra brand concept as "one bottle for all healthy menus".



1.4 Baking Flour

Your Company has been a leading company in margarine and shortening segment for industry, restaurants and bakery shops channels. To penetrate more into bakery business, your Company expanded the product line with new products Zest and Golden leaf baking flour early previous year.

Your Company plans to develop more baking flour products to cover all ranges of bakery menus like All Purpose Wheat Flour, etc.



1.5 Beverages and Packed fruits and vegetables

The complete halt in tourist arrivals, closures of food services outlets and lower discretionary income adversely affected the juice category further. The implementation of the sugar tax further exacerbated the decline.

The plant-based beverage category continues to present growth opportunities in line with consumer preference for non-dairy based food and beverages. Thus, UFC continues to place top priority in Velvet plant-based milk drinks. It invested in research / innovations and additional manufacturing infrastructure to support this new category. More marketing resources were directed at digital advertising and e-commerce platforms. New marketing approaches included collaborations with partners in adjacent categories and engagement with micro influencers.

Canned fruit and canned vegetables categories continue to decline. Shortage of supply due to recurring inclement weather and weak demand for canned products continue to pose challenges on profitability.

A new ready-to-drink vegetable soup under Soupe brand was conceived to meet the demands of the 21st century consumers for healthier benefits and convenience. UFC test-launched the product in selective channels including schools, hospitals, vending machines in the domestic market. Plans are in place to roll out this range to international markets.



2. Sales & Distribution

2.1 Domestic

a) Hypermarkets and Convenience Stores : Thailand retail industry was heavily impacted by the outbreak of COVID-19, as a result, the lifestyle and consumer spending have changed. The consumer goods market (FMCG) in Thailand has been faced with a "negative" situation for two years due to the slowdown in economic situation and purchasing power. Beginning of 2020, there were periods whereby people flocked to stock up on essential goods per announcement of closure of most retail businesses. While we initially gained unexpected boost up in sales, subsequently we were impacted by lower sales. Nevertheless, we have already seen gradually improvement signals in purchasing power in Q4 and continuing in year 2021.

In 2020, in addition to the impact caused by COVID-19, there was also the increase in the cost of crude palm oil. The selling price of palm oil itself approached that of other variety of oils, which resulted in a decrease in sales of bottled palm oil. On the other hand, your Company increased its market share in premium oil segment "Naturel", Soybean oil and "Yok Extra", resulting in sales for remaining Soybean oil and "Naturel" increased by more than 30% and "Yok Extra" increased by 140% respectively.

b) Traditional Trade : A direct impact of COVID-19 epidemic on both businesses and consumers sectors from late 2019 to the present was mitigated by the government's economic stimulus policy. Several measures such as the government welfare card policy, pay half policy, and many other supporting projects helped stimulate the traditional trade channel.

Your Company continues to focus on expanding the market for medium-size wholesalers and increase the number of distributors. For margarine and shortening, your Company continues to emphasise sharing of product knowledge to customers and the introduction of more product usages to increase sales opportunities.

The increasing health consciousness in Thai consumers has been driving sales of our products under the "Naturel" brand in the traditional trade channel.

c) Food Service : In line with retail industry, food services sector was also adversely affected by the COVID-19 crisis. The closure of hotels, restaurants, catering, airline, and travel businesses throughout the country significantly slowed down demand for cooking oils in particular. Large restaurant operators had adjusted their business model from dine-in to delivery, smaller formats like Kiosks, heavier promotions, etc. to cover with their fixed costs. Nevertheless, those new models were not enough to withstand the overall decline in sales. Bakery business, on the other hand, gained momentum from home baking, and finished products for in-home consumption, your Company still gained additional nearly 10% over last year from this part of portfolio.

Looking forward, the new government measures towards tourism industry as well as improvement on COVID-19 crisis from distribution of vaccines and antiviral drugs could foresee as a key turning point to our food services sector.

2.2 Export

a) Oil and Fat : In 2020, under the COVID-19 pandemic, the premium oil and margarine markets remain in the Company's focus by expanding products range to suit with customers in each country. Export sales continues to grow, especially in Laos and Cambodia.

b) UFC Products : 2020 has been a challenging year for many industries across the globe. The unprecedented pandemic created major changes in customer consumption, behavior and shopping patterns. Disruption in the supply chain and transportation internationally adversely impacted overall cost.

One of the changes due to the lockdowns in several overseas markets is the shift from conventional retail channels to purchases via online channels and E-commerce platforms. This is particularly evident in UK and China.

Our OEM coconut water business was impacted by the full lockdowns in USA and EU. The contraction of coconut water category is moreover receiving less hype compared to earlier years. Consequently, retailers and suppliers were forced to reduce prices significantly. Increase in freight rates due to fewer shipping containers being available and the soft USD put further pressure on profitability.

UFC Refresh coconut water continues to expand in the leading markets such as New Zealand, Singapore and China. UFC Velvet coconut milk has shown encouraging growth in the United Kingdom and China.

Demand for UFC Velvet plant-based milk range is forecast to continue growing, driven by the trends for plant-based food and beverages in many urban markets.

Operations Overview

1) Productivity improvements

Bangpoo Refinery

- March 2020 : Installation of a new waste water treatment system using modern technology, being environment friendly, space-saving and odorless.



- April 2020 : Erection of a new warehouse with an area of 830 square meters. The cooling tower was installed on roof top and water supply of 400 cubic meters was installed at the basement, thereby maximising space utilisation.



- September 2020 : A chiller was installed at the Fractionation line. This new Carrier machine uses the latest technology with maximum energy saving under Energy Conservation project.



MANAGEMENT DISCUSSION AND ANALYSIS

- October 2020 : A new heat exchanger at 400 MT plant was commissioned. This new machine is the new technology of heat exchange with energy saving under Energy Conservation Project.



UFC Lampang

Q1/2020

- In 2020, commenced production of the RTE soup in plastic cups under Soupe brand with three variants, including baby corn, mushroom and pumpkin soups.



Q2/2020

- Manual packing was replaced by semi-auto packing operation to improve efficiency and reduce production cost.



- The Air Handling Unit (AHU) to produce clean air was installed for the packing of baby corn products in plastic pouches.



MANAGEMENT DISCUSSION AND ANALYSIS

Q3/2020

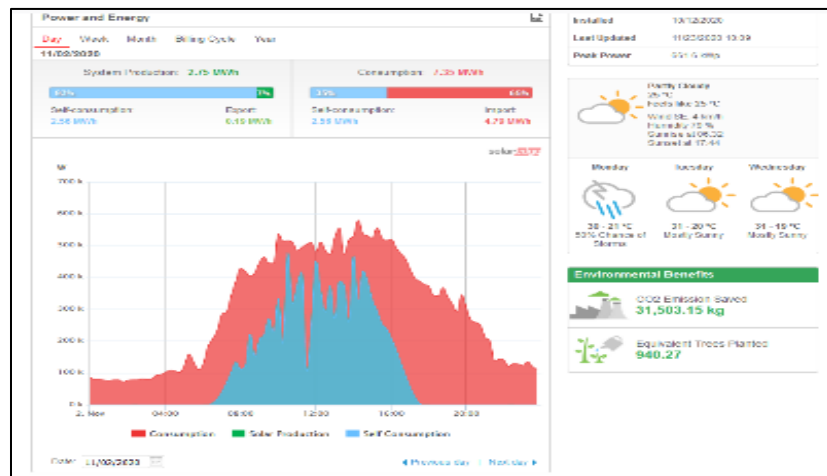
- The processing line for canning longans was improved to increase production efficiency and productivity with lesser operators.



- An automatic labeling machine was installed for the glass jar production line to replace manual operation to improve productivity.



- The solar energy on-grid system with 660 kW. was installed on 1 Nov 2020 to generate electricity during the day time. This new system will give 20-30% savings on electricity usage.



UFC Nakhon Pathom

- A new chiller with inverter control was installed to replace the current chiller, saving energy and improving efficiency by more than 50% from 21 April 2020. This chiller uses environmentally-friendly refrigerant # R134a HFC.



- A new automatic filling and packing line from SIG and MEURER CFA 112-32 was commissioned in May 2020. This line allows the filling of UHT beverages in 125ml, 150ml, 180ml, 200ml and 250ml.

Size	PACK 3	PACK 4	PACK 6	PACK 8
125 ml				
150 ml				
180/200 ml				
200 ml				
250 ml				



- A new solar energy on-grid system with 851 kWp became fully operational from 1 May 2020. This system will provide 20-30% savings on electricity usage.



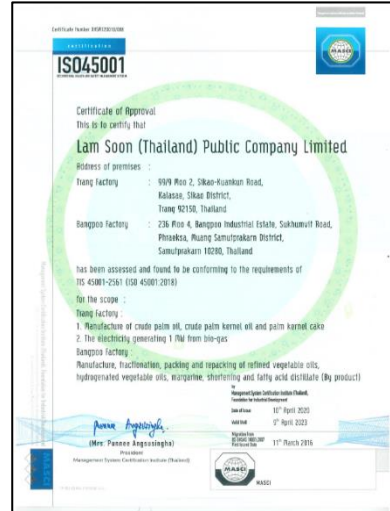
- The new oil-free air compressor was installed on 23 May 2020 to provide cleaner air and better efficiency with inverter control system. This inverter will give energy savings and more stable compressed air supply.



2) Awards and Standard Certifications

**Lam Soon (Thailand) Public Company Limited (“LST”)
(Bangpoo Refinery)**

- On 17-19 February 2020, LST’s Occupational Health and Safety Standard (OHSAS 18001: 2007) had been upgraded to the Occupational Health and Safety Management System (ISO 45001: 2018) by the Management System Certification Institute (Thailand) (MASCI). The difference of ISO45001 and OHSAS 18001 is the interaction between the organisation and its business environment, as well as its stakeholders.



- On 20-21 February 2020, LST expanded the Scope for Roundtable on Sustainable Palm Oil (RSPO) from Mass Balance (MB) to Identity Preserved (IP) model and Segregation (SG), certified by Bureau Veritas (Thailand) Co., Ltd. to meet the satisfaction of customers, resulting in the sustainability of economic, social and environmental management.



- On 6-7 August 2020, LST’s new version of the Food Safety Management System Certification (FSSC 22000 Version 5) had been certified by Bureau Veritas (Thailand) Company Limited.



MANAGEMENT DISCUSSION AND ANALYSIS

- On 9 November 2020, LST was granted the ISO / IEC 17025: 2017 Laboratory System Certificate in the scope of 2-MCPD, 3-MCPD and GE in oil and fat. Mr. Nattapong Mathakun, Bangpoo Plant Manager, was the representative to receive the Certificate from the Director-General of the Department of Science Service. ISO / IEC 17025: 2017 is the standard of the laboratory management system to continually develop the quality and technical competence of the laboratory and its staffs. ISO / IEC 17025 certification is an indication of the Company's objective to establish a reliable laboratory standard to customers.



Lam Soon (Thailand) Public Company Limited (“LST”) (Trang Crushing Mill)

- In November 2020, Trang Crushing Mill was granted a notice of honor and a certificate from the Trang Governor indicating that the Company has the standard to prevent and solve the drug problems in working place.



Sustainability and Community

Lam Soon (Thailand) Public Company Limited conducts its business with the awareness of social and environmental responsibility to enhance the sustainable growth of the organisation as well as the society. Hence, the Vision and Mission below have been established in accordance with the normal operation.

Vision

The leading food and food related company with sustainable growth and development

Mission

1. Manufacturing high quality and nutritious food product together with innovative production for novel food to fulfill customer requirements as well as providing the best services and building capacity which is able to be competitive in the future
2. Employing advanced technology with international management system as well as taking care of the environment, communities, and society
3. Building trust and confidence toward our customers, and allocate compensation or dividend to shareholders, and other stakeholders appropriately. Moreover, healthy, safety, and welfare of all employees are always taken into highly consideration

The Company has a policy to focus on producing sustainable palm oil under RSPO (Roundtable on Sustainable Palm Oil) scheme. The Bangpoo Refinery and Trang Crushing Mill have been certified RSPO - Identity Preserved (IP) and Segregation (SG) model. The Company can also generate electricity power from biogas and have been registered for the Clean Development Mechanism (CDM) Project.

Realising the importance of the environmental problems, the Company develops products generating lower greenhouse gas emission under "Yok", "Yok Extra" and "Naturel" brands that have been granted Carbon Footprint Certification.

Furthermore, the Company respects the rights of the various groups of stakeholders, not only internal groups such as the employees but also other stakeholders such as shareholders, creditors, customers, trading partners, competitors, communities and society. The Company shall give fair treatment to all parties including employees, customers, trading partners, or any personnel regardless of nationality, race, religion, language, age, gender, and marital status or others. However, since the expectations of stakeholders might vary, the Company shall consider their legal rights thoroughly and carefully to ensure that such rights are protected and treated equitably. In respect of each group of stakeholders, the Company is resolved to follow the practices toward stakeholders which have been set up in the policy.

The Company determines the guideline of 8 CSR principles as follows:-

1. Conduct the business on fair basis

The Company treats the business partners on the basis of equalities and fair competition, and honors the terms of all trading agreements entered into with its business partners. In addition, the Company's procurement policy and procedures are designed to ensure efficient appropriation, effectiveness, transparency and justification.

2. Anti-corruption

The Company has a policy to sustain and encourage employees adhere to ethics and be good citizen of the society as well as encourage the business partners to conduct business transparently. The practices therefore are established in the policy to enhance the importance of anti-corruption and bribery.

3. Respect of human rights

The Company has a policy to treat all stakeholders with justification and therefore shall adhere to laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin color, religious belief, disability, financial status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

4. Treat employees on fair basis

The Company recognises its employees as a critical factor of its success; therefore, knowledge and skill development together with continuous training for employees are fully supported without discrimination, and provided as career development benefits including appropriate return and welfare. The Company also respects the international human rights principles and values the importance of the wellness and occupational health and safety, working environment and the support of corporate culture and team work.

5. Responsibility to customers and consumers

The Company aims to create client satisfaction and confidence by focusing on its responsibility and client's need by improving quality of the products pursuant to the standard from the quality management systems such as:-

- ISO 9001 for quality assurance and conformity,
- GMP, a good manufacturing practice, for food processing with the sanitary standard requirements including the preventive measures from food contamination due to the unhygienic conditions,
- HACCP, a standard for Hazard Analysis and Critical Control Point in food processing,
- ISO 45001 for occupational health and safety management systems,
- FSSC 22000 for the certification of quality standard and food safety which can create client confidence and focus on sustainable growth and development, covering the standard of ISO 22000 and PAS 220, which is global acceptance,
- ISO 14001 to help organisation improve and develop the environment continuously,
- Roundtable on Sustainable Palm Oil (RSPO) for promoting the sustainable palm oil production in aspects of economic, social, communities, environment, and legal conformity of various stakeholders from upstream to downstream,
- TLS 8001-2546, the rule and practices in a relation with the labor employment and working conditions.

In addition, the Company practices fair marketing and contract. It also keeps confidential all customer information and transactions. Customers' complaints are addressed by an ombudsman office to ensure customers' confidence and maximize customer satisfaction.

6. Care for the environment

It is the Company's policy to conduct its business with full consideration of the environment. It will abide by laws and regulations pertaining to the environment. Accordingly, the Company always :-

- encourage its employees to be fully conscious of their responsibility toward the environment;
- fully participate with the local communities in environmental activities, and to exchange knowledge and experience with other agencies to promote good environment and regularly modify its operation to improve the environment;
- prevent any adverse impact to the environment, review and evaluate its operations regularly to check the progress and ensure that the Company has fully observed the environmental policies and standards.

7. Sustainability and Community projects

In 2020, the Company contributed a total of 253,686 Baht (2019 : 196,369 Baht) to projects related to communities and society to build a strong relationship. The Company encourages its employees to participate CSR activities by supporting fund and utilising their skills with public minds during the free time at weekend. These activities providing the benefits to themselves, communities and society included the donation of sport equipment on National Children's Day, the contribution of vegetable oil to whom were affected from COVID-19, blood donation and the support in labor relation activities together with the Department of Labor Protection and Welfare etc.

QUARTER 1



Donation on National Children's Day

LST Bangpoo Refinery donated sport equipment to Bangpoo Industrial Estate Office on the occasion of National Children's Day 2020.

LST Trang Crushing Mill donated 5 bicycles to Khuan Kun Municipality School on National Children's Day 2020 which was received by Mr. Kheaw Un-Teng, Kuankun Sub-District Mayor. Trang Crushing Mill also supported National Children's Day to Kalase Sub-District Administrative Organisation (SAO) by donating funds amounting 5,000 Baht, received by Mr. Prasit Teehor, Chief Executive of the SAO, Kalase Sub-District.

Blood Donation

On 7 January 2020, UFC staff and management, Nakhon Pathom, participated in blood donation to the Thai Red Cross Society, Ratchaburi.

Visited oil palm plantation

In March 2020, LST Trang Crushing Mill joining with Sikao-Wang Wiset Community Enterprise Group, organised a study visit for oil palm growers, to create value added of oil palm plantation and increase their income by growing alternative crops in plantations (coffee, cocoa). There were approximately 40 farmers attended the program at the Chumphon Horticultural Research Center, Chumphon Province.

QUARTER 2



Donation of Vegetable Oil

On 18 May 2020, LST donated vegetable oil to the Department of Labor Protection and Welfare, Samut Prakarn province, to support people whom were affected by the COVID-19 pandemic.



On 22 May 2020, LST donated vegetable oil for "Happiness Sharing Cabinet" at the Ministry of Labor to support people whom were affected by the COVID-19 pandemic in order to save their expenses. In addition, other people can share their consuming products in the Happiness Sharing Cabinet to help each other.



Supported items at COVID-19 Screening Points

In April 2020, LST Trang Crushing Mill supported useful items to officers at Ban Pa Phayom-Kalasaee COVID-19 checkpoint received by Mr. Yongyut Teehor, Village Chief, and Ban Pru Phi - Sai Khao COVID-19 checkpoint, received by Mr. Anucha Landen, Village Chief.



Happiness Sharing Cabinet

On 19 June 2020, UFC Nakhon Pathom set up "Happiness Sharing Cabinet" at Wat Don Yai Hom, Nakhon Pathom, to support people whom were affected by the COVID-19 pandemic in order to save their expenses.



Supported UFC beverages

On 23 June 2020, UFC Nakhon Pathom provided UFC beverages to support medical officers at Nakhon Pathom Hospital who worked hard during COVID-19 pandemic.

	<p>Allocated Decanter Cake</p> <p>In May 2020, Decanter cake was donated to Trang Land Development Station and also distributed to farmers. The by-product is used for making bio-fertiliser used in the agricultural demonstration plots.</p>
<p style="text-align: center;">QUARTER 3</p>     	<p>Outstanding Workplace Award for Labor Relations</p> <p>On 21 September 2020, the management representative joining with employee representatives of LST received the 2020 Award for outstanding workplace for labor relations, being the consecutive 5 years, from Mr. Chartchai Autaipan, the Governor of Samut Prakarn Province. This award is the honor declaration for the workplace having good labor management with efficient Bilateral management. This leads to be a model for other workplaces to further develop their organisations.</p> <p>Honor Declaration</p> <p>On 21 September 2020, the management representative of LST received the certificate of appreciation for supporting activities from Department of Labor Protection and Welfare, Samut Prakarn Province.</p> <p>Blood Donation</p> <p>On 2 July 2020, staff at LST Bangpoo Refinery donated blood at the “37th : One for Lives” organised by Thai Red Cross.</p>

	<p>Supported hand sanitizers</p> <p>In July 2020, UFC Nakhon Pathom provided the hand sanitizer to prevent the COVID-19 pandemic to Child Development Center Don-Yai-Hom District, Wat Khok-Prachedi School and Wat Don-Kanak School, Nakhon Pathom province</p>
<p style="text-align: center;">QUARTER 4</p>     	<p>School Development Programme</p> <p>In 2020, LST set up the Corporate Social Responsibility Committee (CSR committee) to survey the nearby community and formalise CSR activity. The objective is to continue supporting and developing schools and youth. On 31 October 2020, the Company started developing the backyard vegetable garden for the health of students and repaired the gazebo at Wat Nakkharat School, Bangbo District, Samut Prakarn Province. The school is located at the provincial boundary of Samut Prakarn and Chachoengsao Province. In addition, on 14 November 2020, the Company developed playground and sandpit for kindergarten students to strengthen the physical development.</p> <div style="text-align: center;">  </div>

  	<p>Joined the project of energy conservation promotion</p> <p>In June 2020, LST Trang Crushing Mill joined the project of energy conservation promotion in small- and medium-sized factories of Southern Thailand and Andaman Coast Group. With the aim to support enterprises in measurement, analysis and production cost reduction. After the project was completed, its operating performance was announced and certificates was issued on 10 November 2020.</p> <p>Supported community together with government agency</p> <p>On 9 October 2020, UFC Lampang cooperated with the Muang Khelang Nakhon Municipality Office to collect the garbage and clean along the public roads of Lampang - Chiang Mai Road under the "Big Cleaning Day" project.</p>
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8. Develop and publicise innovation created from CSR operations

In 2008, the Company was the first palm oil producer to win an award of governmental campaign "Carbon Label" from Thailand Greenhouse Gas Management Organisation (Public organisation). It can reduce Greenhouse Gas release net by 16.48% from production process.

On 19 September 2018, the Company was granted Carbon Footprint Certification for products under "Yok", "Yok Extra" and "Naturel" brands, being products that support low carbon footprint and mitigate global warming issues in Thailand, from developing products to generate lower greenhouse gas emission by calculating from product life cycle such as material acquisition, transportation, component assembly, usage and disposal of post-consumer products.

Furthermore, at present, the Company can produce electricity power 1 MW from biogas generated by waste water released from milling production process. Such project becomes a source of knowledge for students, learners, and nearby community in respect of waste elimination.

These activities are our commitment to be a part of Thailand's push toward a low-carbon economy and society with the eco-efficient operation for sustainable growth and development.

Financial Overview

Financial performance analysis and explanation

1. Operating results

For the 2020 financial year, the Company's sales revenue increased by 411.2 million Baht or 9.0% compared to the year 2019. The main reason was that the average selling price per unit increased by 23.0%; sales volume, on the other hand, decreased by 11.4%. The Company's gross profit declined from 20.1% to 14.2%, decreasing by 210.9 million Baht, and the Company's net profit declined by 233.2 million Baht or 45.8% from the previous year. The major reason was the supply of FFB output to the market decreasing by 10.1% from 2019. Moreover, as a result of the various Government's policies introduced to stimulate demand (explained in more details in **INDUSTRY OVERVIEW AND COMPETITIVENESS**), the average CPO price in the Kingdom for 2020 increased to 28.05 Baht/Kg (2019: 18.23 Baht/Kg).

The Company and its subsidiaries have received the following promotional privileges under the Investment Promotion Act B.E. 2520:-

Subsidiaries

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
1043(2)/2548	Manufacture of electricity from biomass product	8 years	corporate income tax on income maximum of 100% of the amount invested, excluding land and working capital

* From the date of first earning operating income

Joint Venture

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
1262(2)/2550	Oil palm seed propagation	8 years	corporate income tax on income

* From the date of first earning operating income

Sales of the subsidiary company (UPOIC) for the year 2020 increased by 378.0 million Baht or 69.3% year on year. This was because of

- (a) Increase in average selling price per unit of CPO and CPKO by 40.8% and 29.1% respectively due to the tight supply.
- (b) Higher sales volume of CPO and CPKO, which increased by 18.8% and 8.7% respectively.

The increase in selling price exceeded the increase in the cost of sales; therefore the subsidiary enjoyed a higher gross profit at 64.9 million Baht or an increase of 63.4% year on year. Selling expenses were close to the year 2019 while administrative expenses were reduced. Furthermore, UPOIC recorded gain from change in fair value of biological assets from adopting TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant including realising a decreased share loss from investment in Joint Venture. As a consequence, UPOIC recorded an increase in net profit after tax of 128.7 million Baht (2019: net loss after tax of 3.6 million Baht).

The subsidiary company's concession area is approximately 15,103 rai. The details are as below:-

MANAGEMENT DISCUSSION AND ANALYSIS

Location and Land Area	Expiry Date	Current Status
1) Khiansa estate 1.1 4,294 rai 1.2 4,294 rai	8 July 2044 when the land allocation to poor people is completed	<ul style="list-style-type: none"> The Treasury Department had entered into the lease agreement with the Company's subsidiary for 30 years and is valid from 9 July 2014 to 8 July 2044. The Treasury Department granted the subsidiary the right to exploit the land and pay the determined rental fee until the land allocation is completed.
2) Chaiburi estate 6,515 rai	14 May 2021	<ul style="list-style-type: none"> The subsidiary's request to the Forest Department to grant a permit to exploit an area is now under consideration. In the meantime, the subsidiary was given permission to gather forest product in the National Reserved Forest in return on the payment of official royalty fee at the rate of 10% of market price of oil palm and forest maintenance fee at a double rate of official royalty fee. Such permission was granted for a period of one year and is subject to yearly renewal.

The sales revenue of the subsidiary company (UFC) in 2020 was 1,590.0 million Baht, representing a 7.6% decrease (2019 : 1,721.2 million Baht). Total export sales revenue contracted by 3.8% to 1,210.9 million Baht. It has been a challenging year for many industries across the globe. The unprecedented COVID-19 pandemic created major changes in customer consumption, behavior and shopping patterns. Disruption in supply chain and international shipping adversely impacted overall cost. UFC Refresh coconut water continues to expand in the leading markets such as New Zealand, Singapore and China. UFC Velvet plant-based milk has shown encouraging growth in the United Kingdom and China. This is forecasted to continue as consumers demand in healthier non-dairy products. The trends of plant-based food and beverages are catching on in some Asian markets.

Total domestic sales dropped by 17.8% to 379.1 million Baht. COVID-19 pandemic effect led to a sharp drop in the arrivals of tourists, closures of food service outlets and lesser discretionary income. Canned fruit which remains the largest category accounting for 44.3% of local sales decreased by 10.5% versus year ago. Shortage of supply due to recurring inclement weather and weak demand for canned products continue to pose challenges on profitability. Overall canned fruit and canned vegetables categories also continued their decline. The total UFC beverage sales value in particular the juice category declined by 39.9%. The demand of this category has been weak following the implementation of the sugar tax.

The plant-based beverage category continues to present growth opportunities in line with consumer preference for non-dairy based food and beverages. Thus, UFC priority is in Velvet plant-based milk drinks which generated growth of 106.3%, with better gross margin.

For reasons stated above, profit attributable to equity holders of the Company for year 2020 was 383.0 million Baht, decreasing by 99.0 million Baht or 20.6% (2019: 482.1 million Baht).

Other major components and changes in 2020 consolidated financial statements are as follows:-

Revenues

Sales from contracts with customers : Sales revenue under LST increased by 411.2 million Baht or 9.0%, resulting from the increment of the average selling price per unit 23.0%, while sales volume decreased by 11.4% mainly due to the situation of COVID-19 pandemic which caused government to announce policies "Lockdown", "Curfew", "Food Take away", and "No social activities" during the year.

Sales revenue under the Company and its subsidiaries for the period increased by 332.9 million Baht or 5.2%. Sales revenue in each product group is as table below.

The Company and subsidiaries

Product/Services	2019	2020	Increase (Decrease)
by Group	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	3,904.2	4,328.2	424.0
Margarine and Shortening	655.0	675.7	20.7
Other palm based products	39.2	61.4	22.2
Selling Electricity power to PEA	9.4	9.1	(0.3)
Beverages	1,094.1	955.8	(138.3)
Fruits and Vegetables	586.3	581.6	(4.7)
Sauces and Seasonings and others	109.6	118.9	9.3
Total Sales - Net	6,397.7	6,730.7	332.9

Other income : The Company and its subsidiaries had income other than those generated by normal operation at 70.5 million Baht or 1.0% of total revenues (2019: 56.1 million Baht). Details are set out below.

Company and subsidiaries	Mil. Baht	Sources
LST	34.3	Sales of palm shell and scrap
UPOIC	25.4	Sales of fixed assets and palm shell
UFC	15.7	Volume rebate from packaging supplier

Compensation from insurance : The subsidiary company (UPOIC) gained insurance compensation from fire accident 18.7 million Baht recorded in December 2020.

Expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales for the period at 83.2% of total sales (2019: 80.0%). Cost of sales under LST was 85.8% (2019: 79.9%) because the average unit cost of CPO increased by 56.7%.

UPOIC recorded cost of sales at 756.5 million Baht, increasing by 313.1 million Baht or 70.6% from 2019 due to the average FFB cost having increased by 41.4%.

UFC recorded cost of sales at 83.5% of total sales (2019: 84.5%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at 480.8 million Baht (2019: 471.2 million Baht), increasing by 9.5 million Baht. Selling expenses under LST increased by 9.8 million Baht mainly from warehouse expenses due to renovating new warehouse and higher advertising expenses.

Administrative expenses : Administrative expenses of the Company and its subsidiaries were 212.6 million Baht (2019: 234.8 million Baht), decreasing by 22.1 million Baht. UPOIC's administrative expenses decreased by 19.7 million Baht mainly attributable to return of 973 rai of land and palm trees to Agricultural Land Reform Office (ALRO) in 2019, and lower legal fee and Krabi Noi land expenses being incurred compared to 2019. Administrative expenses under LST decreased by 4.3 million Baht mainly from less provision on pension.

Profit from change in fair value of biological assets : UPOIC realised profit from change in fair value of biological assets of 18.7 million Baht (2019: loss 26.9 million Baht) because the average selling price of CPO and CPKO increased by 40.8% and 29.1% respectively.

Share of profit (loss) from investment in joint venture : In 2020, UPOIC recorded loss from investment in joint venture at 3.8 million Baht (2019: loss 6.8 million Baht). The major reason was that there was an improvement in the accounting record for the yield rate in cost calculation affecting to the decrease of provision of obsolete stock. Also, the travelling expenses decreased due to COVID-19 situation. In addition, there was adjustment of provision for long-term employee benefits in 2019. Under the new regulation, employees who have worked for a period of 20 years or more are entitled to receive compensation from 300 to 400 days.

Profits

Gross profit (GP) : GP of the Company and its subsidiaries decreased by 150.4 million Baht or 11.7%. The consolidated GP was 16.8% of total sales (2019: 20.0%). GP of the Company decreased by 210.9 million Baht whereas GP of UPOIC increased by 64.9 million Baht.

Profit before income tax expenses : The profit before income tax expenses of the Company and its subsidiaries decreased by 57.1 million Baht.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2020 was 383.0 million Baht (2019: 482.1 million Baht), decreasing by 99.0 million Baht or 20.6%. The profit attributable to equity holders was 5.6% of total revenues (2019: 7.5%) and was 0.47 Baht per share (2019: 0.59 Baht per share).

Dividend payout ratio : In 2020, the Company paid dividend for the operational year 2019 at the rate of 0.40 Baht per share, representing a payout ratio of 64.4% of net profit. In 2019, the Company paid dividend for the operational year 2018 at the rate of 0.25 Baht per share, representing a payout ratio of 60.3% of net profit. This rate is higher than the Company's policy to pay dividends to shareholders not less than 40% of net earnings after tax.

In 2020, UPOIC paid dividend for the operational year 2019 at the rate of 0.025 Baht per share. In 2019, the Company paid dividend for the operational year 2018 at the rate of 0.08 Baht per share,

In 2020, UFC paid dividend for the operational year 2019 at the rate of 0.40 Baht per share. In 2019, the Company paid dividend for the operational year 2018 at the rate of 1.20 Baht per share.

Book value (weighted average number of ordinary shares) : As at 31 December 2020, the book value per share of LST was 4.13 Baht (weighted average number of shares at 820 million shares) (2019: 4.20 Baht). Profit of the Company was 0.34 Baht per share, and dividend paid was 0.40 Baht per share.

2. Financial position

Assets : At the end of 2020, the total asset value of the Company and its subsidiaries was 5,705.7 million Baht, an increase of 310.3 million Baht or 5.8%. The major reasons are as follows:

- **Cash and cash equivalents** : The Company and its subsidiaries' cash and cash equivalents was 238.3 million Baht (2019: 664.2 million Baht), decreasing by 425.9 million Baht or 64.1%. Cash and cash equivalents under LST decreased by 504.4 million Baht since the average unit cost of CPO increased by 56.7%, leading to the inventory increment. Furthermore, there was more investment in assets and repayment of loans during the year; in addition, operating profit also decreased. As a result, the company utilised higher working capital during the year, resulting in the decline of cash and cash equivalents.

- **Trade and other receivables** : The Company and its subsidiaries recorded trade receivables-unrelated parties (after an allowance for doubtful debt) at 867.0 million Baht, accounting for 15.2% of total assets (2019: 857.6 million Baht accounting for 15.9% of total assets), increasing by 9.4 million Baht. Such increment was from higher A/R which was not yet due at 33.2 million Baht

while A/R aging 3-6 months decreased by 10.8 million baht, and A/R up to 3 months decreased by 10.6 million Baht. The average collection period was at 47 days in 2020. (2019: 50 days)

The Company and its subsidiaries recorded A/R aging over 12 months and returned cheques at 43.2 million Baht (2019: 41.1 million Baht), accounting for 5.0% of trade receivables–unrelated parties (2019: 4.8%). In the meantime, the Company already set the allowance for doubtful accounts at 100.0% of the value of A/R aging over 12 months and returned cheques (2019: 96.2%).

- **Inventory** : At the end of 2020, the Company and its subsidiaries' inventory was worth 1,389.1 million Baht or 24.4% of total assets, increasing by 547.4 million Baht (2019: 841.7 million Baht or 15.6% of total assets). At the Company level, there was an increase of 456.1 million Baht since stock volume and CPO price continuously increased from October to the end of year 2020.

- **Biological assets** : The Company at the group level recorded biological assets at 95.6 million Baht, accounting for 1.7% of total assets, increasing by 4.7 million Baht (2019 : 90.9 million Baht accounting for 1.7% of total assets) which was affected by the increase of gain arising from change in fair value of seedling and FFB.

- **Property, plant and equipment** : The Company at the group level recorded the net value of 2,452.9 million Baht, an increase of 168.7 million Baht or 7.4% from 2019. The net value of LST increased by 74.6 million Baht mainly from assets under construction and installation. UFC's net value increased by 48.3 million Baht due to the investment in machinery and equipment

- **Bearer plants** : The value of bearer plants possessed by the Company and its subsidiaries decreased by 7.7 million Baht due to amortization for the year of palm trees.

3. Source of Fund

Structure of Fund : Under the consolidated financial statements, source of fund comprised 4,288.6 million Baht from shareholders' equity and 1,417.1 million Baht from liabilities or 75.2% and 24.8% of total liabilities and equities respectively. Such liabilities were mainly derived from loans from financial institutions amounted to 593.2 million Baht, comprising short-term loans and current portion of long-term loans at 510.4 million Baht and long-term loans - net of current portion at 82.8 million Baht. In addition, there was trade and other payables at 471.0 million Baht. The debt to equity ratio was 0.33 times at the end of 2020 (2019: 0.28 times). Further details are set out below:-

- **Shareholders' equity**: The Company group's shareholders' equity increased by 83.2 million Baht or 2.0% because of net profit at 420.0 million Baht and dividend paid at 330.7 million Baht. Also, there was actuarial loss and income tax effect at 6.2 million Baht.

- **Liabilities** : The Company and its subsidiaries had loans from financial institutions of 593.2 million Baht comprising:

- 1) 65.0 million Baht in short-term loans of company.
- 2) 395.0 million Baht in short-term loans of subsidiaries.
- 3) 50.4 million Baht in current portion of long-term loans of subsidiaries.
- 4) 82.8 million Baht in long-term loans - net of current portion, of subsidiaries.

Financial liquidity

In 2020, the Company and its subsidiaries had lower financial liquidity than 2019 as cash and cash equivalents was 238.3 million Baht, decreasing by 425.9 million Baht (2019: 664.2 million Baht). The main factors for changes in cash flow from operating, investing, and financing activities were as follows:

Cash flows from operating activities : In 2020, the Company and its subsidiaries had net cash received from operating activities at 182.0 million Baht (2019: 1,031.7 million Baht), decreasing by 849.7 million Baht. Profit from operating activities before changes in operating assets was 810.2 million Baht, decreasing by 90.9 million Baht. The key factors for changes during the year were as follows:

- Inventory increased by 543.3 million Baht.

- Provision for long-term employee benefits decreased by 24.6 million Baht.
- Cash paid for corporate income tax at 85.2 million Baht.

Cash flows from investing activities : In 2020, the Company and its subsidiaries recorded net cash used in investing activities at 360.3 million Baht (2019: 241.9 million Baht). This came from renovating new warehouse and the investment in machinery and equipment for company. Also, the subsidiary (UPOIC) invested in Vertical Sterilizer to increase production efficiency.

Cash flows from financing activities : In 2020, the Company and its subsidiaries recorded net cash used in financing activities at 247.6 million Baht (2019: 323.1 million Baht), decreasing by 75.5 million Baht. The main factors were that there were cash received from long-term loan at 150.0 million Baht, and repayment of long-term loan at 33.4 million Baht. Whereas, dividend payment was 330.5 million Baht.

Financial ratios

Current ratio was at 2.42 times in 2020 (2019: 2.50 times) as cash and cash equivalents decreased.

Quick ratio was at 1.02 times in 2020 (2019: 1.54 times) as cash and cash equivalents decreased.

Return on total assets (Average) was 7.6% in 2020 (2019: 9.1%) as net profit for the year decreased by 12.6%, whereas total assets increased by 5.8%.

Return on total equity (Average) was 9.9% in 2020 (2019: 11.8%) as net profit for the year decreased by 12.6%, whereas total shareholders' equity increased by 2.0%.

Total debt to equity ratio was at 0.33 times in 2020 (2019: 0.28 times) since loans from financial institutions increased.

Accounts receivables turnover was at 7.58 times in 2020 (2019: 7.22 times) with the average collection period at 47 days (2019: 50 days).

Inventory turnover of finished goods was at 12.4 times in 2020 (2019: 11.45 times) with the inventory turnover period at 29 days (2019: 31 days).

Accounts payables turnover was at 12.28 times in 2020 (2019: 12.1 times) with average payment period at 29 days (2019: 30 days).

4. Capital Expenditure

In 2020, major items of capital expenditure incurred by the Group include:

- Investments in machinery and equipment by the Company to enhance the production efficiency and replace the old ones.
- Investment by UPOIC in machinery to enhance production efficiency and invested in wheel loaders to replace the old ones.

Factors which might affect financial performance in the future

Please refer to **RISK FACTORS** and **INDUSTRY OVERVIEW AND COMPETITIVENESS** as explained earlier.

Remuneration of statutory auditor

1) Audit Fee

The Company, its subsidiaries, and the related companies nominated the same office of the statutory auditor and audit fee was determined as follows:-

Audit Fee (Baht)	2020	2021
for the Company	1,710,000	1,710,000
for 2 subsidiaries	2,200,000	2,200,000
for 5 related companies	710,000	710,000
Total	4,620,000	4,620,000

2) Non-Audit Fee

Apart from the Audit Fee, a fee for verifying BOI project including imported machineries and corporate income tax submission was determined as follows:-

Non-Audit Fee (for BOI project) (Baht)	2020	2021
for the Company	-0-*	-0-
for 2 subsidiaries	-0-	-0-
for 2 related companies	100,000	100,000
Total	100,000	100,000

Note : * In 2020, BOI certificates of the Company were expired.

SHAREHOLDERS AND MANAGEMENT

Shareholders

As at 7 May 2020, the top ten shareholders are as follows:-

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Lam Soon Holding Co., Ltd. ⁽ⁱ⁾	42.11
2	Hap Seng Consolidated Berhad ⁽ⁱⁱ⁾	20.00
3	Lam Soon Cannery Pte Ltd. ⁽ⁱⁱⁱ⁾	7.48
4	CGS-CIMB Securities (Singapore) Pte Ltd	6.47
5	LGT Bank (Singapore) Ltd.	4.65
6	Mr. Suwit Laohapolwattana	2.73
7	CGS-CIMB Securities (Hong Kong) Limited	1.62
8	Mrs. Supaporn Samitthinant	1.20
9	Thai NVDR Co., Ltd.	0.89
10	Mrs. Supa Yangyuensunthorn	0.85

Source : Thailand Securities Depository Co., Ltd.

Note :

- (i) Lam Soon Holding Co., Ltd. is an investment holding company. As at 31 December 2020, shareholders holding not less than 10% of Lam Soon Holding Co., Ltd. are as follows:-

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Bangkok Edible Oil Co., Ltd. (Bangkok Edible Oil Co., Ltd. is an investment holding company in which 49 percent of shares are held by Mr. Whang Shang Ying.)	50.00
2	Mr. Whang Shang Ying (Mr. Whang Shang Ying does not own any shares in LST)	49.00

- (ii) Hap Seng Consolidated Berhad is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad. The major shareholder of Hap Seng Consolidated Berhad is Gek Poh (Holdings) Sdn Bhd, whose aggregate shareholdings as at 31 December 2020 was 62.64% comprising direct and indirect shareholdings of 54.63% and 8.01% respectively.
- (iii) Lam Soon Cannery Pte. Ltd. is an investment holding company. As at 31 December 2020, its shareholders are as follows:-

No.	Shareholder's Name	Percentage of Paid-up Capital
1	Mr. Whang Shang Ying	80.71
2	Ms. Whang Yee Ling	13.86
3	Ms. Chen Mu Hsien	5.43

Board of Directors and Management Committee

1. The Composition of Board of Directors and Sub-committees

Board of Directors

(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Independent Director and Chairman of Board of Directors
(2) Ms. Anchalee Suebchantasiri	Managing Director
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director
(4) Mr. Banchong Chittchang	Independent Director
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director
(7) Mr. Whang Shang Ying	Executive Director
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant

Audit and Corporate Governance Committee

(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Independent Director and Chairman of Audit and Corporate Governance Committee
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Member of Audit and Corporate Governance Committee
(3) Mr. Banchong Chittchang	Independent Director and Member of Audit and Corporate Governance Committee

Remuneration Committee

(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Chairman of Remuneration Committee
(2) Mr. Banchong Chittchang	Independent Director and Member of Remuneration Committee
(3) Mr. Whang Shang Ying	Executive Director and Member of Remuneration Committee

Nomination Committee

(1) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director and Chairman of Nomination Committee
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director and Member of Nomination Committee
(3) Mr. Banchong Chittchang	Independent Director and Member of Nomination Committee
(4) Lackana Leelayouthayotin, Ph.D.	Independent Director and Member of Nomination Committee
(5) Mr. Whang Shang Ying	Executive Director and Member of Nomination Committee

Risk Management Committee

(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer
(2) Ms. Piyathida Sukchan	Executive Director
(3) Mr. Virat Suwannarat	Human Resources Manager
(4) Mr. Nattapong Mathakun	Bangpoo Plant Manager

The details of duties and responsibilities of the Board and Sub-committees were presented in Principle 1 and 3 under “**REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE**”.

The following members of the Audit and Corporate Governance Committee have experience in reviewing financial statements.

(1) Assoc. Prof. Preecha Jarungidanan, Ph.D.

Past experience

- Manager of Research and Planning Department, The Siam Commercial Bank Plc. (1992-1995)
- Director and Senior Executive Vice President, Chaopraya Finance and Securities Co., Ltd. (1995-1997)
- Director, Government Savings Bank (2005-2007)
- Director and member of Audit Committee, Small Business Credit Guarantee Corporation (SBCG) (2004-2008)
- Independent Director and member of Audit Committee, Kim Eng Securities (Thailand) Plc. (2002-2015)

Present Experience

- Independent Director and member of Audit Committee, Stars Microelectronics (Thailand) Plc.
- Independent Director and member of Audit Committee, Thai-German Products Plc.

SHAREHOLDERS AND MANAGEMENT

(2) Mr. Banchong Chittchang

Past experience

- President, Malee Sampran Plc. (1995 – 2004)
- Had led the management team to successfully rehabilitate Malee Sampran Plc. under the strict monitoring by the Stock Exchange of Thailand (1996 – 1998)

Present Experience

- Fellow Member, with Diploma from Thai Institute of Directors, Bangkok (IOD DCP 7/2001); and Chartered Director (IOD Chartered Director Class 1/2007) registered with Thai IOD
- A facilitator of the Strategic Management courses for IOD Director Certification Programmes (IOD DCP) since 2005 until present
- Director, Thai Institute of Directors

2. Criteria on recruiting Directors and Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2021 by including the consideration of candidates proposed by shareholders under the rules and criteria regarding director nomination before submitting to the Board for further consideration. The Board shall submit a list of suitable candidates to the shareholders' meeting for final approval. The qualification of such persons must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The qualifications of Independent Directors were presented in Principle 1 under "REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE".

In accordance with the Company's Articles of Association, the Company has not determined the number of directors appointed by each group of major shareholders. Directors are elected based on majority voting of attending shareholders.

3. The Number of Board Meetings and the Attendance of Directors

In 2020, the Board of Directors held 7 meetings, with attendance shown of each member as below:-

Name	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	5/7
(2) Ms. Anchalee Suebchantasiri	7/7
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	7/7
(4) Mr. Banchong Chittchang	7/7
(5) Lackana Leelayouthayotin, Ph.D.	7/7
(6) Datuk Simon Shim Kong Yip	3/7
(7) Mr. Whang Shang Ying	5/7
(8) Ms. Piyathida Sukchan	7/7
(9) Mr. Ampol Simarojana	7/7

4. Names and Positions of Executives

Name	Position
(1) Ms. Anchalee Suebchantasiri	Managing Director
(2) Mr. Whang Shang Ying	Executive Director
(3) Ms. Piyathida Sukchan	Executive Director
(4) Mr. Komkris Siriwongpairat	Vice President - Modern Trade and Food Solution
(5) Mr. Sirichai Navasettavorn	Vice President - Traditional Trade and Industrial
(6) Mr. Virat Suwannarat	Vice President - Human Resources

5. Details of Board of Directors and Executives

(1) Art-ong Jumsai Na Ayudhya, Ph.D.

Chairman of Board of Directors, Independent Director and Chairman of Audit and Corporate Governance Committee

Age 80 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
 - Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 1 company
 - Director 1 company

Number of years as a director 14 years (date of appointment : 10 August 2007)

Family relation with management None

Education Ph.D. Imperial College of Science and Technology, London University, United Kingdom
 Ph.D. Faculty of Education, Chulalongkorn University

Director Training Programme Certificate of Completion DCP 146/2011 and ACP 38/2012 from Thai Institute of Directors (IOD)

Position in other listed companies

■ Independent Director, member of Audit Committee, member of Nomination, Remuneration and Corporate Governance Committee, SPCG Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
 - others None

Other Experience

■ Chief Administrator, Sathya Sai School, Lopburi Province
 ■ Director, AJ Technology Co., Ltd.
 Senior Lecturer, The Faculty of Engineering, Chulalongkorn University
 Member of Parliament (Elected 3 times)
 Senator, Bangkok
 Secretary to the Foreign Minister
 Expert in the National Research Council on rockets for use in the Artificial Rain Making Project

Meeting Attendance in 2020

- Attended the Board Meeting 5 times out of 7 times
 - Attended the AC Meeting 4 times out of 4 times

(2) Ms. Anchalee Suebchantasiri

Managing Director and Chief Risk Officer

Age 62 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Note : ■ present □ past

SHAREHOLDERS AND MANAGEMENT

Shareholdings (Ordinary Shares)	
- Held personally	9,140 shares (0.0011%)
- Held by spouse or minor children	None
The number of directorships in listed companies	
- Chairman	0 company
- Director	2 companies
Number of years as a director	26 years (date of appointment : 21 August 1995)
Family relation with management	None
Education	Bachelor's degree in Accountancy, Thammasat University
Director Training Programme	Certificate of Completion DCP 36/2003 and CSP 26/2008 from Thai Institute of Directors (IOD)
Position in other listed companies	
■ Vice-Chairman of Board of Directors and Managing Director, United Palm Oil Industry Plc.	
Other Experience	
■ Director, Lam Soon Holding Co., Ltd.	
■ Director, Bangkok Edible Oil Co., Ltd.	
■ Director, Phansrivivat Co., Ltd.	
■ Director, Phansri Co., Ltd.	
■ Director, Prachak Vivat Co., Ltd.	
■ Chairman of Board of Directors, Siam Elite Palm Co., Ltd.	
Meeting Attendance in 2020	
- Attended the Board Meeting 7 times out of 7 times	
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	
Independent Director, Member of Audit and Corporate Governance Committee, Chairman of Remuneration Committee, and Member of Nomination Committee	
Age	74 years
Nationality	Thai
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
Shareholdings (Ordinary Shares)	
- Held personally	None
- Held by spouse or minor children	None
The number of directorships in listed companies	
- Chairman	0 company
- Director	3 companies
Number of years as a director	14 years (date of appointment : 14 June 2007)
Family relation with management	None
Education	Ph.D. (Economics : Monetary Theory) University of Missouri, Columbia, U.S.A.
Director Training Programme	Certificate of Completion DAP 9/2004, DCP 89/2007, ACP 24/2008 from Thai Institute of Directors (IOD) Certificate of Completion, Corporate Governance for Capital Market Intermediaries (CGI 2/2015)
Position in other listed companies	
■ Independent Director, Chairman of Audit Committee, and Chairman of Nomination & Remuneration Committee, Stars Microelectronics (Thailand) Plc.	
■ Independent Director and Member of Audit Committee, Thai-German Products Plc.	
Position in companies with relating business (specify only non-executive director)	
- might have a conflict of interest with the Company	None
- others	None
Other Experience	
■ Chairman of National Institute of Development Administration (NIDA) Council	
■ Distinguished Scholar, Member of Advisory Board, and Special Instructor of NIDA Business School, National Institute of Development Administration (NIDA)	
<input type="checkbox"/> Independent Director and Member of Audit Committee, Kim Eng Securities (Thailand) Plc.	
<input type="checkbox"/> Director and Member of Audit Committee, Small Business Credit Guarantee Corporation (SBCG)	
<input type="checkbox"/> Director General, National Institute of Development Administration (NIDA)	
<input type="checkbox"/> Director, Government Savings Bank	
<input type="checkbox"/> Manager of Research and Planning Department, The Siam Commercial Bank Plc.	
<input type="checkbox"/> Vice-President for Planning Affairs, National Institute of Development Administration (NIDA)	

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

- Dean of The Faculty of Business Administration, National Institute of Development Administration (NIDA)
 - Director and Senior Executive Vice President, Chaopraya Finance and Securities Co., Ltd.
- Meeting Attendance in 2020
- Attended the Board Meeting 7 times out of 7 times
 - Attended the AC Meeting 4 times out of 4 times
 - Attended the RC Meeting 2 times out of 2 times
 - Attended the NC Meeting 5 times out of 5 times

(4) Mr. Banchong Chittchang

Independent Director, Member of Audit and Corporate Governance Committee, Member of Remuneration Committee, and Member of Nomination Committee

Age 72 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 1 company
- Director 2 companies

Number of years as a director 14 years (date of appointment : 14 June 2007)

Family relation with management None

Education Master of Science in Mechanical Engineering, University of Akron, U.S.A.
 Bachelor of Engineering (Second Class Honors) in Mechanical Engineering, Chulalongkorn University
 Certificate of Completion from Thai Institute of Directors (IOD) DCP 7/2001 (Fellow Member), CDC 1/2007, DCP Refresher 5/2007, RCC 7/2008, DCP Update 1/2014

Director Training Programme

Position in other listed companies

- Independent Director, Member of Nomination and Remuneration Committee, and Chairman of Business Strategic Committee of Thai Optical Group Plc.
- Chairman and Independent Director, TPBI Plc.

Position in companies with relating business (specify only non-executive director)

- might have a conflict of interest with the Company None
- others None

Other Experience

- Director, Thai Institute of Directors
- Chartered Director registered with Thai Institute of Directors
- Facilitator for IOD Strategy courses
- Director, Thai Investors Association
- Vice Chairman of the Food Processing Industry Club, Federation of Thai Industries
- Councilor of Thailand Management Association
- President, Malee Sampran Plc.

Meeting Attendance in 2020

- Attended the Board Meeting 7 times out of 7 times
- Attended the AC Meeting 4 times out of 4 times
- Attended the RC Meeting 2 times out of 2 times
- Attended the NC Meeting 5 times out of 5 times

(5) Lackana Leelayouthayotin, Ph.D.

Independent Director and Member of Nomination Committee

Age 67 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally None
- Held by spouse or minor children None

The number of directorships in listed companies

- Chairman 0 company
- Director 4 companies

Number of years as a director 6 years (date of appointment : 1 April 2015)

Family relation with management None

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Education	Doctor of Business Administration (DBA), Marketing, University of Southern Queensland, Australia Master of Business Administration (MBA), Marketing, Catholic University of Leuven, Belgium Bachelor of Science (BSC), Chemistry, Chulalongkorn University
Director Training Programme	Certificate of Completion for Advanced Audit Committee Program AACP30/2018 from Thai Institute of Directors (IOD) Certificate of Completion DCP 225/2016 from Thai Institute of Directors (IOD) Certificate of Corporate Governance for Directors and Top Executives of State Enterprises and Public Organizations from Public Director Institute (PDI), King Prajadhipok's Institute, 15/2016
Position in other listed companies	<ul style="list-style-type: none"> ■ Independent Director and Member of the Executive Committee, The Siam Commercial Bank Plc. ■ Director, GMM Grammy Plc. (resigned on 4 January 2021) ■ Independent Director, Chairman of the Audit Committee, and Member of Nomination and Remuneration Committee, Techno Medical Plc.
Position in companies with relating business (specify only non-executive director)	<ul style="list-style-type: none"> - might have a conflict of interest with the Company None - others None
Other Experience	<ul style="list-style-type: none"> ■ Chairman of the Board of Directors, Rojukiss International Plc. (formally known as Aisance Co., Ltd.) ■ Consultant, Brand's Suntory (Thailand) Co., Ltd. ■ Independent Director and Audit Committee, Shera Plc. ■ Independent Director, Bangchak Retail Co., Ltd. ■ Managing Director, Adviser and Beyond Co., Ltd ■ President of the Foundation for Education of the Marketing Association of Thailand (MAT) ■ Consultant, Committee of the Recruitment and Promotion of Voluntary Blood Donor, The Thai Red Cross Society ■ Vice President, Chulalongkorn University Alumni Association under Royal Patronage of His Majesty the King ■ Committee, The Fund for patients and hospitals of Somdet Phra Nyanasamvara Somdet Phra Sangharaj Wat Bovoranives Vihara Foundation under Royal Patronage of His Majesty the King <input type="checkbox"/> Director and Chairman of the Audit Committee, Thailand Institute of Nuclear Technology (TINT) <input type="checkbox"/> Director, The ONE Enterprise Co., Ltd. <input type="checkbox"/> Executive Director, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Chief Executive Officer of Health Supplement Division, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Executive Vice President & Chief Executive Officer of South East Asia, Cerebos Pacific Limited, Singapore <input type="checkbox"/> Chief Executive Officer, Cerebos (Thailand) Co., Ltd. <input type="checkbox"/> Executive Product Manager, Diethelm Co., Ltd. <input type="checkbox"/> President of the Marketing Association of Thailand (MAT)
Meeting Attendance in 2020	<ul style="list-style-type: none"> - Attended the Board Meeting 7 times out of 7 times - Attended the NC Meeting 5 times out of 5 times

(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director and Chairman of Nomination Committee
Age	64 years
Nationality	Malaysian
Address	64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
Shareholdings (Ordinary Shares)	<ul style="list-style-type: none"> - Held personally None - Held by spouse or minor children None
The number of directorships in listed companies	<ul style="list-style-type: none"> - Chairman 0 company - Director 1 company
Number of years as a director	14 years (date of appointment : 25 April 2007)
Family relation with management	None
Education	Master in Law, University College London, London University, United Kingdom

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

Director Training Programme None
 Position in other listed companies None
 Position in companies with relating business (specify only non-executive director)
 - might have a conflict of interest with the Company None
 - others
 Non-Independent Non-Executive Director / a member of the Nominating and Remuneration Committee, Hap Seng Consolidated Berhad, a company listed on the Bursa Malaysia
 Non-Independent Non-Executive Deputy Chairman, Hap Seng Plantations Holdings Berhad, a company listed on the Bursa Malaysia
 Other Experience
 Non-Independent Non-Executive Director, Lei Shing Hong Limited
 Non-Executive Director, Lei Shing Hong Securities Limited
 Managing Partner, Messrs Shim Pang & Co.
 Barrister-at-law of the Lincoln's Inn, London
 Chartered Arbitrator
 Fellow Member of the Chartered Institute of Arbitrators, London and Malaysia
 Advocate and Solicitor of the High Court in Sabah and Sarawak
 Justice of the Peace in Malaysia
 Notary Public in Malaysia
 Member of the Malaysian Corporate Law Reform Committee and its working group on Corporate Governance, and Shareholders' rights
 Non-Independent Non-Executive Director, Malaysian Mosaics Berhad
 Non-Executive Director, Paos Holdings Berhad, a company listed on the Bursa Malaysia
 Meeting Attendance in 2020
 - Attended the Board Meeting 3 times out of 7 times
 - Attended the NC Meeting 3 times out of 5 times

(7) Mr. Whang Shang Ying

Executive Director, Member of Remuneration Committee, and Member of Nomination Committee
 Age 60 years
 Nationality Singaporean
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
 Shareholdings (Ordinary Shares)
 - Held personally None
 - Held by spouse or minor children None
 The number of directorships in listed companies
 - Chairman 0 company
 - Director 2 companies
 Number of years as a director 23 years (date of appointment : 24 April 1998)
 Family relation with management None
 Education Bachelor of Arts (Hons.) in Law, Oxford University, United Kingdom
 Director Training Programme None
 Position in other listed companies
 Director, United Palm Oil Industry Plc.
 Director, Jurong Cement Limited, a public listed company in Singapore
 Other Experience
 Chairman and Executive Director, Universal Food Plc.
 Director, Lam Soon Holding Co., Ltd.
 Director, Bangkok Edible Oil Co., Ltd.
 Executive Chairman, Lam Soon (M) Berhad
 Executive Chairman, Lam Soon Singapore Pte Ltd.
 Member of Board of Governors, Singapore Polytechnic
 Member of the Advisory Board of Asian Civilisations Museum, Singapore
 Meeting Attendance in 2020
 - Attended the Board Meeting 5 times out of 7 times
 - Attended the RC Meeting 1 time out of 2 times
 - Attended the NC Meeting 3 times out of 5 times

Note : present past

SHAREHOLDERS AND MANAGEMENT

(8) Ms. Piyathida Sukchan

Executive Director, Company Secretary, and Member of Risk Management Committee
 Age 52 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
 Shareholdings (Ordinary Shares)
 - Held personally 100 shares (0.000012%)
 - Held by spouse or minor children None
 The number of directorships in listed companies
 - Chairman 0 company
 - Director 2 companies
 Number of years as a director 8 years (date of appointment : 26 April 2013)
 Family relation with management None
 Education M.A. in Development Economics, National Institute Development Administration; B.A. in Economics (Finance), Thammasat University
 Director Training Programme Certificate of Completion DCP 36/2003 from Thai Institute of Directors (IOD)
 Certificate of Thai Intelligent Investors 1/2012 (TIIP1) from Thai Investor Association and Stock Exchange of Thailand
 Company Secretary Program (CSP) 114/2020 from Thai Institute of Directors (IOD)
 Position in other listed companies
 ■ Executive Director, United Palm Oil Industry Plc.
 Other Experience
 ■ Director, Lam Soon Holding Co., Ltd.
 ■ Director, Bangkok Edible Oil Co., Ltd.
 ■ Director, Phansrivivat Co., Ltd.
 ■ Director, Phansri Co., Ltd.
 ■ Director, Prachak Vivat Co., Ltd.
 ■ Director, Siam Elite Palm Co., Ltd.
 □ Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.
 Meeting Attendance in 2020
 - Attended the Board Meeting 7 times out of 7 times

(9) Mr. Ampol Simarajana

Non-Executive Director and Operations Consultant
 Age 64 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260
 Shareholdings (Ordinary Shares)
 - Held personally None
 - Held by spouse or minor children None
 The number of directorships in listed companies
 - Chairman 0 company
 - Director 2 companies
 Number of years as a director 26 years (date of appointment : 21 August 1995)
 Family relation with management None
 Education Bachelor of Science (Chemical Engineering), Chulalongkorn University
 Director Training Programme Certificate of Completion DCP 37/2003 from Thai Institute of Directors (IOD)
 Position in other listed companies
 ■ Non-Executive Director, United Palm Oil Industry Plc.
 □ Executive Director, United Palm Oil Industry Plc.
 Other Experience
 ■ Director, Siam Elite Palm Co., Ltd.
 □ Director, Lam Soon Holding Co., Ltd.
 □ Manager of Melting Division, Siam Asahi-Technoglass Co., Ltd.
 Meeting Attendance in 2020
 - Attended the Board Meeting 7 times out of 7 times

Note : ■ *present* □ *past*

SHAREHOLDERS AND MANAGEMENT

(10) Mr. Komkris Siriwongpairat

Vice President - Modern Trade and Food Solution

Age 48 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Master in Financial Management,
University of Exeter, United Kingdom
Bachelor of Business Administration,
Assumption University

Other Experience

- Sales Manager, SC Johnson & Son Co., Ltd.
- Sr. Customer Development Manager, Johnson & Johnson (Thailand) Co., Ltd.
- Key Account Manager & Trade Marketing Manager, Diethelm Co., Ltd

(11) Mr. Sirichai Navasettavorn

Vice President - Traditional Trade and Industrial

Age 47 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education MBA (Major in Marketing),
Mahanakorn University of Technology
Bachelor of Business Administration (Major in Marketing),
Bangkok University

Other Experience

- National Field Sales Manager, Siam Winery Trading Plus Co., Ltd.
- Business Development Manager, Fonterra Brands (Thailand) Co., Ltd.
- Distribution Account Specialist, Nestle (Thai) Co., Ltd.
- Area Sales Manager, Boonrawd Asia Beverage Co., Ltd.
- Business Development Manager, Thai Pure Drink Co., Ltd.

(12) Mr. Virat Suwannarat

Vice President - Human Resources and Member of Risk Management Committee

Age 53 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Master Degree of Public Administration,
Business Management, Burapha University

Other Experience

- HR Director, Sara Lee (Thailand) Co., Ltd.
- HR Director, Moccona (Thailand) Co., Ltd.
- Plant HR Manager, Cadbury Adams (Thailand) Co., Ltd.

Note : ■ *present* □ *past*

6. Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2019	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2020
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	-	-	-
(2) Ms. Anchalee Suebchantasiri	9,140	-	9,140
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	-	-	-
(4) Mr. Banchong Chittchang	-	-	-
(5) Lackana Leelayouthayotin, Ph.D.	-	-	-
(6) Datuk Simon Shim Kong Yip	-	-	-
(7) Mr. Whang Shang Ying	-	-	-
(8) Mr. Ampol Simarojana	-	-	-
(9) Ms. Piyathida Sukchan	100	-	100
(10) Mr. Komkris Siriwongpairat	-	-	-
(11) Mr. Sirichai Navasettavorn	-	-	-
(12) Mr. Virat Suwannarat	-	-	-

7. Remuneration of Directors and Executives

The Annual General Meeting of Shareholders No. 1/2020 resolved to approve the remuneration payments for 2020 to the Company's directors as proposed by the Board. The remuneration was thoroughly and carefully considered by the Remuneration Committee all factors including comparison with other companies in the same industry as well as growth of business and operating results of the Company, as follows:

(Baht/Person/Year)	2020
● Chairman of the Board	687,960
● Independent Directors	577,080
● Non Independent Non Executive Director	577,080
● Executive Director	273,420
● Non-Executive Director	577,080
● Audit and Corporate Governance Committees	438,480
● Nomination Committee	22,995
● Remuneration Committee	45,885

The above fee is fixed to be paid monthly, except the remuneration for Nomination Committee and Remuneration Committee, which shall be paid on yearly basis.

SHAREHOLDERS AND MANAGEMENT

Monetary Remuneration

- Director's fees : Total fees to all 9 members of the Board **5,961,690** Baht
- Director's fees paid to the Company's Directors as Directors of Subsidiaries for 4 persons : **2,345,400** Baht

Name	Position	Director's fees as the Company's Directors in 2020	Director's fees as Directors of Subsidiaries in 2020
(1) Art-ong Jumsai Na Ayudhya, Ph.D.	Chairman of the Board, Independent Director, and Chairman of Audit and Corporate Governance Committee	1,126,440	-
(2) Ms. Anchalee Suebchantasiri	Managing Director	273,420	567,600
(3) Assoc. Prof. Preecha Jarungidanana, Ph.D.	Independent Director Member of Audit and Corporate Governance Committee Chairman of Remuneration Committee Member of Nomination Committee	1,084,440	-
(4) Mr. Banchong Chittchang	Independent Director Member of Audit and Corporate Governance Committee Member of Remuneration Committee Member of Nomination Committee	1,084,440	-
(5) Lackana Leelayouthayotin, Ph.D.	Independent Director and Member of Nomination Committee	600,075	-
(6) Datuk Simon Shim Kong Yip	Non-Independent Non-Executive Director and Chairman of Nomination Committee	600,075	-
(7) Mr. Whang Shang Ying	Executive Director Member of Remuneration Committee Member of Nomination Committee	342,300	642,600
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary	273,420	567,600
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	577,080	567,600
Total		5,961,690	2,345,400

- Remuneration (salary and bonus) of all 8 Executives : **79,306,010** Baht*
- Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries for 2 persons : **7,367,150** Baht

*Note : Remuneration of the Executives included remuneration paid to the Executive Directors, the Managing Director, and the first 4 Department Manager levels ranking immediately below Managing Director including every person in the same level of the 4th ranking (as specified in the Notification of the Office of the Securities and Exchange Commission).

Other Remuneration

The Company has paid no other remuneration, except the cost of air-ticket and accommodation for directors residing outside Thailand who attend the meetings, and the cost of director liability insurance for all members of the Board.

Other forms of remuneration for the Executives include Company's cars and related expenses, medical expense, and accidental insurance.

As for Provident Fund, the Executives have been paid at the same rate as other employees. However, no Provident Fund has been paid to Mr. Whang Shang Ying.

8. Directors and the Executives having positions in subsidiaries and related companies

Name	Company	Subsidiaries		Related Company (Lam Soon Holding Co., Ltd.)
		United Palm Oil Industry Plc.	Universal Food Plc.	
(1) Mr. Whang Shang Ying	//	/	*	/
(2) Ms. Anchalee Suebchantasiri	//	//		/
(3) Ms. Piyathida Sukchan	//	//		/
(4) Mr. Ampol Simarojana	/	/		

Notes: * : Chairman of Board of Directors
 / : Director
 // : Executive Director

9. Control system of utilising insider information

The following policy and guidelines of the Company prevents the Executives from utilising insider information of the Company for personal gain:

1. Directors and Executives are obliged to report to the Board on each person's securities holding and the holding of securities in the Company by his spouse and minor children. This includes penalty provisions under the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand;
2. Executives are obliged to report their holdings of securities in the Company to the Board in every quarter on which the Board meeting is called;
3. Material insider information of the Company should not be revealed to others. This includes impacts on the Company's securities, and the penalty provisions of a law that the Executives may face according to the Securities and Exchange Act B.E. 2535, as a result of their violation;
4. Directors and Executives are prohibited from trading in the Company's shares one month prior to the Company's financial statements being announced and at least one day after the date of financial statements being disclosed.
5. Directors and Executives shall report to the Board of Directors or the delegated person all of their securities trading at least one day in advance in order to notify SEC within three business day after transaction date as specified by the Securities and Exchange Act.

The Company has established the rules for prevention of using inside information including the penalties for violator stated in Principle 6 under **"REPORT ON THE IMPLEMENTATION OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE"**.

10. Internal Control Management

The Company places importance on internal control system which it regards as a vital management tool to reduce business risk, to build up a confidence of business management, to assist the Company operating efficiency and fulfill expected goal. The internal control system also enhances shareholders' benefits and investment, supports verification and creditability of financial statement reports and operating reports of the Company, prevents loss of assets and assists employees working under laws and regulations.

The Company does not set up an internal audit unit but it has employed Dr. Virach & Associates Office to be the Company's internal auditors since 2004 because the proper role of internal auditor is to independently perform auditing services to assist in the attainment of good corporate governance and develop the efficiency and effectiveness of operations. Internal auditing also delivers an advice on the Company's financial, operation and risk management supporting the Company to achieve its objectives and corporate goal. Therefore, internal auditing process requires transparency and real independence by implementing a check and balance measure. It also can provide an early warning sign of misconduct or corporate corruption. As a result, the consideration being given outsourcing the internal auditors to perform internal auditing functions is appropriate. The outsourced internal auditors can be an eligible intermediary between the management team and the operating units. Furthermore, it also mitigates the problem of internal coordination.

During the Board Meeting No. 1/2021 held on 25 February 2021, in the presence of 3 independent directors and audit and corporate governance committee members, the Board reviewed the internal control system of the Company by using the evaluation form initially completed and presented by the management and reviewed by the audit and corporate governance committee. The evaluation of the internal control system of the Company covered 5 areas, namely organisation and environment, risk management, operational control of the management, information system and communication, and monitoring. The Board, upon the recommendation of the Audit and Corporate Governance Committee, concluded and provided an opinion that the Company has adequate internal control system for the above mentioned areas.

Besides, the business transactions with majority shareholder and subsidiary companies are mentioned in the Notes to the Financial Statements item 7, as well as complied with the rules and regulations of the SET regarding related transactions. The Board provided the opinion that the Company maintains adequate internal measures.

Other significant items of internal control have been reviewed every quarter by the audit and corporate governance committee and the Company's internal auditor, Dr. Virach & Associates. Major issues are reported to the Board by the audit and corporate governance committee. The Board provided an opinion that Company's internal control measure is further strengthened by the quarterly review as well.

Details of Internal Auditor

Mr. Apiruk Ati-anuwat

Audit partner Dr. Virach and Associates Office Co., Ltd.

Age	:	50 years
% of share holding	:	None
Family relation with management	:	None
Education	:	MBA., Ramkhamhaeng University B.B.A. (Accounting), Ramkhamhaeng University LL.B., Thammasat University Certified Public Accountant
Training Course	:	COSO Internal Control System (The Committee of Sponsoring Organization of the Treadway Commission) Evaluation of internal control system COSO-ERM (The Committee of Sponsoring Organization of the Treadway Commission – Enterprise Risk Management)
Duties and responsibilities	:	Design the annual internal audit plan Review risk assessment of the internal control system Submit the finding reports to the Audit and Corporate Governance Committee
Present Experience	:	<ul style="list-style-type: none"> ■ Audit partner Dr. Virach and Associates Office Co., Ltd. ■ Internal auditor, United Palm Oil Industry Public Co., Ltd., 21 years ■ Internal auditor, Lam Soon (Thailand) Public Co., Ltd., 16 years

Dividend Payout Policy

The Company's policy is to pay dividends to shareholders of an amount not less than 40% of its net earnings after tax subject to the Company's future investment and funding requirements. The Board of Directors passed a resolution to propose the payment of dividend for the operational period of 2020 at the rate of 0.22 Baht/share representing 65.4% of net profit after tax, compared with that of 2019 at 0.40 Baht/share representing 64.4% of net profit.

United Palm Oil Industry Plc. pays dividends at approximately 50% of net earnings after tax, depending on the company's performance and economic situation.

Universal Food Plc. set a dividend payout ratio at not less than 40% of its net earnings after tax subject to the Company's future investment and funding requirements.

COMMON INTERESTED PERSONS AND CONNECTED TRANSACTIONS

Connected transactions with common interested persons, necessity and reasons for connected 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 related parties.

Connected transactions with United Palm Oil Industry Public Company Limited (UPOIC) and Universal Food Public Company Limited (UFC).

Relation	Transactions	Value of Transactions (million Baht)		Pricing Policy	Necessity
		2020	2019		
Subsidiary company	Purchase of raw materials	758	432	Market prices on the contract date	CPO is the major raw material of the Company and there is a shortage of local supply of CPO in some seasons, therefore, it is necessary for the Company to buy CPO from UPOIC.
	Purchase of finished goods	390	458	Market prices less fixed margin	To reduce selling and administrative expenses of the Group, the Company has been appointed as the distributor of UFC products for domestic sales.
	Dividend income	26	80	At the declared rate	This is the dividend received from investment in UPOIC and UFC.
	Rental income	2	2	Market price	Renting offices to UFC and UPOIC at the same area among the Company group is to save handling expenses and be flexible for daily operation.
	Administrative service income	3	3	On actual basis	This is administrative expenses from being the distributor for UFC.

The balances of the accounts as at 31 December 2020 and 2019 between the Company, subsidiaries, and those related companies have been declared in Notes to financial statements item no. 7.

Measures or criteria to approve connected transactions

In 2020, the Company's purchases of CPO, CPKO, PKS and FFB from UPOIC accounted for 22.64% (2019 : 17.89%) of its total CPO, CPKO, PKS and FFB purchase. The buying was based on the ongoing market price as normal business transaction on an arm's length basis. It was done without any commitment, but on the basis of the CPO purchase contract and in compliance with normal business practice in the palm oil industry.

Ms. Anchalee Suebchantasiri, Managing Director of the Company and of UPOIC, approved the CPO purchase for the Company. The approval was based on the market price references of various crushing mills.

For UFC products, the Company buys the products from UFC at the selling price sold by the Company less a fixed margin which is determined on an arm's length basis between the two companies' respective management.

Connected transactions in the future

The Company has had business transactions with UPOIC prior to the Company becoming its major shareholder. So long as the Government's policy of each year on CPO stock management in nationwide is unclear, the Company will have to source CPO from UPOIC because CPO is the major raw material of the Company. Nevertheless, the Company can and does buy CPO at same price from other crushing mills as additional sources of supply.

The Company will continue to act as distributor of UFC in order to reduce the average selling and administrative expenses of the group as a whole.

OTHER FACTORS AFFECTING INVESTMENT DECISIONS

Legal conflicts

As at 31 December 2020, there was no litigation involving the Company which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity.

Obligations on future share issuance

- None -

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Lam Soon (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

Sales of goods are significant accounting transactions as they represent material amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sale promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 19 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

As disclosed in Note 5.10 and Note 11 to the financial statements, the subsidiary records biological assets - palm fruit on trees at their fair value less point of harvest cost to sell. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of the internal agricultural officers and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets. Thus, I have focused my audit on the fair value measurement of biological assets - palm fruit on trees.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by management of the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agricultural officers and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 25 February 2021

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Current assets					
Cash and cash equivalents	8	238,285,528	664,166,740	84,604,865	589,021,161
Trade and other receivables	7, 9	885,362,401	889,805,942	811,218,358	776,842,419
Current portion of finance lease receivables		1,567,066	330,650	-	-
Short-term loans to related parties	7	-	-	-	-
Inventories	10	1,389,107,615	841,677,086	909,143,050	453,081,876
Biological assets	11	95,620,275	90,928,591	-	-
Value added tax refundable		5,117,900	14,983,004	-	-
Other current assets		37,098,906	23,905,474	11,488,211	5,843,643
Total current assets		2,652,159,691	2,525,797,487	1,816,454,484	1,824,789,099
Non-current assets					
Financial lease receivables - long-term portion		2,441,124	640,732	-	-
Investments in subsidiaries	12	-	-	1,333,969,224	1,333,966,824
Investment in joint venture	13	22,997,536	26,709,841	-	-
Investment in associated company	14	-	-	-	-
Long-term loans to other companies	15	18,400,000	19,320,000	-	-
Investment properties	16	61,505,526	63,488,229	5,614,752	5,614,752
Property, plant and equipment	17	2,452,937,375	2,284,262,773	847,104,132	772,543,549
Right-of-use assets	24	39,221,680	-	-	-
Bearer plants	18	196,498,806	204,212,237	165,706	177,471
Goodwill	19	196,376,189	196,376,189	-	-
Intangible assets	20	7,540,983	6,162,427	5,994,055	3,712,101
Deferred tax assets	29	51,626,488	63,018,787	21,483,911	19,622,079
Other non-current financial assets		23,425	23,425	23,425	23,425
Other non-current assets		3,992,085	5,405,278	473,345	513,346
Total non-current assets		3,053,561,217	2,869,619,918	2,214,828,550	2,136,173,547
Total assets		5,705,720,908	5,395,417,405	4,031,283,034	3,960,962,646

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	21	460,000,000	470,000,000	65,000,000	-
Trade and other payables	7, 22	471,049,325	440,899,357	429,548,562	377,940,259
Current portion of long-term loans	23	50,400,000	16,600,000	-	-
Current portion of liabilities under finance lease agreements	24	3,236,744	-	-	-
Income tax payable		69,176,384	59,071,532	49,813,497	50,474,803
Advance received from customers		35,855,838	-	4,118,399	-
Other current financial liabilities		5,815,226	-	1,787,729	-
Other current liabilities		1,771,195	22,307,191	779,043	2,656,007
Total current liabilities		1,097,304,712	1,008,878,080	551,047,230	431,071,069
Non-current liabilities					
Long-term loans - net of current portion	23	82,800,000	-	-	-
Lease liabilities - net of current portion	24	42,546,367	-	-	-
Deferred tax liabilities	29	2,610,783	-	-	-
Provision for long-term employee benefits	25	191,855,971	181,099,166	96,540,812	89,241,410
Total non-current liabilities		319,813,121	181,099,166	96,540,812	89,241,410
Total liabilities		1,417,117,833	1,189,977,246	647,588,042	520,312,479

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Shareholders' equity					
Share capital					
Registered					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
Issued and fully paid-up					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
		241,970,265	241,970,265	241,970,265	241,970,265
Share premium					
Other surpluses (deficits)					
		5,269,100	5,269,100	5,269,100	5,269,100
Premium on treasury stock					
		(6,577,607)	(6,579,077)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	26	127,687,224	125,247,619	82,000,000	82,000,000
Appropriated - statutory reserve					
		2,744,369,110	2,697,554,289	2,234,455,627	2,291,410,802
Unappropriated					
		3,932,718,092	3,883,462,196	3,383,694,992	3,440,650,167
Equity attributable to owners of the Company					
		355,884,983	321,977,963	-	-
Non-controlling interests of the subsidiaries					
		4,288,603,075	4,205,440,159	3,383,694,992	3,440,650,167
Total shareholders' equity					
		5,705,720,908	5,395,417,405	4,031,283,034	3,960,962,646
Total liabilities and shareholders' equity					
		-	-	-	-

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

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenue from contracts with customers	27	6,730,662,436	6,397,739,394	4,974,219,337	4,563,024,066
Dividend income	7, 12	244	2,324	26,421,985	80,400,881
Gain from change in fair value of biological assets		18,691,732	-	-	-
Compensation from insurance		18,736,306	-	-	-
Other income		70,486,184	56,144,155	34,257,741	24,761,214
Total revenues		6,838,576,902	6,453,885,873	5,034,899,063	4,668,186,161
Expenses					
	28				
Cost of sales		5,599,080,691	5,115,762,168	4,268,827,216	3,646,762,610
Selling and distribution expenses		480,769,737	471,246,686	311,137,583	301,357,648
Administrative expenses		212,633,297	234,756,868	116,042,166	120,349,741
Loss from impairment of assets		-	698,969	-	-
Loss from change in fair value of biological assets		-	26,864,185	-	-
Total expenses		6,292,483,725	5,849,328,876	4,696,006,965	4,068,469,999
Profit from operating activities		546,093,177	604,556,997	338,892,098	599,716,162
Share of loss from investment in joint venture	13	(3,751,777)	(6,813,861)	-	-
Finance income		1,968,587	3,023,644	1,302,944	2,054,153
Finance cost		(13,770,330)	(13,145,305)	(1,708,473)	(1,444,016)
Profit before income tax expenses		530,539,657	587,621,475	338,486,569	600,326,299
Income tax expenses	29	(110,538,323)	(107,143,699)	(62,676,836)	(91,302,895)
Profit for the year		420,001,334	480,477,776	275,809,733	509,023,404

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(7,826,517)	(27,740,711)	(6,037,614)	(5,777,396)
Income tax effect	29	1,565,304	5,548,142	1,207,523	1,155,479
Share of other comprehensive income of investment in joint venture - actuarial loss	13	39,472	(77,952)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(6,221,741)	(22,270,521)	(4,830,091)	(4,621,917)
Other comprehensive income for the year		(6,221,741)	(22,270,521)	(4,830,091)	(4,621,917)
Total comprehensive income for the year		413,779,593	458,207,255	270,979,642	504,401,487
Profit attributable to:					
Equity holders of the Company		383,021,893	482,062,908	275,809,733	509,023,404
Non-controlling interests of the subsidiaries		36,979,441	(1,585,132)		
		<u>420,001,334</u>	<u>480,477,776</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		377,218,162	460,340,384	270,979,642	504,401,487
Non-controlling interests of the subsidiaries		36,561,431	(2,133,129)		
		<u>413,779,593</u>	<u>458,207,255</u>		
Basic earnings per share					
	31				
Profit attributable to equity holders of the Company		0.47	0.59	0.34	0.62

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company									
	Issued and	Share	Premium on	Deficit	Retained earnings		Total equity	Equity	Total
Note	paid up	premium	treasury stock	on changes in	Appropriated -	Unappropriated	attributable to	attributable to	shareholders'
	share capital			shareholding	statutory reserve		shareholders of	non-controlling	equity
				in subsidiary			the Company	interests of	
								the subsidiaries	
Balance as at 1 January 2019	820,000,000	241,970,265	5,269,100	(6,579,077)	122,223,881	2,445,153,625	3,628,037,794	332,600,512	3,960,638,306
Profit for the year	-	-	-	-	-	482,062,908	482,062,908	(1,585,132)	480,477,776
Other comprehensive income for the year	-	-	-	-	-	(21,722,524)	(21,722,524)	(547,997)	(22,270,521)
Total comprehensive income for the year	-	-	-	-	-	460,340,384	460,340,384	(2,133,129)	458,207,255
Dividend paid	34	-	-	-	-	(205,000,000)	(205,000,000)	-	(205,000,000)
Reversal of prior year dividend	-	-	-	-	-	119,873	119,873	-	119,873
Appropriation of statutory reserve of subsidiary	-	-	-	-	3,023,738	(3,059,593)	(35,855)	35,855	-
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	(8,525,275)	(8,525,275)
Balance as at 31 December 2019	820,000,000	241,970,265	5,269,100	(6,579,077)	125,247,619	2,697,554,289	3,883,462,196	321,977,963	4,205,440,159

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the owners of the Company										
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Surplus (deficit) on changes in shareholding in subsidiary	Retained earnings		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2020		820,000,000	241,970,265	5,269,100	(6,579,077)	125,247,619	2,697,554,289	3,883,462,196	321,977,963	4,205,440,159
Profit for the year		-	-	-	-	-	383,021,893	383,021,893	36,979,441	420,001,334
Other comprehensive income for the year		-	-	-	-	-	(5,803,731)	(5,803,731)	(418,010)	(6,221,741)
Total comprehensive income for the year		-	-	-	-	-	377,218,162	377,218,162	36,561,431	413,779,593
Dividend paid	34	-	-	-	-	-	(328,000,000)	(328,000,000)	-	(328,000,000)
Reversal of prior year dividend		-	-	-	-	-	65,183	65,183	-	65,183
Acquisition of investment in subsidiary										
from non-controlling interests		-	-	-	1,470	-	-	1,470	(3,870)	(2,400)
Appropriation of statutory reserve of subsidiary		-	-	-	-	2,439,605	(2,468,524)	(28,919)	28,919	-
Decrease in non-controlling interests										
from dividend payment of subsidiary		-	-	-	-	-	-	-	(2,679,460)	(2,679,460)
Balance as at 31 December 2020		820,000,000	241,970,265	5,269,100	(6,577,607)	127,687,224	2,744,369,110	3,932,718,092	355,884,983	4,288,603,075

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements						
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019		820,000,000	241,970,265	5,269,100	82,000,000	1,991,889,442	3,141,128,807
Profit for the year		-	-	-	-	509,023,404	509,023,404
Other comprehensive income for the year		-	-	-	-	(4,621,917)	(4,621,917)
Total comprehensive income for the year		-	-	-	-	504,401,487	504,401,487
Dividend paid	34	-	-	-	-	(205,000,000)	(205,000,000)
Reversal of prior year dividend		-	-	-	-	119,873	119,873
Balance as at 31 December 2019		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,291,410,802</u>	<u>3,440,650,167</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements						
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2020		820,000,000	241,970,265	5,269,100	82,000,000	2,291,410,802	3,440,650,167
Profit for the year		-	-	-	-	275,809,733	275,809,733
Other comprehensive income for the year		-	-	-	-	(4,830,091)	(4,830,091)
Total comprehensive income for the year		-	-	-	-	270,979,642	270,979,642
Dividend paid	34	-	-	-	-	(328,000,000)	(328,000,000)
Reversal of prior year dividend		-	-	-	-	65,183	65,183
Balance as at 31 December 2020		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,234,455,627</u>	<u>3,383,694,992</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	530,539,657	587,621,475	338,486,569	600,326,299
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	256,294,267	222,899,974	100,857,560	95,421,264
Loss (gain) from change in fair value of biological assets	(18,691,732)	26,864,185	-	-
Share of loss from investment in joint venture	3,751,777	6,813,861	-	-
Increase (decrease) in allowance for expected credit losses	3,748,079	(8,989,509)	1,999,130	(9,324,430)
Increase (decrease) in allowance for diminution in inventory value	(4,109,534)	516,812	10,626	-
Decrease in allowance for impairment of assets	-	(836,131)	-	-
Loss on write-off assets	2,083,664	-	-	-
(Gain) loss on disposals/write-off of property, plant and equipment	(143,004)	(1,840,260)	4,836,371	(520,989)
Loss on write-off of intangible assets	2	-	-	-
Loss on write-off of bearer plants	-	5,948,638	-	-
Unrealised loss (gain) on exchange	2,028,948	1,420,108	759,816	(68,513)
Unrealised loss on fair value of derivatives	545,347	-	468,766	-
Gain on financial lease agreements	(3,778,947)	(1,022,998)	-	-
Provision for termination benefits and long-term employee benefits	27,513,793	53,003,812	8,927,675	20,012,358
Dividend income from subsidiaries	-	-	(26,421,741)	(80,398,557)
Dividend income from other companies	(244)	(2,324)	(244)	(2,324)
Finance income	(1,968,587)	(3,023,644)	(1,302,944)	(2,054,153)
Finance cost	12,343,712	11,701,289	281,854	-
Profit from operating activities before changes in operating assets and liabilities	810,157,198	901,075,288	428,903,438	623,390,955
Decrease (increase) in operating assets				
Trade and other receivables	(582,212)	(8,977)	(36,356,613)	(16,100,592)
Cash received from financial lease receivables	742,139	51,616	-	-
Inventories	(543,320,995)	236,997,877	(456,071,800)	126,063,387
Biological assets	14,000,048	727,050	-	-
Other current assets	(5,644,885)	212,608	(5,644,568)	4,149,355
Other non-current assets	(837,307)	542,369	40,001	(108,416)
Increase (decrease) in operating liabilities				
Trade and other payables	4,833,544	23,663,864	16,821,631	38,113,418
Other current financial liabilities	(4,578,923)	-	(730,869)	-
Other current liabilities	25,064,309	(2,654,384)	4,186,932	(916,241)
Provision for termination benefits and long-term employee benefits	(24,583,505)	(18,796,464)	(7,665,887)	(4,560,248)
Cash from operating activities	275,249,411	1,141,810,847	(56,517,735)	770,031,618
Cash received from interest income	1,968,587	3,023,644	1,302,944	2,054,153
Cash paid for interest expenses	(12,372,615)	(11,803,055)	(276,491)	-
Income tax refund	2,389,007	245,887	-	-
Cash paid for corporate income tax	(85,231,542)	(101,552,436)	(63,992,451)	(67,492,946)
Net cash from (used in) operating activities	182,002,848	1,031,724,887	(119,483,733)	704,592,825

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Acquisition of investment in subsidiary from non-controlling interests	(2,400)	-	(2,400)	-
Dividend received from subsidiaries	-	-	26,421,741	80,398,557
Dividend received from joint venture	-	4,999,998	-	-
Dividend received from other companies	244	2,324	244	2,324
Decrease in long-term loans to other companies	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(387,052,465)	(246,232,432)	(148,256,494)	(115,578,728)
Advance payments for equipment	(199,500)	(650,000)	-	-
Proceeds from disposals of property, plant and equipment	33,140,149	7,427,668	3,023,492	1,356,225
Increase in bearer plants	(3,681,047)	(7,840,675)	-	-
Acquisitions of intangible assets	(3,426,694)	(479,000)	(3,288,664)	-
Net cash used in investing activities	(360,301,713)	(241,852,117)	(122,102,081)	(33,821,622)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	(10,000,000)	20,000,000	65,000,000	-
Cash received from long-term loans	150,000,000	-	-	-
Payment of lease liabilities	(23,672,405)	-	-	-
Payment of liabilities under finance lease agreements	-	(473,775)	-	-
Repayment of long-term loans	(33,400,000)	(129,206,666)	-	-
Dividend paid	(330,509,942)	(213,407,985)	(327,830,482)	(204,882,710)
Net cash used in financing activities	(247,582,347)	(323,088,426)	(262,830,482)	(204,882,710)
Net increase (decrease) in cash and cash equivalents	(425,881,212)	466,784,344	(504,416,296)	465,888,493
Cash and cash equivalents at beginning of the year	664,166,740	197,382,396	589,021,161	123,132,668
Cash and cash equivalents at end of the year (Note 8)	238,285,528	664,166,740	84,604,865	589,021,161

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

Transfer of deposits for equipment to equipment

Dividend payable

49,148,058	19,342,922	41,782,086	7,779,049
650,000	-	-	-
682,007	577,672	682,007	577,672

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2020

1. General information

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Lam Soon Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of palm oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangna Nuea, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u> Percent	<u>2019</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.83	98.83
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u> Percent	<u>2019</u> Percent
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	100

The frozen vegetable and fruit manufacturing business, which is operated by Union Frost Company Limited (“the subsidiary”), ceased production and laid off most of its employees. At the present, the subsidiary allocates the area of cold room using for freezing goods for rent.

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

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

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. They also include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements as follows.

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

These standards do not have any significant impact on the Group's 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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to 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.

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 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 with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The change in accounting policy due to the adoption of financial reporting standards related to financial instruments and TFRS 16 has no impact to retained earnings as at 1 January 2020.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The effect of		
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Non-current assets				
Right-of-use assets	-	-	64,254	64,254
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	23,673	23,673
Trade and other payables	440,899	-	(5,201)	435,698
Advance received from customers	-	11,136	-	11,136
Other current financial liabilities	-	9,744	-	9,744
Other current liabilities	22,307	(20,880)	-	1,427
Non-current liabilities				
Lease liabilities, net of current portion	-	-	45,782	45,782

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The effect of		
		Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Liabilities and shareholders' equity				
Current liabilities				
Other current financial liabilities	-	1,945	-	
Other current liabilities	2,656	(1,945)	-	

4.1 Financial instruments

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	664,167	-	664,167	664,167
Trade and other receivables	889,806	-	889,806	889,806
Current portion of finance lease receivables	331	-	331	331
Financial lease receivables - long-term portion	641	-	641	641
Short-term loans to related parties	-	-	-	-
Other non-current financial assets	23	23	-	23
Long-term loans to other company	19,320	-	19,320	19,320
Total financial assets	1,574,288	23	1,574,265	1,574,288

(Unit: Thousand Baht)

	Separate financial statements			
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	589,021	-	589,021	589,021
Trade and other receivables	776,842	-	776,842	776,842
Other non-current financial assets	23	23	-	23
Total financial assets	1,365,886	23	1,365,863	1,365,886

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	107,879	4,004
Less: Short-term leases and leases of low-value assets	(1,168)	-
Less: Contracts reassessed as service agreements	(6,325)	(4,004)
Add: Others	5,201	-
Less: Deferred interest expenses	(36,132)	-
Increase in lease liabilities due to the adoption of TFRS 16	69,455	-
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	<u>69,455</u>	<u>-</u>
Weighted average incremental borrowing rate (percent per annum)	5.25	-
Comprise of:		
Current lease liabilities	23,673	-
Non-current lease liabilities	45,782	-
	<u>69,455</u>	<u>-</u>

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

	(Unit: Thousand Baht)
	Consolidated financial statements
Land	37,947
Machinery and equipment	26,307
Total right-of-use assets	<u>64,254</u>

5. Significant accounting policies

5.1 Revenue and expense 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 returns and discounts to customers.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividend is established.

5.2 Cash and cash equivalents

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

5.3 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all cost of raw materials, labour and factory overheads.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

5.4 Investments in subsidiaries, joint ventures and associates

Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.5 Investment properties

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

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 year when the asset is derecognised.

5.6 Property, plant and equipment and depreciation

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

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

Building	-	5, 20 and 30 years
Building improvement	-	5 - 20 and 30 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	3 - 20 and 30 years
Furniture, fixtures and office equipment	-	3 - 15 and 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under construction and installation.

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

5.7 Bearer plants and amortisation

Bearer plants are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs of bearer plants before the production period.

Amortisation is calculated by reference to cost on a straight-line basis over the estimated remaining productive life of the bearer plants (the productive life of palm trees is generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on bearer plants not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are recognised as expenses in profit or loss.

5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.9 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

5.10 Agriculture

The subsidiary's biological assets are palm fruit on tree and palm nursery for sale, and agricultural produce is palm fresh fruit brunch.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the factory less estimated point of harvest costs. The palm fresh fruit brunch is determined by reference to price of palm fruit at the front of the factory less estimated selling expenses. The fair value of palm nursery for sale is determined by reference to selling price less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at fair value less costs to sell.

The agricultural produce is included in inventories.

5.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.12 Leases

At inception of contract, the Group 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.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less 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.

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

Land	24	years
Machinery and equipment	1	year 4 months

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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, variable lease payments that depend on an index or a rate, 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.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. 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.

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

Leases of property, plant or equipment 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or 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.

The Group as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.13 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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.

5.14 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.15 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, investment properties, bearer plants and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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

5.16 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

5.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Post-employment benefits and other long-term employee benefits

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

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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.

5.18 Provisions

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

5.19 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.20 Financial instruments

Accounting policies adopted since 1 January 2020

The Group 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 Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group 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 Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

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

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s 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 Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

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 Group has transferred substantially all the risks and rewards of the asset, or the Group 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 profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade and other accounts receivable

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

Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

5.21 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.22 Fair value measurement

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

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

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

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:

Agriculture

The subsidiary measures its biological assets - palm fruit on tree at the fair value less costs to sell. Such fair value is calculated using the discounted cash flows reference to price of palm fruit at the front of the subsidiary's factory, less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as prices of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

Contingent liabilities

The Company has contingent liabilities as a result of import duty and VAT assessment by the Customs Department. The Company's management has used judgement to assess of the results of the import duty and VAT assessment by the Customs Department and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

7. Related party transactions

During the years, the Group 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 related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	758	432	Market prices on the contract date
Purchases of goods	-	-	390	458	Market prices less fixed margin
Dividend income	-	-	26	80	At the declared rate
Rental income	-	-	2	2	Market price
Administrative service income	-	-	3	3	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	191	184	-	-	Price approximates market price
Purchases of goods	9	8	5	6	Price less marketing expenses and margin
Selling expenses	23	19	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	3	1	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	-	5	-	-	As declared by joint venture

As at 31 December 2020 and 2019, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiaries	-	-	27,259	22,830
Associated company	452	452	-	-
Related companies (related by common shareholders)	36,171	46,856	-	-
Total trade and other receivables - related parties	36,623	47,308	27,259	22,830
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	15,843	26,528	27,259	22,830
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
<u>Trade and other payables - related parties</u> (Note 22)				
Subsidiaries	-	-	109,516	78,146
Related companies (related by common shareholders)	9,500	4,942	1,209	-
Total trade and other payables - related parties	9,500	4,942	110,725	78,146

Short-term loans to related parties

Short-term loans to associated and related companies of subsidiary carry interest at a rate of 7 percent per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has ceased from the date the Central Bankruptcy Court accepted the bankruptcy suits. The Central Bankruptcy Court ordered the closing of the Union Fresh Co., Ltd. (associated company of subsidiary) on 7 January 2016 and the case of Siam Unizon co., Ltd. (related company of subsidiary) on 24 February 2017.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement dated 27 February 2006 whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. The contract expired on 31 December 2016. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2017 and expiring on 31 December 2021.

Directors and management’s remuneration

During the years ended 31 December 2020 and 2019, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 150 million and Baht 142 million, respectively (the Company only: Baht 88 million and Baht 87 million, respectively).

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	2,053	2,489	593	1,038
Bank deposits	<u>236,233</u>	<u>661,678</u>	<u>84,012</u>	<u>587,983</u>
Total	<u>238,286</u>	<u>664,167</u>	<u>84,605</u>	<u>589,021</u>

As at 31 December 2020, bank deposits in savings accounts and time deposit accounts carried interests between 0.05 and 0.25 percent per annum (2019: between 0.04 and 1.10 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	15,843	26,528	49	-
Past due				
Over 12 months	452	452	-	-
Total	16,295	26,980	49	-
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(452)	(452)	-	-
Total trade receivables - related parties - net	15,843	26,528	49	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	17,499	16,955	17,499	16,955
Cheque returned	12,618	12,581	7,655	7,618
Not yet due	712,968	679,808	656,377	599,959
Past due				
Up to 3 months	136,041	146,645	108,542	130,365
3 - 6 months	-	10,786	-	54
6 - 12 months	515	1,879	515	787
Over 12 months	30,606	28,523	2,705	2,391
Total	910,247	897,177	793,293	758,129
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(43,220)	(39,538)	(9,736)	(7,737)
Total trade receivables - unrelated parties - net	867,027	857,639	783,557	750,392
Total trade receivables - net	882,870	884,167	783,606	750,392
<u>Other receivables</u>				
Other receivables - related parties	-	-	6,157	4,474
Other receivables - unrelated parties	2,774	5,278	1,111	4,329
Accrued income - related parties	-	-	21,053	18,356
Accrued income - unrelated parties	73	167	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	420	903	-	-
Total	23,595	26,676	28,321	27,159
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(21,103)	(21,037)	(709)	(709)
Total other receivables - net	2,492	5,639	27,612	26,450
Total trade and other receivables - net	885,362	889,806	811,218	776,842

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	61,027	8,446
Provision for expected credit losses	3,999	1,999
Effect from foreign exchange	(251)	-
As at 31 December 2020	<u>64,775</u>	<u>10,445</u>

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	529,989	412,632	(19,182)	(20,427)	510,807	392,205
Work in process	723,164	298,950	-	-	723,164	298,950
Raw materials	37,418	41,393	(4,868)	(6,122)	32,550	35,271
Inventories in transit	2,840	12,094	-	-	2,840	12,094
Supplies and spare parts	122,569	107,589	(2,822)	(4,432)	119,747	103,157
Total	<u>1,415,980</u>	<u>872,658</u>	<u>(26,872)</u>	<u>(30,981)</u>	<u>1,389,108</u>	<u>841,677</u>

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	139,205	87,809	(11)	-	139,194	87,809
Work in process	725,387	299,094	-	-	725,387	299,094
Raw materials	-	15,265	-	-	-	15,265
Inventories in transit	2,509	11,779	-	-	2,509	11,779
Supplies and spare parts	42,053	39,135	-	-	42,053	39,135
Total	<u>909,154</u>	<u>453,082</u>	<u>(11)</u>	<u>-</u>	<u>909,143</u>	<u>453,082</u>

During the current year, the Group reversed the write-down of cost of inventories by Baht 4.1 million and reduced the amount of inventories recognised as expenses during the year (2019: reduced cost of inventories to net realisable value by Baht 0.5 million, which was included in cost of sales) (The Company only: reduced cost of inventories to net realisable value by Baht 0.01 million, which was included in cost of sales (2019: Nil)).

11. Biological assets

Movements of the biological assets account for the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2019	80,547	37,973	118,520
Gain (loss) from changes in fair value	(4,047)	173,965	169,918
Increases from cultivate	767	-	767
Decreases from harvest	-	(176,954)	(176,954)
Decreases from sales	(11,522)	(3,946)	(15,468)
Decrease from write-off	(5,855)	-	(5,855)
Balance as at 31 December 2019	59,890	31,038	90,928
Gain from changes in fair value	3,114	344,370	347,484
Decreases from harvest	-	(264,849)	(264,849)
Decreases from sales	(21,319)	(44,124)	(65,443)
Decrease from write-off	(12,500)	-	(12,500)
Balance as at 31 December 2020	29,185	66,435	95,620

Significant assumptions for the calculation of fair value are as follows:

Prices of palm fruit at the point of harvest are estimated based on the past purchase prices of palm fruit at the front of the subsidiary's factory less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 3 percent (2019: 5 percent) by weighted average cost of capital method.

The results of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2020		2019	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	12,466	(12,466)	8,352	(8,352)
Weight of palm fruit on tree	12,466	(12,466)	8,352	(8,352)

12. Investments in subsidiaries

12.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	5,668	18,137
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,625	585,623	20,754	62,261
Total					<u>1,333,969</u>	<u>1,333,967</u>	<u>26,422</u>	<u>80,398</u>

As at 31 December 2020, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 966 million (2019: Baht 794 million).

12.2 Details of investment in subsidiary that has material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	342	308	36	(2)	2	8

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

As at 31 December

	<u>2020</u>	<u>2019</u>
Current assets	319	238
Non-current assets	1,166	1,102
Current liabilities	286	302
Non-current liabilities	64	19

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Revenue	987	564
Profit (loss)	125	(4)
Other comprehensive income	(1)	(1)
Total comprehensive income	124	(5)

Summarised information about cash flow

(Unit: Million Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	129	50
Cash flow used in investing activities	(72)	(31)
Cash flow used in financing activities	(38)	(21)
Net increase (decrease) in cash and cash equivalents	19	(2)

13. Investment in joint venture

13.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2020 (%)	2019 (%)	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	22,997	26,710
Total				25,000	25,000	22,997	26,710

13.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Share of loss from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	2020	2019	2020	2019
Siam Elite Palm Co., Ltd.	(3,752)	(6,814)	39	(78)
Total	(3,752)	(6,814)	39	(78)

During the year ended 31 December 2020, the subsidiary did not receive dividend from investment in the joint venture (2019: Baht 5.0 million).

13.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December

	<u>2020</u>	<u>2019</u>
Current assets	20,294	28,554
Non-current assets	33,693	35,260
Total assets	53,987	63,814
Current liabilities	(3,612)	(5,935)
Non-current liabilities	(4,380)	(4,459)
Total liabilities	(7,992)	(10,394)
Net assets	45,995	53,420
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	22,997	26,710

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2020</u>	<u>2019</u>
Revenue	13,884	12,939
Cost of sales	(6,655)	(7,619)
The differences between fair value and costs of agriculture produce	(2,550)	(5,543)
Selling and administrative expenses	(12,262)	(13,362)
Loss before income tax	(7,583)	(13,585)
Income tax	-	113
Loss for the year	(7,583)	(13,472)
Other comprehensive income	79	(156)
Total comprehensive income	(7,504)	(13,628)
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	(3,752)	(6,814)

14. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2020	2019	2020	2019
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2020	2019	2020	2019	2020	2019	2020	2019
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

15. Long-term loans to other companies

As at 31 December 2020, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 18.4 million (2019: Baht 19.3 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

Movement in long-term loans to other companies during the year ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 31 December 2019	19,320
Less: Receipts	(920)
Balance as at 31 December 2020	18,400

16. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2020					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	62,299	138,811	201,110	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,547)	(77,547)	-	(33,973)	(33,973)
Allowance for impairment	(3,302)	(58,755)	(62,057)	-	-	-
Net book value	58,997	2,509	61,506	5,615	-	5,615

(Unit: Thousand Baht)

	As at 31 December 2019					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	138,810	202,605	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,059)	(77,059)	-	(33,973)	(33,973)
Allowance for impairment	(3,303)	(58,755)	(62,058)	-	-	-
Net book value	60,492	2,996	63,488	5,615	-	5,615

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	63,488	63,029	5,615	5,615
Write-off during the year	-	(430)	-	-
Disposals during the year	(1,495)	-	-	-
Depreciation for the year	(487)	(646)	-	-
Reversal of allowance for impairment	-	1,535	-	-
Net book value at end of year	61,506	63,488	5,615	5,615

The fair value of land and office building of the Company as at 31 December 2020 was determined at approximately Baht 26 million (2019: Baht 26 million) using the income approach.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2020, the fair value of the land was determined to be Baht 134 million on the basis of market approach, while that of the building was determined to be Baht 51 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental (2019: Baht 137 million and Baht 51 million, respectively).

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2019	773,962	90,357	1,174,201	3,067,056	128,401	247,231	32,651	5,513,859
Additions	-	-	27,492	82,796	2,235	10,374	135,423	258,320
Capitalised interest	-	-	-	-	-	-	468	468
Disposals/write off	(2,844)	-	(254)	(20,176)	(4,685)	(25,937)	-	(53,896)
Transfer in (transfer out)	19,112	-	11,341	54,316	1,058	3,126	(88,953)	-
31 December 2019	790,230	90,357	1,212,780	3,183,992	127,009	234,794	79,589	5,718,751
Additions	-	-	26,677	125,407	4,552	12,101	248,457	417,194
Capitalised interest	-	-	106	202	-	-	3	311
Disposals/write off	(20,033)	-	(35,895)	(102,939)	(4,697)	(36,177)	-	(199,741)
Transfer in (transfer out)	17,665	-	45,520	82,427	1,396	820	(147,828)	-
31 December 2020	787,862	90,357	1,249,188	3,289,089	128,260	211,538	180,221	5,936,515

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2019	-	-	770,558	2,097,224	112,315	210,739	-	3,190,836
Depreciation for the year	-	-	53,498	136,868	4,835	13,821	-	209,022
Depreciation on disposals/write off	-	-	(254)	(18,281)	(4,655)	(25,539)	-	(48,729)
31 December 2019	-	-	823,802	2,215,811	112,495	199,021	-	3,351,129
Depreciation for the year	-	-	58,751	141,703	4,859	12,018	-	217,331
Depreciation on disposals/write off	-	-	(34,054)	(95,231)	(4,654)	(34,289)	-	(168,228)
31 December 2020	-	-	848,499	2,262,283	112,700	176,750	-	3,400,232
Allowance for impairment								
1 January 2019	20,511	-	-	61,962	159	37	-	82,669
Increase during the year	699	-	-	-	-	-	-	699
Decrease from write-off during the year	-	-	-	(2)	(7)	-	-	(9)
31 December 2019	21,210	-	-	61,960	152	37	-	83,359
Decrease from write-off during the year	-	-	-	(13)	-	-	-	(13)
31 December 2020	21,210	-	-	61,947	152	37	-	83,346
Net book value								
31 December 2019	769,020	90,357	388,978	906,221	14,362	35,736	79,589	2,284,263
31 December 2020	766,652	90,357	400,689	964,859	15,408	34,751	180,221	2,452,937
Depreciation for the year								
2019 (Baht 198.2 million included in manufacturing cost, and the balance in administrative expenses)								209,022
2020 (Baht 208.8 million included in manufacturing cost, and the balance in administrative expenses)								217,331

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2019	25,836	417,768	1,481,818	41,219	44,928	7,108	2,018,677
Additions	-	15	16,172	684	3,875	101,179	121,925
Disposals/write off	-	-	(8,577)	(1,075)	(2,836)	-	(12,488)
Transfer in (transfer out)	-	9,221	43,401	1,044	395	(54,061)	-
31 December 2019	25,836	427,004	1,532,814	41,872	46,362	54,226	2,128,114
Additions	-	2,277	15,649	1,127	4,179	159,027	182,259
Disposals/write off	-	(23,550)	(16,128)	(608)	(3,974)	-	(44,260)
Transfer in (transfer out)	-	34,627	54,220	1,391	820	(91,058)	-
31 December 2020	25,836	440,358	1,586,555	43,782	47,387	122,195	2,266,113

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation							
1 January 2019	-	279,514	919,572	37,917	35,659	-	1,272,662
Depreciation for the year	-	13,846	75,796	1,425	3,464	-	94,531
Depreciation on disposals/write off	-	-	(7,742)	(1,075)	(2,836)	-	(11,653)
31 December 2019	-	293,360	987,626	38,267	36,287	-	1,355,540
Depreciation for the year	-	14,699	79,381	1,620	4,140	-	99,840
Depreciation on disposals/write off	-	(22,790)	(9,066)	(571)	(3,974)	-	(36,401)
31 December 2020	-	285,269	1,057,941	39,316	36,453	-	1,418,979
Allowance for impairment							
31 December 2019	-	-	30	-	-	-	30
31 December 2020	-	-	30	-	-	-	30
Net book value							
31 December 2019	25,836	133,644	545,158	3,605	10,075	54,226	772,544
31 December 2020	25,836	155,089	528,584	4,466	10,934	122,195	847,104
Depreciation for the year							
2019 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							94,531
2020 (Baht 92.2 million included in manufacturing cost, and the balance in administrative expenses)							99,840

During the year 2020, the subsidiary capitalised borrowing costs amounting to Baht 0.3 million (2019: Baht 0.5 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans, and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 1.04% - 1.82% per annum (2019: 1.72% - 2.37% per annum).

As at 31 December 2020, certain plant and equipment items of the Group had been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,200 million (2019: Baht 2,262 million) and for the Company amounted to approximately Baht 833 million (2019: Baht 810 million).

18. Bearer plants

	Consolidated financial statements			Separate financial statements
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Bearer plants ready for harvest
	(Unit: Thousand Baht)			
Cost				
1 January 2019	585,769	50,583	636,352	294
Additions	7,841	-	7,841	-
Write off	(12,204)	-	(12,204)	-
Transfer in (out)	44,018	(44,018)	-	-
31 December 2019	625,424	6,565	631,989	294
Additions	-	3,681	3,681	-
Write off	(7)	-	(7)	-
31 December 2020	625,417	10,246	635,663	294
Accumulated amortisation				
1 January 2019	400,300	-	400,300	105
Amortisation for the year	11,069	-	11,069	12
Amortisation on write off	(6,255)	-	(6,255)	-
31 December 2019	405,114	-	405,114	117
Amortisation for the year	11,394	-	11,394	11
Amortisation on write off	(7)	-	(7)	-
31 December 2020	416,501	-	416,501	128
Allowance for impairment				
31 December 2019	22,663	-	22,663	-
31 December 2020	22,663	-	22,663	-
Net book value				
31 December 2019	197,647	6,565	204,212	177
31 December 2020	186,253	10,246	196,499	166
Amortisation for the year (included in manufacturing cost)				
2019			11,069	12
2020			11,394	11

As at 31 December 2020, approximately 13,478 rai of the total area utilised by the subsidiary is with land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary of subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary of subsidiary has leased the land of 13,030 rai to the subsidiary for utilisation. The subsidiary of subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 15 May 2020, that subsidiary of subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 14 May 2021 and the subsidiary of subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

19. Goodwill

The Company allocated goodwill acquired through business combinations with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2020		
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below.

	(Unit: Percent per annum)	
	As at 31 December 2020	
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited
Long-term growth rate	1	1
Pre-tax discount rates	6	7

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill with indefinite useful lives.

20. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cost	64,790	65,245	31,505	28,216
Less: Accumulated amortisation	(57,249)	(59,083)	(25,511)	(24,504)
Net book value	<u>7,541</u>	<u>6,162</u>	<u>5,994</u>	<u>3,712</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net book value at beginning of year	6,162	7,846	3,712	4,591
Acquisitions - cost	3,391	479	3,289	-
Amortisation for the year	(2,012)	(2,163)	(1,007)	(879)
Net book value at end of year	<u>7,541</u>	<u>6,162</u>	<u>5,994</u>	<u>3,712</u>

21. Short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2020	2019	2020	2019	2020	2019
Short-term loans from banks	1.00 - 1.50	1.65 - 1.90	460,000	470,000	65,000	-
Total			460,000	470,000	65,000	-

Movement in short-term loans from banks during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2019	470,000	-
Add: Additional borrowings	1,665,000	315,000
Less: Repayment	(1,675,000)	(250,000)
Balance as at 31 December 2020	460,000	65,000

The short-term loans from banks of the Group are unsecured loans.

22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - related parties	1,847	308	110,574	77,988
Trade payables - unrelated parties	189,282	218,785	126,489	160,376
Other payables - related parties	7,653	4,472	-	-
Other payables - unrelated parties	87,281	66,556	60,208	43,581
Advance received from related parties	-	162	151	158
Other payables for purchases of machinery	49,148	19,343	41,782	7,779
Accrued expenses	135,838	131,273	90,345	88,058
Total trade and other payables	471,049	440,899	429,549	377,940

23. Long-term loans

(Unit: Million Baht)

Loan facilities	Interest rate (Percent per annum)	Repayment schedule	Consolidated financial statements	
			2020	2019
1	2.80	Repayment every month from May 2018 to April 2020	-	16,600
2	2.50	Repayment every month from September 2019 to August 2022	133,200	-
Total long-term loans			133,200	16,600
Less: Current portion			(50,400)	(16,600)
Long-term loans - net of current portion			82,800	-

Movement of the long - term loan account during the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2020	16,600
Add: Additional borrowings	150,000
Less: Repayment	(33,400)
Balance as at 31 December 2020	133,200

The subsidiary has borrowed long-term loans from banks and were unsecured loans.

The loan agreements contain covenants which, among other things, require the subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

24. Leases

The Group as a lessee

The Group has lease contracts for land, machinery and factory equipment used in its operations. Lease contract for land of a subsidiary is not allowed to be subleased and transferred to others unless a prior written consent of the lessor has been obtained.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land	Machinery and equipment	Total
1 January 2020	37,947	26,307	64,254
Depreciation for the year	(1,551)	(23,482)	(25,033)
31 December 2020	<u>36,396</u>	<u>2,825</u>	<u>39,221</u>

The subsidiary of subsidiary entered into a lease agreement with the Treasury Department for an area of 4,294 rai for 30 years, end of contract on 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2020</u>	<u>2019</u>
Lease payments	78,926	-
Less: Deferred interest expenses	(33,143)	-
Total	45,783	-
Less: Portion due within one year	(3,237)	-
Lease liabilities - net of current portion	<u>42,546</u>	-

A maturity analysis of lease payments is disclosed in Note 38 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

For the year ended
31 December 2020

	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	25,033	-
Interest expense on lease liabilities	2,986	-
Expense relating to short-term leases	9,599	4,198
Expense relating to leases of low-value assets	117	-
Expense relating to variable lease payments	3,413	-

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 39.8 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

25. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2020			2019		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	178,853	2,246	181,099	116,791	2,360	119,151
Included in profit or loss:						
Current service cost	14,262	221	14,483	15,672	165	15,837
Interest cost	3,009	33	3,042	5,144	49	5,193
Past service costs	-	-	-	31,974	-	31,974
Actuarial loss arising from						
Financial assumptions changes	-	100	100	-	-	-
Experience adjustments	-	324	324	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	(1)	-	(1)	19,805	87	19,892
Experience adjustments	7,828	-	7,828	7,849	-	7,849
Benefits paid during the year	(14,581)	(438)	(15,019)	(18,382)	(415)	(18,797)
Provision for long-term employee benefits at end of year	189,370	2,486	191,856	178,853	2,246	181,099

(Unit: Thousand Baht)

	Separate financial statements					
	2020			2019		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	86,995	2,246	89,241	65,652	2,360	68,012
Included in profit or loss:						
Current service cost	6,929	221	7,150	5,728	165	5,893
Interest cost	1,321	33	1,354	1,846	49	1,895
Past service costs	-	-	-	12,224	-	12,224
Actuarial loss arising from						
Financial assumptions changes	-	100	100	-	-	-
Experience adjustments	-	324	324	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	631	-	631	5,690	87	5,777
Experience adjustments	5,407	-	5,407	-	-	-
Benefits paid during the year	(7,228)	(438)	(7,666)	(4,145)	(415)	(4,560)
Provision for long-term employee benefits at end of year	94,055	2,486	96,541	86,995	2,246	89,241

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 is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 32 million (The Company only: Baht 12.2 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statements of comprehensive income of the year 2019.

The subsidiary had obligations in respect of compensation payables to employees who voluntarily participated in the early retirement schemes. The subsidiary considered these compensations as termination benefits and recorded additional compensations to employees as expenses. During the current year, the subsidiary recognised compensations of termination benefits for the early retirement schemes of Baht 9.6 million as expenses in profit or loss in the statements of comprehensive income (2019: Baht 5.3 million).

The Group expects to pay Baht 14.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.1 million) (2019: Baht 13.3 million, separate financial statements: Baht 5.2 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefits is 9 - 15 years (Separate financial statements: 9 years) (2019: 9 - 15 years, separate financial statements: 9 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.10, 1.50 and 1.84	1.50 and 1.84	1.50	1.50
Salary increase rate	2.0, 4.0 and 5.0	2.0 and 5.0	5.0	5.0

The results 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: Million Baht)

	As at 31 December 2020			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(7.06)	7.24	(3.18)	3.34
Salary increase rate	8.40	(8.06)	3.72	(3.41)

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(6.62)	6.90	(2.74)	2.89
Salary increase rate	7.74	(7.21)	3.24	(2.96)

26. 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 profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve is fully set aside by the Company.

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

27. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Type of goods:				
Sales of goods	6,730,662	6,397,739	4,921,058	4,500,516
Revenue from distribution of goods	-	-	53,161	62,508
Total revenue from contracts with customers - revenue recognised at point in time	<u>6,730,662</u>	<u>6,397,739</u>	<u>4,974,219</u>	<u>4,563,024</u>

28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Raw materials and consumables used	4,830,549	4,040,195	4,279,072	3,037,662
Changes in inventories of finished goods and work in process	(541,571)	(244,514)	(477,689)	128,803
Salary and wages and other employee benefits	712,633	754,569	300,629	307,616
Depreciation and amortisation	256,294	222,900	100,858	95,421
Promotion expenses	72,900	75,408	54,809	58,453
Transportation expenses	130,187	135,289	110,275	115,030
Repair and maintenance expenses	99,544	113,508	23,051	30,374

29. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	94,970	113,222	63,331	92,473
Adjustment in respect of income tax expenses of previous year	-	179	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	15,568	(6,257)	(654)	(1,170)
Income tax expenses reported profit or loss	<u>110,538</u>	<u>107,144</u>	<u>62,677</u>	<u>91,303</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)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	(1,565)	(5,548)	(1,208)	(1,155)
Income tax charged directly to other comprehensive income	<u>(1,565)</u>	<u>(5,548)</u>	<u>(1,208)</u>	<u>(1,155)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>530,540</u>	<u>587,621</u>	<u>338,487</u>	<u>600,326</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	112,186	134,487	67,697	120,065
Adjustment in respect of current income tax of previous year	-	179	-	-
Effects of:				
Promotional privileges (Note 30)	-	(14,895)	-	(14,895)
Share of loss from investment in joint venture	750	1,363	-	-
Non-deductible expenses	8,927	3,244	346	2,373
Additional expense deductions allowed	(11,318)	(17,520)	(5,366)	(16,215)
Tax loss for the year unrecognised as deferred tax assets	268	546	-	-
Others	(275)	(260)	-	(25)
Total	<u>(1,648)</u>	<u>(27,522)</u>	<u>(5,020)</u>	<u>(28,762)</u>
Income tax expenses reported in the profit or loss	<u>110,538</u>	<u>107,144</u>	<u>62,677</u>	<u>91,303</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separated financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	11,264	17,224	2,089	1,689
Allowance for diminution in inventory value	4,060	4,880	2	-
Allowance for impairment loss of				
investment in associated company	2,400	2,400	-	-
Allowance for impairment of assets	8,970	9,024	85	85
Provision for long-term employee benefits	38,371	36,220	19,308	17,848
Provision for land rental	-	1,039	-	-
Loss on fair value of derivatives	15	-	-	-
Leases	1,291	-	-	-
Unused tax loss	-	7,066	-	-
Total	66,371	77,853	21,484	19,622
Deferred tax liabilities				
Change in fair value of biological assets	16,553	14,640	-	-
Revenue recognition under finance leases	802	194	-	-
Total	17,355	14,834	-	-
Total deferred tax assets - net	49,016	63,019	21,484	19,622

Deferred tax assets and liabilities as presented in the statements of financial position as at 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax assets	51,627	63,019	21,484	19,622
Deferred tax liabilities	(2,611)	-	-	-
Total deferred tax assets - net	49,016	63,019	21,484	19,622

As at 31 December 2020, the subsidiary of subsidiary had deductible temporary differences and unused tax losses totaling Baht 131 million (2019: Baht 158 million), on which deferred tax assets have not been recognised as such subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of such subsidiary amounting to Baht 10 million will gradually expire by 2025.

30. Promotional privileges

The Group has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
2093(2)/2550	Pure vegetable oil product	Exemption from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital (1 February 2011).

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
1043(2)/2548	Electricity from biomasses product	Exemption from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income (21 August 2015).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2020 and 2019 were as follows:

	Promoted operations		Non-promoted operations		(Unit: Thousand Baht) Total	
	2020	2019	2020	2019	2020	2019
	Sales income					
Domestic sales						
income	-	1,622,982	4,812,901	2,795,023	4,812,901	4,418,005
Export sales	-	21,504	161,318	123,515	161,318	145,019
Total sales and services	-	1,644,486	4,974,219	2,918,538	4,974,219	4,563,024

31. Earnings per share

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

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit attributable to equity holders of the Company (Thousand Baht)	383,022	482,063	275,809	509,023
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.47	0.59	0.34	0.62

32. Segment information

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

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenues and profit information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues from external customers	4,698	4,238	2,033	2,160	6,731	6,398	-	-	6,731	6,398
Intersegment revenues	757	432	-	-	757	432	(757)	(432)	-	-
Interest expenses	(9)	(8)	(5)	(5)	(14)	(13)	-	-	(14)	(13)
Depreciation and amortisation	(142)	(144)	(116)	(79)	(258)	(223)	2	-	(256)	(223)
Income tax expenses	(95)	(91)	(16)	(16)	(111)	(107)	-	-	(111)	(107)
Segment profit	820	966	316	320	1,136	1,286	(4)	(4)	1,132	1,282

Transfer prices between business segments are as set out in Note 7 to the financial statements.

Geographic information

During the year 2020, the Group's sales represent domestic sales of 80 percent (2019: 78 percent) and export sales of 20 percent (2019: 22 percent).

Major customers

For the years 2020 and 2019, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

33. Provident fund

The Group and its employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and its employees contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

During 2020, the contributions of the Group amounting to Baht 12.2 million (2019: Baht 12.5 million), of which Baht 6.3 million (2019: Baht 5.8 million) is from the Company, were recognised as expenses.

34. Dividends

During the years ended 31 December 2020 and 2019, the Group had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2020</u>			
Dividend on 2019 profit	Annual General Meeting of the shareholders on 24 April 2020	328.00	0.40
Total dividends for the year 2020		328.00	0.40
<u>For the year 2019</u>			
Dividend on 2018 profit	Annual General Meeting of the shareholders on 26 April 2019	205.00	0.25
Total dividends for the year 2019		205.00	0.25
<u>Subsidiaries</u>			
<u>For the year 2020</u>			
Dividend on 2019 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 24 April 2020	8.10	0.03
Total dividends for the year 2020		8.10	0.03
Dividend on 2019 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 23 April 2020	21.00	0.40
Total dividends for the year 2020		21.00	0.40
<u>For the year 2019</u>			
Dividend on 2018 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2019	25.90	0.08
Total dividends for the year 2019		25.90	0.08
Dividend on 2018 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 25 April 2019	63.00	1.20
Total dividends for the year 2019		63.00	1.20

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2020, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 37.1 million (2019: Baht 143.5 million), the Company only: Baht 23.4 million (2019: Baht 52.1 million).

35.2 Operating lease commitments

The Group has entered into several lease of the lower-value assets and service which are non-cancelable. The terms of the agreement are generally between 1 year and 5 years.

As at 31 December 2020, future minimum lease payments required under these non-cancellable contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	Consolidated financial statements	Separate financial statements
Payable:		
Within 1 year	18.3	6.4
In over 1 year and up to 5 years	0.5	0.5
Total	18.8	6.9

35.3 Long-term commitments

In 2020, the subsidiary entered into a power purchase and sale agreement with a private company for contractual terms of 15 years from the commencement date. The private company invested in construction and installation of electricity generation systems and retains ownership of all related properties. The electricity charges are calculated based on rates as specified in the agreement. However, the subsidiary has the right to purchase the electricity generation systems from the 7th year onwards at rates specified in the agreement, or at Baht 1 when the subsidiary has fulfilled the contractual terms of 15 years. Since then, the ownership of all electricity generation systems will be automatically transferred to the subsidiary.

During the current year, the subsidiary had paid electricity charges of Baht 2.4 million.

35.4 Guarantees

As at 31 December 2020, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performances bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 11.3 million to guarantee electricity use, among others (2019: Baht 15.4 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (2019: Baht 4.4 million).

35.5 Contingent liabilities

During the current year, the Company was notified of import duty and VAT assessment by the Customs Department requiring the Company to pay import duty, VAT, penalties and surcharges totalling Baht 186.9 million regarding the import of refined, bleached, and deodorized soybean oil exercising duty exemption and customs tariff reduction privileges for goods originated in ASEAN. On 15 September 2020, the Company submitted an appeal against the duty assessment to Customs Tariff Appeal Section. On 17 September 2020, Post-Clearance Audit Division received the Company's respite of duty payment by applying the self-guarantee, according to the respite request dated 16 September 2020. On 6 October 2020, the Customs Department approved the respite of duty payment to the earlier of 9 years of the import entry and the date of obtaining appeal result.

On 22 September 2020, the Company filed a request for deferral of VAT payments with the Revenue Department. In addition, as at 31 December 2020, the Company had bank guarantee issued by the bank amounting to Baht 23.9 million in respect of the obligation to the Revenue Department regarding the payments of VAT for the period during October 2016 to December 2016 and May 2017 to June 2017 including penalties and surcharges.

The decision on such matter is currently under consideration of the Customs Department. However, the management of the Company believed that possibility of the unfavorable result of such matter is remote. Therefore, the Company has not recorded provisions in the financial statements.

35.6 Land exploit right

- (1) In 2004, a subsidiary received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the subsidiary attended a fact-finding consultation meeting with the ALRO and handed over various relevant documents for use by ALRO in considering this issue.

On 15 October 2005, the subsidiary submitted related documents to Agricultural Land Reform Office to verify the right over the land.

Consequently, ALRO sent a letter to the subsidiary regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2020 totally Baht 7 million, was in conflict with the subsidiary's land title deed. The subsidiary is now processing with ALRO to nullify the status of being land under Sor Por Kor.

- (2) On 11 April 2008, the subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which was set up by the Suratthani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These plots of land represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received a notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The subsidiary has already set aside full allowance for impairment loss on the cost of land and the net book value of palm plantation development on such land in 2009.

At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning the land in designed forest areas.

- (3) On 3 December 2019, the subsidiary received notice from ALRO in Krabi, informing them of vacating a land plot of title deed No. 601 in Karbi Noi Sub-district, Muang District, Krabi, covering a total area of 973 rai and demolishing all constructions thereon within 30 days from the date the notice was served since the subsidiary lacked land ownership documents issued by the governmental authorities. In the Board of Director's Meeting No. 7/2019 dated 24 December 2019, the Board of Directors passed a resolution acting on the notice issued by the Krabi's ALRO to remove all properties from the controversial land by 31 December 2019. The vacating of the premises resulted in the reduction in the area and value of assets. The subsidiary wrote-off the cost of land and net book value of oil palm plantation development on the land of Baht 8 million as expenses in the 2019 financial statements.

- (4) On 9 March 2020, the ALRO issued a notice designating on land plots under title deed No. 602 in Krabi Noi Sub-district, Muang District and Huayoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a targeted area for land reform which is not incorporated in a land reform program. Land owner is required to clarify evidence and documentation regarding land rights under the Land Code or other laws within 15 days from 31 March 2020 which was the date that the notice was announced at the ALRO in Krabi.

On 13 April 2020, the subsidiary as a land owner, filed a petition and submitted an evidence and documentation regarding rights over the land plots. On 14 May 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions within 30 days from the date that the notice was served. On 16 June 2020, the subsidiary filed a lawsuit against the ALRO and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 16 September 2020, the Phuket Administrative Court dismissed a lawsuit because the subsidiary failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The subsidiary was firstly required to submit an appeal against the order to the ALRO in Krabi, and then, after the expiration of the appeal period or after a notice about the outcome had been received, file a lawsuit to the court again. The appeal period was 1 year from the date the administrative order was served. When the court dismissed the lawsuit, there were no further considerations and orders regarding a petition for temporary injunction. On 28 October 2020, the subsidiary appealed the order of the ALRO in Krabi.

However, if the land plots become a designated area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 5 million.

- (5) On 21 July 2020, the ALRO issued a notice designating land plots under title deed No.603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other laws within 15 days from 19 August 2020, the date that the notice was announced at the ALRO in Krabi. On 3 September 2020, the subsidiary as a land owner submitted a petition with evidence and documents regarding land rights over the designated land plots.

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 24 November 2020, the subsidiary appealed the order of the ALRO in Krabi. However, if the land plots become a designed area for land reform, the cost of land and net book value of oil palm plantation developments on the land of the subsidiary as at 31 December 2020 are to decrease by Baht 14 million.

35.7 Litigation

- (1) In July 2018, Krabi prosecutor filed a lawsuit against the subsidiary with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9 and Section 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary.

In August 2019, the Court dismissed the case and gave the subsidiary an order for the handover of the land. In December 2019, the subsidiary appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised.

- (2) On 6 July 2020, the subsidiary was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the subsidiary. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the subsidiary. On 20 August 2020, the subsidiary turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the subsidiary submitted a written testimony to inquiry officers. The case is currently under consideration of Krabi chief public prosecutor.
- 3) The subsidiary faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the subsidiary's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner. The Central Administrative Court scheduled a first hearing for 23 February 2021 and a verdict hearing for 19 March 2021. The subsidiary had prepared a written statement and submitted it to the Central Administrative Court. The management believed that the subsidiary was able to produce solid evidence to refute the allegation.
- 4) The subsidiary faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the subsidiary's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 401 certificates were supposed to be issued. Later, the subsidiary lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court. The case is currently under consideration of the Nakhon Si Thammarat Administrative Court. The management believed that the subsidiary was able to produce solid evidence to refute the allegation.

36. Fire incident

On 26 August 2020, a fire broke out in a subsidiary crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The subsidiary started to bring machine into operation again on 16 November 2020. The subsidiary had insurance to cover damaged assets and business interruption. Currently, the subsidiary received some compensation from insurance and the remaining amount is under consideration of insurance companies.

37. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	29	67	96
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value is disclosed				
Investment properties	-	-	185	185

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	60	31	91
Assets for which fair value is disclosed				
Investment properties	-	-	188	188

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value is disclosed				
Investments in subsidiaries	966	-	-	966
Investment properties	-	-	26	26

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	794	-	-	794
Investment properties	-	-	26	26

During the years 2020 and 2019, there were no transfers within the fair value hierarchy.

38. Financial instruments

38.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Derivative liabilities				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	545	-	469	-
Total derivative liabilities	545	-	469	-

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 months to 6 months.

38.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable, loans, trade and other payable, short-term and long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loans, deposits with banks and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade and other receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major and overseas customers are generally covered by letters of credit or advance payment or other forms of credit insurance obtained from reputable banks.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, the Group proceeds to collect debts in accordance with legal procedures. The write-off of trade receivables is subjected to the approval of top management. The operation section will propose to the top management the write-off in case trade receivables have long been overdue and the Group is unable to enforce debt collection activity.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed and may be updated throughout the year subject to approval of management and then pass to Executive Committee of each company to approve. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are three types of market risk comprising currency risk, interest rate risk and commodity price risk.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within six months.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Million)	<u>2019</u> (Million)	<u>2020</u> (Baht per 1 foreign currency unit)	<u>2019</u>
US dollars	2.9	3.4	0.2	0.2	30.0371	30.1540
Euro	-	0.3	0.8	-	37.2578	33.3775

Forward exchange contracts outstanding as at 31 December 2020 and 2019 are summarised below.

As at 31 December 2020				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.20	-	29.80 - 29.90	June 2021

As at 31 December 2020				
Foreign currency	Bought amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.80	0.80	30.03	February - June 2021

As at 31 December 2019				
Foreign currency	Sold amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.05	-	30.09 - 30.19	March - April 2020
Euro	0.03	-	33.90	January 2020

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans, short-term and long-term borrowings and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2020 and 2019 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2020							
Fixed interest rate					Non- interest bearing	Total	Interest rate (% p.a.)
Within 1 year	1 to 5 years	Over 5 years	Floating interest rate				
Financial assets							
Cash and cash equivalents	-	-	-	220	18	238	0.05 - 0.25
Trade and other receivables	-	-	-	-	885	885	-
Financial lease receivables	2	2	-	-	-	4	1.80
Long-term loans to other companies	-	-	-	18	-	18	THBFIX + 1
	<u>2</u>	<u>2</u>	<u>-</u>	<u>238</u>	<u>903</u>	<u>1,145</u>	
Financial liabilities							
Short-term loans from banks	460	-	-	-	-	460	1.00 - 1.50
Trade and other payables	-	-	-	-	471	471	-
Long-term loans	50	83	-	-	-	133	2.50
Lease liabilities	3	2	41	-	-	46	4.75, 4.80 and 6.92
Other current financial liabilities	-	-	-	-	6	6	-
	<u>513</u>	<u>85</u>	<u>41</u>	<u>-</u>	<u>477</u>	<u>1,116</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2019							
Fixed interest rate					Non- interest bearing	Total	Interest rate (% p.a.)
Within 1 year	1 to 5 years	Floating interest rate					
Financial assets							
Cash and cash equivalents	200	-	441	23	664	0.04 - 1.10	
Trade and other receivables	-	-	-	890	890	-	
Financial lease receivables	-	1	-	-	1	1.80	
Long-term loans to other companies	-	-	19	-	19	THBFIX + 1	
	<u>200</u>	<u>1</u>	<u>450</u>	<u>923</u>	<u>1,574</u>		
Financial liabilities							
Short-term loans from banks	470	-	-	-	470	1.65 - 2.25	
Trade and other payables	-	-	-	441	441	-	
Long-term loans	-	-	17	-	17	2.80	
	<u>470</u>	<u>-</u>	<u>17</u>	<u>441</u>	<u>928</u>		

(Unit: Million Baht)

Separate financial statements

As at 31 December 2020

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
Financial assets						
Cash and cash equivalents	-	-	70	15	85	0.05 - 0.25
Trade and other receivables	-	-	-	811	811	-
	-	-	70	826	896	
Financial liabilities						
Short-term loans from banks	65	-	-	-	65	1.15, 1.20
Trade and other payables	-	-	-	430	430	-
	65	-	-	430	495	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
Financial assets						
Cash and cash equivalents	200	-	371	18	589	0.10 - 1.00
Trade and other receivables	-	-	-	777	777	-
	200	-	371	795	1,366	
Financial liabilities						
Trade and other payables	-	-	-	378	378	-
	-	-	-	378	378	

Commodity price risk

The Group is affected by the price volatility of certain commodities which were fresh palm fruit and crude palm oil. Price volatility has depended on the shortage or oversupply of fresh palm fruit and crude palm oil among the market. The Group has developed and enacted procurement and inventory management policy taking into accounts of forecasted production volume and changes in the price of fresh palm fruit and crude palm oil.

Liquidity risk

The adequacy of cash represented the risk and liquidity management. The Group has deposited cash with the reputable and creditable banks or financial institutions, and has access to sources of funding with high credit-rating banks. The Group monitors the risk of a shortage of liquidity through the use of short-term and long-term credit facilities and lease contracts. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	40,000	420,000	-	-	460,000
Trade and other payables	-	471,049	-	-	471,049
Long-term loans	-	50,400	82,800	-	133,200
Lease liabilities	-	5,316	12,676	60,934	78,926
Other financial liabilities	-	5,270	-	-	5,270
Total non-derivatives	40,000	952,035	95,476	60,934	1,148,445
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	545	-	-	545
Total derivatives	-	545	-	-	545

(Unit: Thousand Baht)

	Separate financial statements				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Non-derivatives					
Short-term loans from banks	40,000	25,000	-	-	65,000
Trade and other payables	-	429,549	-	-	429,549
Other financial liabilities	-	1,319	-	-	1,319
Total non-derivatives	40,000	455,868	-	-	495,868
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	469	-	-	469
Total derivatives	-	469	-	-	469

38.3 Fair values of financial instruments

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

39. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.33:1 (2019: 0.28:1) and the Company's was 0.19:1 (2019: 0.15:1).

40. Events after the reporting period

On 25 February 2021, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2020 profit of Baht 0.22 per share, or a total of Baht 180.4 million.

On 24 February 2021, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2020 profit of Baht 0.20 per share, or a total of Baht 65 million.

On 24 February 2021, a meeting of the Board of Directors of Universal Food Public Company Limited (“the subsidiary”) passed a resolution to propose the payment of dividend in respect of 2020 profit of Baht 0.40 per share, or a total of Baht 21 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company’s and its subsidiaries’ shareholders.

41. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 25 February 2021.