

Lam Soon (Thailand) Public Company Limited



Annual Registration Statement/ Annual Report 2021 (FORM 56-1 One Report)

RESPONSIBILITY / QUALITY / HEALTHY / WELLNESS



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This FORM 56-1 One Report referred to the information disclosed on the Company's website www.lamsoon.co.th, which is an integral part of the FORM 56-1 One Report. The Board of Directors certifies the correctness and completeness of such referred information.

Message from the Chairman

On April 23, 2021, I assumed the position of Chairman of the Board of Directors of Lam Soon (Thailand) Public Company Limited. I would like to take this opportunity to thank the Board for appointing me as an Independent Director and Chairman of the Board. I believe that I could bring my experience of over 30 years related to palm oil business in driving the Company to achieve its objectives.

2021 is another year of great challenges. Due to the COVID-19 epidemic, the global economy continues to decline adversely affecting the Kingdom's manufacturing, investment, and tourism sectors. However, in the past year, Lam Soon (Thailand) Public Company Limited has demonstrated great resilience, business strength, and leadership in the business. Your Company recorded sales revenue at 7,448.5 million Baht, net profit at 359.8 million Baht, and total assets valued at 4,577.0 million Baht, reflecting the efficient performance of growth in all distribution channels except Food Service channel. In addition, the Company has successfully coped with the change and volatility, especially in dealing with fluctuations in raw material prices. The disruptions to the global supply chain caused by labour shortages, as well as the rising cost of shipping have resulted in a sharp rise in global commodity prices. The price of Crude Palm Oil (CPO) at Bursa Malaysia Derivatives : 3rd month rose to the highest ever at 5,220 RM/MT on 21 October 2021 (2020 average : 2,700), and CPO price in the Kingdom moved upward in tandem to its peak at 49.50 Baht/Kg (2020 average : 28.05).

Despite the volatility of the palm oil business due to its commodity nature, your Company continues to focus on its palm-related core business contributing to 80% turnover. The management of inventory and raw materials at the right prices is therefore the key success factor. To mitigate such volatility, your Company has taken steps to diversify into other non palm oil businesses. These include :-

1. 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 non-palm organic food categories.
2. work with other brand owners to widen our product offering and enhance distribution synergies.
3. carry out research and development to add value to the bakery ingredient channel with its existing margarine and shortening, particularly the addition of flour as a complementary product.

Nevertheless, palm oil remains the core business of Lam Soon. Your Company has accordingly conducted research and development to improve the quality and differentiate the palm oil products, starting from the upstream production process. Beyond this, steps have been taken to comply with the standard of CSPO (Certified Sustainable Palm Oil) and ensure oil palm and palm oil production are sustainable in accordance with RSPO (Roundtable on Sustainable Palm Oil).

The past year has seen significant changes which affect consumer behavior, whether it is higher unemployment rate, maintaining social distance, studying and working from home, closing of department stores and other shops, or travel restrictions. To serve the customer need in the changing context, therefore the Company is focusing most on e-commerce which is expected to be an increasingly important channel as part of the "new normal" from now on.

Finally, I would like to thank the Board of Directors, executives and all employees for helping the Company to overcome this challenging crisis. Above all, the core strategy which the Company has laid down from the start remains a key factor in delivering satisfactory results for the Company in 2021. In addition, carefully and efficiently financial management means that liquidity and growth potential can be maintained in all circumstances.

On behalf of the Board of Directors, I wish to express my sincere thanks and appreciation to shareholders, customers, business partners and business alliance, Management team, employees, 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.



Mr. Thira Wipuchanin
The Chairman

Message from the Managing Director

Company's Performance

In 2021, your Company recorded sales revenue at 7,448.5 million Baht, an increase of 2,474.3 million Baht or 49.7% (2020 : 4,974.2 million Baht); dividends received by the Company from two subsidiaries amounted to 66.1 million Baht, an increase of 39.7 million Baht. Your Company recorded gross profit at 790.1 million Baht, an increase of 84.7 million Baht (2020 : 705.4 million Baht). As a consequence, your Company recorded a net profit of 359.8 million Baht, an increase of 84.0 million Baht or 30.5% (2020 : 275.8 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 306.8 million Baht (2020 : 125.1 million Baht) on revenue of 2,074.4 million Baht (2020 : 923.8 million Baht). Fresh Fruit Bunch (FFB) crops from its own plantations increased by 17.0% and that from the concession lands increased by 1.9%, while purchased crops increased by 73.4%. As such, the total volume of FFB throughput increased by 52.8% when compared with the previous year.

At Universal Food Public Company Limited (UFC), a 98.85% subsidiary of the Company, sales revenues increased by 7.1% to 1,703.1 million Baht (2020 : 1,590.0 million Baht). Domestic revenues increased mainly due to sales of Canned Fruits and Plant-Based Milk (UFC Velvet brand) at 7-11 as well as export sales, which was much impacted by COVID-19 pandemic in 2020, but bounced back, resulting in net profit rising by 11.7% to 55.1 million Baht (2020 : 49.4 million Baht).

Overall, the consolidated group profit for the year increased from 420.0 million Baht in 2020 to 648.1 million Baht, or an increase of 54.3%. The incremental profit mainly resulted from palm oil business due to the world market price of CPO increasing continuously. The main reason came from COVID-19 epidemic situation led to a shortage of labour in harvesting. This in turn caused CPO export to increase by 162%, resulting in the increase of local CPO price that aligned with the CPO price in the world market. This was beneficial for the subsidiary (UPOIC); moreover, palm replanted since 2015 and 2016 started to yield full productivity. In addition, UPOIC has replaced vertical sterilizer to improve production capacity, resulting in lower production cost.

Production and Investment

With a commitment to maintain your Company's production standard and continuous competitiveness, the management has focused on improving and enhancing operational efficiency. To this end, your Company continued to carry out its investment programme in 2021 namely the expansion of Injection to support the additional Blower machine for vegetable oil bottles. The installation of this project is estimated to be completed in the beginning of 2022.

UPOIC changed its steriliser system from horizontal to vertical and invested new 4000 tons oil storage tank; the commissioning of these projects was completed and started running in 2021, including the replacement new Biogas and Biomass gas engine estimated to be completed in Q1/2022. Also, the subsidiary still put effort in cost saving by improving the productivity, harvesting, upkeeping palm trees, controlling transportation cost, and managing maintenance programme. UPOIC had started replanting of 14 rai in 2021 to reduce land tax and increase FFB output. In addition, the subsidiary is on process of applying for a license to grow hemp for commercial or industrial purposes and for research and development or breeding.

UFC focused on prioritising to the R&D for new variants of plant-based beverages. UFC continued to invest to serve the new consumer trend in machinery for improving efficiency and quality of plant-based milk (oat milk, soy milk). The installation was completed and run in early 2021.

Marketing

In the current Covid-19 pandemic, consumers have embraced online shopping. Thus, the Company has increased online shopping channels and conducted more promotion brand and product through digital channel.

In particular, the trend of bakery market has grown significantly. New products launches of Zest and Golden leaf wheat flour sales in last year have been encouraging. In 2021, the Company has launched all- purpose flour under Golden leaf brand which aims to widen the bakery ingredients range and position the Company as a partner with bakery operators via bakery recipes.

Sustainability and Community

Your Company is committed to operate with transparency, integrity and fair treatment to all stakeholders and raises awareness on social and environmental accountability. The Corporate Social Responsibilities activities are in action even though the pandemic of Covid-19. From time to time, we follow up the outcomes of CSR activities, taken place in the previous year at Wat Nakarat School and support continuously for sustainable development. The Company also do the CSR activities towards government sectors, nearby communities and neighborhood on term of financial support, learning/relaxation center, supporting the Company's products to many organisation to set the kit care bag to relieve the impact of the spread of pandemic COVID-19.

Human Resources and Corporate Culture

In 2021, the impact of Covid-19 pandemic drives changes in many aspects. About Human Resource, the Company initiates policies as new way of working as “hybrid working” this concept, employees could work from home (WFH) and response effectively to customers’ demand which might change rapidly. On performance management system, there are some changes in criteria focusing more on results rather than procedures. The company also emphasises developing employees in term of skills, knowledge and attitude to be potential and capable employees who are ready for changes and new normal period.

As the Covid-19 pandemic continues to spread, the Company is compelled to issue policies and procedures, for sustainable growth in compliance with government laws and Company’s policy to ensure trusts from employees, partners, customers and all stakeholders. The Company conducts Corporate Social Responsibilities (CSR) activities notwithstanding the pandemic. The Company aims to develop all employees especially supervisors and managers who are the key man to drive business growth to be ready for change and growth by conducting virtual training in new normal period via Zoom, MS Teams or any online tools.



Ms. Anchalee Suebchantasiri
Managing Director

Section 1

Business Operation and Operating Results

1. Organisational Structure and Operation of the Group of Companies

Policy and Business Overview

Lam Soon (Thailand) Public Company Limited which was first registered as Bangkok Edible Oil Company Limited was incorporated as a limited company on September 18, 1974, with an initial registered capital of 5 million Baht.

In 1978, production of palm oil related products began following the commissioning of a palm oil refining plant at Bangpoo Industrial Estate, Samut Prakan in cooperation with Lam Soon Group from Malaysia which has expertise in palm oil refining business. In August 1984, Bangkok Edible Oil Company Limited and Lam Soon (Thailand) Company Limited switched their names, with Lam Soon (Thailand) Company Limited operating as a palm oil producer and appointing Bangkok Edible Oil Company Limited as a distributor. Later on, January 17, 1986, Lam Soon (Thailand) Company Limited changed its name in Thai to be pronounced as “Lam Soong”. In June 1994, the Company changed its operating structure to operate as both a manufacturer and distributor of palm oil and dishwashing liquid products. Thereafter, Bangkok Edible Oil Company Limited becomes holding company and no longer carried on any business related activities.

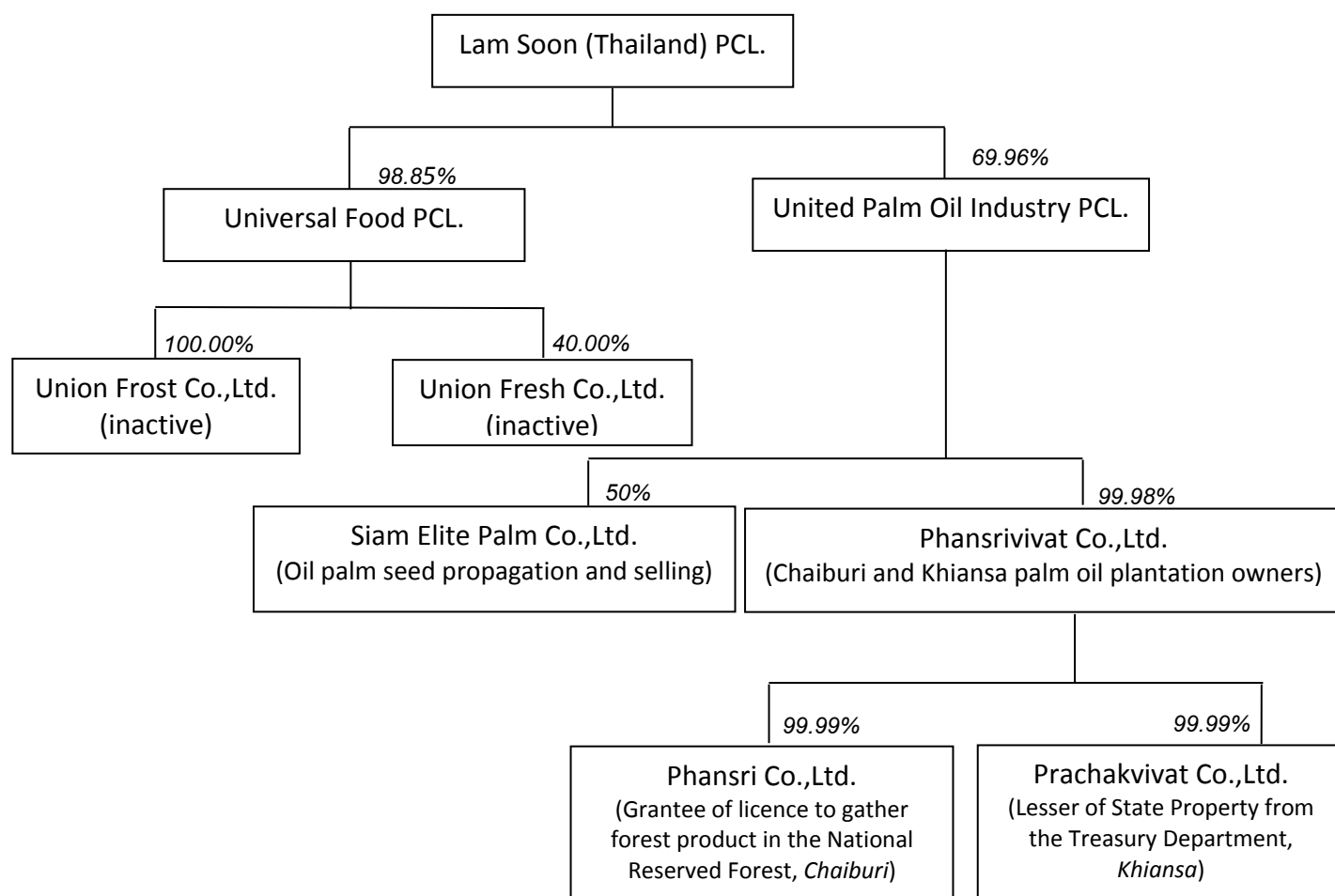
Lam Soon (Thailand) Company Limited was registered as a public company limited on October 27, 1995 and the Stock Exchange of Thailand approved the Company to trade in the stock market on June 20, 1996.

On May 28, 2003, the Company increased its investment in United Palm Oil Industry Public Company Limited (UPOIC) from 24.40% to 66.29%, causing the said company to change its status from an associated company to a subsidiary. At present, the Company's investment in UPOIC is 69.96%.

On April 2, 2004, the Company acquired shares of Universal Foods Public Company Limited (“UFC”) from a group of existing shareholders of UFC, making UFC a subsidiary. At the end of 2020, the company has a stake in UFC at 98.85%.

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.

Shareholding Structure of the Group



The Company has investment holding in two subsidiaries namely

1. United Palm Oil Industry Public Company Limited or UPOIC has been held by the Company at 69.96% shareholding. UPOIC and its subsidiary operate oil palm plantations together with having its own crushing mill of crude palm oil (CPO) and crude palm kernel oil (CPKO), under the total planted area with the documents of rights at 13,478.06 rai. Major products include CPO and CPKO. Other products include palm kernel and palm kernel cake. UPOIC has invested in a subsidiary namely Phansrivivat Company Limited at 99.98% shareholding.

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 : 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 that produces crude palm oil (CPO) and crude palm kernel oil (CPKO)
Registered and paid-up capital	: 324,050,000 Baht
Outstanding common shares	: 324,050,000 shares
Shareholding (common shares)	: 226,715,110 shares or 69.96%

2. Universal Food Public Company Limited or UFC has been held by the Company at 98.85% shareholding. UFC manufactures and distributed fruit and vegetable in can, pouch, and glass jar, together with beverages, fruit juice, canned coffee, sauces and seasonings for sales in both the domestic and export markets. At present, UFC operates 2 factories in Lampang and Nakhon Pathom.

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 Bhapratone-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 and paid-up capital	: 525,000,000 Baht
Outstanding common shares	: 52,500,000 shares
Shareholding (common shares)	: 51,949,570 shares or 98.85%

UFC has invested in the 2 following associated and subsidiary companies.

2.1	Union Frost Company Limited.	
	Nature of Business	: not active
	Registered and paid-up capital	: 530,000,000 Baht
	Outstanding common shares	: 5,300,000 shares (Par Value of 100 Baht per share)
	Common shares held by UFC	: 5,299,998 shares or 100.00%
2.2	Union Fresh Company Limited	
	Nature of Business	: not active
	Registered and paid-up capital	: 30,000,000 Baht
	Outstanding common shares	: 300,000 shares (Par Value of 100 Baht per share)
	Common shares held by UFC	: 120,000 shares or 40.00%

UFC already set up 100% provision for investment in both companies.

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

Business Goal and Strategy

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency and promote the marketplace and environmental friendliness. All these orientations are vital in attaining the topmost organisation targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term.

News Highlights of Previous Year

1. Board of Directors : The Appointment of Chairman of the Board and Chairman of Audit and Corporate Governance Committee

On 23 April 2021, the Board of Directors approved the appointment of Mr. Thira Wipuchanin as an Independent Director, to be the Chairman of the Board and the Chairman of Audit and Corporate Governance Committee, replacing Art-ong Jumsai Na Ayudha, Ph.D. who resigned from the Board since 28 February 2021.

2. Good Corporate Governance : The Amendment of Principles of Good Corporate Governance

On 25 February 2021, the Board of Directors approved the amendment of Principles of Good Corporate Governance by removing the maximum number (1) of listed companies on the board of which the Chairman, may serve, while maintaining the maximum number (5) of listed companies for director position. This is to follow the guideline of Corporate Governance Code 2017 issued by the Securities and Exchange Commission, Thailand as follows:-

The board should set and publicly disclose criteria limiting the number of director positions directors can hold simultaneously in other companies, and should consider the effectiveness of directors who hold multiple board seats. The number of companies of which a person can simultaneously be a director should be appropriate to the nature and types of businesses involved but should not exceed five listed companies.

3. News Highlights of Subsidiary

3.1 Litigation

1) Krabi chief public prosecutor filed a lawsuit against the Subsidiary with the Court to vacate the land at Krabi Noi, Muang Krabi.

Continuing events from Annual report 2020 were as follows:-

On 9 September 2021, the Krabi chief public prosecutor filed a lawsuit against the Subsidiary, alleging that the Subsidiary utilised the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February, 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the Subsidiary. Presently, the hearing dates for this case are scheduled in August 2022.

(Information as presented in Notes to Financial Statements 34.7)

2) A group of villagers filed a petition to the Central Administrative Court to revoke land title documents of the Subsidiary in Phra Saeng District, Surat Thani.

A group of villagers who claimed to be farmers brought a legal action against the Subsidiary and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the following Subsidiary's land title documents in Bang Sawan Sub-district, Phra Saeng District, Surat Thani.

- 13 plots under land title deeds, covering a total area of 82 rai, and
- 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai.

The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered judgement and directed that:-

- Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the Subsidiary's land documents of said plots to make them legal and
- Director-General of the Forest Department to conduct relevant actions under his authority to evict the Subsidiary from the disputed land within 180 days from the date of the case is finalised.

On 16 April 2021, the Subsidiary appealed the judgement to the Supreme Administrative Court. The case is currently under the consideration.

(Information as presented in Notes to Financial Statements 34.7)

3) Leaders of protesters filed a petition to the Nakhon Si Thammarat Administrative Court to revoke the Subsidiary's land title deeds in Krabi Noi Sub-district, Krabi Muang District.

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 4-01 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.

On 16 March 2021, the Court dismissed the case. Subsequently, the plaintiff appealed against the judgement of the Administrative Court of First Instance.

On 10 September 2021, the Supreme Administrative Court issued an order not to accept the appeal filed by the plaintiff to consider and to dispose of the case.

(Information as presented in Notes to Financial Statements 34.7)

3.2 Order of Krabi Provincial Agricultural Land Reform Office

1) ALRO land plot No. 602

Continuing events from Annual report 2020 were as follows:-

On 21 May 2021, the Subsidiary filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for an emergency order for an injunction with the Civil Court, requesting the Court to consider the damage to the palm trees which were assets of the Subsidiary while the final verdict of the Phuket Administrative Court has not been rendered. The Civil Court dismissed the petition, ruling that there was no emergency. The Subsidiary considered and withdrew the civil lawsuit on 23 June 2021.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the Subsidiary filed the lawsuit after the filing period. The Subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021.

On 30 September 2021, the ALRO in Krabi filed an answer to the plaint, and the Subsidiary filed an objection to the statement on 15 December 2021. At present, this case is under consideration of the Phuket Administrative Court.

However, the Subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by 4 million Baht as expenses in 2021.

(Information as presented in Notes to Financial Statements 34.6)

2) ALRO land plot No. 603

Continuing events from Annual report 2020 were as follows:-

On 31 March 2021, 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 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges, clarifying that the Subsidiary filed a lawsuit after the filing period. The Subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021.

On 30 September 2021, the ALRO in Krabi filed an answer to the plaint, and the Subsidiary filed an objection to the statement on 15 December 2021.

On 21 October 2021, the ALRO in Krabi used excavators to remove palm trees in the land plots No. 603. At present, this case is under consideration of the Phuket Administrative Court. However, the Subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by 13 million Baht as expenses in 2021.

(Information as presented in Notes to Financial Statements 34.6)

3) ALRO land plot No. 604

On 4 June 2021, the ALRO has announced that land plot No. 604 in Khao Phanom Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai. is a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to provide evidence and documentation regarding land rights under the Land Code or other applicable laws within 15 days from the date the announced was posted at the ALRO in Krabi.

On 18 June 2021, the Subsidiary, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plot. On 30 June 2021, the Subsidiary received a letter from the ALRO in Krabi, informing the Subsidiary to indicate the boundary line and location of the land according to documentations or evidence relating to possession or use of such prospective area.

On 7 and 30 December 2021, the Subsidiary indicated the boundary line and the location of the land as stated in the land right document or evidence pertaining to the ownership or use benefit of land in the target area.

(Information as presented in Notes to Financial Statements 34.6)

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 and paid-up capital	: 820,000,000 Baht
Outstanding common shares	: 820,000,000 shares
Par value	: 1 Baht

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. Lam Soon Group sells and markets its product line which includes:

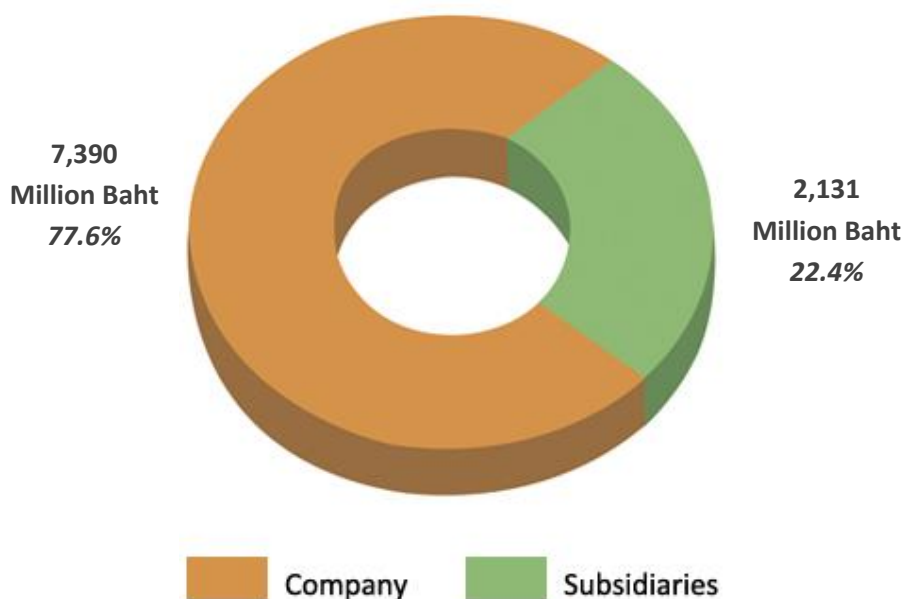
1. Vegetable Oils
 - Palm Oil
 - Other Vegetable Oils
2. Margarine and Shortening
3. Beverages
4. Fruits and vegetables packed in can
5. Sauces and seasonings
6. Flour and bakery ingredients products

Of the Company's above product line, Processed Palm Oil has contributed 69.0% (2020 : 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).



Revenue structure

	2019		2020		2021	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Company	4,501	70.3	4,921	73.1	7,390	77.6
Subsidiaries	1,897	29.7	1,810	26.9	2,131	22.4
Total	6,398	100.0	6,731	100.0	9,521	100.0



Product/Services by Group	Operated by	2019		2020		2021	
		Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Crude Palm Oil	LST and UPOIC	103	1.61	180	2.67	359	3.76
Other Palm and Vegetable Oils		3,802	59.42	4,148	61.63	6,568	68.98
Margarine and Shortening	LST	655	10.24	676	10.04	685	7.20
Other palm based products	LST and UPOIC	39	0.61	61	0.91	107	1.13
Selling Electricity power to PEA	LST and UPOIC	9	0.15	9	0.14	13	0.14
Beverages	UFC and LST	1,094	17.10	956	14.20	957	10.05
Canned Fruits and Vegetables		586	9.16	582	8.64	691	7.26
Sauces and Seasonings and others		110	1.71	119	1.77	141	1.48
Total Sales - Net		6,398		6,731		9,521	

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

Product Information of the Group

Main product	Trademark	Product applications	Target customers	Distribution
1. Crude Palm Oil and By-Products	-	- Used as a raw material for the production of refined palm oil	- Palm oil refining plant - Biodiesel Plant	- Packed in tank volume 14-30 MT
1.1 Crude Palm Oil (IP/SG/MB) <i>IP : Identity Preserved</i> <i>SG : Segregated</i> <i>MB : Mass Balance</i>	-	- Used as a raw material for the production of refined palm oil	- Palm oil refining plant	- Packed in tank volume 14-30 MT
1.2 Crude Palm Kernel Oil	-	- Used as a raw material for the production of refined palm oil	- Palm oil refining plant	- Packed in tank volume 14-30 MT
1.3 Crude Palm Kernel Oil (IP/SG/MB)	-	- Used as a raw material for the production of refined palm oil	- Palm oil refining plant	- Packed in tank volume 14-30 MT
2. Refined and processed palm products				
2.1 Refined, Bleached, and Deodorised (RBD) Palm Oil	-	- Used as an ingredient in making sweetened condensed milk and ice cream - Used as frying oil for instant noodles, potatoes	- Sweetened condensed milk factory - Ice cream factory - Instant noodle factory	- Packed in tank volume 12-13 MT - Packed in drum volume 200 liters
2.2 RBD Palm Oil/MB	-	- Used as an ingredient in making sweetened condensed milk and ice cream - Used as instant noodles fried oil, instant noodles fried garlic oil, potato chips	- Sweetened condensed milk factory - Ice cream factory - Instant noodle factory	- Packed in tank volume 12-13 MT - Packed in drum volume 200 liters
2.3 RBD Palm Oil/LG <i>LG : Low Glycidyl Esters</i>	-	- Used as an ingredient in making sweetened condensed milk and ice cream - Used as instant noodles fried oil, instant noodles fried garlic oil, potato chips	- Sweetened condensed milk factory - Ice cream factory - Instant noodle factory	- Packed in tank volume 12-13 MT
2.4 RBD Palm Oil/LG (SG/MB)	-	- Used as an ingredient in making sweetened condensed milk and ice cream - Used as instant noodles fried oil, instant noodles fried garlic oil, potato chips	- Sweetened condensed milk factory - Ice cream factory - Instant noodle factory	- Packed in tank volume 7.5 -13 MT

Main product	Trademark	Product applications	Target customers	Distribution
2.5 RBD Palm Olein	YOK OEM	<ul style="list-style-type: none"> - Used as a consumer product - Used as an ingredient in making bakery products and snacks 	<ul style="list-style-type: none"> - Department Stores - Retail stores - Wholesalers - Restaurants - Food industry - Bakery industry - Fast Food Restaurants 	<ul style="list-style-type: none"> - Packed in bottles volume 0.25, 0.5, 1, 2 and 5 liters, - Packed in bags volume 1 liter - Packed in tin volume 13.75 and 18 liters - Packed in bag in boxes volume 13.75 and 18 liters - Packed in drum volume 200 liters - Packed in tank volume 12-13 MT
2.6 RBD Palm Olein/MB	YOK	<ul style="list-style-type: none"> - Used as a consumer product - Used as an ingredient in making bakery products and snacks 	<ul style="list-style-type: none"> - Restaurants - Food industry - Bakery industry - Fast Food Restaurants 	<ul style="list-style-type: none"> - Packed in bag in boxes volume 13.75 and 18 liters - Packed in drum volume 200 liters - Packed in tank volume 12-13 MT
2.7 RBD Palm Olein/LG	-	<ul style="list-style-type: none"> - Used as a consumer product - Used as an ingredient in making bakery products and snacks 	<ul style="list-style-type: none"> - Food industry - Bakery industry 	<ul style="list-style-type: none"> - Packed in tank volume 12-13 MT
2.8 RBD Palm Olein/LG(SG/MB)	-	<ul style="list-style-type: none"> - Used as a consumer product - Used as a frying oil for food such as fried chicken 	<ul style="list-style-type: none"> - Food industry - Bakery industry 	<ul style="list-style-type: none"> - Packed in tank volume 12-13 MT
2.9 RBD Palm Olein/SG	-	<ul style="list-style-type: none"> - Used as a consumer product - Used as a frying oil for food such as fried chicken 	<ul style="list-style-type: none"> - Food industry - Bakery industry 	<ul style="list-style-type: none"> - Packed in tank volume 12-13 MT
2.10 RBD Palm Stearin	-	<ul style="list-style-type: none"> - Used as a raw material for soap making, shortening, margarine and hydrogenated fat - Used as raw material for making animal feed 	<ul style="list-style-type: none"> - Used as a raw material for the production of shortening and margarines - Soap factory - Animal feed factory - Biodiesel Plant 	<ul style="list-style-type: none"> - Packed in tank volume 14-30 MT - Packed in drum volume 200 liters

Main product	Trademark	Product applications	Target customers	Distribution
2.11 RBD Palm Stearin/MB	-	<ul style="list-style-type: none"> - Used as a raw material for soap making, shortening, margarine and hydrogenated fat - Used as raw material for making animal feed 	<ul style="list-style-type: none"> - Used as a raw material for the production of shortening and margarines - Soap factory - Animal feed factory - Biodiesel Plant 	<ul style="list-style-type: none"> - Packed in tank volume 14-30 MT
2.12 Palm Fatty Acid Distillate	-	<ul style="list-style-type: none"> - Used as a raw material for soap making and animal feed - Used as an ingredient in medicine - Used as raw material to make engine oil - Used as raw material for biodiesel production - Used in the olechemical industry - Used as raw material for rubber production 	<ul style="list-style-type: none"> - Soap factory - Animal feed factory -Pharmaceutical factory - Engine oil factory - Alternative Energy Plant - Rubber factory - Biodiesel Plant (mainly export) 	<ul style="list-style-type: none"> - Packed in flexi bag volume 20-22 MT - Packed in drum volume 200 liters
2.13 Palm Kernel Fatty Acid Distillate	-	<ul style="list-style-type: none"> - Used as a raw material for soap making and animal feed - used as an ingredient in medicine - Used as raw material to make engine oil - Used as raw material for biodiesel production - Used in the olechemical industry - Used as raw material for rubber production 	<ul style="list-style-type: none"> - Soap factory - Animal feed factory -Pharmaceutical factory - Engine oil factory - Alternative Energy Plant - Rubber factory - Biodiesel Plant (mainly export) 	<ul style="list-style-type: none"> - Packed in flexi bag volume 20-22 MT - Packed in drum volume 200 liters
3. Other Oil Products (Non Palm)				
3.1 Coconut Fatty Acid Distillate	-	<ul style="list-style-type: none"> - Used as a raw material for soap making and animal feed - used as an ingredient in medicine - Used as raw material to make engine oil - Used as raw material for biodiesel production 	<ul style="list-style-type: none"> - Soap factory - Animal feed factory -Pharmaceutical factory - Engine oil factory - Alternative Energy Plant - Rubber factory 	<ul style="list-style-type: none"> - Packed in flexi bag volume 20-22 MT - Packed in drum volume 200 liters

Main product	Trademark	Product applications	Target customers	Trademark
		<ul style="list-style-type: none"> - Used in the olechemical industry - Used as raw material for rubber production 	<ul style="list-style-type: none"> - Biodiesel Plant (mainly export) 	
3.2 RBD Palm Kernel Oil	-	<ul style="list-style-type: none"> - Used as a raw material for making bar, liquid soap - Used as raw material for the production of clear shampoo - Used as a raw material for shortening, margarine and hydrogenated fat 	<ul style="list-style-type: none"> - Soap industry - Shampoo industry 	<ul style="list-style-type: none"> - Packed in tin volume 16.8 kgs - Packed in bags volume 1 liter - Packed in tank volume 12-13 MT - Packed in drum volume 200 liters
3.3 Coconut Oil	Moon light Naturel YOK Extra	<ul style="list-style-type: none"> - Used as a raw material for shortening, margarine and hydrogenated fat - Used as an ingredient in making ice cream - Used as an ingredient in baking - Use direct consumption - used as a raw material in the manufacture of soap 	<ul style="list-style-type: none"> - Candy and ice cream Factory - Bakery shop - Bakery industry - Department Stores - Retail stores - Wholesalers 	<ul style="list-style-type: none"> - Packed in bottles volume 0.5 and 1 liter - Packed in tin volume 16.8 kg - Packed in drum volume 200 liters - Packed in tank volume 12-13 MT
3.4 Soybean Oil	YOK OEM	<ul style="list-style-type: none"> - Used as a consumer product 	<ul style="list-style-type: none"> - Department Stores - Retail stores - Wholesale store - Restaurants - Bakery industry - Food industry - Fast food restaurant 	<ul style="list-style-type: none"> - Packed in bottles volume 1, 2 and 3.3 liters - Packed in tin volume 13.75 liters - Packed in bag in boxes volume 13.75 liters - Packed in drum volume 200 liters - Packed in tank volume 12-13 MT
3.5 Sunflower Seed Oil	Naturel YOK Extra	<ul style="list-style-type: none"> - Used as a consumer product 	<ul style="list-style-type: none"> - Department Stores - Retail stores - Wholesale store - Restaurants - Export 	<ul style="list-style-type: none"> - Packed in bottles volume 1 liter
3.6 Corn Oil	OEM Naturel	<ul style="list-style-type: none"> - Used as a consumer product 	<ul style="list-style-type: none"> - Department Stores - Industrial customers 	<ul style="list-style-type: none"> - Packed in bottles volume 1 and 3.3 liters - Packed in pallet tanks volume 1.3 MT

Main product	Trademark	Product applications	Target customers	Distribution
3.7 Classic 100% Pure Olive Oil	Naturel	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants	- The bottles volume 250 and 500 milliliters
Light & Mild Olive Oil				
Extra Virgin Olive Oil				
3.8 Extra Virgin Olive Oil spray	Naturel	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants	- The bottles volume 200 milliliters
3.9 Blended Canola and Sunflower Oil	Naturel	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants	- Packed in bottles volume 1 liter
3.10 Canola Oil	Naturel YOK Extra	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants - Fast food restaurant	- Packed in bottles volume 0.5, 1 and 5 liters - Packed in tin volume 13.75 liters - Packed in bag in boxes volume 18 liters - Packed in drum volume 200 liters
3.11 Rice Bran Oil - Oryzanol 9,000ppm - Oryzanol 12,000ppm - Oryzanol 14,000ppm	YOK Extra Naturel Naturel Forte	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants - Export	- Packed in bottles volume 1 liter - Packed in bag in boxes volume 18 liters
3.12 Extra Virgin Coconut Oil	Naturel Forte	- Used as consumer and consumer products	- Department Stores	- The bottles volume 500 milliliters
3.13 AVOCADO OLIVE OIL spray	Naturel	- Used as a consumer product	- Department Stores - Retail stores - Wholesale store - Restaurants	- The bottles volume 200 milliliters

Main product	Trademark	Product applications	Target customers	Distribution
4. Margarine and Shortening group				
4.1 Margarine	Zest gold, Zest, YOK, Butter cream Plus, PBL5	- Used as an ingredient in baking such as bread, cakes, cookies, etc. - Used as an ingredient in popcorn.	- Food industry - Confectionery industry, bakery - Fast food restaurant - Bakery shop	- Packed in bag weight 1 kilogram - Packed in Tub weight 150, 250, 454 grams, 2 kilograms
Fat Spread	Naturel, POP, Golden leaf, Moon light	- Direct consumption such as spread on bread, etc.	- Wholesale store - Retail stores - Department Stores	- Packed in boxes weight 10, 12 and 15 kilograms - Special size packed according to order of the customer
4.2 Shortening	Zest gold, Zest, Golden leaf, YOK, Moonlight, Frying, Fry Fry, Hyfat K1, Plus, HCNO(s), HCNO, NK, U45, 3943, Hyfat K2, NY16	- Used for frying in replace of vegetable oil to make good fried food, not oily and food will stay crispy and no rancid smell, used as an ingredient in baking such as bread, cakes, cookie, etc.	- Food industry - Confectionery industry, bakery - Fast food restaurant - Bakery shop - Wholesale store - Retail stores - Department Stores	- Packed in bag weight 1 kilogram - Packed in boxes weight 15, 16 and 20 kilograms - Special size packed according to order of the customer
4.3 Margarine Pastry	Zest	- Used as an ingredient in baking such as bread, cakes, cookies, etc.	- Confectionery industry, bakery - Bakery shop	- Packed in boxes weight 10 kilograms
4.4 Butter Blend	Zest	- Used as an ingredient in baking such as bread, cakes, cookies, etc.	- Food industry - Confectionery industry, bakery - Fast food restaurant - Bakery shop - Wholesale store - Retail stores	- Packed in boxes weight 5 kilograms
5. Canned fruits and vegetables group				
5.1 Canned Vegetable	UFC	- Use cooking and consumer product.	- Food industry - Confectionery industry - Supermarket	- Available in can 15oz., 20oz., and 108oz.

Main product	Trademark	Product applications	Target customers	Distribution
			<ul style="list-style-type: none"> - Wholesale store - Foodservices (restaurant & bakery) - Export 	
5.2 Canned Fruit	UFC, PTI, Tank, Winner	- Used for direct consumption	<ul style="list-style-type: none"> - Confectionery industry - Supermarket - Wholesale store - Foodservices (restaurant, café & bakery) - Export - E-commerce 	- Available in can 6oz., 8.25oz., 20oz., and 108oz.
6. Beverage group				
6.1 Beverage	UFC, UFC Refresh, UFC Velvet, Home soy	- Ready to drink consumer product	<ul style="list-style-type: none"> - Supermarket - Wholesale & retail store - Foodservices (restaurant, café & bakery) - Convenient store - Export - E-commerce 	<ul style="list-style-type: none"> - Available in can 6oz., and 8oz. - Available in UHT 180ml., 200ml., 250ml., 500ml., and 1L. - Available in plastic bottle 300ml.
7. Sauce & Seasoning group	UFC Masterfood	- Use cooking and consumer product.	<ul style="list-style-type: none"> - Supermarket - Wholesale store - Restaurant - Export 	- Available in glass bottle 340g., 350g., and 850g.
8. Flour and Bakery ingredients group				
8.1 Bread flour	Zest Golden leaf	- Used as an ingredient in making bakery	- Confectionery industry, bakery	- Packed in bag weight 22.5 kilograms
8.2 All purpose No.2	Golden leaf	- Used as an ingredient in making bakery	- Confectionery industry, bakery	- Packed in bag weight 22.5 kilograms
8.3 Cake Flour	Zest	- Used as an ingredient in making bakery	- Confectionery industry, bakery	- Packed in bag weight 2 kilograms

Main product	Trademark	Product applications	Target customers	Distribution
8.4 Cocoa Powder	Daisy	- Used as an ingredient in baking such as bread, cakes, cookies, etc. and beverage	- Confectionery industry, bakery - Bakery shop - Wholesale store - Retail stores	- Packed in bag weight 500 grams
9. MISC Food Items Organic Rice (Jasmine Brown Rice / Riceberry)	Naturel	- Used for direct consumption	- Department Stores - Retail stores - Wholesale store - Restaurants	- Packed in bag and carton weight 1 kilogram
10. Spices and Herbs group Sauces and condiments / Spices	Masterfoods	- Used for direct consumption - Used as a condiment	- Department Stores - Restaurants	- Packed in bottle weight 5, 7, 10, 16, 18, 20, 25, 26, 27, 28, 30, 35, 37, 38, 40 grams
11. Soup group	UFC Soupe	- Direct consumption	- Supermarket - Retail store - Restaurant - Export - E-commerce	- Available in plastic cup 150g
12. Household Cleaning Product group	Bio-home	- Clean the house, divided into dishwashing, surfaces and utensils cleaning, clothes washing	- Supermarket - E-commerce	- Available in biodegradable plastic bottle 500ml., and 1.5L.

Product Overview and Factors

Industry structure of oil palm and palm oil consists of three major parts which are (a) palm growers, (b) crushing mill, and (c) refinery and downstream industries. A change in each part affects one another. Over the past decade, there has been an additional demand in palm oil for Biodiesel production, in some years causing an imbalance condition between Biodiesel demand and palm oil supply for consumption, affecting palm oil price.

Other external factors that influence domestic price include global pricing, prices of other vegetable oils that can be substituted, and uncontrollable factors e.g. climate which directly affects the FFB output in each season. In the past, a competition in the market of raw material was mainly on pricing which always led to the price volatility. Besides, the change in the selling price of finished goods also depends on competitors' prices and government policies.

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 6.2 million rai, about 90% of which is located in southern provinces due to the weather suitability.

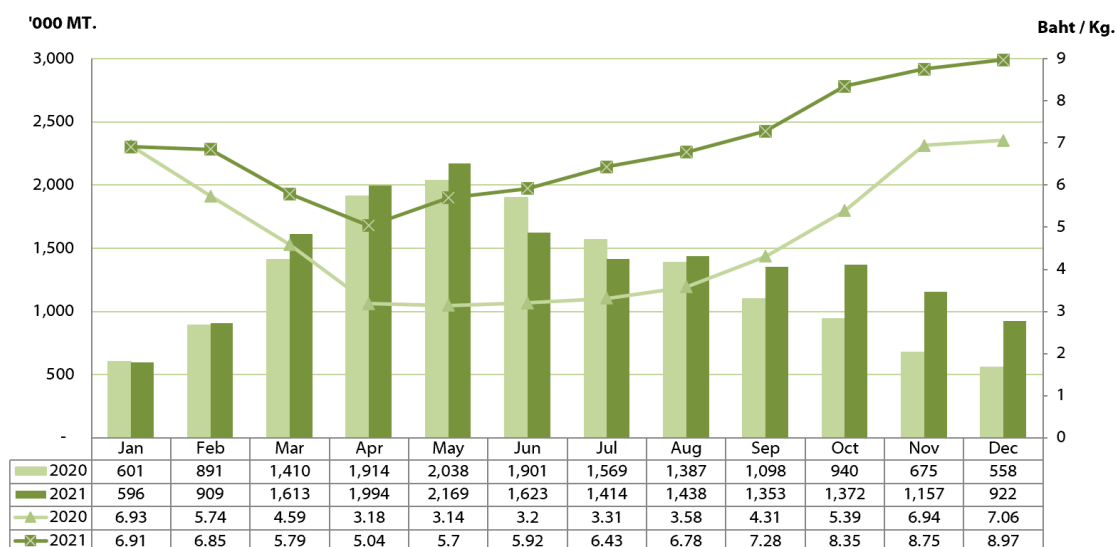
Marketing and Competition

(a) Palm Growers

Almost all oil palms are harvested as FFB to produce palm oil with a small proportion being used as seeds. The increase in oil palm output mainly came from an increase in harvesting area. The oil palm production expanded consecutively from 45,890 MT in 1977 to 1.3 million MT and 16.6 million MT in 1991 and 2021. Thailand doesn't import FFB.

In the past, excess supply of palm oil pressed down the price to low level, supported by 1) favourable climate, having continual rainfall since late 2016 through the whole year of 2019, thus enhancing yield per rai, 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. Hence, FFB output each year in the Kingdom has improved significantly. However, in 2020, FFB output declined due to the dry weather and lower yield attributable to farmers reducing fertiliser applications.

FFB output rose again in 2021 to 16.6 million MT due to improved rainfall during late 2020 through 2021, resulting in adequate water and completed development of palm bunches. Monthly FFB output ranged from its lowest at around 0.6 million MT in January and to its peak of 2.17 million MT in May. The annual average FFB price in 2021 was at 6.90 Baht/Kg (2020: 4.78 Baht/Kg), with the highest monthly average at 8.97 Baht/Kg in December and lowest at 5.04 Baht/Kg in April.

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

Source : Department of Internal Trade

(b) Crushing Mills

Palm oil extracted from a crushing mill consists of CPO and CPKO. CPKO well replaces coconut oil. CPKO is extracted only from large-scale crushing mills that separate Palm Kernel from FFB. For small-scale crushing mills, palm oil is extracted from FFB without separating Palm Kernel, resulting in a mixed CPO.

Residual materials from the crushing process include palm fiber, palm shell, and empty bunch. Crushing mills utilise palm fiber and palm shell as the fuel for boiler to generate electricity for internal usage. Palm shell can be used as fuel to replace petroleum oil. Crushing mills sometimes sell palm shell instead of using it as the fuel for boiler; hence adding value to the industry. In some crushing mills, boiler is modified to use not only palm fiber but also empty bunch as fuel. Renewable energy from such Biomass lessens petroleum usage, lowering CPO production cost as well as conforming to the government's energy conservation policy.

The number of CPO crushing mills has increased from 91 in 2013 to about 132 mills at present (of which only 104 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 2021 at about 16.6 million MT; capacity utilisation rate of crushing mills was about 50%. Because of the significant imbalance between demand and supply, there is an intense competition to buy FFB from farmers to minimise the production cost, perhaps ignoring the quality, leading to price volatility and compromising FFB quality, ultimately hindering the development of the palm oil industry in Thailand.

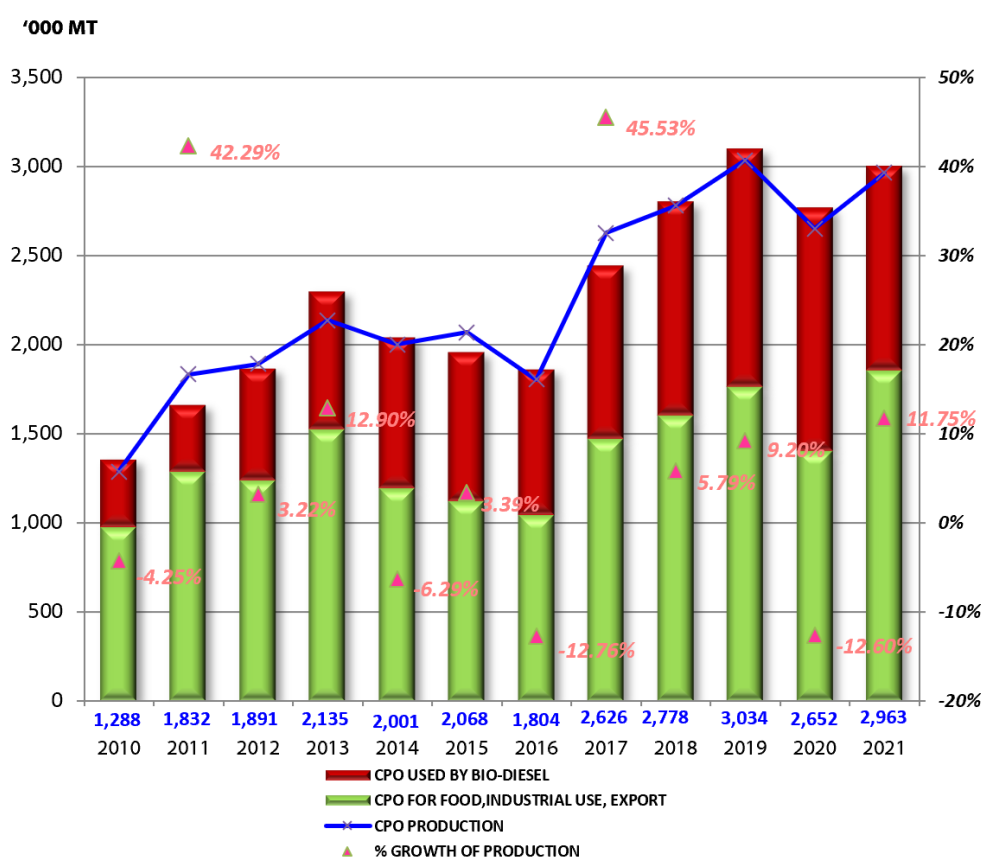
Supply

Each year was characterised by volatility in palm oil supply, depending on FFB output each season. Total CPO production in the Kingdom in 2021 was 2,963,225 MT, increasing by 12% from 2020 (2020 : 2,651,598 MT). The monthly volume was highest in May at 383,446 MT and lowest in January at 101,590 MT. At the beginning of the year, both FFB and CPO output were very low, resulting in CPO stock nationwide dropping to 103,058 MT, the lowest level in 10 years.

Demand

In the past five years, the demand for CPO for consumption in Thailand has tended to decline slightly, while the demand for renewable energy has grown. However, in 2021, demand for CPO for consumption and other industries was 1.24 million MT, up from 1.16 million MT in 2020 by 6.04%, and demand for crude palm oil for renewable energy amounted to 1.15 million MT, down from 1.36 million MT in 2020 by 15.93%. Due to measures to prevent the spread of COVID-19, the use of diesel fuel in the transportation and logistics sectors has decreased, depressing the demand for palm oil as a source of renewable energy.

Figure 2 : CPO Usage in Thailand



Source : Department of Internal Trade

CPO demand in the Kingdom was shared between :-

(MT)	2019	2021	% Change
Consumption and others	1,164,985	1,235,300	6.04
Biodiesel	1,363,651	1,146,381	-15.93

(c) Refinery and Downstream Industries

The downstream processing capacity of palm oil in Thailand is mainly 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.

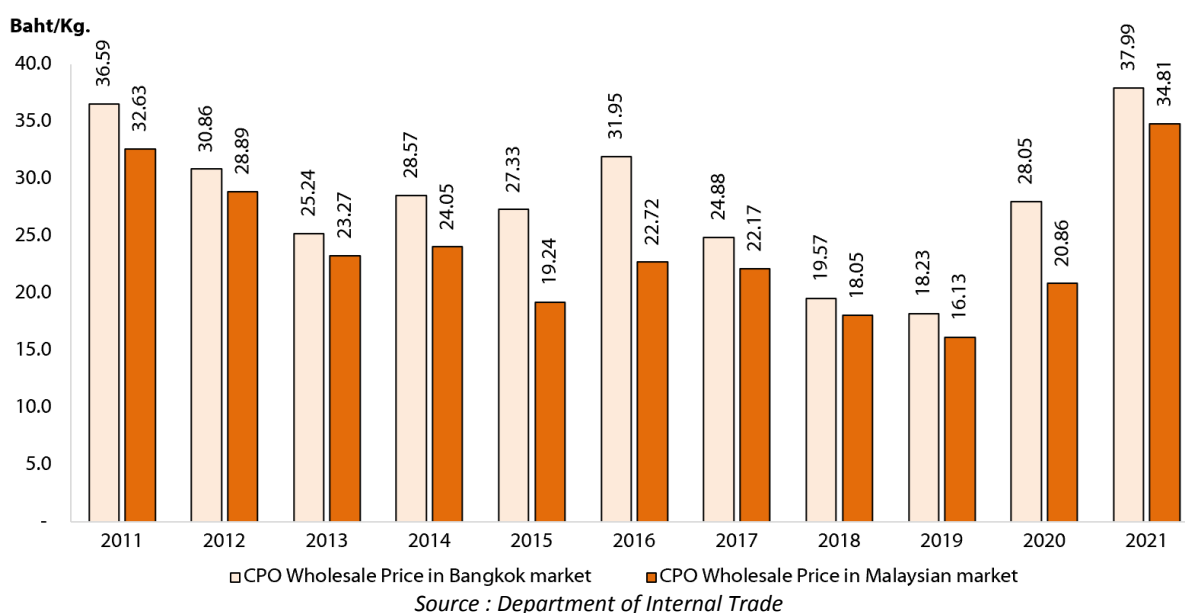
2. *Biodiesel Plants* : Thailand has 14 fatty acid methyl esters plants with a total production capacity of approximately 9.4 million liters/day. 70% of the production cost derives from CPO and the remaining 20% is chemical costs, and 10% of operating costs. During 2020 - 2021, the demand for biodiesel has been pressured by the epidemic situation of COVID-19, consequently, the number of trips decreased and the economy contracted severely, resulting in a lack of domestic consumption, the amount of use was around 5.0 - 5.1 million liters/day. As for new entrepreneurs, they continue to invest in accordance with the government's policy to drive the demand for biodiesel consumption and supporting factors on the supply of palm oil in the Kingdom that tends to increase from the expanded planting area.

In addition, CPO price in the world market last year were at a high level. As a result, Thailand was able to export CPO and its products continually. The weakening Baht is a positive factor for exports as was the government's policy to push palm oil exports to reduce excess production in 2021. Continuing from 2020, the Government has been supporting administrative expenses for CPO exports at a rate of not more than 2 Baht per Kg. when the domestic CPO stock level exceeds 300,000 MT and the domestic CPO price exceeds the world market price. The project ended in December 2021 and the export period was scheduled to September 2021.

In 2021, the total export volume of CPO was as high as 618,839 MT, worth more than 20,000 million Baht, an increase from 236,251 MT in 2020.

FFB and CPO price

Local prices of oil palm and palm oil depend on the output, usage volume, and CPO stock in nationwide, including the situation of palm oil price in world market as well as prices of other vegetable oils that can be substituted. Monthly CPO price in the Kingdom in 2021 varied between 32.07 – 46.76 Baht/Kg (2020 : 19.34 – 38.76 Baht/Kg). The annual average CPO price was 37.99 Baht/Kg., a 35.45% increase from 2020 (2020 : 28.05 Baht/Kg). CPO price in the Kingdom had reached its lowest in April and highest in December. The average price gap from the global market was at 3.18 Baht/Kg (2020 : 7.19 Baht/Kg).

Figure 3 : Comparison of CPO Wholesale Price Between Bangkok and Malaysian Market

From the graph, it can be seen that in 2021, the average domestic CPO price had risen considerably in consistence with global price movements, especially in the second half of the year, which was a continuous uptrend. The average spread compared to the world market has clearly narrowed. As a result, in some months, producers can export CPO, especially when they are able to take advantage the government policy that supports administrative expenses for CPO exports at a rate of not more than 2 Baht per Kg.

Figure 4 : Malaysian Palm oil Monthly Price

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

After May 2020, when the world palm oil price dropped to the lowest level in the year, the price of all types of vegetable oil, especially palm oil, began to rise as many countries relaxed lockdown measures to reduce the economic impact caused, there was renewed demand from India, China and the European Union, who are the main importers of palm oil products. However, due to the situation of the Covid-19 outbreak, the supply of palm oil

decreased. Malaysia's palm oil production was the lowest in five years. In 2021, Malaysia produced 18.12 MT of CPO (2020 : 19.14 million MT) due to a shortage of workers harvesting oil palm. Meanwhile Indonesia had continued its B30 enforcement program which absorbed approximately 8 million MT of CPO from the market. As a result, there was an imbalance between the supply and high level of overall global demand of palm oil in the world market.

Production disruptions have also occurred in other vegetable oils, such as soybean oil, sunflower oil, and rapeseed oil, caused by the inclement weather in producing countries such as Argentina and Europe, as well as production and transportation bottlenecks due to the epidemic. This had driven the world palm oil price to a consistent and strong rise until the end of 2021, CPO price in the Bursa Malaysia Derivatives (3rd Month) had reached the highest level on 21 October 2021 at 5,220 ringgit per MT.

Industry Trend and Competition Outlook

In 2022, the demand for palm oil consumption and other industries, including the demand for renewable energy, is expected to increase compared to 2021 and 2020. When the COVID-19 epidemic becomes controllable and manageable, the government will relax various epidemic prevention measures. It is likely to cause economic activities increase such as spending, consumption, tourism, and travel. The demand for palm oil consumption within the Kingdom is estimated at approximately 1.2 million MT, the demand for palm oil for biodiesel production at approximately 1.2 – 1.5 million MT.

Overall, the production output is expected to increase due to favorable weather conditions, continuous rainfall since the end of 2020, coupled with good oil palm plantation management during 2020-2021 thanks to good palm oil prices. Consequently, in 2022, the oil palm prices in the Kingdom has a chance to decline. However, another important variables to be considered includes the proportion of biodiesel blends. Due to the late 2021 situation of petroleum oil prices and CPO price used to produce biodiesel (B100) at high levels, the government has therefore reduced the proportion high-speed diesel blending from the original 3 types, namely B7, B10 and B20, to only 1 type, namely B7, to reduce production costs and retail diesel prices. This measure is in force effective December 1, 2021 – March 31, 2022. If the situation returns to normal, B10 will be returned to baseline diesel to maintain the domestic CPO stock at an appropriate level.

To stabilise the oil palm and palm oil prices in the Kingdom, the government also manages CPO inventory at an appropriate level by assigning the Department of Internal Trade and related agencies to issue quickly, accurately and timely report on production volumes, consumption, and palm oil inventories according to the Notification of the Central Committee on Prices of Goods and Services, as well as encouraging the installation palm oil measuring meter in the system to manage and control palm oil stocks in a timely manner.

Similarly, to the world market situation in 2022, it is expected that CPO price is likely to decline compared to the previous year as the world palm oil production tends to increase more than the demand since the shortage of Malaysian oil palm harvesting workers has been partially resolved. However, China and India, the world's major consumers of palm oil, tend to continuously import a variety of vegetable oils, including palm oil, to build up their country's stockpiles. This is because the existing stocks are insufficient to serve the demand, especially India, which has announced a continuous reduction in import duties on palm oil throughout 2021. Recently, it announced the exemption of basic custom duty for CPO, effective from October 14, 2021 - March 31, 2022 to control the price of edible oils, including the price of other food products, not to rise from the current level. Meanwhile, the EU countries have a "Zero Palm Oil" policy on transport fuel by 2030 in accordance with their environmental conservation goal.

For Thailand, the Euro 5 standard fuel enforcement policy in 2024 to solve the problem of particulate pollution as well as government policies to promote electric vehicles (EV) to reduce emissions are likely to reduce the use of biodiesel and CPO for biodiesel production in the future.

In view of such developments, the context of palm oil will be forced to change from cheap and environmentally damaging vegetable oil to the production of palm oil certified to sustainability and traceability standards. In addition, increasing the value of palm oil for use as raw material for producing environmentally friendly bio-products and promoting the high valued oleochemical industry to replace the demand for CPO for biodiesel production tends to decrease in the future.

However, a direction of palm oil industry in terms of development and evolution to a high level is unclear. A systematic extension to various downstream industries requires high capital investment to generate economies of scale. Currently, excess supply of palm oil left over from domestic consumption has increased. However, the volatility of palm oil quantity and price remains problematic and threatens market equilibrium and further developments.

Number of Competitors and Company Size Compared to Competitors

Currently, the harvested oil palm plantation area in the Kingdom is about 6.2 million rai, most of which 90% is in the southern region due to the favorable climate. Since 2016, there has been a continuous expansion of oil palm plantation areas, resulting in a significant increase in the total amount of FFB in the country, especially from 5 provinces namely Surat Thani, Krabi, Chumphon, Nakhon Si Thammarat and Phang Nga. The volume of FFB output in 2021 amounted to 16.6 million MT (2020 : 15 million MT) and is expected to increase continuously in 2022.

Palm oil factory can be divided into three types i.e. crushing mill, refinery, and biodiesel plant. Most of the crushing mills are located in the southern region, with 132 plants operating 104 plants with a total production capacity of 30-35 million MT - FFB per year.

For most refineries located in Bangkok and its vicinity, there are 20 plants with a total production capacity of 2.5 million MT of raw material per year, most of which are large plant and the capacity utilisation rate at about 70%. The Company's refinery has a production capacity of 256,200 MT of CPO per year, which is considered a large refinery. The crushing mill has a capacity of 45 MT - FFB per hour.

There have been 14 biodiesel plants, with capacity of around 9.4 million liters per day. However, at present, the Company has not operated the biodiesel plant.

Competitive Potential

The Company has been operating business in the palm oil industry for more than 47 years and constantly developing machinery and production technology, including research and development of products, thereby giving the Company a high competitive position and potential, which include improving the production system of the Margarine and Shortening plant, as well as focusing on the secured sourcing of raw material by supporting the integration of smallholder farmers, and the improvement and development to increase the efficiency of the CPO production process at the Trang Crushing Mill. In addition, the Company has been certified by the Good Hygiene Practice (GHP), the hazard analysis and critical control point system (HACCP), food safety quality assurance system (FSSC22000) and ISO 9001, ISO 14001, ISO45001, TIS18001, TLS8001, ISO/IEC17025, HALAL Food quality assurance system, Kosher quality assurance system, Organic agriculture system and the Roundtable on

Sustainable Palm Oil (RSPO) through supply chain from plantation, crushing mill, and until refinery, thereby enhancing the Company's sales potential. The Company also uses a SAP system that can provide quick and efficient information on inventory for quick response to customers and information for executives to make decisions.

The Company is a major shareholder of United Palm Oil Industry Public Company Limited, the owner of one largest palm oil plantations in the Kingdom, enables the Company to operate a fully integrated business and track the quantity of FFB output each season closely, this will affect the market price of FFB and CPO, which is the main raw material of the Company. Moreover, being a major shareholder of Universal Foods Public Company Limited (UFC) has resulted in the Company having a wider variety of products while having similar distribution channels, allowing the Company to use its resources effectively and also reduce operating costs as well.

Marketing Policy and Strategies

The Company specialises in producing palm oil products. The key strategy is to focus on products with unique features and advanced technology employment in order to avoid price competition against other manufacturers. In addition, the company sees an opportunity to grow and expand the market of cooking oil products. Therefore, it has focused on developing and marketing variety of cooking oil products in more premium segment under Naturel and Yok Extra brand e.g. Rice bran oil, Sunflower oil, Coconut oil, Canola oil and Olive oil. This premium segment contains the value-added features that provide healthier choice for consumers. Furthermore, the Company's research and development department has worked on product development and specialty products to address the demand of different group of consumers. The production process has implemented under high standard policy in order to deliver products with world-class standard to consumers.

The key selling point of Naturel brand is its healthier benefits offered to consumers. The company has realised healthy and wellness trend and has expanded Naturel into the new product lines, which include Organic brown rice, Organic riceberry and Butter spread products.

In addition, the Company has focused on building and maintaining a strong brand equity in order to benefit from competitive advantage and avoid price competition in the marketplace. Therefore, the Company is committed to continual driving awareness, create and build brand royalty through various media.

Target Market

During the past 3 years, the company has not sold products to any single customer that accounted for more than 30% of total sales revenue.

Customers of the Company can be classified into 3 groups based on their intended use of the products as follows:

1. *Hypermarkets and Convenience Stores*

In early of 2021, Thailand retail industry was heavily impacted by the outbreak of COVID-19.

As a result, the lifestyle behaviors and consumer spending has changed. Consumer good category has been faced a "negative" situation.

In the middle of 2021, Vaccine has been vaccinated to Thai. It starts to have a positive signal to market also government announced to stop Lock Down activities by End of Q3. Therefore, the last quarter was likely to recover by 1.4%, which cooking oil category got a very positive result in 14% increase during the period. However, we have seen a gradual improvement in purchasing power. And is expected to continue to improve in 2022, respectively.

In addition to the impact caused by COVID-19, there was also the increase in the cost of CPO. 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 5% and "Yok Extra" increased by 140% respectively.

In addition to vegetable oil product in retail channel, the Company has margarine and shortening sold in 1 and 15 kg bags to general grocery stores and bakers under the Zest Gold, Zest, Golden Leaf, and Yok brands. Apart from the two sizes mentioned above, the Company also sees an opportunity to launch new product sizes i.e. 150 g and 454 g packed in a Tub which is convenient to use and in sufficient quantity to reach the target group at the household level. This is another step in the Company's growth and preparation for the development of new products ranging from the industrial to the household level. In the last year, Thailand has been severely affected by the COVID-19 outbreak. As a result, some people have been impacted by layoffs, work breaks etc. Some people have started a new business or earned extra income to compensate for the lost income by selling bakery. They have studied and practiced through online channels as well as distributed through online channels. It made margarine products continued sales growth.

2. Traditional Trade

Based on the Covid19 situation in the past year, traditional trade market continued to grow in vegetable oil, margarine, and shortening driven by 3 main factors:-

1. Government policy namely welfare card, the Kon La Krueng (Half-Half) co-payment scheme, and many other projects helped stimulating the traditional trade channel.
2. Expanding the sales area to increase more medium-sized customers and distributors in each area. It also supports and helps increase sales efficiency of customers in areas affected by Covid-19.
3. To focus on following up customers in the bakery channel since the growth of current customers is increasingly turning into bakery business, especially in the lower market.

In addition, Naturel brand range continues to grow from the growth of the customer groups who aware of health conscious, which is constantly increasing in number. New products are also introduced to provide more choices for consumers' needs.

3. Food Service

In line with retail industry, food services industry got very big impact by COVID-19 crisis. Industry has been changed, 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. Company still gained additional about 20%.

Looking forward, the new government measures towards tourism industry as well as improvement on COVID-19 crisis additional with adaptive of the Supplier along government policy. We foresee as a key turning point to our food services sector.

4. Industrial Channel

The main products in this group are refined palm oil, palm olein, palm kernel oil in tank packing, drum packing and tin packing which come in many sizes. It also contains palm stearin, shortening, margarine and coconut oil. During the Covid-19 epidemic, the overall market of this distribution channel not much affected because the customers of this channel are diverse including usage in foods and non-foods production. Therefore the impact on the channel is less than that of the overall industry picture. However, adapting to business conditions is still important. Whether it is the adjustment of product standards to be consistent with the world market such as SG, MB, LG standards, which are necessary for entrepreneurs who export products abroad or factory standards which resulted in the company able to run business efficiently

Distribution and Distribution Channels

The Company is the distributor itself through wholesale stores, retail stores, department stores, restaurants, bakery shops, fast food restaurants, food industry customers and soap and shampoo industry customers. As a direct distributor, the company can provide good service to meet the customer needs and keep them satisfied. It also makes the company more flexible in marketing operations including production planning to comply the customer needs.

Proportion of Domestic to International Sales in Last 3 Years

	2021	2020	2019
Domestic Sales	96.60 %	96.76 %	96.82 %
International Sales	3.40 %	3.24 %	3.18 %

Most of palm oil products are sold domestically whereas the export is mainly for secondary or by-products, which are sold through brokers which have the head office located in Singapore. Export markets include China, India, Malaysia, Bangladesh, Pakistan, etc.

Product Procurement

Product Highlights

Naturel Forte Truffle Flavored Coconut Oil

Due to the popularity on truffle dishes from fine-dining restaurants to restaurants as well as food and snack product, Naturel brand recognised the opportunity to drive business growth by capturing this trend. Therefore, Naturel truffle flavored coconut oil was developed and launched to serve consumer that like Truffle flavor. Naturel Truffle Flavored can be applied for many dishes i.e., Stir-frying, Salad Dressing or Finishing oil.



Beverages and packed fruits and vegetables

The complete halt in tourist arrivals, closures of food services outlets and lesser discretionary income, driven by COVID-19 pandemic, adversely affected the juice category further. The already weak demand for this category following the implementation of the sugar tax earlier 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. Besides investments in research / innovations and additional manufacturing infrastructure to support this new category, more marketing resources were directed at digital advertising and e-commerce platforms in alignment with changed consumer shopping behaviors. New marketing approaches including collaborations with partners in adjacent categories and micro influencers were carried out.

In 2021, 3 variants of UFC Velvet 180 ml have been available in 7- Eleven, which considered a step change in distribution expansion and product availability for consumers. In early 2022, there will also be a Chocolate variant of Oat Milk drink added into the UFC Velvet range in 7-Eleven as well.

Canned fruit and canned vegetables categories continue to decline. Shortage of supply due to recurring inclement weather continue to pose challenges on raw materials pricing and profitability.

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



Product Sourcing

The Company's major products are refined palm oil products and other derivative products. The Company operates its own production from CPO and CPKO by which the Company procures raw materials from the crushing mill in Trang, which is the Company's own plant, including the purchase of raw materials from United Palm Oil Industry Public Company Limited, a subsidiary. The rest is the purchase of raw materials from other crushing mills from outside.

For other types of vegetable oil products, including derivative products, the Company has both own production, import from abroad and buy from domestic manufacturers for further production and distribution.

Manufacturing

At present, the Company operates 2 factors namely: -

1. Crushing Mill of CPO is located at 99/9 Moo 2, Sikao-Kuankun Road, Kalasae Sub-District, Sikao District, Trang 92150.

	2019	2020	2021
Production capacity (Unit : MT-raw material)			
CPO	394,200	395,280	394,200
CPKO	34,445	36,893	36,792
Utilised Capacity (Unit : MT-raw material)			
CPO	119,144	160,016	201,072
CPKO	5,770	8,187	10,210
Utilisation Rate (%)			
CPO	30	40	51.01
CPKO	17	22	27.75
Increased Rate of Production Volume (%)			
CPO	135	34	26
CPKO	43	42	25

- Note :**
1. Number of production shifts are at 3 per day at maximum.
 2. Number of actual production shifts are at 2 or 3 (8 hours for each shift) per day depending on volume of palm fruit.

2. Refinery of Palm Oil located at 236 Moo 4, Bangpoo Industrial Estate, Sukhumvit Road, Phraeksa Sub-District, Muang Samut Prakarn District, Samut Prakarn 10280.

	2019	2020	2021
Production capacity (Unit : MT-raw material)			
Refinery	255,500	256,200	255,500
Fractionation	246,375	263,520	262,800
Hydrogenation	43,800	43,920	43,800
Margarine and Shortening	35,040	35,136	35,040
Utilised Capacity (Unit : MT-raw material)			
Refinery	187,772	172,325	193,390
Fractionation	104,681	79,439	101,146
Hydrogenation	18,109	20,777	22,300
Margarine and Shortening	14,486	14,010	13,523
Utilisation Rate (%)			
Refinery	73	67	76
Fractionation	42	30	38
Hydrogenation	41	47	51
Margarine and Shortening	41	40	39
Increased Rate of Production Volume (%)			
Refinery	4	-8	12.22
Fractionation	2	-24	27.32
Hydrogenation	-5	15	7.33
Margarine and Shortening	4	-3	-3.47

Note : 1. Number of production shifts (for each production line) are at 3 per day at maximum.
2. Number of actual production shifts
- Refinery, Fractionation, and Hydrogenation operate at 3 shifts per day (8 hours for each shift);
- Shortening and Margarine operate at 1 or 2 shifts per day (8 hours for each shift), depending on the requirement from customers for each month.

Raw Material Sourcing

CPO is an important raw material for the Company's products, accounting for approximately 85% of the production cost. The main raw material for CPO production is FFB. FFB consists of two major parts that provide oil, namely, the pericarp for the CPO and palm kernel to provide CPKO. The oil extraction rate will be more or less depending on the palm varieties, rainfall, maintenance and crushing process. On average, the pericarp contains 17-20% of oil, while the palm kernel at 40-45%.

FFB used in the production of CPO is obtained from the palm plantations of small - large farmers and private entity who collect FFB and sell out further. The Company purchases FFB to produce CPO at Trang Crushing Mill.

Part of CPO used in the production of the Company's products is obtained from the Company's own crushing mill in Trang, and the rest is purchased from other crushing mills all over the Kingdom. However, the Company has a policy of not relying on any supplier, in order to guarantee the sufficiency of raw materials used in production. During the past 3 years, the Company has not purchased raw materials from any supplier whose value exceeds 30% of the total raw material purchase value.

Problem with Raw Material

As mentioned earlier, presently Thailand still faces the problem of insufficient FFB output compared to the production capacity of crushing mills across the country. As a result, there are stiff competitions to purchase FFB from growers to reduce production cost regardless the quality control of raw materials.

Although Thailand has the potential to develop the oil palm industry, the development of palm oil utilisation remains limited as the oil produced is mainly used for consumption and biodiesel production. Low yield per rai affects palm planting costs. The development of oil palms to achieve high yields requires proper and systematic management, especially the good management of oil palm plantations, which is an activity that requires high investment and conforms to technical principles. Therefore, if considering the structure of the palm oil industry in the Kingdom, it is found that still inferior to that of Malaysia which is a major producer at all levels of production because Malaysia is a country that has developed palm oil for a long time by developing palm varieties, expanding plantation areas and developing processing industries. In addition, the Malaysian authorities also provide comprehensive assistance to the palm oil industry in the country. The structure of Malaysia's palm plantation comprises 80-90% of major oil palm growers, both public and private sectors, occupying almost half of the country's oil palm plantation area, with average yield of 4-5 MT per rai per year, which can input raw materials to CPO crushing mills and refinery plants as well as the processing industry regularly throughout the year, resulting in lower costs in both the cost of FFB production and palm oil extraction costs. Compared to Thailand's oil palm growers, 80 - 90% are small farmers, the yield per rai is low and the CPO extraction rate is relatively low, only 16-18%, while Malaysia has earned 20 - 22%. In addition, fertilizer use is low due to the lack of funds and technology to maintain and control pests, diseases and insects, the quality of the FFB is not as good as it should be.

Material Substitution

Since the Company has its own crushing mill which uses FFB as the main raw material to produce CPO and CPKO, and further input to the refinery at Bangpoo Industrial Estate accounting to approximately 15-20% of the use of CPO and CPKO. The machinery of the aforementioned crushing mill is only used for FFB as raw material, other cannot be used to produce palm oil product.

As for the refinery at Bangpoo Industrial Estate, the main raw material is CPO, which the Company can use the facility to refine other types of oil such as soybean oil, coconut oil, palm kernel oil, corn oil, sunflower seed oil, canola oil, and rice bran oil, etc.

Suppliers of Raw Material

Currently, there are approximately 132 crushing mills, 104 of which are operating, most of them located near palm plantations in the southern region, with more than 30 crushing mills being added in the past three years. The existing mills also have capacity expansion, which is an important concern causing competition to buy FFB from farmers in order to reduce the production cost per unit as much as possible. The reason why crushing mills are scattered near palm plantations is that when FFB is harvested, it must be sent to the mill within 24 hours, otherwise, the quantity and quality of the oil extracted will decrease.

Proportion of Purchasing Raw Material in the Kingdom and Abroad

In 2021, the proportion of importing raw material was at 5.08% of total raw material purchase value (2020 : 6.46%).

Assets Used in the Business

1) Fixed Assets

As the end of 2020, for the business: Oil palm plantation, CPO and CPKO crushing mill, Palm oil refinery, and Factory manufacturing canned fruit, vegetable, juice, the Company and subsidiaries have fixed assets used in the business as table below.

Asset Description	Value (mil Baht)	Ownership Document
1. Land for palm plantation, area 13,477.81 Rai of subsidiary Allowance for impairment loss	687.17 (23.67)	Title deed, Nor Sor 3Kor, Nor Sor 3
2. Land 5 Plots, area 120 Rai 2 Ngan 44 Sq. Wah located at 2.1 Area 83 Square Wah at 64 Soi Bangna-Trad 25 Bangna-Trad Road, Bangna Nua, Bangna, Bangkok 10260 2.2 Area 74 Square Wah at 60 Soi Bangna-Trad 25 Bangna-Trad Road, Bangna Nua, Bangna, Bangkok 10260 2.3 Area 18 Rai 1 Ngan 23 Square Wah at 236 Moo 4 Bangpoo industrial estate, Muang, Samutprakarn 10280 2.4 Area 100 Rai 3 Ngan 182 Square Wah at 99/9 Moo 2 Sikao-Kuankun Road, Kalase, Sikao, Trang 92150	31.45	Title deed
3. Land for factory,office,staff house 153.10 Rai of subsidiary	0.75	Title deed
4. Office building, factory building, staff house of subsidiary	74.08	Owner
5. Office buildings and factory buildings (located in Bangpoo industrial estate and Trang province) and staff house	114.44	Owner
6. Warehouse	46.12	Owner
7. Machine of palm oil refinery	476.49	Owner
8. Machine of CPO and CPKO crushing mill in Trang	58.63	Owner
9. Machine and equipment of subsidiary	110.35	Owner
10. Vehicle	7.68	Owner
11. Vehicle of subsidiary	15.62	Owner
12. Vehicle of subsidiary	3.35	Owner
13. Furniture and office equipment	44.52	Owner
14. Furniture and office equipment of subsidiary	1.53	Owner
15. Plantation development cost	0.15	Owner
16. Plantation development cost of subsidiary	161.81	Owner
17. Lampang factory and land <u>Factory location</u> 64-64/1 Moo 1 Lampang-Chiangmai Road, Muang, Lampang <u>Land location</u> 109 Liap Klong Song Nam Fang Tai Road, Pichai, Muang, Lampang - Land - Lampang factory, area 64 Rai 3 Ngan 51 Sq. Wah - Land - Lampang, area 1,494 Rai 1 Ngan 98 Sq. Wah - Land - Lampang factory, Pongsanthong - Building,building improvement,asset under construction - Machine and equipment	58.25 76.48 1.00 46.27 73.30	Owner Owner Owner

Asset Description	Value (mil Baht)	Ownership Document
18. Nakornpathom factory <u>Location</u> 469/1 Prapatone-Banpaew Road Moo 3 Donyaihom, Muang, Nakornpathom - Land - Nakornpathom factory, area 31 Rai 57 Sq. Wah - Building and building improvement - Machine and equipment	24.14 105.77 273.46	Owner Owner Owner
19. Chiangmai factory - Machine and equipment	-	Owner
20. Office <u>Location</u> 60 Soi Bangna-Trad, Bangna-Trad Road Bangna Nua, Bangna, Bangkok 10260 - Building improvement - Equipment	0.27 2.97	Owner Owner
21. Immature and nursery of subsidiary	14.64	Owner
22. Land possessory rights of subsidiary	2.05	Owner
23. Asset under construction and installation	89.54	Owner
24. Asset under construction and installation of subsidiary	9.93	Owner
25. Asset under construction and installation of subsidiary	1.56	Owner
Total Fixed Assets	2,590.1	

2) Intangible Assets

Asset Description	Value (mil Baht)
1. Software computer	5.17
2. Software computer of subsidiary	0.95
3. Software computer of subsidiary	0.09
Total Intangible Assets	6.21

3) Non - Operating Assets

Asset Description	Value (mil Baht)
1. Factory building, Maetang, Chiangmai	0.12
2. Land, Prao, Chiangmai, 27-1-56 Rai of subsidiary	5.48
3. Land, Maetang, Chiangmai, 30-0-94 Rai of subsidiary	17.86
4. Land, Phrapathomchedi, Nakornpathom, 10-1-39 Rai of subsidiary	2.05
5. Land, Muang, Lampang, 361-1-98 Rai of subsidiary	24.40
6. Land, Muang, Lampang, 29-2-90 Rai of subsidiary	9.20
7. Factory building, Muang, Lampang of subsidiary	1.91
Total Non-operating Assets	61.02

United Palm Oil Industry Public Company Limited (UPOIC) commits the rental agreement for oil palm plantation from their subsidiary, Phansrivivat Company Limited. Prachakvivat Company Limited, the subsidiary of Phansrivivat Company Limited, rents royal property of treasury department which Phansrivivat Company Limited utilises this land for palm plantation and grants rights to utilise palm plantation to UPOIC.

Shareholders

As at 11 March 2021, the top ten shareholders are as follows: -

No.	Shareholder's Name	No. of Shares	Percentage of Paid-up Capital
1	Lam Soon Holding Co., Ltd. ⁽ⁱ⁾	345,323,250	42.11
2	Hap Seng Consolidated Berhad ⁽ⁱⁱ⁾	164,000,020	20.00
3	Lam Soon Cannery Pte Ltd. ⁽ⁱⁱⁱ⁾	61,358,060	7.48
4	CGS-CIMB Securities (Singapore) Pte Ltd	53,021,300	6.47
5	LGT Bank (Singapore) Ltd.	38,151,500	4.65
6	Mr. Suwit Laohapolwattana	20,663,256	2.52
7	CGS-CIMB Securities (Hong Kong) Limited	13,255,000	1.62
8	Mrs. Supaporn Samitthinant	9,852,700	1.20
9	Mrs. Supa Yangyuensunthorn	9,000,000	1.10
10	Thai NVDR Co., Ltd.	8,414,172	1.03

Source : Thailand Securities Depository Co., Ltd.

Note :

(i) Lam Soon Holding Co., Ltd. is an investment holding company. As at 31 December 2021, 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 2021 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 2021, 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

Registered and Paid-Up Capital

The Company was transformed to public limited company on 27 October 1995 and listed in the Stock Exchange of Thailand (SET) on 20 June 1996 under stock symbol “LST”.

As at 31 December 2021, the Company had the registered and paid-up capital amounting to 820 Million Baht with outstanding common shares at 820 Million shares (par value of 1 Baht).

Dividend Payout Policy of the Company and Subsidiaries

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 2021 at the rate of 0.25 Baht/share representing 56.98% of net profit after tax, compared with that of 2020 at 0.22 Baht/share representing 65.4% 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.

2. Risk Management

Risk Management Committee

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 under “**Corporate Governance**”. 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, which is considered by Audit and Corporate Governance Committee.

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 measures to mitigate risk of using inside information including the penalties for violator stated in under “**Corporate Governance**”

Corporate Risk Factors

1) Strategic Risk : Palm Oil Price Volatility

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 2021 ranged between 32.07 – 46.76 Baht/Kg (2020 : 19.34 – 38.76 Baht/Kg). The annual average CPO price was 37.99 Baht/Kg., a 35.45% increase from 2020, compared with the average price in global market at 34.81 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.

2) Risk from Government Policy : 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. 20 B.E. 2564. 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) Uncontrollable Risk : 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.

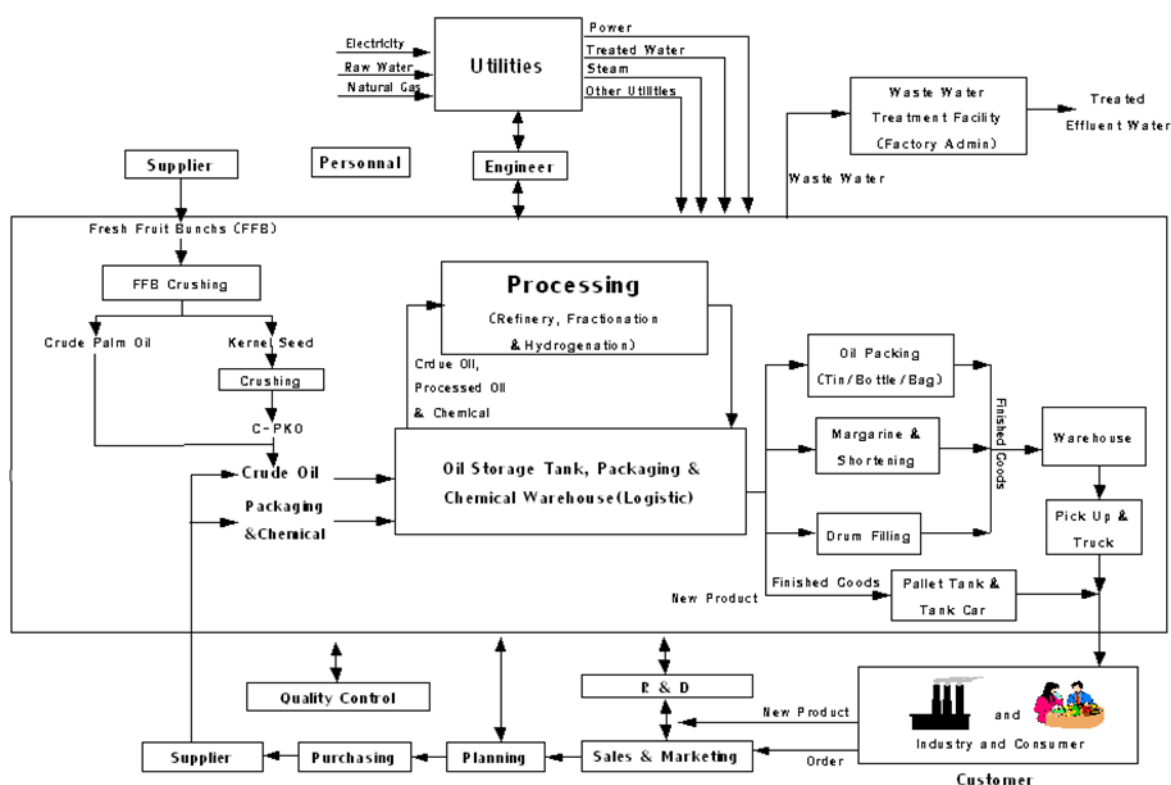
3. Business Sustainability Development

3.1 Policy and objectives of sustainable management

The Company strives to follow its sustainability policy, that condones its business direction and strategy. To demonstrate the Company's intention and commitment to drive business with consideration to environment, society including human rights, and governance, the Company has disclosed policy and guidelines on the Company's website www.lamsoon.co.th for investors' understanding and guidance in following the business directions. To determine the policy and objectives for Sustainability, the Company considers it to be in the same direction as its business or corporate strategy, reflecting the intention of developing the business that takes into account Environmental, Social and Governance.

3.2 Management of impacts on stakeholders in the business value chain

3.2.1 Business value chain



The Company's business value chain demonstrates the relationship between stakeholders in business operations from upstream to downstream. The Company commits to create value of goods and services to meet the expectations of stakeholders. There are 2 value chain activities as follows:

1. Primary activities

being incorporated with following related activities in business operations.

(1) Production factors management or inbound logistics

In an upstream activity, the Company recognises the importance of raw material selection and procurement until delivery, by selecting a standardised and environmental-friendly vendors. The vendors who supply products to the Company are required to have production standards; ISO 9001, ISO 14001 and systems of GHP, HACCP, ISO22000, GFSI, etc., to ensure that those vendors emphasised the importance of production including the delivery of raw materials and packaging to the Company. The Company has a certain delivery schedule to reduce the loss of energy, time, and manpower in the operation. The delivery schedule will be jointly planned with the vendors in a systematic way, where the vendors are able to plan their own internal production to maximise efficiency under reasonable operating costs.

The Company owns a crushing mill located in Southern, Trang province, promoting more than 100 smallholders in the area to gather in group under the name “Community Enterprise Growers Palm Oil and Palm Oil Sustainability (Sikao-Wangwiset)”, and to be certified RSPO enhancing to grow sustainable oil palms, not invading the community forest area, not deforesting, and managing palm plantation according to occupational health and environment principles. This is to build up supply of raw material delivered to Trang Crushing Mill, and ensure the eco-friendly production process under RSPO certification as well.

(2) Operations

Lam Soon (Thailand) Public Company Limited manufactures and sells products such as vegetable oil, shortening, margarine and biogas electricity through a business process related to these activities as follows: product design, production planning, purchasing raw materials and packaging, production control, quality control, maintenance of machinery and equipment, human resources, storage, delivery, marketing and sales.

The production processes of oil and fat products include: extraction process of CPO, CPKO, and electricity generation from biogas from wastewater fermentation processes in crushing mill. The refining process of oil and fat consists of degumming, bleaching and deodorization, fragmentation process, hydrogenation process, packing, and production of margarine and shortening including mixing, kneading, and packing.

In addition, the Company imports and distributes vegetable oil products and other food products from outside Companies that have been certified for standardization and packaged under the company's trademark.

(3) Product distributions or Outbound logistics

Delivery or distribution of products to customers, the Company realizes the logistics cost, including service level in providing services to customers by planning the production to have sufficient products for sale, including planning the storage of goods by using storage management to reduce the movement of goods, as well as plans the route management to reduce the distance and fuel energy in the delivery by focusing on timely delivery of customers, which will serve the needs of replenishment of customers' products in order to reduce inventory storage for customers with the goal of achieving optimal cost efficiency.

(4) Marketing and Sales

The Company is committed to creating and offering quality products that serve the consumers need continually, as well as aiming to build a brand in all product groups to be accepted and enhance a trustworthy image with consumers by publicizing through various

advertising media such as digital media, in-store media, and organizing promotional campaigns to create continual consumption and boost sales.

(5) Customer services

Consumer satisfaction has always been our priority; therefore, the Company has provided a variety of convenient contact channels for consumers, any suggestion or complaints about products able to call by phone number listed on the package, or direct message to the product page.

2. Supporting activities

The Company collaborates with the vendors in research and development to provide products and services that serve the Company's needs. The vendors themselves able to reduce the production process to achieve cost efficiency by focusing on reducing waste during the production. In addition, the limitation of the machines has been adjusted so that the products can be shared with other customers of the vendors in order to achieve the economy of scale.

3.2.2 Analysis of stakeholders in the business value chain

The Company values stakeholders both internal and external. By conducting stakeholders' expectations analysis to evaluate potential consequences, the Company drives business in line with stakeholders' expectations utmost.

Subject matter	Expectation	Consequence
1) Internal expectations		
Employee	Career path progress	Low turnover rate
	Internal activity participation	Company loyalty
	Fair and sustainable income	Low turnover rate
	Good welfare	Low turnover rate
Shareholder	Good annual dividends payment	High liquidity of working capital and good operating result
2) External expectations		
Customer	On time delivery and good quality	Confidence and repeated orders
Local administrative/ community	Community employment	Increase employment
Surrounding plants	The plant does not affect environmental pollution.	Does not affect the environment to the surrounding plants
	The plant is able to control emergency events.	Does not affect the life / property of the surrounding plants
Supplier / Sub-contractor / Contractor	Timely and full payment	Good image, supplier preference
	Safe working area	No accidents
Government agencies	Law compliance	No law punishment
	Activity sponsorship	Activity participation with the government sector

3.3 Management of environmental sustainability

3.3.1 Environmental policy and guidelines

Lam Soon (Thailand) Public Company Limited values the management of environmental sustainability by having an environmental policy which has been adapted into practice in various fields, therefore it has been certified according to ISO 14001 standards. To comply with the law, inspection reports have been sent to government agencies, such as reporting the impact of water pollution to the Department of Industrial Works which are in the Form of Ror Vor. 1 and Ror Vor. 2.

In the dimension of environmental management, the Company manages all aspects of water pollution, air pollution, and waste.

As an example of air pollution management, the Company has measured exhaust chimney (twice a year) and has also used clean energy, NG Gas, to avoid polluting the environment.

As an example of waste and hazardous waste management, the Company has classified waste into different types, with storage areas separated by waste types and reported to government agencies, such as reporting on industrial waste (Gor Aor. 1).

As part of greenhouse gas reduction management, the Company has worked in all dimensions from upstream to downstream until it has been certified for Carbon Footprint and Green Label.

In addition, the Company has set an annual budget (CAPEX) for energy and environmental conservation plans for continuous improvement and development, as well as to comply with environmental policies.

3.3.2 Environmental operating results

Lam Soon (Thailand) Public Company Limited has been registered with Thailand Greenhouse Gas Management Organization (TGO) for a project that used wastewater from palm oil production process to generate biogas. Presently, the Company has a total carbon credit of 32,296 tCO₂e and received an international recognition CERs. In 2021, the Company had upgraded the sustainable standard certification of oil palm production from Mass Balance Module (MB) to Identity Preserved Module (IP). This certification enhances importance of direction and practice from upstream to downstream as well as build customers' confidence regarding raw material procurement and production process without affecting community, environment, and stakeholders.

a) *Energy management*: The Company recognises the importance of energy management as it is defined as a KPI of its engineering department, which aims to reduce all energy consumption by 3%. The engineering department has a yearly energy-reduction plan that covers all of its power, including electricity, steam, NG GAS. In addition, the new energy-saving technologies has been implemented such as chillers, which adopt Carrier's new technology; it is able to save the most electricity. In 2021, the Company had the following engineering projects to save energy.

- Project of Economizer Heat Exchanger – E 701 : saving = 1,736,617 MJ/Yr
- Project of Economizer Heat Exchanger – E 703 : saving = 4,663,125 MJ/yr
- Project of Chiller : saving = 671,220 MJ/yr
- Project of High Efficiency Air Conditioner : saving = 64,649 MJ/yr

- Project of Energy saving in Air Compressor : saving = 721,220 MJ/yr
Total saving = 7,856,831 MJ/yr or reduce the energy consumption by 8% from the previous year.
- b) *Water pollution management*: The Company realises the importance of wastewater management by constructing a new wastewater treatment system, which is a closed system which is new and odorless technology in a smaller size. The measurement result passed the wastewater standard of Bangpoo Industrial Estate.
- c) *Air pollution management*: The Company realises the importance of air pollution management by measuring the amount of contaminants emitted from the factory twice a year. The measurement results passed the standards according to the Ministry of Industry's announcement. In addition, the Company has chosen to use energy from NG Gas, which is clean energy that does not pollute the environment.
- d) *Waste and hazardous waste management*: The Company values waste and hazardous waste management by assorting the waste into 3 bins with different color for storage - green bin for general waste, yellow bin for recycle waste, red bin for hazardous waste. 3 different waste types will be separately stored and disposed.

Hazardous waste and industrial waste are assorted and stored separately such as sludge from waste water pond to be stored in separated container and area before being disposed by outsourced party under the report submitted to government agencies (Kor Aor.1). In 2021, sludge from waste water pond was recorded at 167,910 Kg. which was disposed by Better World Green Co., Ltd.

Also, the Company has checked quality of work area environment (heat, light, sound, chemical substance) annually as well as impurities level drained from plant (air pollution). In 2021, inspection records were within the law limit and no chemicals from operation leaked.

Up to now, the Company is aware of the importance of laws and environmental aftermath. Historically, the Company never committed any environmental wrongdoings with no environmental nor community repercussion complaints.

- e) *Greenhouse gas reduction management*: The Company has reduced greenhouse gas effect from upstream to downstream operations as follows:-
 - Direct greenhouse gas emission namely
 - ✓ Clean energy usage such as biomass fuel which causes less CO₂ than fuel oil.
 - ✓ Environmental-friendly coolant usage such as R-1233zd which ozone layer safe.
 - ✓ Modifications in production technology, such as the adjustment of the plate heat exchanger series, thereby reducing the energy consumption of both NG and steam, which generates CO₂ gas.

- ✓ Modification in technology to support the production such as replacing the chiller, thereby reducing the electricity consumption, which generates CO₂ gas.
- Indirect greenhouse gas emissions include the purchase of electricity and steam from SSUT located in Bangpoo Industrial Estate for operation.

In order to provide credible information on its GHG emissions disclosures, the Company has assigned the center unit specialises in environmental-friendly business strategies (V-Green) that specialises in soybean oil, sunflower oil, and palm oil as a consultant to participate in the Carbon Footprint Product Project, where V-Green will collect data and calculate the value for the Company, then the Green Innovative Engineering Company Limited is a verifier, which the verifier / person who certifies the greenhouse gas data has been registered with Thailand Greenhouse Gas Management Organisation (TGO). However, the Company considers that the verifier has a work is widely accepted internationally. Lam Soon (Thailand) Public Company Limited has participated in a total of 20 products, the Carbon Footprint value of the products show in the following table:-

No.	Products	Carbon footprint
1	Refined palm olein from pericarp packed by pet bottle net content 250 ml	289 g CO ₂ e
2	Refined palm olein from pericarp packed by pet bottle net content 500 ml	576 g CO ₂ e
3	Refined palm olein from pericarp packed by pet bottle net content 1 litre	1.06 kg CO ₂ e
4	Refined palm olein from pericarp packed by film plastic bag net content 1 litre	991 g CO ₂ e
5	Refined palm olein from pericarp packed by pet bottle net content 2 litre	2.15 kg CO ₂ e
6	Refined palm olein from pericarp packed by pet bottle net content 5 litre	5.69 kg CO ₂ e
7	100% refined rice bran oil packed by pet bottle yok extra brand	2.76 kg CO ₂ e
8	100% refined sunflower oil packed by pet bottle yok extra brand	2.16 kg CO ₂ e
9	Refined soybean oil net packed by pet bottle content 1 litre	588 g CO ₂ e
10	Refined palm olein from pericarp packed by tin net content 13.75 litre	14.5 kg CO ₂ e
11	Refined palm olein from pericarp packed by tin net content 18 litre	18.8 kg CO ₂ e
12	Refined blend canola oil and sunflower oil ratio 4:1 (naturel brand) packed by pet bottle net content 1 litre	2.79 kg CO ₂ e
13	100% refined canola oil (naturel brand) packed by pet bottle net content 1 litre	2.91 kg CO ₂ e
14	100% coconut cooking oil (naturel brand) packed by pet bottle net content 1 litre	2.86 kg CO ₂ e
15	100% refined rice bran oil (naturel brand) packed by pet bottle net content 1 litre	2.88 kg CO ₂ e
16	100% refined rice bran oil gold (naturel forte brand) packed by pet bottle net content 1 litre	2.88 kg CO ₂ e
17	100% refined sunflower oil (naturel brand) packed by pet bottle net content 1 litre	2.29 kg CO ₂ e
18	100% refined corn oil (naturel brand) packed by pet bottle net content 1 litre	1.65 kg CO ₂ e
19	100% coconut cooking oil (naturel brand) packed by pet bottle net content 500 ml	1.49 kg CO ₂ e
20	100% refined canola oil (naturel brand) packed by pet bottle net content 500 ml	1.52 kg CO ₂ e

3.4 Social sustainability management

3.4.1 Social policy and guidelines

1. The Company has set human resources management policy, conforming with Thai labour standard requirements and related laws, by adhering to moral, orderly, harmonious, good understanding among staff principles. The Company supports and encourages staff to earn knowledge, capabilities, skills, motivations as well as good health, perseverance, work passion as well as self and social responsibilities for management succession specifically. The following practices have been set.

1.1 All staff are treated fairly, equally, and honorably as part of the Company.

1.2 Human resources recruitment, compensation, training, termination or retirement are treated reasonably without a preference of ethnics, class, nationality, religion, disability, gender, gender deviation, political party membership or politic participation. Only eligibilities of position, education, knowledge, capability, experience, physical condition and other job specification's necessity are considered. Staff will be suitably appointed and rotated reasonably.

1.3 Voluntarily appointment without labour imposition such as under 18 years old child labour, binding labour, debt-repayment labour, imprisoned labour, slaved labour, human trafficking labour as well as illegal labour.

1.4 The Company encourages staff to participate in efficiency improvement activities and training for continuous learning development.

1.5 The Company provides safe and sanitary working area and environment for staff such as drinking water and restroom.

1.6 The Company arranges and regularly educates safety process in work environment as well as encourages staff to clean and care for work conditions to prevent the accident in working area.

1.7 The Company believes that good communication will bring good relationship and efficiency in workplace. Hence, the Company supports related news recognitions. The Company also respects staff corporation for settlement and membership in labour union by allowing freedom and liberty in association and negotiation. Staff are able to connect and contact workplace peers without the Company's intervention in activities regarding beliefs and needed practices.

1.8 The Company set suitable and apparent policy regarding social responsibility and labour conditions with continuous supervision,

review, monitoring, revision and development for sustainable labour management.

2. The Company has risk management policy for both internal and external stakeholders. The Company implements risk appraisal and internal risk management measures in accordance with stakeholders' expectations both directly and indirectly.
3. The Company regularly communicates with staff, partners, customers and related parties. For staff, department head informs policy and other matters via department meetings. For partners, customers and related parties, responsible staff conveys the Company's policy including disclosure via website.
4. The Company discloses the essence of the policy on human rights on website. The Company has scrutinized overall human rights issue to ensure the Company's operation does not violate any human rights throughout the value chain. The Company has set the investigation scope, related human rights issue as well as analyses potential consequence and possibilities. These prioritize internal human rights risk issue along with suitable preventive and settling measures. The Company also follow-up and update prevention plan. The Company values fair labour treatment and respects human rights inclusive of recruitment, compensation, promotion, training and development, which specified in human resources management policy. The Company does not segregate any difference in gender, age, educational institution, ethnic, religion but support employment among less fortunate groups i.e. disables, seniors, acquittal to provide opportunity, career, continual income as well as achieve Sustainable Development Goals (SDGs) of Thailand and global.

3.4.2 Social operating results

The Company commits to develop social responsibilities standard and management system by appointing management to supervise practices in accordance with social responsibilities standard. The Company also appoints social responsibilities committee, consisting of representatives from management, labour union and employees committee to contribute to the social responsibilities standard practice along with continuously follow social and community responsibilities policy of the Company.

(1) Community and society

The Company operates its business with responsibility to communities and society, emphasizing on reducing environmental impacts and avoiding operations that may have a negative impact on the quality of life of communities around the establishment. In 2020, the complaints were not found from the community on social or environmental issues.

The Company participated in improving the quality of life and promoting participation with communities. In 2020, the Company has activities for society and communities as follows:-

- Support sports equipment on Children's Day, to City Village Community, Bangpoo Industrial Estate and Bangpoo Police Station.
- Support scholarships and professional technician training to Wat Nakarat School.
- Support the Company's products for the distribution cabinet, life-saving bags to the Ministry of Labour, Department of Labour Protection and Welfare, Samut Prakan, and nearby communities to alleviate suffering from the Covid-19 situation.

(2) Staff and labour

The Company appoints representatives from management, electoral staff and Thai labour standard committee to attend Thai labour standard practices. The committee had meetings and submitted the report presenting the Company's 2021 employment status and work environment and indicating the number of employee as follows:-

Employment

Details	Number of Employee (persons)	
	Male	Female
Full Time Staff	281	146
Disabled Staff	1	1

Staff training

In 2021, the Company provided training courses to sustain staff's skills and capabilities with average training hours or learning activities complied with requirements of the Department of Skill Development.

Safety, occupational health and work environment

In 2021, the Company continuously improved safety, occupational health and work environment by focusing on management and risk control of safety, occupational health and work environment. To operate systematically upon minor risk in ailment, injury or death along with suitable supervision for life quality of staff and stakeholders, the Company applies international engineering standard, laws and regulations to indicate, appraise and control risks from operations, storage, delivery, and maintenance. To build confidence in management and establish responsibilities in safety, occupational health and work environment for staff and stakeholders which are

1. Appraise safety, occupational health and work environment practice in workplace
2. Examine laws compliance
3. Assess annual safety, occupational health and work environment performance

Employee's engagement

In 2021, the Company had a plan to develop employee engagement by reducing the employee turnover rate to 1%. In 2021, 2.79% of employees voluntarily resigned from their jobs (2020 : 1.3%), which was the same rate as the previous year. The assessment of employee engagement with the Company equaled to the target.

(3) Customers

Customer satisfaction has always been the focus of the Company, the Company therefore conducts yearly surveys to measure the customers satisfaction with products and services, the results were used to analyse and develop in order to meet the customer needs continuously. In 2021, there were 22 major complaint cases from customers namely logistics, products, documentation, and general complaints, all of which had been already addressed.

UFC, a subsidiary company, is also committed to sustainability. Over the years, the usage of biomass fuel at both factories have intentionally been increased. (UFC have increased the usage of biomass intentionally)

In 2021, the proportion of biomass fuel used for the boilers at the Nakorn Pathom and Lampang factories were 99% and 95% respectively. In 2022, UFC will install another new boiler that uses only biomass fuel at Lampang plant.

In addition, both factories also use solar energy as part of the continuous efforts to contribute towards sustainability.

4. Management Discussion and Analysis

Operating results

For the 2021 financial year, the Company's sales revenue increased by 2,474.3 million Baht or 49.7% compared to the year 2020. The main reason was that the average selling price per unit increased by 30.6%, and sales volume increased by 14.6%. The Company's gross profit increased by 84.7 million Baht or 12.0%. The Company's net profit increased by 84.0 million Baht or 30.5% from the previous year. The major reason was effect from the world market price of CPO increasing continuously due to COVID-19 epidemic situation causing a shortage of labour in harvesting which affected CPO export to increase significantly, resulting in the increment of local CPO price that aligned with the CPO price in the world market.

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

BOI Certificate No.	Operation	Validity Period*	Scope of Exemption
64-0382-1-05-1-0	Manufacture of crude palm oil	3 years	corporate income tax on income maximum of 50% 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 2021 increased by 1,150.6 million Baht or 124.5% year on year. This was because of

(a) Increase in average selling price per unit of CPO and CPKO by 48.3% and 71.4% respectively due to the rising of CPO price in the international market impacted to domestic CPO price.

(b) Higher sales volume of CPO and CPKO, which increased by 48.3% and 87.3% respectively.

The increase in selling price exceeded the increase in the cost of sales; therefore the subsidiary gain a higher gross profit at 210.7 million Baht or an increase of 125.9% year on year. Selling expenses increased by 20.6 million Baht which aligned with higher sales volume. 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. As a consequence, UPOIC recorded an increase in net profit of 181.7 million Baht (2020: 125.1 million Baht).

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

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	11 May 2022	<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 subsidiary company (UFC) at 1,703.1 million Baht represented 7.1% increase (2020: 1,590.0 million Baht). Total export sales revenue grew by 5.6% to 1,278.9 million Baht due to increase in consumer demand and success in penetrating new markets and channels with new products. UFC continued to be impacted by shipping container shortages and very huge spikes in freight costs. Notwithstanding the aforesaid logistics challenges, sales of UFC Refresh coconut water continued to expand in our leading markets including New Zealand, Singapore, Malaysia, United Kingdom and Canada. UFC Velvet is forecasted to continue to grow as more consumers demand healthier non-dairy products. Asian consumers are having more knowledge of plant-based products and concerns about sustainability.

Total domestic sales increased by 12.0% to 424.2 million Baht. Domestic sales revenues grew mainly due to improved sales turnovers of Canned Fruits and Plant-Based Milk (UFC Velvet brand) with wider distribution of three new Velvet products in 7-Eleven. Canned fruit remained the largest category accounting for 53.0% of total sales with 23.9% increase versus year ago. The total UFC beverage sales value declined by 1.0%, particularly from the juice category. The already weak demand of this category since the implementation of the sugar tax earlier and closures of hotels, restaurants and other distribution channels, together with COVID-19 restrictions, 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 will continue

to place top priority and invest in Velvet plant-based milk drinks which generated the growth of 241.9% in 2021 versus year ago.

For reasons stated above, profit attributable to equity holders of the Company for year 2021 was 558.6 million Baht, increasing by 175.6 million Baht or 45.8% (2020: 383.0 million Baht).

Other major components and changes in 2021 consolidated financial statements are as follows: -

Revenues

Sales from contracts with customers : Sales revenue under LST increased by 2,474.3 million Baht or 49.7%, resulting from the increment of the average selling price per unit at 30.6% mainly due to the rising of CPO price in the international market effected to domestic CPO price. In addition, sales volume increased by 14.6%.

Sales revenue under the Company and its subsidiaries for the period increased by 2,790.6 million Baht or 41.5%. Sales revenue in each product group is as table below.

The Company and subsidiaries

Product/Services by Group	2020	2021	Increase (Decrease)
	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	4,328.2	6,926.3	2,598.1
Margarine and Shortening	675.7	685.3	9.6
Other palm based products	61.4	107.5	46.1
Selling Electricity power to PEA	9.1	13.3	4.2
Beverages	955.8	956.9	1.1
Fruits and Vegetables	581.6	691.0	109.4
Sauces and Seasonings and others	118.9	141.0	22.1
Total Sales - Net	6,730.7	9,521.3	2,790.6

Other income : The Company and its subsidiaries had income other than those generated by normal operation at 105.7 million Baht or 1.1% of total revenues (2020: 70.5 million Baht). Details are set out below.

Company and subsidiaries	Mil. Baht	Sources
LST	48.2	Sales of palm shell and scrap
UPOIC	45.7	Sales of palm shell and empty bunch
UFC	16.5	Volume rebate from packaging supplier

Expenses

Cost of sales : The Company and its subsidiaries recorded cost of sales for the period at 84.6% of total sales (2020: 83.2%). Cost of sales under LST was 89.4% (2020: 85.8%) because the average unit cost of CPO increased by 34.8%.

UPOIC recorded cost of sales at 1,696.3 million Baht, increasing by 939.9 million Baht or 124.2% from 2020 due to the average FFB cost increasing by 57.2%.

UFC recorded cost of sales at 81.9% of total sales (2020: 83.5%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at 576.6 million Baht (2020: 480.8 million Baht), increasing by 95.9 million Baht. Selling expenses under LST increased by 31.8 million Baht mainly from higher goods transportation and DC fee which aligned with the increase of sales volume. UFC's selling expenses increased by 43.4 million Baht due to higher goods transportation and promotion which aligned with export sales increase.

Administrative expenses : Administrative expenses of the Company and its subsidiaries were 219.3 million Baht (2020: 212.6 million Baht), increasing by 6.7 million Baht. Administrative expenses under LST increased by 6.8 million Baht mainly from higher employee welfare. UPOIC's administrative expenses increased by 5.4 million Baht mainly from loss on disposal of unused assets from using new vertical sterilizer and write off land and palm plantation development on disputed land.

Gain from change in fair value of biological assets : UPOIC realised profit from change in fair value of biological assets of 25.9 million Baht (2020: gain 18.7 million Baht) because the average selling price of CPO and CPKO increased by 48.3% and 71.4% respectively.

Loss from impairment of assets : UPOIC recorded loss from impairment of assets at 15.6 million Baht because there was impairment loss on the cost of land and net book value of the cost of palm plantation development on the land reform area in 2021.

Profits

Gross profit (GP) : GP of the Company and its subsidiaries increased by 333.1 million Baht or 29.4%. The consolidated GP was 15.4% of total sales (2020: 16.8%). GP of the Company increased by 84.7 million Baht, and GP of UPOIC increased by 210.7 million Baht.

Profit before income tax expenses : The profit before income tax expenses of the Company and its subsidiaries increased by 253.2 million Baht.

Profit for the year : Profit attributable to equity holders of the Company for the year ended 31 December 2021 was 558.6 million Baht (2020: 383.0 million Baht), increasing by 175.6 million Baht or 45.8%. The profit attributable to equity holders was 5.8% of total revenues (2020: 5.6%) and was 0.68 Baht per share (2020: 0.47 Baht per share).

Dividend payout ratio : In 2021, the Company paid dividend for the operational year 2020 at the rate of 0.22 Baht per share, representing a payout ratio of 65.4% of net

profit. 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. This rate is higher than the Company's policy to pay dividends to shareholders not less than 40% of net earnings after tax.

In 2021, UPOIC paid dividend for the operational year 2020 at the rate of 0.20 Baht per share. In 2020, the Company paid dividend for the operational year 2019 at the rate of 0.025 Baht per share.

In 2021, UFC paid dividend for the operational year 2020 at the rate of 0.40 Baht per share. In 2020, the Company paid dividend for the operational year 2019 at the rate of 0.40 Baht per share.

Book value (weighted average number of ordinary shares) : As at 31 December 2021, the book value per share of LST was 4.34 Baht (weighted average number of shares at 820 million shares) (2020: 4.13 Baht). Profit of the Company was 0.44 Baht per share, and dividend paid was 0.22 Baht per share.

Financial position

Assets : At the end of 2021, the total asset value of the Company and its subsidiaries was 6,417.7 million Baht, an increase of 712.0 million Baht or 12.5%. The major reasons are as follows:

- **Cash and cash equivalents** : The Company and its subsidiaries' cash and cash equivalents was 178.2 million Baht (2020: 238.3 million Baht), decreasing by 60.1 million Baht or 25.2%. Cash and cash equivalents under LST decreased by 63.3 million Baht since there was more investment in assets, causing the company to utilise 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 1,509.6 million Baht, accounting for 23.5% of total assets (2020: 867.0 million Baht accounting for 15.2% of total assets), increasing by 642.5 million Baht. Such increment was from higher A/R which was not yet due at 521.0 million Baht and higher A/R aging up to 3 months at 105.3 million Baht while A/R aging over 12 months decreased by 27.3 million baht. The average collection period was at 47 days in 2021. (2020: 47 days)

The Company and its subsidiaries recorded A/R aging over 12 months and returned cheques at 11.0 million Baht (2020: 43.2 million Baht), accounting for 0.7% of trade receivables–unrelated parties (2020: 5.0%). In the meantime, the Company already set the allowance for doubtful accounts at 88.3% of the value of A/R aging over 12 months and returned cheques (2020: 100.0%).

- **Inventory** : At the end of 2021, the Company and its subsidiaries' inventory was worth 1,505.3 million Baht or 23.5% of total assets, increasing by 116.1 million Baht (2020: 1,389.1 million Baht or 24.3% of total assets). At the Company level, there was an increase of 39.7 million Baht since CPO price continuously increased throughout

the year. UPOIC's inventory increased by 118.8 million Baht as unit cost increased due to average FFB price which was higher than previous year.

- **Property, plant and equipment** : The Company at the group level recorded the net value of 2,413.5 million Baht, a decrease of 39.4 million Baht or 1.6% from 2020. The net value of LST increased by 16.1 million Baht mainly from higher furniture and office equipment. UFC's net value decreased by 45.7 million Baht mainly from higher depreciation.

Source of Fund

Structure of Fund : Under the consolidated financial statements, source of fund comprised 4,733.5 million Baht from shareholders' equity and 1,684.3 million Baht from liabilities or 73.8% and 26.2% of total liabilities and equities respectively. Such liabilities were mainly derived from loans from financial institutions amounted to 708.8 million Baht, comprising short-term loans and current portion of long-term loans at 613.1 million Baht and long-term loans-net of current portion at 95.7 million Baht which the Group has complied with financial covenants attached to the loan agreements. In addition, there was trade and other payables at 609.8 million Baht. The debt to equity ratio was 0.36 times at the end of 2021 (2020: 0.33 times). Further details are set out below:-

- **Shareholders' equity**: The Company group's shareholders' equity increased by 444.9 million Baht or 10.4% because of net profit at 648.1 million Baht and dividend paid at 200.0 million Baht.
- **Liabilities** : The Company and its subsidiaries had loans from financial institutions of 708.8 million Baht comprising:
 - 1) 231.0 million Baht in short-term loans of company.
 - 2) 295.0 million Baht in short-term loans of subsidiaries.
 - 3) 87.1 million Baht in current portion of long-term loans of subsidiaries.
 - 4) 95.7 million Baht in long-term loans-net of current portion, of subsidiaries.

Financial liquidity

In 2021, the Company and its subsidiaries had lower financial liquidity than 2020 as cash and cash equivalents was 178.2 million Baht, decreasing by 60.1 million Baht (2020: 238.3 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 2021, the Company and its subsidiaries had net cash received from operating activities at 271.1 million Baht (2020: 182.0 million Baht), increasing by 89.1 million Baht. Profit from operating activities before changes in operating assets was 1,048.9 million Baht, increasing by 238.7 million Baht. The key factors for changes during the year were as follows:

- Trade and other receivables increased by 698.6 million Baht.
- Inventory increased by 109.5 million Baht.
- Trade and other payables increased by 175.8 million Baht.

Cash flows from investing activities : In 2021, the Company and its subsidiaries recorded net cash used in investing activities at 243.9 million Baht (2020: 360.3 million Baht). This came from less investment in machinery and equipment than previous year at 144.0 million Baht.

Cash flows from financing activities : In 2021, the Company and its subsidiaries recorded net cash used in financing activities at 87.3 million Baht (2020: 247.6 million Baht), decreasing by 160.3 million Baht. The main factors were cash received from long-term loan at 110.0 million Baht and repayment of long-term loan at 60.4 million Baht whereas dividend payment was 200.0 million Baht.

Financial ratios

Current ratio was at 2.61 times in 2021 (2020: 2.42 times) as trade and other receivables increased.

Quick ratio was at 1.34 times in 2021 (2020: 1.02 times) as trade and other receivables increased.

Return on total assets (Average) was 10.7% in 2021 (2020: 7.6%) as net profit for the year increased by 54.3%, whereas total assets increased by 12.5%.

Return on total equity (Average) was 14.4% in 2021 (2020: 9.9%) as net profit for the year increased by 54.3%, whereas total shareholders' equity increased by 10.4%.

Total debt to equity ratio was at 0.36 times in 2021 (2020: 0.33 times) since trade and other payables increased.

Accounts receivables turnover was at 7.71 times in 2021 (2020: 7.58 times) with the average collection period at 47 days (2020: 47 days).

Inventory turnover of finished goods was at 14.08 times in 2021 (2020: 12.4 times) with the inventory turnover period at 26 days (2020: 29 days).

Accounts payables turnover was at 14.91 times in 2021 (2020: 12.28 times) with average payment period at 24 days (2020: 29 days).

Capital Expenditure

In 2021, major items of capital expenditure incurred by the Group include:

- Investment in the expansion of Injection to support the additional Blower machine of vegetable oil bottles.
- Investment by UPOIC in 4,000 tons of oil tank, Biogas and Biomass power plants, as well as Vertical Steriliser replacement.

Research & Development and Innovation Expenditure

Lam Soon (Thailand) Public Company Limited has carried out research and development activities in technology and innovations in the production process. which is a project that reduces production costs and save energy. The details are as follows.

1. High performance Chiller Development Project

Bangpoo Plant has installed Chiller at the Fractionation unit. The new machine installed is Carrier's latest Chiller technology that is the most energy efficient.

Advantages of the project: In 2021, save electricity cost for 1,200,000 baht per year or reduce CO2 emissions by 143,000 Kg. CO2 (reduce global warming).

2. Heat Exchanger Development Project

Bangpoo Plant has installed New Heat exchanger at the oil refinery tower with a capacity of 400 tons per day. This new machine installed is a new heat exchange technology that is the most energy efficient.

Advantages of the project: In 2021, save electricity cost 2,500,000 baht per year or reduce CO2 emissions by 640,000 Kg.CO2 (reduce global warming).

3. Compressed Air management System Development Project

Bangpoo Plant has installed new latest technology Compressed Air management System at Air compressor station. The new system is a management technology. Air compressor maximum benefit, reduce the loss in the system.

Advantages of the project : In 2021, save electricity cost 700,000 baht per year or reduce CO2 emissions by 90,000 Kg.CO2 (reduce global warming).

Factors or circumstances which might affect financial performance in the future

Please refer to **Corporate Risk Factors** and **Marketing and Competition** as explained earlier.

Financial Highlights

Name : Ms. Satida Ratananurak
 Certified Public Accountant No. 4753
 Office : EY Office Limited

1) Remuneration of statutory auditor (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)	2021	2022
for the Company	1,710,000	1,710,000
for 2 subsidiaries	2,200,000	2,250,000
for 5 related companies	710,000	710,000
Total	4,620,000	4,670,000

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: -

Fee for verifying BOI project (Baht)	2021	2022
for the Company	-0-	-0-
for 1 subsidiary	100,000	100,000
for 1 related company	100,000	100,000
Total	200,000	200,000

The Consolidated financial statements include the financial statements of the Company and the following subsidiaries:

- United Palm Oil Industry Public Company Limited (69.96% shares held by the Company)
- Universal Food Public Company Limited (98.85% shares held by the Company)

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position

As at 31 December

(Unit : '000 Baht)

	Consolidated financial statements						Separate financial statements					
	2021		2020		2019		2021		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current Assets												
Cash and cash equivalents	178,193	2.78	238,286	4.18	664,167	12.31	21,348	0.47	84,605	2.10	589,021	14.87
Trade and other receivables	1,584,137	24.68	885,362	15.52	889,806	16.49	1,362,400	29.77	811,218	20.12	776,842	19.61
Current portion of finance lease receivables	1,545	0.02	1,567	0.03	331	0.01	-	-	-	-	-	-
Inventories	1,505,253	23.45	1,389,108	24.35	841,677	15.60	948,808	20.73	909,143	22.55	453,082	11.44
Biological assets	112,273	1.75	95,620	1.68	90,929	1.69	-	-	-	-	-	-
Value added tax refundable	12,268	0.19	5,118	0.09	14,983	0.28	-	-	-	-	-	-
Other current assets	34,053	0.53	37,099	0.65	23,905	0.44	12,730	0.28	11,488	0.28	5,844	0.15
Total current assets	3,427,722	53.41	2,652,160	46.48	2,525,797	46.81	2,345,286	51.24	1,816,454	45.06	1,824,789	46.07
Non-current assets												
Financial lease receivables – long-term portion	896	0.01	2,441	0.04	641	0.01	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	1,334,158	29.15	1,333,969	33.09	1,333,967	33.68
Investment in joint venture	26,571	0.41	22,998	0.40	26,710	0.50	-	-	-	-	-	-
Long-term loans to other companies.	17,480	0.27	18,400	0.32	19,320	0.36	-	-	-	-	-	-
Investment properties	61,020	0.95	61,506	1.08	63,488	1.18	5,615	0.12	5,615	0.14	5,615	0.14
Property, plant and equipment	2,413,490	37.61	2,452,937	42.99	2,284,263	42.34	863,247	18.86	847,104	21.01	772,544	19.50
Right-of-use assets	34,982	0.55	39,222	0.69	-	-	-	-	-	-	-	-
Bearer plants	176,606	2.75	196,499	3.44	204,212	3.78	154	0.00	166	0.00	177	0.00
Goodwill	196,376	3.06	196,376	3.44	196,376	3.64	-	-	-	-	-	-
Intangible assets	6,214	0.10	7,541	0.13	6,162	0.11	5,173	0.11	5,994	0.15	3,712	0.09
Deferred tax assets	47,733	0.74	51,626	0.90	63,019	1.17	22,793	0.50	21,484	0.53	19,622	0.50
Other non-current financial assets	23	0.00	23	0.00	23	0.00	23	0.00	23	0.00	23	0.00
Other non-current assets	8,630	0.13	3,992	0.07	5,405	0.10	536	0.01	473	0.01	513	0.01
Total non-current assets	2,990,022	46.59	3,053,561	53.52	2,869,620	53.19	2,231,700	48.76	2,214,829	54.94	2,136,174	53.93
Total assets	6,417,745	100.00	5,705,721	100.00	5,395,417	100.00	4,576,986	100.00	4,031,283	100.00	3,960,963	100.00

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position (continued)

As at 31 December

(Unit : '000 Baht)

	Consolidated financial statements						Separate financial statements					
	2021		2020		2019		2021		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities and shareholders' equity												
Current liabilities												
Short-term loans from banks	526,000	8.20	460,000	8.06	470,000	8.71	231,000	5.05	65,000	1.61	-	-
Trade and other payables	609,770	9.50	471,049	8.26	440,899	8.17	643,254	14.05	429,549	10.66	377,940	9.54
Current portion of long-term loans	87,067	1.36	50,400	0.88	16,600	0.31	-	-	-	-	-	-
Current portion of liabilities under finance lease agreements	345	0.01	3,237	0.06	-	-	-	-	-	-	-	-
Income tax payable	49,872	0.78	69,176	1.21	59,072	1.09	34,964	0.76	49,813	1.24	50,475	1.27
Advance received from customers	26,417	0.41	35,856	0.63	-	-	228	0.00	4,118	0.10	-	-
Other current financial liabilities	7,001	0.11	5,815	0.10	-	-	3,149	0.07	1,788	0.04	-	-
Other current liabilities	6,231	0.10	1,771	0.03	22,307	0.41	965	0.02	779	0.02	2,656	0.07
Total current liabilities	1,312,703	20.45	1,097,305	19.23	1,008,878	18.70	913,559	19.96	551,047	13.67	431,071	10.88
Non-current liabilities												
Long-term loans – net of current portion	95,733	1.49	82,800	1.45	-	-	-	-	-	-	-	-
Lease liabilities – net of current portion	42,647	0.66	42,546	0.75	-	-	-	-	-	-	-	-
Deferred tax liabilities	31,752	0.49	2,611	0.05	-	-	-	-	-	-	-	-
Provision for long-term employee benefits	201,452	3.14	191,856	3.36	181,099	3.36	103,308	2.26	96,541	2.39	89,241	2.25
Total non-current liabilities	371,584	5.79	319,813	5.61	181,099	3.36	103,308	2.26	96,541	2.39	89,241	2.25
Total liabilities	1,684,287	26.24	1,417,118	24.84	1,189,977	22.06	1,016,867	22.22	647,588	16.06	520,312	13.14

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of Financial Position (continued)

As at 31 December

(Unit : '000 Baht)

	Consolidated financial statements						Separate financial statements					
	2021		2020		2019		2021		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Shareholders' equity												
Share capital												
Registered												
820,000 ordinary shares of Baht 1 each	820,000		820,000		820,000		820,000		820,000		820,000	
Issued and fully paid-up												
820,000 ordinary shares of Baht 1 each	820,000	12.78	820,000	14.37	820,000	15.20	820,000	17.92	820,000	20.34	820,000	20.07
Share premium	241,970	3.77	241,970	4.24	241,970	4.48	241,970	5.29	241,970	6.00	241,970	6.11
Other surpluses (deficits)												
Premium on treasury stock	5,269	0.08	5,269	0.09	5,269	0.10	5,269	0.12	5,269	0.13	5,269	0.13
Deficit on changes in shareholding in subsidiary	(6,593)	(0.10)	(6,578)	(0.12)	(6,579)	(0.13)	-	-	-	-	-	-
Retained earnings												
Appropriated – statutory reserve	130,377	2.03	127,687	2.24	125,248	2.32	82,000	1.79	82,000	2.03	82,000	2.07
Unappropriated	3,116,907	48.57	2,744,369	48.10	2,697,554	50.00	2,410,880	52.67	2,234,456	55.43	2,291,411	57.85
Equity attributable to owners of the Company	4,307,931	67.13	3,932,718	68.93	3,883,462	71.98	3,560,119	77.78	3,383,695	83.94	3,440,650	86.86
Non controlling interests of the subsidiaries	425,527	6.63	355,885	6.24	321,978	5.97	-	-	-	-	-	-
Total shareholders' equity	4,733,458	73.76	4,288,603	75.16	4,205,440	77.94	3,560,119	77.78	3,383,695	83.94	3,440,650	86.86
Total liabilities and shareholders' equity	6,417,745	100.00	5,705,721	100.00	5,395,417	100.00	4,576,986	100.00	4,031,283	100.00	3,960,963	100.00

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of Comprehensive Income

For the year ended 31 December

(Unit : '000 Baht)

	Consolidated financial statements						Separate financial statements					
	2021		2020		2019		2021		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Profit or loss:												
Revenues												
Revenue from contracts with customers	9,521,289	98.56	6,730,662	98.42	6,397,739	99.13	7,448,473	98.49	4,974,219	98.79	4,563,024	97.75
Dividend income	84	0.00	244	0.00	2,324	0.00	66,097	0.87	26,422	0.52	80,401	1.72
Gain from change in fair value of biological assets	25,902	0.27	18,692	0.27	-	-	-	-	-	-	-	-
Compensation from insurance	7,672	0.08	18,736	0.27	-	-	-	-	-	-	-	-
Other income	105,709	1.09	70,486	1.03	56,144	0.87	48,189	0.64	34,258	0.68	24,761	0.53
Total revenues	9,660,571	100.00	6,838,577	100.00	6,453,886	100.00	7,562,759	100.00	5,034,899	100.00	4,668,186	100.00
Expenses												
Cost of sales	8,056,580	84.62	5,599,081	83.19	5,115,762	79.96	6,658,368	89.39	4,268,827	85.82	3,646,763	79.92
Selling and distribution expenses	576,625	5.97	480,770	7.03	471,247	7.30	342,985	4.54	311,138	6.18	301,358	6.46
Administrative expense	219,290	2.27	212,633	3.11	234,757	3.64	122,834	1.62	116,042	2.30	120,350	2.58
Loss from impairment of assets	15,589	0.16	-	-	699	0.01	-	-	-	-	-	-
Loss from change in fair value of biological assets	-	-	-	-	26,864	0.42	-	-	-	-	-	-
Total expenses	8,868,084	91.80	6,292,484	92.01	5,849,329	90.63	7,124,186	94.20	4,696,007	93.27	4,068,470	87.15
Profit from operating activities	792,488	8.20	546,093	7.99	604,557	9.37	438,573	5.80	338,892	6.73	599,716	12.85
Share of loss from investment in joint venture	3,573	0.04	(3,752)	(0.05)	(6,814)	(0.11)	-	-	-	-	-	-
Finance income	670	0.01	1,969	0.03	3,024	0.05	141	0.00	1,303	0.03	2,054	0.04
Finance cost	(12,973)	(0.13)	(13,770)	(0.20)	(13,145)	(0.20)	(4,454)	(0.06)	(1,708)	(0.03)	(1,444)	(0.03)
Profit before income tax expenses	783,758	8.11	530,540	7.76	587,621	9.10	434,260	5.74	338,487	6.72	600,326	12.86
Income tax expenses	(135,630)	(1.40)	(110,538)	(1.62)	(107,144)	(1.66)	(74,464)	(0.98)	(62,677)	(1.24)	(91,303)	(1.96)
Profit for the year	648,128	6.71	420,001	6.14	480,478	7.44	359,796	4.76	275,810	5.48	509,023	10.90

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of Comprehensive Income (continued)

For the year ended 31 December

(Unit : '000 Baht)

	Consolidated financial statements						Separate financial statements					
	2021		2020		2019		2021		2020		2019	
	Amount		Amount		Amount		Amount		Amount		Amount	
Other comprehensive income:												
Other comprehensive income to be reclassified to profit or loss in subsequent periods												
Gain on changes in value of available for sale investment	-		-		-		-		-		-	
Less: Income tax effect	-		-		-		-		-		-	
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	-		-		-		-		-		-	
Other comprehensive income not be reclassified to profit or loss in subsequent periods												
Actuarial loss	(3,769)		(7,827)		(27,741)		(3,769)		(6,038)		(5,777)	
Income tax effect	754		1,565		5,548		754		1,208		1,155	
Share of other comprehensive income of investment in joint venture – actuarial loss	-		39		(78)		-		-		-	
Other comprehensive income not be reclassified to profit or loss in subsequent periods - net of income tax	(3,015)		(6,222)		(22,271)		(3,015)		(4,830)		(4,622)	
Other comprehensive income for the year	(3,015)		(6,222)		(22,271)		(3,015)		(4,830)		(4,622)	
Total comprehensive income for the year	645,113		413,780		458,207		356,780		270,980		504,401	

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statement of Comprehensive Income (continued)

For the year ended 31 December

(Unit : '000 Baht)

	Consolidated financial statements			Separate financial statements		
	2021	2020	2019	2021	2020	2019
	Amount	Amount	Amount	Amount	Amount	Amount
Profit attributable to:						
Equity holders of the Company	558,631	383,022	482,063	359,796	275,810	509,023
Non-controlling interests of the subsidiaries	89,497	36,979	(1,585)			
	648,128	420,001	480,478			
Total comprehensive income attributable to:						
Equity holders of the Company	555,615	377,218	460,340	356,780	270,980	504,401
Non-controlling interests of the subsidiaries	89,497	36,561	(2,133)			
	645,113	413,780	458,207			
Basic earnings per share						
Profit attributable to equity holders of the Company	0.68	0.47	0.59	0.44	0.34	0.62
Par value (Baht/share)	1.00	1.00	1.00	1.00	1.00	1.00
The ordinary shares (shares)	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash Flow Statements

For the year ended 31 December

(Unit : '000 Baht)

	Consolidated financial statements			Separate financial statements		
	2021	2020	2019	2021	2020	2019
Cash flows from operating activities						
Profit before tax	783,758	530,540	587,621	434,260	338,487	600,326
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	249,859	256,294	222,900	111,800	100,858	95,421
Loss (gain) from change in fair value of biological assets	(25,902)	(18,692)	26,864	-	-	-
Share of loss from investment in joint venture	(3,573)	3,752	6,814	-	-	-
Bad debt	99,876	-	-	-	-	-
Increase (decrease) in allowance for expected credit losses	(99,876)	3,748	(8,990)	-	1,999	(9,324)
Increase (decrease) in allowance for diminution in inventory	(6,642)	(4,110)	517	(11)	11	-
Decrease in allowance for impairment of assets	-	-	(836)	-	-	-
Loss on write-off assets	-	2,084	-	-	-	-
(Gain) loss on disposals/write-off of PPE	5,790	(143)	(1,840)	1,380	4,837	(521)
Loss on impairment of assets	15,589	-	-	-	-	-
Loss on write-off of bearer plants	117	-	5,949	-	-	-
Unrealised loss (gain) on exchange	(112)	2,029	1,420	(3)	760	(69)
Unrealised loss on fair value of derivatives	634	545	-	385	469	-
Gain on financial lease agreements	-	(3,779)	(1,023)	-	-	-
Provision for termination and long-term employee benefits	18,605	27,514	53,004	8,662	8,928	20,012
Dividend income from subsidiaries	-	-	-	(66,097)	(26,422)	(80,399)
Dividend income from other companies	(0.1)	(0.2)	(2)	(0.1)	(0.2)	(2)
Finance income	(670)	(1,969)	(3,024)	(141)	(1,303)	(2,054)
Finance cost	11,428	12,344	11,701	2,908	282	-
Profit from operating activities before changes in operating assets and liabilities	1,048,880	810,157	901,075	493,143	428,903	623,391
Decrease (increase) in operating assets						
Trade and other receivables	(698,610)	(582)	(9)	(551,182)	(36,357)	(16,101)
Cash received from financial lease receivables	1,567	742	52			
Inventories	(109,503)	(543,321)	236,998	(39,654)	(456,072)	126,063
Biological assets	9,249	14,000	727	-	-	-
Other current assets	(7,958)	(5,645)	213	(1,242)	(5,645)	4,149
Other non-current assets	(3,259)	(837)	542	(63)	40	(108)
Increase (decrease) in operating liabilities						
Trade and other payables	175,760	4,834	23,664	247,156	16,822	38,113
Other current financial liabilities	487	(4,579)	-	924	(731)	-
Other current liabilities	(4,979)	25,064	(2,654)	(3,705)	4,187	(916)
Provision for termination and long-term employee benefits	(12,779)	(24,584)	(18,796)	(5,664)	(7,666)	(4,560)
Cash from operating activities	398,857	275,249	1,141,811	139,712	(56,518)	770,032

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash Flow Statements (continued)

For the year ended 31 December

(Unit : '000 Baht)

	Consolidated financial statements			Separate financial statements		
	2021	2020	2019	2021	2020	2019
Cash received from interest income	670	1,969	3,024	141	1,303	2,054
Cash paid for interest expenses	(11,114)	(12,373)	(11,803)	(2,855)	(276)	-
Income tax refund	4,097	2,389	246	-	-	-
Cash paid for corporate income tax	(121,390)	(85,232)	(101,552)	(89,869)	(63,992)	(67,493)
Net cash from (used in) operating activities	271,121	182,003	1,031,725	47,129	(119,484)	704,593
Cash flows from investing activities						
Acquisition of investment in subsidiary from non-controlling interests	(189)	(2)	-	(189)	(2)	-
Dividend received from subsidiaries	-	-	-	66,097	26,422	80,399
Dividend received from joint venture	-	-	5,000	-	-	-
Dividend received from other companies	0.1	0.2	2	0.1	0.2	2
Proceed from disposals of other long-term investment	-	-	-	-	-	-
Decrease in long-term loans to other companies	920	920	920	-	-	-
Acquisitions of property, plant, and equipment	(243,062)	(387,052)	(246,232)	(162,575)	(148,256)	(115,579)
Advance payments for equipment	(1,579)	(200)	(650)	-	-	-
Proceeds from disposals of property, plant, equipment	4,722	33,140	7,428	835	3,023	1,356
Increase in bearer plants	(4,394)	(3,681)	(7,841)	-	-	-
Acquisitions of intangible assets	(298)	(3,427)	(479)	(250)	(3,289)	-
Net cash used in investing activities	(243,880)	(360,302)	(241,852)	(96,082)	(122,102)	(33,822)
Cash flows from financing activities						
Increase (decrease) in short-term loans from banks	66,000	(10,000)	20,000	166,000	65,000	-
Cash received from long-term loans	110,000	150,000	-	-	-	-
Payment of lease liabilities	(2,929)	(23,672)	-	-	-	-
Payment of liabilities under finance lease agreements	-	-	(474)	-	-	-
Repayment of long-term loans	(60,400)	(33,400)	(129,207)	-	-	-
Dividend paid	(200,004)	(330,510)	(213,408)	(180,304)	(327,830)	(204,883)
Net cash used in financing activities	(87,332)	(247,582)	(323,088)	(14,304)	(262,830)	(204,883)
Net increase (decrease) in cash and cash equivalents	(60,092)	(425,881)	466,784	(63,257)	(504,416)	465,888
Cash and cash equivalents at beginning of the year	238,286	664,167	197,382	84,605	589,021	123,133
Cash and cash equivalents at end of the year	178,193	238,286	664,167	21,348	84,605	589,021
Supplementary disclosures of cash flows information						
Non-cash transactions						
Acquisition of plant, equipment that have not been paid	11,741	49,148	19,343	8,282	41,783	7,779
Increase in right-of-use assets and lease liabilities	138	-	-	-	-	-
Transfer of deposits for equipment to equipment	200	650	-	-	-	-
Dividend payable	734	682	578	734	682	578

RATIO ANALYSIS

	Consolidated financial statements			Separate financial statements		
	2021	2020	2019	2021	2019	2019
LIQUIDITY RATIO						
Current Ratio (times)	2.61	2.42	2.50	2.57	3.30	4.23
Quick Ratio (times)	1.34	1.02	1.54	1.51	1.63	3.17
Cash Flow Ratio (times)	0.22	0.17	1.01	0.06	(0.24)	1.78
Account Receivable Turnover (times)	7.71	7.58	7.22	6.85	6.26	5.97
Average Collection Period (days)	47	47	50	53	57	60
Finished Goods Turnover (times)	14.08	12.40	11.45	39.97	37.61	37.55
Finished Goods Turnover Period (days)	26	29	31	9	10	10
Inventory Turnover (times)	5.57	5.02	5.33	7.17	6.27	7.07
Inventory Turnover Period (days)	65	72	68	50	57	51
Account Payable Turnover (times)	14.91	12.28	12.10	12.41	10.57	10.25
Average Payment Period (days)	24	29	30	29	34	35
Cash Cycle (days)	87	90	88	74	81	76
PROFITABILITY RATIO						
Gross Profit Margin (%)	15.38	16.81	20.04	10.61	14.18	20.08
Operating Profit (%)	8.20	7.99	9.37	5.80	6.73	12.85
Other Income to Total Revenue (%)	1.44	1.58	0.87	1.51	1.21	2.25
Operating Cash Flow to Operating Profit (%)	34.21	33.33	170.66	10.75	(35.26)	117.49
Net Profit (%)	6.71	6.14	7.44	4.76	5.48	10.90
Return on Total Equity (average) (%)	14.37	9.89	11.77	10.36	8.08	15.47
EFFICIENCY RATIO						
Return on Total Assets (average) (%)	10.69	7.57	9.11	8.36	6.90	13.51
Return on Total Fixed Assets (average) (%)	36.91	28.55	31.09	55.15	46.51	79.61
Total Assets Turnover (average) (times)	1.59	1.23	1.22	1.76	1.26	1.24
FINANCIAL POLICY RATIO						
Debt to Equity Ratio (times)	0.36	0.33	0.28	0.29	0.19	0.15
Interest Coverage Ratio (times)	80.62	58.00	62.43	123.58	257.39	481.39
Interest Bearing Debt to EBITDA Ratio (times)	0.72	0.80	0.59	0.42	0.15	0
Debt Service Coverage Ratio (times)	1.71	1.55	1.69	2.38	6.77	N/A
Dividend Payout (based on paid year) (%)				50.14	118.92	40.32
Dividend Payout (based on operational year) (%)				56.98	65.41	64.44
DATA PER SHARE						
Book Value per Share (Baht)				4.34	4.13	4.20
Earning per Share (Baht)	0.68	0.47	0.59	0.44	0.34	0.62
Dividend Paid per Share (based on paid year) (Baht)				0.22	0.40	0.25
Dividend Paid per Share (based on oper. year) (Baht)				0.25	0.22	0.40

5. General Information and Other Material Facts

Registrar

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

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 02-661 9190

No. of years being the Company's Auditor : 4
 Relations or interests with the Company /
 the Company's subsidiaries /
 the management / major shareholders /
 or any relevant persons of the aforementioned : None

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

Legal conflicts

- 1) Legal cases which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2021**

There was no litigation or legal conflicts which could have a material adverse impact on the assets of the Company or its subsidiaries amounting higher than 5% of shareholders' equity in consolidated financial statements at December 31, 2021.

- 2) Legal cases which could have a material adverse impact on the operations**

-----None-----

- 3) Legal cases which do not involve the normal business of the Company**

-----None-----

Section 2

Corporate Governance

6. Corporate Governance Policy

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.

6.1 Overview of the Policy and Guidelines

Lam Soon (Thailand) Public Company Limited (LST) recognises the importance of Corporate Governance Code in promoting transparency in 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

6.1.1 Policy and guidelines related to the Board of Directors

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.

(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 of Directors 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.

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.

(2) Remuneration of Directors and Executives

2.1 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.

2.2 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.

(3) The independence of the Board of Directors from the Management

The Board of Directors consists of 4 independent directors, 1 non-independent and non-executive director, 7 non-executive directors and 3 executive directors, with the number of independent directors exceeding the minimum criteria set by the SEC.

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.

(4) The director development

4.1 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 registration statement / annual report (Form 56-1 One Report)

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.

4.2 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.

(5) The assessment of duty performance of directors

5.1 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 December. 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.

5.2 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

(6) Supervision of subsidiaries, associated companies, and joint venture

The Company can appoint senior executives to hold directorship or executive positions in subsidiary, associated companies, joint venture or other related companies in the group of companies. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies. However, in case of holding positions in companies other than those in the same group, prior approval must be obtained from the Managing Director.

6.1.2 Policy and guidelines related to shareholders and stakeholders

(1) 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.
- The Company discloses business connected transactions with its subsidiary, which is normal business on fair and at arm's length basis.

(2) 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 registration statement / annual report (Form 56-1 One 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.
- 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.

(3) 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 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.

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

(5) Responsibility towards stakeholders

5.1 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 sensitively. 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

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 always 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 Labour-standard (TLS 8001-2546) is the rule and practices in a relation with the labour 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 2021, there were five cases of working accident but no employees of the Company being serious injury or dead in workplace.

5.2 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 registration statement/annual report (Form 56-1 One Report).

5.3 Nurture Innovation and Responsible Business

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.

5.4 Measure of redress and damage compensation

If the Board of Directors 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.

(6) Anti-corruption action and measures

6.1 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 registration statement / annual report (Form 56-1 One 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.

The risk management committee will assess potential fraud risks. In the event that such risks arise, the risks will be reported to the Audit and Corporate Governance Committee and the Board of Directors.

6.2 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.

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.

(7) Ensure Disclosure and Financial Integrity

7.1 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 registration statement / annual report (Form 56-1 One Report)
 - Financial Statements
 - Shareholders' Meeting notices and meeting documents
 - Minutes of the Shareholders' Meetings
 - News published by the Company
- Periodically submit accurate, complete, and timely information to the SET and the SEC such as Financial Statements, annual registration statement / annual report (Form 56-1 One 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.

7.2 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 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.

6.2 Business code of conducts

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.

The Company discloses Code of Business Conduct of the Group as well as other policies including:-

- Sustainability Policy
- Social responsibility and labour Policy
- Safety, Health and Environment Policy
- Energy Management Policy
- Food Quality and Safety Policy
- Halal food quality Policy
- Laboratory Quality Policy

In addition, the Board of Directors defined the Company's objectives and goals to promote sustainable value creation in the form of the Company's vision, mission, business goal and strategy and corporate culture, 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.

Vision

Be 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 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

Business Goal and Strategy

The Company commits to achieving the business goal with transparency awareness, ethical integrities, respect for human rights, sustaining well-being communities and the environment, and applying superior technology advantage to increase production efficiency and promote the marketplace and environmental friendliness. All these orientations are vital in attaining the topmost organisation targets i.e. the Company's values, the stakeholder benefits, and consistently contributing to shareholders' wealth in the longer term.

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

For more details, please refer to website :

<http://www.lamsoon.co.th/governance.php?lang=th&year=2021> (for Thai)

<http://www.lamsoon.co.th/governance.php?lang=en&year=2021> (for English)

6.3 Material changes and developments regarding policy, guidelines and corporate governance system in the preceding year

6.3.1 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 Directors founded that the Company has adopted most of 8 principles that are suitable for the Company's business.

The Company got the score at **89%** according to the Corporate Governance Report of Thai Listed Companies for 2021 evaluated by IOD.

6.3.2 CG Code that has not adopted

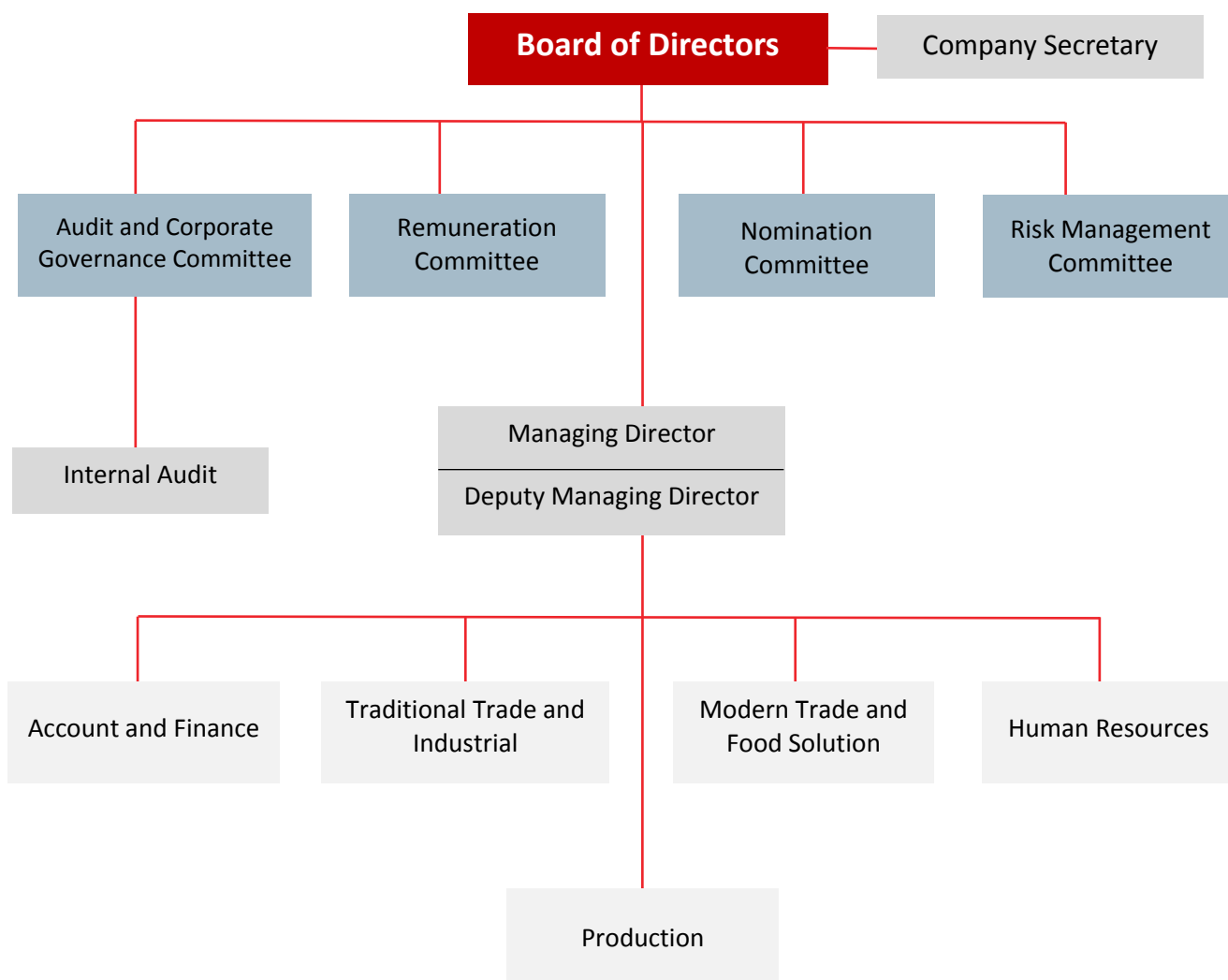
However, there are some principles that the Company has not adopted or put into practice, which the management clarified the reasons at the Board Meeting to adjust and ensure the suitability for the Company's business at the next step. The key non-conformed principles are included as follows:-

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.

Principles not exercised	Reasons for not exercising
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.

7. Corporate Governance Structure and Material Facts Related to the Board of Directors, Committees, Executives, Employees, and Others

Organisation Chart



Board of Directors comprises at 4 Independent Directors, 1 Non-Independent Non-Executive Director, 1 Non-Executive Director, and 3 Executive Directors.

(1) Mr. Thira Wipuchanin	Chairman of the Board and Independent Director
(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 comprises at 3 Independent Directors.

(1) Mr. Thira Wipuchanin	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 comprises at 2 Independent Directors and 1 Executive Director.

(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 comprises at 3 Independent Directors, 1 Non-Independent Non-Executive Director, and 1 Executive Director.

(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 comprises at 2 Executive Directors and 2 Executives.

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

The Directors with the authority to sign for the Company as determined in the Certificate of the Company include Mr. Whang Shang Ying, or Ms. Anchalee Suebchantasiri, or Ms. Piyathida Sukchan; any two of those jointly sign together with the Company's seal affixed.

The following member of the Audit and Corporate Governance Committee has an experience in reviewing financial statements.

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

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

(2) Mr. Banchong Chittchang

- 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)
- 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
- Consulting Director, Thai Institute of Directors

Note : **present** **past**

Procedure for Independent Director Nomination

The Nomination Committee shall have the duty to recruit qualified persons and propose names of suitable candidates to the Board for consideration. The qualification of directors must conform to SEC regulations, and they must be knowledgeable and possess the relevant experience beneficial to the Company.

The Number of Board Meetings and the Attendance of Directors

In 2021, the Board of Directors held 7 meetings, with attendance of each member shown as below:-

Name	Attendance / Total Meetings
(1) Art-ong Jumsai Na Ayudhya, Ph.D. <i>(resigned on 28 February 2021)</i> Mr. Thira Wipuchanin <i>(being on board on 23 April 2021)</i>	1/1 5/5
(2) Ms. Anchalee Suebchantasiri	7/7
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	6/7
(4) Mr. Banchong Chittchang	7/7
(5) Lackana Leelayouthayotin, Ph.D.	7/7
(6) Datuk Simon Shim Kong Yip	5/7
(7) Mr. Whang Shang Ying	6/7
(8) Ms. Piyathida Sukchan	7/7
(9) Mr. Ampol Simarojana	7/7

Names and Positions of the 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
(7) Ms. Sutasani Sukeechon	Vice President – Account and Finance

The Criteria on recruiting Directors and Executives

The Nomination Committee is to recruit the suitable candidates to replace directors whose terms are expired in April 2022 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 under “**Report on Key Operating Results Related to 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.

Directors and Executives holding shares in the Company

Name	No. of shares as of 31 December 2020	Increase (Decrease) in no. of shares during the financial year	No. of shares as of 31 December 2021
(1) Mr. Thira Wipuchanin	-	-	-
(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	-	-	-
(13) Ms. Sutasani Sukeechon	-	-	-

Company Secretary

Ms. Piyathida Sukchan

Age	53 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	9 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	
	<input checked="" type="checkbox"/> Executive Director, United Palm Oil Industry Plc.
Other Experience	
	<input checked="" type="checkbox"/> Director, Lam Soon Holding Co., Ltd. <input checked="" type="checkbox"/> Director, Bangkok Edible Oil Co., Ltd. <input checked="" type="checkbox"/> Director, Phansrivivat Co., Ltd. <input checked="" type="checkbox"/> Director, Phansri Co., Ltd. <input checked="" type="checkbox"/> Director, Prachak Vivat Co., Ltd. <input checked="" type="checkbox"/> Director, Siam Elite Palm Co., Ltd. <input type="checkbox"/> Assistant Vice President for Securities Analysis Dept, Cathay Capital Co., Ltd.
Meeting Attendance in 2021	
	- Attended the Board Meeting 7 times out of 7 times

Note : *present* *past*

Personnel

Number of Employees

As at 31 December 2021, number of employees were as follows: -

Head Office	92	persons
Bangpoo Refinery	260	persons
Trang Crushing Mill	75	persons
Total	427	persons

Remuneration for Employees and Forms of Remuneration

Total remuneration for employees was at 314.8 Million Baht (2020 : 293.9 Million Baht) paid in forms of : -

- Employee at office : salary, provident fund, and bonus
- Salesperson : salary, provident fund, commission, allowance, fuel cost, car insurance, tire cost, car depreciation, and bonus
- Employee at factory operation : salary or wage, provident fund, overtime pay, allowance, diligent allowance, bonus, and professional fee.

Provident Fund

As of 31 December 2021, there were 363 from a total of 397 eligible employee joining the provident fund, accounting to 91.44%. The fund has been managed by Kasikorn Asset Management Co., Ltd. The information of the fund aligning to the Investment Governance Code (I Code) has been disclosed, as well focusing on the investment by considering ESG (Environmental, Social, and Governance).

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.

The Company focuses on human resource development covering in 3 areas namely knowledge and competence development in Functional/Technical Skills, development of Management Skills and development of Leadership Skills. Due to the coronavirus pandemic, coaching, mentoring and On the Job Training (OJT) (both in-house training and public training) are still carried on regularly through self-learning and under several online meeting platforms e.g., Microsoft Teams and Zoom.

The next phase is to review and formulate an Individual Development Plan (IDP) which initially starts at the manager level and then developed continuously to other levels.

In 2021, the average training hours of employees was 6 hours / person and there were a total of 28 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 2021, there were 32 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 2021, there were 40 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 2021, there were 32 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 2021, there were 32 employees attending this course.

Details of Board of Directors and Executives

(1) Mr. Thira Wipuchanin

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

Age 73 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 0 company

Number of years as a director 8 months (date of appointment : 23 April 2021)

Family relation with management None

Education BA Business Administration and Economics, University of Wisconsin, U.S.A.

Director Training Programme Certificate of Completion DCP 6/2001, ACP 5/2005, DCP Refresher 1/2005 from Thai Institute of Directors (IOD)

Position in other listed companies

- Independent Director, Chairman of the Board, and Chairman of Audit and Corporate Governance Committee, United Palm Oil Industry Plc.
- Independent Director and Chairman of the Board, Precious Shipping Plc.
- Independent Director and Member of Audit Committee, Siam Macro Plc.
- Independent Director and Chairman of Audit Committee, Bangkok First Investment & Trust Plc. (Currently known as Srisawad Finance Public Company Limited)
- Chairman, Interhides 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

- Expert Committee Member, Privatisation Committee of TOT, CAT, PTT, AOT
- Senior Executive Vice President (SEVP), Export-Import Bank of Thailand

Meeting Attendance in 2021

- Attended the Board Meeting 5 times out of 5 times
- Attended the AC Meeting 3 times out of 3 times

(2) Ms. Anchalee Suebchantasiri

Managing Director and Chief Risk Officer

Age 63 years
 Nationality Thai
 Address 64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea, Khet Bangna, Bangkok 10260

Shareholdings (Ordinary Shares)

- Held personally 9,140 shares (0.0011%)
- Held by spouse or minor children None

Note : ■ *present* □ *past*

The number of directorships in listed companies

- Chairman 0 company
- Director 2 companies

Number of years as a director 27 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 2021

- 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 76 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 15 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)

Note : ■ *present* □ *past*

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.
- Independent Director and Member of Audit Committee, Kim Eng Securities (Thailand) Plc.
- Manager of Research and Planning Department, The Siam Commercial Bank 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)
- Director and Member of Audit Committee, Small Business Credit Guarantee Corporation (SBCG)
- Director General, National Institute of Development Administration (NIDA)
- Director, Government Savings Bank
- Vice-President for Planning Affairs, National Institute of Development Administration (NIDA)
- 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 2021

- Attended the Board Meeting 6 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 4 times out of 4 times

(4) Mr. Banchong Chittchang

Independent Director, Member of Audit and Corporate Governance Committee, Member 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 1 company
- Director 2 companies

Number of years as a director 15 years (date of appointment : 14 June 2007)

Family relation with management None

Note : **present** **past**

Education Master of Science in Mechanical Engineering, University of Akron, U.S.A.
Bachelor of Engineering (Second Class Honors) in Mechanical Engineering, Chulalongkorn University

Director Training Programme 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, DLCP 0/2021

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.
- President, Malee Sampran 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

- Advisor to the Board of Directors, Thai Institute of Directors
- Chartered Director registered with Thai Institute of Directors
- Facilitator for IOD Strategy courses
- Honorary member of Thai Institute of Directors, Thai Institute of Directors
- Director, Thai Investors Association
- Vice Chairman of the Food Processing Industry Club, Federation of Thai Industries
- Councilor of Thailand Management Association
- Board Member, Thai Institute of Directors

Meeting Attendance in 2021

- 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 4 times out of 4 times

(5) Lackana Leelayouthayotin, Ph.D.

Independent Director and Member of Nomination Committee

Age 69 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 3 companies

Number of years as a director 7 years (date of appointment : 1 April 2015)

Family relation with management None

Note : **present** **past**

Education	<p>Doctor of Business Administration (DBA), Marketing, University of Southern Queensland, Australia</p> <p>Master of Business Administration (MBA), Marketing, Catholic University of Leuven, Belgium</p> <p>Bachelor of Science (BSC), Chemistry, Chulalongkorn University</p>
Director Training Programme	<p>Certificate of Completion for Advanced Audit Committee</p> <p>Program AACP30/2018 from Thai Institute of Directors (IOD)</p> <p>Certificate of Completion DCP 225/2016 from Thai Institute of Directors (IOD)</p> <p>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</p>
Position in other listed companies	
	<ul style="list-style-type: none"> ■ Independent Director and Member of the Executive Committee, The Siam Commercial Bank Plc. ■ Independent Director, Chairman of the Audit Committee, and Member of Nomination and Remuneration Committee, Techno Medical Plc. ■ Chairman of the Board of Directors and Independent Director, Rojukiss International Plc. <input type="checkbox"/> Director, GMM Grammy 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"> ■ 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) ■ Chairman, Voluntary Blood Donors Committee and member of the Recruitment and Promotion of Voluntary Blood Donors Committee, 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 ■ Chairman of the Fund Management Committee, Thailand Institute of Scientific and Technological Research National Innovation Agency (Public Organization) <input type="checkbox"/> Director and Chairman of the Audit Committee, Thailand Institute of Nuclear Technology (TINT)

Note : ■ *present* □ *past*

- Director, The ONE Enterprise Co., Ltd.
- Executive Director, Cerebos Pacific Limited, Singapore
- Chief Executive Officer of Health Supplement Division, Cerebos Pacific Limited, Singapore
- Executive Vice President & Chief Executive Officer of South East Asia, Cerebos Pacific Limited, Singapore
- Chief Executive Officer, Cerebos (Thailand) Co., Ltd.
- Executive Product Manager, Diethelm Co., Ltd.
- President of the Marketing Association of Thailand (MAT)

Meeting Attendance in 2021

- Attended the Board Meeting 7 times out of 7 times
- Attended the NC Meeting 4 times out of 4 times

(6) Datuk Simon Shim Kong Yip

Non-Independent Non-Executive Director and Chairman of Nomination Committee

Age 66 years
 Nationality Malaysian
 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 1 company

Number of years as a director 15 years (date of appointment : 25 April 2007)

Family relation with management None

Education Master in Law, University College London, London University, United Kingdom

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

Note : ■ *present* □ *past*

- 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 2021

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

(7) Mr. Whang Shang Ying

Executive Director, Member of Remuneration Committee, and Member of Nomination Committee

Age 61 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 24 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 (Ending 31 March 2021)
- Member of the Advisory Board of Asian Civilisations Museum, Singapore (Ending 31 December 2021)
- Member of ECR Singapore Board
- Director, National Gallery Singapore

Meeting Attendance in 2021

- Attended the Board Meeting 6 times out of 7 times
- Attended the RC Meeting 2 time out of 2 times
- Attended the NC Meeting 4 times out of 4 times

Note : ■ *present* □ *past*

(8) Ms. Piyathida Sukchan

Executive Director, Company Secretary, and Member of Risk Management Committee

Age 53 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 9 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 2021

- Attended the Board Meeting 7 times out of 7 times

(9) Mr. Ampol Simarajana

Non-Executive Director and Operations Consultant

Age 65 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

Note : ■ *present* □ *past*

Number of years as a director 27 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 2021

- Attended the Board Meeting 7 times out of 7 times

(10) Mr. Komkris Siriwongpairat

Vice President - Modern Trade and Food Solution

Age 46 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 49 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.

Note : *present* *past*

(12) Mr. Virat Suwannarat

Vice President - Human Resources and Member of Risk Management Committee

Age 55 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.**(13) Ms. Sutasani Sukeechon**

Vice President – Account and Finance

Age 52 years

Shareholdings (Ordinary Shares)

- Held personally None

- Held by spouse or minor children None

Family relation with management None

Education Master of Economics Program,
Economics Finance, Ramkhamhaeng University

Other Experience

 Chief Financial Officer, Synnex (Thailand) Public Company Limited Chief Financial Officer, Thai Insurance Public Company Limited Chief Financial Officer, Berli Jucker Public Company Limited, based in
Vietnam-Hanoi**Note :** **present** **past**

Directors and the Executives having positions in subsidiaries and related companies

As at 31 December 2021, Directors and the Executives having positions in subsidiaries and related companies were as follows: -

Name	Company	Subsidiaries		Related Company
		United Palm Oil Industry Plc.	Universal Food Plc.	Lam Soon Holding Co., Ltd.
(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

Details of the Directors of Subsidiaries

As at 31 December 2021, Directors of United Palm Oil Industry Public Company Limited were as follows: -

Subsidiary	United Palm Oil Industry Public Company Limited
Directors	
1. Assoc.Prof.Naris Chaiyasoot	X
2. Ms. Anchalee Suebchantasiri	Y, //
3. Mr. Sangiam Santad	/
4. Mr. Wasin Patchakapati	/
5. Mr. Whang Shang Ying	/
6. Ms. Piyathida Sukchan	//
7. Mr. Ampol Simarojana	/

Note

X : Chairman
 Y : Vice-Chairman
 / : Director
 // : Executive Director

As at 31 December 2021, Directors of Universal Food Public Company Limited were as follows: -

Subsidiary	Universal Food Public Company Limited
Directors	
1. Mr. Whang Shang Ying	X
2. Mr. Foo Say Suan Francis	Y, //
3. Mr. Anusorn Buranakanonda	/
4. Ms. Jaturaporn Thanapornsungsuth	//
5. Ms. Winita Purapati	//
6. Mr. Kamol Panpatrapong	//

Note

X : Chairman
 Y : Vice-Chairman
 / : Director
 // : Executive Director

Details of the Head of Controlling System and Internal Audit Function

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 and resolved to appoint Dr. Virach and Associates Office Co., Ltd. which is an audit firm in the list approved by the SEC to be an outsourced internal auditor, 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 internal auditor shall report directly to the Audit and Corporate Governance Committee every quarter under the annual contract.

Details of Internal Auditor : Mr. Apiruk Ati-anuwat

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

Age	:	51 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 Plc., 22 years ■ Internal auditor, Lam Soon (Thailand) Plc., 17 years

8. Report on Key Operating Results Related to Corporate Governance

8.1 Summary of duty performance of the Board of Directors in the past year

In 2021, the Board of Directors holds 7 meetings to establish policies and strategies to enhance the company's capabilities and to monitor performance and status. It also closely monitored the Company's performance and financial status in order to ensure that the Company smoothly overcomes the crisis, the COVID-19 pandemic. In addition, the Company maintained the efficiency of supervision and sufficiency of an internal control system and corporate risk management by organising sub-committees meetings as well.

8.1.1 Selection, development and evaluation of duty performance of the Board of Directors

In 2021, the Company also appointed 1 new independent director, replacing the resigned director, whereby the Nomination Committee considered prior to proposing an appropriate one to the Board of Directors before further proposing to the Annual General Meeting of Shareholders for approval.

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, 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) neither having nor having had 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 prior to 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 not being a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years prior to 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, not being 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.

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%.

Selection of directors and chief executives

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 registration statement / annual report (Form 56-1 One Report) 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.

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 registration statement / annual report (Form 56-1 One 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. 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.

8. 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 directors to be directors of listed companies 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.

9. 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 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.

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.

Development of directors in the past year

In 2021, director who attended the major training sessions was 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	Director Leadership Certification Program (DLCP 0/2021), from Thai Institute of Directors (IOD)	To develop knowledges and skills of director in various aspects To build understanding and get ready for volatility and uncertainty of global situation arising at present and in the future
			In addition, Mr. Banchong Chittchang participated with facilitators of Thai IOD to lecture the major courses as follows:- 1. Advanced Audit Committee Program (AACP): Session 7 "Role of Audit Committee as Independent Director" 2. Board Nomination & Compensation Committee (BNCP): Session 1 "Board Nomination"	

No.	Directors and Executives	Position	Training Session	Objectives
			3.Board Reporting Program (BRP): Session 1 “Creating Value to Board Reporting” 4.Corporate Governance for Executives (CGE): Session 4 “Disclosure to the Board & Shareholders” 5.Director Certification Program (DCP): Module 1 “Practice of Directorship” & Module 8 “Board’s Role in Strategy – Part II” 6.Role of Chairman Program (RCP): Session1 “Defining Chairman’s Role” 7.Successful Formulation & Execution of Strategy (SFE): Session 4 “Executing Strategy Successfully”	
2.	Ms. Piyathida Sukchan	Executive Director and Company Secretary	Project of Surveying CGR 2023 Criteria, from Thai Institute of Directors (IOD) Director Refreshment Training Program - Lessons Learnt from Financial Cases: How Board should React, from Thai Institute of Directors (IOD) Trade Benefits with RCEP and Trade and Investment Opportunities, from Department of Foreign Trade Ensure the Readiness Before Implementing PDPA, from the SEC	To understand CGR 2023 criteria, the essence of which relates to upgrading the corporate governance of listed companies to be in line with the trend in both Thailand and Global. To have up-to-date information and timely skills for keeping up with the disruption of financial crisis. To have an information of trade benefits from RCEP with readiness to expand the international trade channel To get ready to implement Personal Data Protection Act B.E. 2562 (2019) being effective on 1 June 2022

Performance Evaluation of the Board

In 2021, the Company conducted self-assessment of the Board of Directors and Sub-Committees as a whole as well as on individual basis. For the assessment process, the Company Secretary shall submit the Board Self Assessment Form,

issued by the SET, to each Board member at the end of the year, then gather the data and report the result to the Board.

1. Self-Assessment of the Board of Directors as a whole

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	94.23
2. Roles, duties and responsibilities of the Board	92.22
3. The Board Meeting	95.68
4. Duties of directors	89.29
5. Relationship with management	92.22
6. Director's self improvement and management training	92.13
Average Scores	92.82

In 2021, overall evaluation results of the six categories indicated **“Very Good”**.

2. Self-Assessment of Sub-Committees as a whole

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	91.67
2. Sub-Committees meeting conducted under the determined conditions	96.76
3. Audit Committee	96.43
4. Nomination Committee	87.50
5. Remuneration Committee	94.44
6. Corporate Governance Committee (under Audit Committee)	90.00
7. Risk Management Committee	90.00
Average Scores	92.67

In 2021, overall evaluation results of the seven categories indicated **“Very Good”**.

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

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	88.89
2. The Board Meeting	94.44
3. Roles, duties and responsibilities of the Board	91.67
Average Scores	92.17

In 2021, 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 2021 was 92.71%. (2020 : 96.59%)

8.1.2 Meeting attendance and remuneration payment to each Board member

Meeting attendance of each Board member

In 2021, 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. <i>(resigned on 28 February 2021)</i> Mr. Thira Wipuchanin <i>(being on board on 23 April 2021)</i>	Independent Director and Chairman of Board of Directors	2020-2023	1/1 5/5
(2) Ms. Anchalee Suebchantasiri	Managing Director	2021-2024	7/7
(3) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2021-2024	6/7
(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	5/7
(7) Mr. Whang Shang Ying	Executive Director	2021-2024	6/7
(8) Ms. Piyathida Sukchan	Executive Director and Company Secretary	2019-2022	7/7

Name	Position	Period of Directorship	Attendance / Total Meetings
(9) Mr. Ampol Simarojana	Non-Executive Director and Operations Consultant	2019-2022	7/7

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 2021, there were two meetings 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.

Remuneration of Directors and Executives

1. Remuneration of the Board 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.

The Annual General Meeting of Shareholders No. 1/2021 resolved to approve the remuneration payments for 2021 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)

● 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.

Monetary Remuneration

- Director's fees : Total fees to all 10 members of the Board : **5,798,982** Baht

Remuneration of the Board of Directors and Sub-Committees	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
Board of Directors	9	4,393,620	10	4,294,248
Audit and Corporate Governance Committee	3	1,315,440	4	1,252,104
Remuneration Committee	3	137,655	3	137,655
Nomination Committee	5	114,975	5	114,975

- Director's fees paid to the Company's Directors as Directors of Subsidiaries for 4 persons : **2,370,400** Baht

Other Remuneration

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.

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 2021 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	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
Executives	8	79,306,010	7	87,964,375

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	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,345,400	4	2,370,400
As executives of subsidiaries	2	7,367,150	2	9,391,700

- Remuneration (salary and bonus) of all 7 Executives : **87,964,375** Baht*
- Remuneration (salary and bonus) paid to the Company's Executive Directors and Executives as the Executives of Subsidiaries for 2 persons : **9,391,700** Baht
- 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.

*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).

3. Remuneration of Each Director

Name	Position	Director's fees as the Company's Directors in 2021	Director's fees as Directors of Subsidiaries in 2021
(1) Art-ong Jumsai Na Ayudhya, Ph.D. <i>(resigned on 28 February 2021)</i> Mr. Thira Wipuchanin <i>(being on board on 23 April 2021)</i>	Chairman of the Board, Independent Director, and Chairman of Audit and Corporate Governance Committee	187,740 775,992	- -
(2) Ms. Anchalee Suebchantasiri	Managing Director	273,420	567,600
(3) Assoc. Prof. Preecha Jarungidanan, 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	1,084,440	-

Name	Position	Director's fees as the Company's Directors in 2021	Director's fees as Directors of Subsidiaries in 2021
	Member of Audit and Corporate Governance Committee Member of Remuneration Committee Member of Nomination Committee		
(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	667,600
(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		5,798,982	2,370,400

8.1.3 Supervision of subsidiaries, associated companies, and joint venture

The Company appoints executive directors to hold directorship or executive positions in subsidiary, associated company, joint venture or other related companies in the group of companies. This is to supervise the management to be in accordance with the principles of good governance and for the maximum benefit of the group of companies.

Directors concurrently holding positions as directors and executives of subsidiaries, associated companies, joint venture, or other related companies will receive remuneration from some companies as set by each such company.

Remuneration received from subsidiary Companies	2020		2021	
	No. of Persons	Baht	No. of Persons	Baht
As directors of subsidiaries	4	2,345,400	4	2,370,400
As executives of subsidiaries	2	7,367,150	2	9,391,700

8.1.4 Monitoring of compliance with the corporate governance policy and guidelines

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 registration statement / annual report (Form 56-1 One 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 2021 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, 2021.

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 registration statement / annual report (Form 56-1 One Report).

In addition, the Company shall monitor to ensure compliance with good corporate governance in the following four matters.

(1) Prevention of conflicts of interest

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.

(2) Use of inside information to seek benefits

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, or 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) Anti-corruption action

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.

(4) Whistleblowing

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. Thira Wipuchanin
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: acthira@hotmail.co.th

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.

8.2 Report on the results of duty performance of the Audit and Corporate Governance Committee in the past year

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, performance appraisal, 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 registration statement / annual report (Form 56-1 One 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;
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.

8.2.1 Specify the total number of the Audit Committee's meetings and the attendance of each member

In 2021, 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. <i>(resigned on 28 February/ 2021)</i>	Chairman of the Audit and Corporate Governance Committee	2020-2023	1/1
Mr. Thira Wipuchanin <i>(being on board on 23 April 2021)</i>			3/3
(2) Assoc. Prof. Preecha Jarungidanan, Ph.D.	Independent Director	2020-2023	4/4
(3) Mr. Banchong Chittchang	Independent Director	2020-2023	4/4

8.2.2 The results of duty performance of the Audit and Corporate Governance Committee

In 2021, 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 2021, 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 2021 the Committee had 2 meetings 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 2021 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 2021, 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 2022 Annual General Meeting of Shareholders, the appointment of EY Office Limited to be the statutory auditor of the Company for 2022 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.

8.3 Summary of the results of duty performance of sub-committees

8.3.1 The total number of the sub-committees' meetings and the attendance of each member;

Nomination Committee

In 2021, the Nomination Committee held 4 meetings, with the attendance of each member shown as below:-

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Datuk Simon Shim Kong Yip	Chairman of the Nomination 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
(4) Lackana Leelayouthayotin, Ph.D.	Independent Director	2020-2023	4/4
(5) Mr. Whang Shang Ying	Executive Director	2020-2023	4/4

The Nomination Committee shall comprise at least 3 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;
 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.

Remuneration Committee

In 2021, 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 Jarungidanan, 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	2/2

The Remuneration Committee shall comprise at least 3 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;

Risk Management Committee

In 2021, the Risk Management Committee held 4 meetings, with the attendance of each member shown as below:

Name	Position	Period of Directorship	Attendance / Total Meeting
(1) Ms. Anchalee Suebchantasiri	Managing Director and Chief Risk Officer	2019-2022	4/4
(2) Ms. Piyathida Sukchan	Executive Director and Company Secretary	2019-2022	4/4

Name	Position	Period of Directorship	Attendance / Total Meeting
(3) Mr. Virat Suwannarat	Vice President Human Resources	2019-2022	4/4
(4) Mr. Nattapong Mathakun	Bangpoo Plant Manager	2019-2022	4/4

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 as being Chief Risk Officer. Duties and responsibilities of the Risk Management Committee were indicated. 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.

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 liason 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 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.

8.3.2 The duty performance of the sub- committees

Nomination Committee

In the year 2021, the Nomination Committee organised a total of 4 meetings and the summary of key points of the meeting are as follows:

- 1) Considered the nomination and selection of qualified and suitable person as replacement for the Board of Directors who resigned or retired by rotation
- 2) Acknowledged the resignation of the director and considered appointing a new director to replace one resigned director
- 3) Considered the renewal of employment contract of one executive
- 4) Considered the nomination and selection of qualified and suitable person to replace and/or succession of executive positions
- 5) Reported their duties to the Board of Directors

Remuneration Committee

In the year 2021, the Remuneration Committee organised a total of 2 meetings and the summary of key points of the meeting are as follows:

- 1) Considered and reviewed the appropriateness of the pattern and criteria of the remuneration, including determine the KPI's performance indicators of the executives
- 2) Reviewed the annual Directors' remuneration for the year 2022

- 3) Considered the 2021 annual bonus payment rate and the 2022 annual salary increase rate for employees
- 4) Reported their duties to the Board of Directors

Risk Management Committee

In the year 2021, the Risk Management Committee organised a total of 4 meetings and the summary of key points of the meeting are as follows:

- 1) Considered major risks of the Company, evaluated and proceeded with risk management in accordance with business
- 2) Supervised and promoted the risk management as planned
- 3) During the COVID-19 epidemic, had prompt actions to set guidelines, preventive measures and planning to manage risk under the announcement of the government agency, including monitored situations continually
- 4) Considered the guidelines for personal data protection according to the Personal Data Protection Act B.E. 2562
- 5) Considered guidelines and established procedures for any construction and repair work in the factory area to prevent accidents
- 6) Considered the guidelines and measures to protect the organisation's computer network system, including defined the IT department's plans related to cyber security

9. Internal Control and Related Party Transactions

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. 1/2022 held on 25 February 2022, 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 6, 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.

Related party transactions

1. necessity and reasons for the related party transactions

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

Related party 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
		2021	2020		
Subsidiary company	Purchase of raw materials	1,705	758	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	425	390	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	66	26	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 2021 and 2020 between the Company, subsidiaries, and those related companies have been declared in Notes to financial statements item no. 6.

2. Measures or criteria to approve related party transactions

In 2021, the Company's purchases of CPO, CPKO, PKS and FFB from UPOIC accounted for 32.86% (2020 : 22.64%) 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.

3. Related party 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.

Section 3

Report and Consolidated Financial Statements

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2021

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 2021, 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 2021, 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 18 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 4.10 and Note 10 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 2022

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Assets					
Current assets					
Cash and cash equivalents	7	178,193,457	238,285,528	21,348,235	84,604,865
Trade and other receivables	6, 8	1,584,137,366	885,362,401	1,362,400,467	811,218,358
Current portion of finance lease receivables		1,544,819	1,567,066	-	-
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,505,252,505	1,389,107,615	948,807,843	909,143,050
Biological assets	10	112,273,222	95,620,275	-	-
Value added tax refundable		12,268,397	5,117,900	-	-
Other current assets		34,052,666	37,098,906	12,729,904	11,488,211
Total current assets		3,427,722,432	2,652,159,691	2,345,286,449	1,816,454,484
Non-current assets					
Financial lease receivables - long-term portion		896,306	2,441,124	-	-
Investments in subsidiaries	11	-	-	1,334,158,224	1,333,969,224
Investment in joint venture	12	26,570,516	22,997,536	-	-
Investment in associates	13	-	-	-	-
Long-term loans to other company	14	17,480,000	18,400,000	-	-
Investment properties	15	61,020,450	61,505,526	5,614,752	5,614,752
Property, plant and equipment	16	2,413,490,004	2,452,937,375	863,247,041	847,104,132
Right-of-use assets	23	34,981,664	39,221,680	-	-
Bearer plants	17	176,606,403	196,498,806	153,941	165,706
Goodwill	18	196,376,189	196,376,189	-	-
Intangible assets	19	6,213,689	7,540,983	5,172,911	5,994,055
Deferred tax assets	28	47,733,458	51,626,488	22,793,111	21,483,911
Other non-current financial assets		23,425	23,425	23,425	23,425
Other non-current assets		8,630,376	3,992,085	536,345	473,345
Total non-current assets		2,990,022,480	3,053,561,217	2,231,699,750	2,214,828,550
Total assets		6,417,744,912	5,705,720,908	4,576,986,199	4,031,283,034

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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	20	526,000,000	460,000,000	231,000,000	65,000,000
Trade and other payables	6, 21	609,769,797	471,049,325	643,254,165	429,548,562
Current portion of long-term loans	22	87,066,667	50,400,000	-	-
Current portion of liabilities under finance lease agreements	23	345,178	3,236,744	-	-
Income tax payable		49,871,815	69,176,384	34,963,850	49,813,497
Advance received from customers		26,417,208	35,855,838	227,633	4,118,399
Other current financial liabilities		7,001,183	5,815,226	3,148,649	1,787,729
Other current liabilities		6,231,294	1,771,195	964,817	779,043
Total current liabilities		1,312,703,142	1,097,304,712	913,559,114	551,047,230
Non-current liabilities					
Long-term loans - net of current portion	22	95,733,333	82,800,000	-	-
Lease liabilities - net of current portion	23	42,647,014	42,546,367	-	-
Deferred tax liabilities	28	31,751,684	2,610,783	-	-
Provision for long-term employee benefits	24	201,451,720	191,855,971	103,308,034	96,540,812
Total non-current liabilities		371,583,751	319,813,121	103,308,034	96,540,812
Total liabilities		1,684,286,893	1,417,117,833	1,016,867,148	647,588,042

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 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2021	31 December 2020	31 December 2021	31 December 2020
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					
		(6,592,600)	(6,577,607)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	25	130,377,201	127,687,224	82,000,000	82,000,000
Appropriated - statutory reserve					
		3,116,907,062	2,744,369,110	2,410,879,686	2,234,455,627
Unappropriated					
		4,307,931,028	3,932,718,092	3,560,119,051	3,383,694,992
Equity attributable to owners of the Company					
		425,526,991	355,884,983	-	-
Non-controlling interests of the subsidiaries					
		4,733,458,019	4,288,603,075	3,560,119,051	3,383,694,992
Total shareholders' equity					
		6,417,744,912	5,705,720,908	4,576,986,199	4,031,283,034
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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Revenue from contracts with customers	26	9,521,288,657	6,730,662,436	7,448,473,268	4,974,219,337
Dividend income	6, 11	84	244	66,096,969	26,421,985
Gain from change in fair value of biological assets		25,902,143	18,691,732	-	-
Compensation from insurance		7,671,981	18,736,306	-	-
Other income		105,708,628	70,486,184	48,188,719	34,257,741
Total revenues		9,660,571,493	6,838,576,902	7,562,758,956	5,034,899,063
Expenses					
Cost of sales	27	8,056,580,022	5,599,080,691	6,658,367,700	4,268,827,216
Selling and distribution expenses		576,625,445	480,769,737	342,985,095	311,137,583
Administrative expenses		219,289,767	212,633,297	122,833,510	116,042,166
Loss from impairment of assets		15,588,502	-	-	-
Total expenses		8,868,083,736	6,292,483,725	7,124,186,305	4,696,006,965
Operating profit		792,487,757	546,093,177	438,572,651	338,892,098
Share of gain (loss) from investment in joint venture	12	3,572,980	(3,751,777)	-	-
Finance income		670,327	1,968,587	141,037	1,302,944
Finance cost		(12,973,390)	(13,770,330)	(4,453,693)	(1,708,473)
Profit before income tax expenses		783,757,674	530,539,657	434,259,995	338,486,569
Income tax expenses	28	(135,629,535)	(110,538,323)	(74,464,436)	(62,676,836)
Profit for the year		648,128,139	420,001,334	359,795,559	275,809,733

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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	24	(3,769,354)	(7,826,517)	(3,769,354)	(6,037,614)
Income tax effect	28	753,871	1,565,304	753,871	1,207,523
Share of other comprehensive income of investment in joint venture - actuarial gain	12	-	39,472	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(3,015,483)	(6,221,741)	(3,015,483)	(4,830,091)
Other comprehensive income for the year		(3,015,483)	(6,221,741)	(3,015,483)	(4,830,091)
Total comprehensive income for the year		645,112,656	413,779,593	356,780,076	270,979,642
Profit attributable to:					
Equity holders of the Company		558,630,791	383,021,893	359,795,559	275,809,733
Non-controlling interests of the subsidiaries		89,497,348	36,979,441		
		648,128,139	420,001,334		
Total comprehensive income attributable to:					
Equity holders of the Company		555,615,308	377,218,162	356,780,076	270,979,642
Non-controlling interests of the subsidiaries		89,497,348	36,561,431		
		645,112,656	413,779,593		
Basic earnings per share					
	30				
Profit attributable to equity holders of the Company		0.68	0.47	0.44	0.34

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 2021

(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	33	-	-	-	-	-	(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		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>(6,577,607)</u>	<u>127,687,224</u>	<u>2,744,369,110</u>	<u>3,932,718,092</u>	<u>355,884,983</u>	<u>4,288,603,075</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 2021

(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
	paid up	premium	treasury stock	on changes in	Appropriated -	Unappropriated	attributable to	attributable to	shareholders'
Note	share capital	premium	treasury stock	in subsidiary	statutory reserve	Unappropriated	the Company	non-controlling	equity
								interests of	
								the subsidiaries	
Balance as at 1 January 2021	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
Profit for the year	-	-	-	-	-	558,630,791	558,630,791	89,497,348	648,128,139
Other comprehensive income for the year	-	-	-	-	-	(3,015,483)	(3,015,483)	-	(3,015,483)
Total comprehensive income for the year	-	-	-	-	-	555,615,308	555,615,308	89,497,348	645,112,656
Dividend paid	33	-	-	-	-	(180,400,000)	(180,400,000)	-	(180,400,000)
Reversal of prior year dividend		-	-	-	-	43,983	43,983	-	43,983
Acquisition of investment in subsidiary									
from non-controlling interests		-	-	(14,993)	-	-	(14,993)	(174,007)	(189,000)
Appropriation of statutory reserve of subsidiary		-	-	-	2,689,977	(2,721,339)	(31,362)	31,362	-
Decrease in non-controlling interests									
from dividend payment of subsidiary		-	-	-	-	-	-	(19,712,695)	(19,712,695)
Balance as at 31 December 2021	820,000,000	241,970,265	5,269,100	(6,592,600)	130,377,201	3,116,907,062	4,307,931,028	425,526,991	4,733,458,019

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 2021

(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	33	-	-	-	-	(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

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements					Total shareholders' equity	
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		
					Appropriated - statutory reserve		Unappropriated
Balance as at 1 January 2021		820,000,000	241,970,265	5,269,100	82,000,000	2,234,455,627	3,383,694,992
Profit for the year		-	-	-	-	359,795,559	359,795,559
Other comprehensive income for the year		-	-	-	-	(3,015,483)	(3,015,483)
Total comprehensive income for the year		-	-	-	-	356,780,076	356,780,076
Dividend paid	33	-	-	-	-	(180,400,000)	(180,400,000)
Reversal of prior year dividend		-	-	-	-	43,983	43,983
Balance as at 31 December 2021		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,410,879,686</u>	<u>3,560,119,051</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 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	783,757,674	530,539,657	434,259,995	338,486,569
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	249,859,265	256,294,267	111,799,531	100,857,560
Gain from change in fair value of biological assets	(25,902,143)	(18,691,732)	-	-
Share of loss (gain) from investment in joint venture	(3,572,980)	3,751,777	-	-
Bad debt	99,875,713	-	-	-
Increase (decrease) in allowance for expected credit losses	(99,875,713)	3,748,079	-	1,999,130
Increase (decrease) in allowance for diminution in inventory value	(6,642,210)	(4,109,534)	(10,626)	10,626
Loss on write-off assets	-	2,083,664	-	-
Loss on write-off of bearer plants	116,730	-	-	-
Loss (gain) on disposals/write-off of property, plant and equipment	5,790,469	(143,004)	1,379,782	4,836,371
Loss on impairment of assets	15,588,502	-	-	-
Loss on write-off of intangible assets	-	2	-	-
Unrealised loss (gain) on exchange	(112,317)	2,028,948	(2,628)	759,816
Unrealised loss on fair value of derivatives	634,193	545,347	384,715	468,766
Gain on financial lease agreements	-	(3,778,947)	-	-
Provision for termination benefits and long-term employee benefits	18,605,356	27,513,793	8,661,755	8,927,675
Dividend income from subsidiaries	-	-	(66,096,885)	(26,421,741)
Dividend income from other companies	(84)	(244)	(84)	(244)
Finance income	(670,327)	(1,968,587)	(141,037)	(1,302,944)
Finance cost	11,427,880	12,343,712	2,908,184	281,854
Profit from operating activities before changes in operating assets and liabilities	1,048,880,008	810,157,198	493,142,702	428,903,438
Decrease (increase) in operating assets				
Trade and other receivables	(698,609,619)	(582,212)	(551,182,439)	(36,356,613)
Cash received from financial lease receivables	1,567,065	742,139	-	-
Inventories	(109,502,680)	(543,320,995)	(39,654,167)	(456,071,800)
Biological assets	9,249,196	14,000,048	-	-
Other current assets	(7,957,514)	(5,644,885)	(1,241,693)	(5,644,568)
Other non-current assets	(3,258,991)	(837,307)	(63,000)	40,001
Increase (decrease) in operating liabilities				
Trade and other payables	175,760,379	4,833,544	247,155,714	16,821,631
Other current financial liabilities	486,645	(4,578,923)	924,221	(730,869)
Other current liabilities	(4,978,531)	25,064,309	(3,704,992)	4,186,932
Provision for termination benefits and long-term employee benefits	(12,778,961)	(24,583,505)	(5,663,887)	(7,665,887)
Cash from operating activities	398,856,997	275,249,411	139,712,459	(56,517,735)
Cash received from interest income	670,327	1,968,587	141,037	1,302,944
Cash paid for interest expenses	(11,113,676)	(12,372,615)	(2,854,972)	(276,491)
Income tax refund	4,096,873	2,389,007	-	-
Cash paid for corporate income tax	(121,389,918)	(85,231,542)	(89,869,412)	(63,992,451)
Net cash from (used in) operating activities	271,120,603	182,002,848	47,129,112	(119,483,733)

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 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Acquisition of investment in subsidiary				
from non-controlling interests	(189,000)	(2,400)	(189,000)	(2,400)
Dividend received from subsidiaries	-	-	66,096,885	26,421,741
Dividend received from other companies	84	244	84	244
Decrease in long-term loans to other company	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(243,061,946)	(387,052,465)	(162,574,599)	(148,256,494)
Advance payments for equipment	(1,578,800)	(199,500)	-	-
Proceeds from disposals of property, plant and equipment	4,721,555	33,140,149	834,921	3,023,492
Increase in bearer plants	(4,394,373)	(3,681,047)	-	-
Acquisitions of intangible assets	(298,000)	(3,426,694)	(250,000)	(3,288,664)
Net cash used in investing activities	(243,880,480)	(360,301,713)	(96,081,709)	(122,102,081)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	66,000,000	(10,000,000)	166,000,000	65,000,000
Cash received from long-term loans	110,000,000	150,000,000	-	-
Repayment of long-term loans	(60,400,000)	(33,400,000)	-	-
Payment of lease liabilities	(2,928,601)	(23,672,405)	-	-
Dividend paid	(200,003,593)	(330,509,942)	(180,304,033)	(327,830,482)
Net cash used in financing activities	(87,332,194)	(247,582,347)	(14,304,033)	(262,830,482)
Net decrease in cash and cash equivalents				
	(60,092,071)	(425,881,212)	(63,256,630)	(504,416,296)
Cash and cash equivalents at beginning of the year	238,285,528	664,166,740	84,604,865	589,021,161
Cash and cash equivalents at end of the year (Note 7)	178,193,457	238,285,528	21,348,235	84,604,865

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

11,740,918 49,148,058 8,281,721 41,782,086

Increase in right-of-use assets and lease liabilities

from contract modification

137,682 - - -

Transfer of deposits for equipment to equipment

199,500 650,000 - -

Dividend payable

733,991 682,007 733,991 682,007

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 2021

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, 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>2021</u> Percent	<u>2020</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	98.85	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	Percentage of	

		incorporation	shareholding	
			2021	2020
			Percent	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

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

4. Significant accounting policies

4.1 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.

4.2 Cash and cash equivalents

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

4.3 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.

4.4 Investments in subsidiaries, joint ventures and associates

Investments in joint venture and associates 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.

4.5 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. No depreciation is provided on investment properties - land. 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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 the straight-line 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

4.10 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.

4.11 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.

4.12 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

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.

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.

4.13 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 associates 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.

4.14 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.

4.15 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 assets, 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 Financial instruments

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 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 as credit impaired or 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.

ECLs are calculated 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.

4.21 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.

4.22 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.

5. Significant accounting judgements and estimates

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

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.

6. 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
	2021	2020	2021	2020	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	1,705	758	Market prices on the contract date
Purchases of goods	-	-	425	390	Market prices less fixed margin
Dividend income	-	-	66	26	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	260	191	-	-	Price approximates market price
Purchases of goods	9	9	8	5	Price less marketing expenses and margin
Selling expenses	29	23	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	9	3	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties

As at 31 December 2021 and 2020, 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	26,121	27,259
Associates	-	452	-	-
Related companies (related by common shareholders)	68,252	36,171	-	-
Total trade and other receivables - related parties	68,252	36,623	26,121	27,259
Less: Allowance for expected credit losses	-	(20,780)	-	-
Total trade and other receivables - related parties - net	68,252	15,843	26,121	27,259
 <u>Short-term loans to related parties</u>				
Associates	-	40,286	-	-
Related companies (related by common shareholders)	-	5,325	-	-
Total short-term loans - related parties	-	45,611	-	-
Less: Allowance for expected credit losses	-	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
 <u>Trade and other payables - related parties</u> (Note 21)				
Subsidiaries	-	-	238,388	109,516
Related companies (related by common shareholders)	16,679	9,500	-	1,209
Total trade and other payables - related parties	16,679	9,500	238,388	110,725

Short-term loans to related parties

The subsidiary recorded the write-off of bad debts for short-term loans and advances to Union Fresh Co., Ltd. (associates of subsidiary) and Siam Unizon Co., Ltd. (related company of subsidiary) amounting to Baht 66 million because the Central Bankruptcy Court accepted the bankruptcy suits. The Central Bankruptcy Court ordered the closing of the case of Union Fresh Co., Ltd. on 7 January 2016 and the case of Siam Unizon Co., Ltd. on 24 February 2017.

In addition, during the year ended 31 December 2021, the subsidiary recorded the write-off of bad debts for trade accounts receivable of associates of such subsidiary amounting to Baht 0.5 million.

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 2021. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2022 and expiring on 31 December 2026.

Directors and management’s remuneration

During the years ended 31 December 2021 and 2020, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 160 million and Baht 150 million, respectively (the Company only: Baht 96 million and Baht 88 million, respectively).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	2,385	2,053	695	593
Bank deposits	<u>175,808</u>	<u>236,233</u>	<u>20,653</u>	<u>84,012</u>
Total	<u>178,193</u>	<u>238,286</u>	<u>21,348</u>	<u>84,605</u>

As at 31 December 2021, bank deposits in savings accounts and time deposit accounts carried interests between 0.05 and 0.25 percent per annum (2020: between 0.05 and 0.25 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	65,047	15,843	128	49
Past due				
Up to 3 months	3,205	-	-	-
Over 12 months	-	452	-	-
Total	68,252	16,295	128	49
Less: Allowance for expected credit losses	-	(452)	-	-
Total trade receivables - related parties - net	68,252	15,843	128	49
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	26,045	17,499	26,045	17,499
Cheque returned	7,668	12,618	7,668	7,655
Not yet due	1,234,012	712,968	1,091,619	656,377
Past due				
Up to 3 months	241,343	136,041	205,761	108,542
3 - 6 months	4,259	-	4,257	-
6 - 12 months	2,625	515	2,610	515
Over 12 months	3,356	30,606	3,356	2,705
Total	1,519,308	910,247	1,341,316	793,293
Less: Allowance for expected credit losses	(9,736)	(43,220)	(9,736)	(9,736)
Total trade receivables - unrelated parties - net	1,509,572	867,027	1,331,580	783,557
Total trade receivables - net	1,577,824	882,870	1,331,708	783,606
<u>Other receivables</u>				
Other receivables - related parties	-	-	2,673	6,157
Other receivables - unrelated parties	6,233	2,774	5,408	1,111
Accrued income - related parties	-	-	23,320	21,053
Accrued income - unrelated parties	55	73	-	-
Advances - related parties	-	20,328	-	-
Advances - unrelated parties	799	420	-	-
Total	7,087	23,595	31,401	28,321
Less: Allowance for expected credit losses	(774)	(21,103)	(709)	(709)
Total other receivables - net	6,313	2,492	30,692	27,612
Total trade and other receivables - net	1,584,137	885,362	1,362,400	811,218

The normal credit term is 15 to 90 days.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	64,775	61,027	10,445	8,446
Provision for expected credit losses	-	3,999	-	1,999
Amount written off	(54,265)	-	-	-
Effect from foreign exchange	-	(251)	-	-
Ending balance	<u>10,510</u>	<u>64,775</u>	<u>10,445</u>	<u>10,445</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	646,298	529,989	(12,687)	(19,182)	633,611	510,807
Work in process	678,436	723,164	-	-	678,436	723,164
Raw materials	39,198	37,418	(4,553)	(4,868)	34,645	32,550
Inventories in transit	14,994	2,840	-	-	14,994	2,840
Supplies and spare parts	146,556	122,569	(2,989)	(2,822)	143,567	119,747
Total	<u>1,525,482</u>	<u>1,415,980</u>	<u>(20,229)</u>	<u>(26,872)</u>	<u>1,505,253</u>	<u>1,389,108</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	193,943	139,205	-	(11)	193,943	139,194
Work in process	695,469	725,387	-	-	695,469	725,387
Inventories in transit	12,858	2,509	-	-	12,858	2,509
Supplies and spare parts	46,538	42,053	-	-	46,538	42,053
Total	<u>948,808</u>	<u>909,154</u>	<u>-</u>	<u>(11)</u>	<u>948,808</u>	<u>909,143</u>

During the current year, the Group reduced cost of inventories to net realisable value by Baht 6.6 million, which was included in cost of sales (2020: 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) (The Company only: None (2020: reduced cost of inventories to net realisable value by Baht 0.01 million, which was included in cost of sales)).

10. Biological assets

Movements of the biological assets account for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2020	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
Gain from changes in fair value	14,343	554,523	568,866
Decreases from harvest	-	(448,272)	(448,272)
Decreases from sales	(24,332)	(73,875)	(98,207)
Decrease from write-off	(5,734)	-	(5,734)
Balance as at 31 December 2021	<u>13,462</u>	<u>98,811</u>	<u>112,273</u>

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 (2020: 3 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 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2021		2020	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	15,804	(14,484)	12,466	(12,466)
Weight of palm fruit on tree	15,804	(14,484)	12,466	(12,466)

11. Investments in subsidiaries

11.1 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	
	2021	2020	2021	2020	2021	2020	2021	2020
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	45,343	5,668
Universal Food Public Company Limited	525,000	525,000	98.85	98.83	585,814	585,625	20,754	20,754
Total					1,334,158	1,333,969	66,097	26,422

As at 31 December 2021, 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 1,474 million (2020: Baht 966 million).

11.2 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 allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	411	342	89	36	19	2

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

Summarised information about financial position

(Unit: Million Baht)

As at 31 December

	<u>2021</u>	<u>2020</u>
Current assets	628	319
Non-current assets	1,138	1,166
Current liabilities	234	286
Non-current liabilities	155	64

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	<u>2021</u>	<u>2020</u>
Revenue	2,154	987
Profit	307	125
Other comprehensive income	-	(1)
Total comprehensive income	307	124

Summarised information about cash flow

(Unit: Million Baht)

For the years ended 31 December

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities	89	129
Cash flow used in investing activities	(31)	(72)
Cash flow used in financing activities	(65)	(38)
Net increase (decrease) in cash and cash equivalents	<u>(7)</u>	<u>19</u>

12. Investment in joint venture

12.1 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	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	Thailand	50	50	25,000	25,000	26,570	22,997
Total					25,000	25,000	26,570	22,997

12.2 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 profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Siam Elite Palm Co., Ltd.	3,573	(3,752)	-	39
Total	3,573	(3,752)	-	39

12.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December

	<u>2021</u>	<u>2020</u>
Current assets	78,049	20,294
Non-current assets	31,679	33,693
Total assets	109,728	53,987
Current liabilities	(51,945)	(3,612)
Non-current liabilities	(4,642)	(4,380)
Total liabilities	(56,587)	(7,992)
Net assets	53,141	45,995
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	26,570	22,997

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2021</u>	<u>2020</u>
Revenue	74,796	13,884
Cost of sales	(47,369)	(6,655)
The differences between fair value and costs of agriculture produce	345	(2,550)
Selling and administrative expenses	(20,626)	(12,262)
Profit (loss) for the year	7,146	(7,583)
Other comprehensive income	-	79
Total comprehensive income	7,146	(7,504)
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	3,573	(3,752)

13. Investment in associates

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2021	2020	2021	2020
		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	
	2021	2020	2021	2020	2021	2020	2021	2020
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

14. Long-term loans to other companies

As at 31 December 2021, a subsidiary of subsidiary had unsecured loans to other companies, amounting to approximately Baht 17.5 million (2020: Baht 18.4 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 years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
Beginning balance	18,400	19,320
Receipts	(920)	(920)
Ending balance	17,480	18,400

15. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2021					
	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	-	(78,032)	(78,032)	-	(33,973)	(33,973)
Allowance for impairment	(3,303)	(58,755)	(62,058)	-	-	-
Net book value	<u>58,996</u>	<u>2,024</u>	<u>61,020</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

(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	<u>58,997</u>	<u>2,509</u>	<u>61,506</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	61,506	63,488	5,615	5,615
Disposals during the year	-	(1,495)	-	-
Depreciation for the year	(486)	(487)	-	-
Net book value at end of year	<u>61,020</u>	<u>61,506</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2021 was determined at approximately Baht 28 million (2020: 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 2021, 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 (2020: Baht 134 million and Baht 51 million, respectively).

16. 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 2020	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
Additions	873	-	15,764	74,135	3,222	494	111,300	205,788
Capitalised interest	-	-	1	31	-	-	34	66
Disposals/write off	(3,472)	-	(4,315)	(28,827)	(495)	(3,489)	-	(40,598)
Transfer in (transfer out)	3,611	-	30,625	108,785	43,052	-	(186,073)	-
31 December 2021	788,874	90,357	1,291,263	3,443,213	174,039	208,543	105,482	6,101,771

(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 2020	-	-	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
Depreciation for the year	-	-	52,555	161,128	8,533	10,112	-	232,328
Depreciation on disposals/write off	-	-	(3,849)	(22,970)	(499)	(2,766)	-	(30,084)
31 December 2021	-	-	897,205	2,400,441	120,734	184,096	-	3,602,476
Allowance for impairment								
1 January 2020	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
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	61,947	152	37	-	85,805
Net book value								
31 December 2020	766,652	90,357	400,689	964,859	15,408	34,751	180,221	2,452,937
31 December 2021	765,205	90,357	394,058	980,825	53,153	24,410	105,482	2,413,490
Depreciation for the year								
2020 (Baht 205.8 million included in manufacturing cost, and the balance in administrative expenses)								217,331
2021 (Baht 210.6 million included in manufacturing cost, and the balance in administrative expenses)								232,328

(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 2020	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
Additions	-	3,938	35,200	2,129	340	87,467	129,074
Disposals/write off	-	-	(9,149)	(444)	-	-	(9,593)
Transfer in (transfer out)	-	17,160	50,572	42,885	-	(110,617)	-
31 December 2021	25,836	461,456	1,663,178	88,352	47,727	99,045	2,385,594

(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 2020	-	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
Depreciation for the year	-	15,630	86,532	4,961	3,593	-	110,716
Depreciation on disposals/write off	-	-	(6,934)	(444)	-	-	(7,378)
31 December 2021	-	300,899	1,137,539	43,833	40,046	-	1,522,317
Allowance for impairment							
31 December 2020	-	-	30	-	-	-	30
31 December 2021	-	-	30	-	-	-	30
Net book value							
31 December 2020	25,836	155,089	528,584	4,466	10,934	122,195	847,104
31 December 2021	25,836	160,557	525,609	44,519	7,681	99,045	863,247
Depreciation for the year							
2020 (Baht 92.2 million included in manufacturing cost, and the balance in administrative expenses)							99,840
2021 (Baht 98.4 million included in manufacturing cost, and the balance in administrative expenses)							110,716

During the year 2021, the subsidiary capitalised borrowing costs amounting to Baht 0.1 million (2020: Baht 0.3 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 0.85% - 1.03% per annum (2020: 1.04% - 1.82% per annum).

As at 31 December 2021, 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 2,343 million (2020: Baht 2,200 million) and for the Company amounted to approximately Baht 909 million (2020: Baht 813 million).

17. 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 2020	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
Additions	-	4,394	4,394	-
Write off	(8,201)	-	(8,201)	-
31 December 2021	617,216	14,640	631,856	294
Accumulated amortisation				
1 January 2020	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
Amortisation for the year	11,041	-	11,041	12
Amortisation on write off	(8,084)	-	(8,084)	-
31 December 2021	419,458	-	419,458	140
Allowance for impairment				
31 December 2020	22,663	-	22,663	-
Increase during the year	13,129	-	13,129	-
31 December 2021	35,792	-	35,792	-
Net book value				
31 December 2020	186,253	10,246	196,499	166
31 December 2021	161,966	14,640	176,606	154
Amortisation for the year (included in manufacturing cost)				
2020			11,394	11
2021			11,041	12

As at 31 December 2021, 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 12 May 2021, 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 11 May 2022 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.

18. 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 2021			
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The Company has determined the recoverable amounts of its cash-generating units based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period for Universal Food Public Company Limited.

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

	(Unit: Percent per annum)
	Universal Food Public Company Limited
	<u>2021</u>
Long-term growth rate	2
Pre-tax discount rates	9

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 Company has determined the recoverable amounts of its cash-generating unit based on fair value less costs to sell using market approach to measure fair value for United Palm Oil Industry Public Company Limited. The fair value hierarchy level was classified as a level 1.

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

19. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost	65,012	64,790	31,755	31,505
Less: Accumulated amortisation	<u>(58,798)</u>	<u>(57,249)</u>	<u>(26,582)</u>	<u>(25,511)</u>
Net book value	<u>6,214</u>	<u>7,541</u>	<u>5,173</u>	<u>5,994</u>

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	7,541	6,162	5,994	3,712
Acquisitions - cost	298	3,391	250	3,289
Amortisation for the year	<u>(1,625)</u>	<u>(2,012)</u>	<u>(1,071)</u>	<u>(1,007)</u>
Net book value at end of year	<u>6,214</u>	<u>7,541</u>	<u>5,173</u>	<u>5,994</u>

As at 31 December 2021, certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 50 million (2020: Baht 49 million) (the Company only: Baht 21 million, 2020: Baht 20 million).

20. Short-term loans from banks

	Interest rate		Consolidated		(Unit: Thousand Baht) Separate	
	(percent per annum)		financial statements		financial statements	
	2021	2020	2021	2020	2021	2020
Short-term loans from banks	0.85 - 1.10	1.00 - 1.50	526,000	460,000	231,000	65,000
Total			526,000	460,000	231,000	65,000

Movement in short-term loans from banks during the years ended 31 December 2021 and 2020 are summarised below.

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Beginning balance	460,000	470,000	65,000	-
Additional borrowings	1,576,000	1,665,000	966,000	315,000
Repayments	(1,510,000)	(1,675,000)	(800,000)	(250,000)
Ending balance	526,000	460,000	231,000	65,000

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

21. Trade and other payables

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Trade payables - related parties	179	1,847	238,265	110,574
Trade payables - unrelated parties	287,041	189,282	202,323	126,489
Other payables - related parties	16,500	7,653	-	-
Other payables - unrelated parties	116,460	87,281	82,633	60,208
Advance received from related parties	-	-	123	151
Other payables for purchases of machinery	11,741	49,148	8,282	41,782
Accrued expenses	177,849	135,838	111,628	90,345
Total trade and other payables	609,770	471,049	643,254	429,549

22. Long-term loans

			(Unit: Million Baht)	
Loans	Interest rate (Percent per annum)	Repayment schedule	Consolidated financial statements	
			2021	2020
Subsidiaries				
<u>Universal Food Public Company Limited</u>				
1	2.50	Repayment every month from September 2020 to August 2023	82,800	133,200
<u>United Palm Oil Industry Public Company Limited</u>				
1	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting July 2021	50,000	-
2	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting March 2022	50,000	-
Total long-term loans			182,800	133,200
Less: Current portion			(87,067)	(50,400)
Long-term loans - net of current portion			<u>95,733</u>	<u>82,800</u>

Movement of the long - term loan account during the years ended 31 December 2021 and 2020 are summarised below:

			(Unit: Thousand Baht)	
			Consolidated financial statements	
			<u>2021</u>	<u>2020</u>
Beginning balance			133,200	16,600
Additional borrowings			110,000	150,000
Repayments			(60,400)	(33,400)
Ending balance			<u>182,800</u>	<u>133,200</u>

The long-term loans of Universal Food Public Company Limited are unsecured.

Long-term loan of United Palm Oil Industry Public Company Limited in no.1 is long-term loan under a joint loan agreement between the Company and United Palm Oil Industry Public Company Limited and the bank. The Company and the subsidiary agree that the subsidiary, as the party that draws down the loan, is to be primarily responsible for the principal and interest thereon. Under covenants of the agreement, the Company and the subsidiary are restricted from creating encumbrances over their assets (negative pledge). Loan no. 2 is unsecured.

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.

23. 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 years ended 31 December 2021 and 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	36,396	2,825	39,221
Additions	138	-	138
Depreciation for the year	(1,552)	(2,825)	(4,377)
31 December 2021	34,982	-	34,982

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>2021</u>	<u>2020</u>
Lease payments	73,611	78,926
Less: Deferred interest expenses	(30,619)	(33,143)
Total	42,992	45,783
Less: Portion due within one year	(345)	(3,237)
Lease liabilities - net of current portion	<u>42,647</u>	<u>42,546</u>

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2021</u>	<u>2020</u>
Beginning balance	45,783	69,455
Additions	138	-
Accretion of interest	52	2,986
Repayments	(2,981)	(26,658)
Ending balance	<u>42,992</u>	<u>45,783</u>

A maturity analysis of lease payments is disclosed in Note 37.2 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	4,377	25,033	-	-
Interest expense on lease liabilities	52	2,986	-	-
Expense relating to short-term leases	26,020	9,599	1,533	4,198
Expense relating to leases of low-value assets	536	117	-	-
Expense relating to variable lease payments that do not depend on an index or a rate	5,801	3,413	-	-

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 35.3 million (2020: Baht 39.8 million) (the Company only: Baht 1.5 million, 2020: Baht 4.2 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. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 34.2

24. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2021			2020		
	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	189,370	2,486	191,856	178,853	2,246	181,099
Included in profit or loss:	14,058	224	14,282			
Current service cost	3,055	30	3,085	14,262	221	14,483
Interest cost	-	-	-	3,009	33	3,042
Actuarial loss arising from						
Financial assumptions changes	-	49	49	-	100	100
Experience adjustments	-	162	162	-	324	324
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	2,619	-	2,619	(1)	-	(1)
Experience adjustments	1,150	-	1,150	7,828	-	7,828
Benefits paid during the year	(11,286)	(465)	(11,751)	(14,581)	(438)	(15,019)
Provision for long-term employee benefits at end of year	198,966	2,486	201,452	189,370	2,486	191,856

(Unit: Thousand Baht)

	Separate financial statements					
	2021			2020		
	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	94,055	2,486	96,541	86,995	2,246	89,241
Included in profit or loss:						
Current service cost	6,949	224	7,173	6,929	221	7,150
Interest cost	1,368	30	1,398	1,321	33	1,354
Actuarial loss arising from						
Financial assumptions changes	-	49	49	-	100	100
Experience adjustments	-	162	162	-	324	324
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	2,619	-	2,619	631	-	631
Experience adjustments	1,150	-	1,150	5,407	-	5,407
Benefits paid during the year	(5,319)	(465)	(5,784)	(7,228)	(438)	(7,666)
Provision for long-term employee benefits at end of year	<u>100,822</u>	<u>2,486</u>	<u>103,308</u>	<u>94,055</u>	<u>2,486</u>	<u>96,541</u>

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 1.1 million as expenses in profit or loss in the statements of comprehensive income (2020: Baht 9.6 million).

The Group expects to pay Baht 15.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 10.4 million) (2020: Baht 14.8 million, separate financial statements: Baht 5.6 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits is 7 - 15 years (Separate financial statements: 7 years) (2020: 6 - 15 years, separate financial statements: 6 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.10, 1.84 and 1.90	1.10, 1.50 and 1.84	1.90	1.50
Salary increase rate	2.0, 4.0 and 5.0	2.0, 4.0 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 2021 and 2020 are summarised below.

(Unit: Million Baht)

	As at 31 December 2021			
	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	(6.98)	6.95	(3.18)	3.34
Salary increase rate	8.12	(7.95)	3.24	(3.00)

(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)

25. 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.

26. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Type of goods:				
Sales of goods	9,521,289	6,730,662	7,390,597	4,921,058
Revenue from distribution of goods	-	-	57,876	53,161
Total revenue from contracts with customers - revenue recognised at point in time	<u>9,521,289</u>	<u>6,730,662</u>	<u>7,448,473</u>	<u>4,974,219</u>

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	6,751,699	4,830,549	6,164,273	4,279,072
Changes in inventories of finished goods and work in process	(103,581)	(541,571)	(24,820)	(477,689)
Salary and wages and other employee benefits	729,617	712,633	325,052	300,629
Depreciation and amortisation	249,860	256,294	111,800	100,858
Promotion expenses	80,916	72,900	62,064	54,809
Rental expenses	40,850	27,693	9,447	11,451
Transportation expenses	163,961	130,187	122,989	110,275
Repair and maintenance expenses	66,828	99,544	28,212	23,051

28. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	101,841	94,970	75,019	63,331
Deferred tax:				
Relating to origination and reversal of temporary differences	33,788	15,568	(555)	(654)
Income tax expenses reported profit or loss	<u>135,629</u>	<u>110,538</u>	<u>76,464</u>	<u>62,677</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to actuarial loss	(754)	(1,565)	(754)	(1,208)
Income tax charged directly to other comprehensive income	<u>(754)</u>	<u>(1,565)</u>	<u>(754)</u>	<u>(1,208)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	<u>783,758</u>	<u>530,540</u>	<u>434,260</u>	<u>338,487</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	171,972	112,186	86,852	67,697
Previously deductible temporary differences and unrecognised tax losses that is used to reduce current tax expense	(133)	-	-	-
Write-down of deferred tax asset	9,175	-	-	-
Addition of deferred tax asset	(3,438)	-	-	-
Effects of:				
Promotional privileges (Note 29)	(23,935)	-	-	-
Share of profit (loss) from investment in joint venture	(715)	750	-	-
Non-deductible expenses	2,176	8,927	891	346
Additional expense deductions allowed	(19,394)	(11,318)	(13,279)	(5,366)
Tax loss for the year unrecognised as deferred tax assets	-	268	-	-
Others	(79)	(275)	-	-
Total	<u>(41,947)</u>	<u>(1,648)</u>	<u>(12,388)</u>	<u>(5,020)</u>
Income tax expenses reported in the profit or loss	<u>135,629</u>	<u>110,538</u>	<u>74,464</u>	<u>62,677</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	2,089	11,264	2,089	2,089
Allowance for diminution in inventory value	2,863	4,060	-	2
Allowance for impairment loss of investment in associates	2,400	2,400	-	-
Allowance for impairment of assets	12,047	8,970	85	85
Provision for long-term employee benefits	40,247	38,371	20,619	19,308
Loss on fair value of derivatives	50	15	-	-
Leases	1,602	1,291	-	-
Unrealised profit on inventories purchased from subsidiary	3,438	-	-	-
Total	64,736	66,371	22,793	21,484
Deferred tax liabilities				
Change in fair value of biological assets	48,266	16,553	-	-
Revenue recognition under finance leases	488	802	-	-
Total	48,754	17,355	-	-
Total deferred tax assets - net	15,982	49,016	22,793	21,484

Deferred tax assets and liabilities as presented in the statements of financial position as at 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets	47,734	51,627	22,793	21,484
Deferred tax liabilities	(31,752)	(2,611)	-	-
Total deferred tax assets - net	15,982	49,016	22,793	21,484

As at 31 December 2021, the subsidiary of subsidiary had deductible temporary differences and unused tax losses totaling Baht 128 million (2020: Baht 131 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 8 million will gradually expire by 2025.

29. Promotional privileges

The subsidiary has received promotional privileges from the Board of Investment for various operations subjected to certain imposed conditions. Details are as follows:

United Palm Oil Industry Public Company Limited

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
1043(2)/2548	Generate electricity from biomasses	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).
64-0382-1-05-1-0	Manufacture of crude palm oil	Exemption from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income (17 February 2021).

30. 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		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit attributable to equity holders of the Company (Thousand Baht)	558,631	383,022	359,796	275,810
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.68	0.47	0.44	0.34

31. 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 2021 and 2020.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	7,336	4,698	2,185	2,033	9,521	6,731	-	-	9,521	6,731
Intersegment revenues	1,705	757	-	-	1,705	757	(1,705)	(757)	-	-
Interest expenses	(9)	(9)	(4)	(5)	(13)	(14)	-	-	(13)	(14)
Depreciation and amortisation	(155)	(142)	(97)	(116)	(252)	(258)	2	2	(250)	(256)
Income tax expenses	(119)	(95)	(19)	(16)	(138)	(111)	3	-	(135)	(111)
Segment profit	1,110	820	366	316	1,476	1,136	(11)	(4)	1,465	1,132

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

During the year 2021, the Group's sales represent domestic sales of 83 percent (2020: 80 percent) and export sales of 17 percent (2020: 20 percent).

Major customers

For the years 2021 and 2020, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

32. 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 2021, the contributions of the Group amounting to Baht 13.1 million (2020: Baht 12.2 million), of which Baht 6.9 million (2020: Baht 6.3 million) is from the Company, were recognised as expenses.

33. Dividends

During the years ended 31 December 2021 and 2020, 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 2021</u>			
Dividend on 2020 profit	Annual General Meeting of the shareholders on 23 April 2021	180.40	0.22
Total dividends for the year 2021		180.40	0.22
<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>Subsidiaries</u>			
<u>For the year 2021</u>			
Dividend on 2020 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 23 April 2021	65.00	0.20
Total dividends for the year 2021		65.00	0.20
Dividend on 2020 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 22 April 2021	21.00	0.40
Total dividends for the year 2021		21.00	0.40
<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

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2021, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 56.6 million and Euro 0.5 million or approximately Baht 20.2 million totalling of Baht 112.6 million (2020: Baht 37.1 million), the Company only: Baht 56.6 million (2020: Baht 23.4 million).

34.2 Operating lease commitments

The Group has entered into several leases of the low-value assets and service agreements which are non-cancellable. The terms of the contract are generally between 1 year and 5 years.

Future minimum lease payments required under these non-cancellable contracts were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Within 1 year	15.2	18.3	4.0	6.4
Over 1 and up to 5 years	0.2	0.5	0.2	0.5
Total	<u>15.4</u>	<u>18.8</u>	<u>4.2</u>	<u>6.9</u>

34.3 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 4.9 million. (2020: Baht 2.4 million).

34.4 Guarantees

As at 31 December 2021, 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 14.2 million to guarantee electricity use, among others (2020: Baht 11.3 million) and for the Company: Baht 7.2 million to guarantee electricity use, among others (2020: Baht 4.3 million).

34.5 Contingent liabilities

In 2020, 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 2021, 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 believes that possibility of the unfavorable result of such matter is remote. Therefore, the Company has not recorded provisions in the financial statements.

34.6 Land exploit right

- (1) On 11 April 2008, a 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 had been set up by the Surat Thani Land Reform Commission. The purpose of 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 land plots represent 3 percent of the current 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 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 this land and the net book value of the oil palm plantation development on such land in 2009. During the current year, the subsidiary reversed allowance for impairment loss and wrote off the cost of land and net book value of oil palm plantation development on the land costs.

At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning the land in designated forest areas.

- (2) On 9 March 2020, the ALRO issued a notice designating on land plots 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 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 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 landowner, 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.

On 31 March 2021, 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 30 April 2021, the ALRO in Krabi used 3 excavators to remove palm trees in the land plots No. 602. The subsidiary filed a petition for a stay of execution of the order with the Phuket Administrative Court. The Court determined there were no reasons to urgently impose the order.

On 21 May 2021, the subsidiary filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for an emergency order for an injunction with the Civil Court, requesting the Court to consider the damage to the palm trees which were assets of the subsidiary while the final verdict of the Phuket Administrative Court has not been rendered. The Civil Court dismissed the petition, ruling that there was no emergency. The subsidiary considered and withdrew the civil lawsuit on 23 June 2021.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the subsidiary filed the lawsuit after the filing period. The subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the subsidiary filed an objection to the statement on 15 December 2021. At present, this case is under consideration of the Phuket Administrative Court.

However, the subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 4 million as expenses in the 2021 financial statements.

- (3) On 21 July 2020, the ALRO issued a notice designating land plots 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 applicable 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 landowner 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.

On 31 March 2021, 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 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges, clarifying that the subsidiary filed a lawsuit after the filing period. The subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the subsidiary filed an objection to the statement on 15 December 2021.

On 21 October 2021, the ALRO in Krabi used excavators to remove palm trees in the land plots No. 603. At present, this case is under consideration of the Phuket Administrative Court.

The subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 13 million as expenses in the 2021 financial statements.

- (4) On 4 June 2021, the ALRO has announced that land plots No.604 in Khao Phanom. Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai. is a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to provide evidence and documentation regrading land rights under the Land Code or other applicable laws within 15 days from the date the announced was posted at the ALRO in Krabi.

On 18 June 2021, the subsidiary, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plot. On 30 June 2021, the subsidiary received a letter from the ALRO in Krabi, informing the subsidiary to indicate the boundary line and location of the land according to documentations or evidence relating to possession or use of such prospective area.

However, due to the COVID-19 pandemic, the subsidiary has requested to postpone the date indicating the boundary line.

On 7 and 30 December 2021, the subsidiary indicated the boundary line and location of the land as stated in the land right document or evidence pertaining to the ownership or use benefit of land in the target area.

34.7 Litigation

- (1) In July 2018, Krabi chief public 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, 108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement 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.

On 9 September 2021, Krabi chief public prosecutor filed a lawsuit against the subsidiary with the Court, alleging that the subsidiary utilised the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the subsidiary.

The hearing dates for this case is scheduled in August 2022.

- (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.

On 19 March 2021, the Central Administrative Court rendered judgement that the Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the subsidiary's land title deeds of 13 plots and 10 plots under Nor Sor 3 Kor certificates to make them legal and the Director-General of the Forest Department to conduct relevant actions under his authority to evict the subsidiary from the disputed land within 180 days from the date of the case is finalised.

On 16 April 2021, the subsidiary appealed the judgement to the Supreme Administrative Court. The management believes that the subsidiary can appeal the judgement with the available evidence.

- (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.

On 16 March 2021, the Court dismissed the case. Subsequently, the plaintiff appealed against the judgement of the Administrative Court of First Instance.

On 10 September 2021, the Supreme Administrative Court issued an order not to accept the appeal filed by the plaintiff to consider and to dispose of the case.

35. 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 compensation from assets insurance amounting to Baht 30 million. Compensation for business interruption is in the process of negotiation with insurance companies.

36. Fair value hierarchy

As at 31 December 2021 and 2020, 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 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	13	99	112
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 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)

	Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	1,474	-	-	1,474
Investment properties	-	-	28	28

(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

During the years 2021 and 2020, there were no transfers within the fair value hierarchy.

37. Financial instruments

37.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Derivative liabilities				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	634	545	385	469
Total derivative liabilities	<u>634</u>	<u>545</u>	<u>385</u>	<u>469</u>

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.

37.2 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. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

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 acquisition of machinery and 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.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.1	2.9	0.1	0.2	33.4199	30.0371
Euro	0.1	-	-	0.8	37.5083	37.2578

Forward exchange contracts outstanding as at 31 December 2021 and 2020 are summarised below.

As at 31 December 2021				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.53	0.08	32.90 - 33.55	March - June 2022

As at 31 December 2021				
Foreign currency	Bought amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.18	0.18	32.54	March 2022
Euro	0.85	0.85	38.35 - 38.85	March - May 2022

As at 31 December 2020

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated	Separate		
	financial statements (Million)	financial statements (Million)		
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 (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated	Separate		
	financial statements (Million)	financial statements (Million)		
US dollars	0.80	0.80	30.03	February - June 2021

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.

The Group's manages its interest rate risk by having a balanced portfolio of interest rate borrowings.

Significant financial assets and liabilities as at 31 December 2021 and 2020 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 2021

	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	-	-	-	171	7	178	0.05 - 0.25
Trade and other receivables	-	-	-	-	1,584	1,584	-
Financial lease receivables	1	1	-	-	-	2	1.80
Long-term loans to other companies	-	-	-	17	-	17	THBFIX + 1
	<u>1</u>	<u>1</u>	<u>-</u>	<u>188</u>	<u>1,591</u>	<u>1,781</u>	
Financial liabilities							
Short-term loans from banks	526	-	-	-	-	526	0.85 - 1.10
Trade and other payables	-	-	-	-	610	610	-
Long-term loans	50	33	-	100	-	183	2.50
Lease liabilities	-	3	40	-	-	43	4.80
Other current financial liabilities	-	-	-	-	7	7	-
	<u>576</u>	<u>36</u>	<u>40</u>	<u>100</u>	<u>617</u>	<u>1,369</u>	

(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)

Separate financial statements						
As at 31 December 2021						
Fixed interest rate						
Within 1 year	1 to 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Financial assets						
Cash and cash equivalents	-	-	17	4	21	0.05 - 0.25
Trade and other receivables	-	-	-	1,362	1,362	-
	-	-	17	1,366	1,383	
Financial liabilities						
Short-term loans from banks	231	-	-	-	231	1.00
Trade and other payables	-	-	-	643	643	-
	231	-	-	643	874	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2020						
Fixed interest rate						
Within 1 year	1 to 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
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	

The sensitivity of the Group's profit before tax and shareholder's equity to a reasonably possible change in bear floating interest rates on cash at banks, loans and borrowing as at 31 December 2021 and 2020 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

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 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	376,064	150,034	-	-	526,098
Trade and other payables	-	609,770	-	-	609,770
Long-term loans	-	90,220	97,270	-	187,490
Lease liabilities	-	2,358	10,318	60,935	73,611
Other financial liabilities	-	7,001	-	-	7,001
Total non-derivatives	376,064	859,383	107,588	60,935	1,403,970
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	634	-	-	634
Total derivatives	-	634	-	-	634

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2020

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	285,017	175,141	-	-	460,158
Trade and other payables	-	471,049	-	-	471,049
Long-term loans	-	53,146	84,577	-	137,723
Lease liabilities	-	5,316	12,676	60,934	78,926
Other financial liabilities	-	5,815	-	-	5,815
Total non-derivatives	285,017	710,467	97,253	60,934	1,153,671
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	545	-	-	545
Total derivatives	-	545	-	-	545

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	231,058	-	-	-	231,058
Trade and other payables	-	643,254	-	-	643,254
Other financial liabilities	-	3,149	-	-	3,149
Total non-derivatives	231,058	646,403	-	-	877,461
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	385	-	-	385
Total derivatives	-	385	-	-	385

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	40,007	25,009	-	-	65,016
Trade and other payables	-	429,549	-	-	429,549
Other financial liabilities	-	1,788	-	-	1,788
Total non-derivatives	40,007	456,346	-	-	496,353
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	469	-	-	469
Total derivatives	-	469	-	-	469

37.3 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.

38. 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 and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods. As at 31 December 2021, the Group's debt-to-equity ratio was 0.36:1 (2020: 0.33:1) and the Company's was 0.29:1 (2020: 0.19:1).

39. Events after the reporting period

On 25 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.25 per share or a total of Baht 205 million from the Company's 2021 operating result.

On 24 February 2022, 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 a dividend of Baht 0.50 per share or a total of Baht 162 million from the subsidiary's 2021 operating result.

On 24 February 2022, a meeting of the Board of Directors of Universal Food Public Company Limited (“the subsidiary”) passed a resolution to propose the payment of a dividend of Baht 0.40 per share or a total of Baht 21 million from the subsidiary’s 2021 operating result.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company’s and its subsidiaries’ shareholders.

40. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 25 February 2022.

Annex

Drink, Fruits & Vegetables packed in can, and Sauces & Seasonings Industry

1. Beverage Industry

- Juice and Nectar

Juice and Nectar category has shown much negative growth in the last year. Key factors contributed to the decline are trends of freshly-pressed juices, reduced consumption of beverages with high – sugar contents, higher preference by consumers towards pure water and healthy beverages such as Vitamin water.

Even though the Juice and Nectar category in Thailand is sizeable, it has been declining consistently from 6,317 MB in 2017 to 4,713 MB in 2020, more than 25% decline within 3 years.

There have also been a lot of alternative beverages launched in the Thai market in the past few years such as flavoured water, functional drinks with added nutrients, and vitamin drinks

- Plant – based milk

The increasing consumer demand of plant-based milk all over the world, higher numbers consumers who are allergic to dairy milk, increase in interest in health and well-being, and campaigns against consumption of meat and meat – products make plant-based diets much more popular, both among end consumers and food operators.

Though soy milk has highest share, it has low growth of -6% in 2020 while other plant-based milk including Almond milk, Oat milk, Coconut milk, etc., produced significant growth of 16% during the same period.

2. Canned fruits and vegetables

The consumption of tropical fruits has declined in both domestic and international markets. Short of supply due to adverse climate conditions that impacted the supply, coupled with lower demand of canned products as a result of global economic situation, have negatively impacted profitability of canned fruits and vegetables category.

However, the COVID – 19 pandemic has created more demand for fruits and vegetables in safely sealed containers. This was driven by the facts that consumers are more careful about contamination of fresh foods and the needs for longer shelf life products.

Trends of fruits and vegetables are on freshly-harvested items, organic selection, and new innovation that keep the products fresh until they reach the consumers.

3. Sauces and Seasoning

The COVID-19 pandemic generated growth for sauces and seasoning category driven by the high concerns on safety, less frequency of eating out. Moreover, high incidence of

working from home everywhere created interest in home cooking. On the other hand, restaurant industry has recessed for the same reasons.

While sauces and seasoning are still in demand, growth opportunities are towards healthiness such as low sodium, less sugar, no preservatives. New packaging innovation that is hygienic, safe, and convenient also influences consumer purchase decisions.

Number of Competitors and Company Size Compared to Competitors

Product Category / Business Group	No. of competitors	Size of business comparing to competitors
1. Fruits and Vegetables group - Canned Vegetables - Canned Fruits	3 1	Medium Medium
2. Beverages - Juices & Nectar - Plant-based milk	4 3	Medium Medium
3. Sauces and Seasoning	More than 10	Small

Competitive Potential

UFC has been in the food and beverage industry for more than 52 years. With continuous investments and improvements in manufacturing facilities, technologies, and research & development of new products, various certifications including Halal, Kosher, GMP, HACCP, BRC, IFS, ISO9001, ISO14001, OHSAS18001, Social standards SMETA-CEDEX, and TLS 8001 Thai Labour Protection have been achieved. In a highly competitive environment, these allow the company to be well placed to penetrate new markets and new channels all over the world.

In 2020, the company invested and started production of UHT beverages in single serve size which enabled UFC to expand into conveniences stores, both in the domestic and overseas markets.

The company continues to secure new contract manufacturing business with new customers with global reputation and retail networks.

Marketing Policy and Strategies

- Work towards having robust NPDs pipeline driven by consumer insights and strong R&D capability.
- Optimize strategic locations of good sources of fruit and vegetables in Thailand in producing high quality products with cost advantages.
- Develop route to market that reaches target consumers via multiple touchpoints, including partnership with complementary brands.
- Build long term win-win partnership with distributors in export markets.

Target Market

The 21st century consumers who care a great deal about health and well-being of themselves and their families. However, do not want to compromise on taste, quality, and experiences from food & drinks.

They are receptive and always look for innovation. They do not mind paying more for good quality.

Distribution and Distribution Channels

Besides supermarkets and convenience stores, the company also focus on new emerging channels that fits the current consumer lifestyles such as

- e-commerce
- Vending Machine
- Cafés and new beverages chains e.g. bubble tea
- Specialties stores such as those carry plant-based or organics products.
- Hotels and food services

Proportion of Domestic to International Sales in Last 3 Years

Sales contribution of domestic and export business in were 24.9 : 75.1 (23.6 : 76.4 in 2020), from 38 countries in all continents around the world.

Proportion of domestic to international sales in last 3 years were as follows: -

	2021	2020	2019
Domestic Sales	24.89%	23.59%	25.87%
International Sales	75.11%	76.41%	74.13%

Product Sourcing

Procurement of products and raw materials starts from specification that was set to meet quality standard. Purchasing department, then, searches for suppliers and / or agents that can deliver such expectation.

Once the details of suppliers and / or agents are identified, purchasing team would finalize the process based on quality, credibility, capability of delivery, and prices as key selection criteria.

Manufacturing

UFC has 2 manufacturing facilities located at Lampang and Nakhon Pathom provinces, with the following manufacturing capacity:-

1. 1,240,000 standard cases of canned fruits and vegetables
2. 5,200,000 standard cases of beverages (inclusive of all UHT, canned, and bottled packaging for juice & nectar, plant-based milk, and coffee)
3. 300,000 standard cases of sauces and seasoning

Raw Material Sourcing

For key vegetable raw material such as corn, the company supports local farmers by providing corn seeds and giving price insurance for what produced. In order to ensure good quality raw materials, the company also keeping agricultural land in Lampang province to grow certain raw materials as manufacturing supplies.

For fruits and coconut water, the company procures raw materials from farmers' representative at market prices.

Problem with Raw Material

Same as palm, fruits and vegetables are agricultural products. Their quantities and qualities depend very much on climate condition, which will affect the cost of goods and pricing accordingly.

Material Substitution

UFC has created sustainable partnership with a group of farmers in Lampang, where one of UFC manufacturing facilities is located, for them to grow certain fruits and vegetables. UFC, then, committed to buy from them at a mutually agreed contracted price.

For Rambutan, which is one of the core materials, we source from different parts of Thailand based on its season in each region. For example, we source from the Southern provinces when the eastern provinces run low in supply with higher price.

For those raw materials that can be kept in semi-processed form such as mango used for mango juice production, the company buys mango during its season and keep part of them frozen in mango –pulp format for production during off-season.

Moreover, UFC production lines are flexible for many product types. For example, the beverage lines can produce coconut water, juices & nectars, and plant-based milk. This enables machine utilization throughout the year, despite seasonality of raw materials.

Suppliers of Raw Material

Numbers of raw materials suppliers were 258 in 2021; 253 were domestic suppliers and 5 were overseas suppliers respectively.

Proportion of Purchasing Raw Material in the Kingdom and Abroad

- Domestic at 96.5%
- Abroad at 3.5%