



S.Khonkaen Foods Public Company Limited

2019 | ANNUAL REPORT



Excellent Level (5 stars) of
Corporate Governance Report of Thai Listed Companies



Best – Selling Esan Food



Q3 Top Sales – Chain Restaurant



หมูแผ่นอบกรอบรสออตซิลลี่
ตรา ออว-เอร์

ใหม่!



ไขมันต่ำ



ให้ประโยชน์จากโปรตีน

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In this regards, investors may obtain further information from 56-1 at www.sec.or.th
or the company's website : www.sorkon.co.th



MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



When we have a look at the gross domestic product (GDP) of the previous year, it was deemed significantly not to come up to expectations and would of course affect the overall purchasing power. This was entirely a factor beyond control of the Company. However, even though the results of the previous operations, which had emphasized the application of new marketing strategies and the introduction of products into new channels, did not come up to expectations as a consequence of raw material pricing, which was a factor beyond control of the Company, this was another year of the highest sales made by the Company on an unprecedented scale.

I would like to express my thanks to stakeholders, supporters as well as all the staff who worked diligently and devoted themselves industriously, thereby resulting in the Company's success in the previous year.

A handwritten signature in blue ink, consisting of a stylized 'T' followed by a long horizontal stroke.

(Dr. Thanong Bidaya)

Chairman of the Board of Directors



MESSAGE FROM CHIEF EXECUTIVE OFFICER



The previous year was deemed another year of Thailand's struggle with economic and political problems combined with the continuing appreciation of the Thai Baht currency, which resulted in many exporters incurring such losses that they had to close their businesses. Then the problem of unemployment increasingly ensued. Moreover, agricultural product outputs were at a poor level while household debts were growing continuously. This led to a disruption of an overall picture of the business owing to a lack of purchasing powers. However, it was deemed another year of success of the Company because it still managed to make "new high" sales even though its profits did not reach the targets since main products using pork as a principal material had to encounter a lack of material and cost was thereby significantly affected. This was because China had seen a severe swine fever and undergone a lack of pork. Furthermore, a lot of live swine had been shipped for sale to the People's Republic of China and thus this was another year of the highest cost of pork on an unprecedented scale.

Nevertheless, the success so acquired was entirely consequent on the mental and physical cooperation of staff whose functions had been united for the achievement of business goals.

I would like to avail myself of this opportunity to thank the staff at all levels including those who have contributed to the Company's success.

A handwritten signature in blue ink, appearing to be 'Charoen Rujirasopon'.

(Dr. Charoen Rujirasopon)
Chief Executive Officer

Healthy smoothie

with entree hotchili





VISION

“ The Company is ambitious to be a leader in Thai foods on the world market, who impresses its stakeholders sustainably through excellent standards and processes of work. ”

The Board of Directors performs the duty to determine vision and missions of the Company so that executives and employees aim at working in the same direction. In 2019, the Board of Directors reviewed and approved business vision, goals, strategies, targets and trends of the Company and also reviewed significant policies, such as those on corporate governance, anti-corruption etc., so that they would be appropriate and consistent with the conduct of business in accordance with principles of good corporate governance.

TARGETS

- **To make profits with sustainable growths** by increasing sales turnovers, reducing cost and managing assets efficiently;
- **To gain maximum access to customers** by expanding the distribution channels to make them cover all areas both domestically and internationally especially to build its own outlets;
- **To deliver experience beyond expectation to customers continuously** with products and services which truly satisfy the customers' needs by means of fixing appropriate price;
- **To establish excellent operational systems** by applying management system to extract expertise of individual and apply to use. Nonetheless, to maximize the use of technology adequately and efficiently;
- **To be an organization of happiness which good and smart people want to join**, by creating an organizational culture that attaches importance to the doing of right things, teamwork with clear common targets, lifetime learning, including the management of fair and competitive remuneration and welfare;
- **To be socially responsible** by sharing and exchanging knowledge and experiences with academic institutes and agencies in both the public and private sectors.

STRATEGIES

- **Increase the distribution channels** other than the modern trade one **so that they cover all areas**, such as local wholesale and retail shops, fresh-food markets, Food Services E-commerce, restaurants and points of sale in outlets of the Company, including international markets, such as Myanmar, Laos, Cambodia etc.
- **Develop the existing products and add new ones** to all product groups, such as native food, seafood, snacks, gift products and finished foods, aiming at satisfying the actual needs of all groups of customers, especially new ones, such as working people who have no time to cook foods themselves, teenagers and tourists etc.
- **Establish management systems which focus on the response to customers' needs** both outside and inside the organization, with the continued development of personnel and performance systems and the application of technologies to increase the efficiency and effectiveness of the management and work processes.
- **Develop the system of recruitment and selection of personnel** To scrutinize the right personnel that fix the company culture and provide proper training to staff of all levels.
- **Manage non-performing assets** so that they yield appropriate returns.



POLICY AND BUSINESS OVERVIEW

S. Khonkaen Foods Public Company Limited was born of visions of Mr. Charoen Rujirasopon and his family, who wanted to set up a Thai food business and make it grow on the world market. The business started in 1984 in the form of a limited company distributing dried shredded pork, dried and crispy pork sheet and Chinese sausage products from Khonkaen Province before the form of operation was changed to a limited company under the name “ S. Khonkaen Food Industry Company Limited ”. It had a factory processing foods in the category of native food from meat and had a pig farm of its own to reduce the risk of lacks of raw materials.

Performance and Growth of the Company

1991

The Company started exporting products processed from pork to Hong Kong as the first country.

1994

The Company has converted into a public company and listed on the Stock Exchange of Thailand.

2003

In 2003, the Company branched out into a seafood processing business by investing in a subsidiary to distribute risks resulting from fluctuations of income from the core business. Consequently, a nearly 30 percent growth in its operating income was achieved.



2008

The Company diversified into a business of snacks made from pork, expanding from its native food business. To this, it invested additionally in packing machines, thereby increasing its operating income in the same year by 13 percent.

2009

The Company branched out into a business of ready-to-eat frozen foods by purchasing assets from another company because it had discerned a fairly high rate of growth in future in this business as a consequence of a change in the lifestyle of the population in big cities.

2010

The Company launched a Quick Service Restaurant (QSR) business to increase the channels of distribution of its products and to enhance its production capacity. Also, the name was change from “ S. Khonkaen Food Industry Company Limited ” to “ S. Khonkaen Foods Public Company Limited ”.

2012

Since the Thai native food prepared from pork are well liked by Asians but the importation of pork products is prohibited by EU countries. Therefore, the company have decided to co-operate with a prominent manufacturer of meat products in Poland and ask the meat processor to contract the manufacture to be maker of Thai style products under the license of the company’s Research and Development expert and marketed in market places more than 10 countries throughout EU under the brand of “ S. Khonkaen ”.

2013

The company relocated its production base from Republic of Poland to the Netherlands to increase efficiency. In addition, the new manufacturers had sufficient production capacity to support the growth of the Company into the future, especially for the main product lines such as pork ball, beef balls, fermented sausage, Vietnamese sausages etc. The company established S.Khonkaen Foods (Netherlands) B.V. to be responsible for marketing in different countries. In the European Community and the United Kingdom, it replaced S.Khonkaen E.U. Company Limited, which closed in the same year. In addition, this year the company started to expand the business of Quick Service Restaurant by opening Yunnan pork leg rice shop, rolling out service in four branches at gas stations.

2014

The Company aimed at the implementation of its “ From Farm to Table ” policy by opened Esan restaurant style under brand of Zaap Classic.

2015 - 2019

The Company increased the sales of its Quick Service Restaurant in format of Zaap Classic and “ Yunnan ” stewed pork leg with rice, both brands had applied franchise system for domestic and abroad.

As at 2019, there were food shops and branches as follows:

	Year			
	2016	2017	2018	2019
Zaap Classic (spicy papaya salad, roasted chicken)	14	14	14	12
Yunnan (stewed pork leg with rice)				
1) Domestic	19	18	19	17
2) International				
• Kampuchea	3	4	0	0
• Laos	2	2	2	1
Total	38	38	35	30

Strategy of restaurants will focus on efficiency management as well as cost improvement in order to create more satisfaction to clients also opening of new channels to cope with the changing behavior of consumers “ on line ” thru the company’s website and under alliance platform i.e. Grab, Lineman, Food Panda. At the same time, additional sales revenue will derive outdoor catering.

BUSINESS POLICIES

S. Khonkaen Foods Public Company Limited implements business policies with the objective of expanding its market so that worldwide groups of customers are covered. The Company is ambitious to become a leader in the production and distribution of foods with good tastes, freshness, cleanliness, and nutritional value under state-of-the-art and hygienic processes of production, mainly taking into account the highest satisfaction of consumers. Also, it emphasizes on sustainable development of business, attaching importance to good corporate governance and corporate social responsibilities (CSR) and anti-corruption.

The Group Structure of the Company



S. Khonkaen Foods Public Company Limited “ SORKON ”

Carries on the business of manufacturing and distributing native products and ready-to-eat frozen foods and the business of food shops in the category of Quick Service Restaurant (QSR), with 3 factories operating under the Company, namely:

- | | |
|--|---------------------------|
| 1. Factory producing dry native foods | in Nakhon Pathom Province |
| 2. Factory producing fresh native foods | in Samut Prakan Province |
| 3. Factory producing ready-to-eat frozen foods | in Samut Sakhon Province |

S. Pasusat Company Limited “SPS”

Carries on the business of producing parent stocks to further produce commercial pig for sales but not producing parent stock for sale.

S. Khonkaen Foods (Netherlands) B.V.

Carries on the business of distributing the Company's products (by employing manufacturers in the Netherlands to make production as OEMs).

3D Food and Beverage Company Limited

The company has ceased its business since the beginning of 2017 on account of a merger with S. Khonkaen Foods Public Company Limited for more flexibility and efficiency in the management.

S. Training Center Company Limited

Carries on the business of providing training services for companies affiliated to the same group or for companies having business relationships as a network.

Mahachai Foods Company Limited “ MFOOD ” (Existing Name : Mahachai Food Processing Company Limited)

Carries on the business of producing and distributing processed seafood in the forms of chilled, frozen and ready-to-eat processed seafood. Its office and processing plant is located at No. 71/11, Moo 6, Rung Setthakit Alley, Setthakit Road, Tha Sai Sub-district, Muang Samutsakhon District, Samutsakhon Province.

In the past, the company functioned solely as a producer while the marketing and sales job had been entrusted to S. Khonkaen Foods Public Company Limited through modern trade channels, including international markets. Presently, the company functioned the marketing and sales direct to the Modern Trade and wet market channel (Traditional Trade), and had applied the extensive sales nation wide through business alliance and main distributors.

S K K Food Company Limited “ SKKF ”

Previously, the company functional as marketing and the exclusive distributor of Mahachai Foods Company Limited (existing name : Mahachai Food Processing Company Limited) in the category of seafood products and products of S. Khonkaen Foods Public Company Limited to wet market (Traditional Trade) but currently, Mahachai Foods Company Limited had totally replaced the distributorship of S.K.K Food Company Limited and the company has ceased its business since mid of 2017.

Thai Home Foods (Bangkok) Company Limited

The company has ceased its business since the beginning of 2017 on account of a merger with S. Khonkaen Foods Public Company Limited for more flexibility and efficiency in the management.

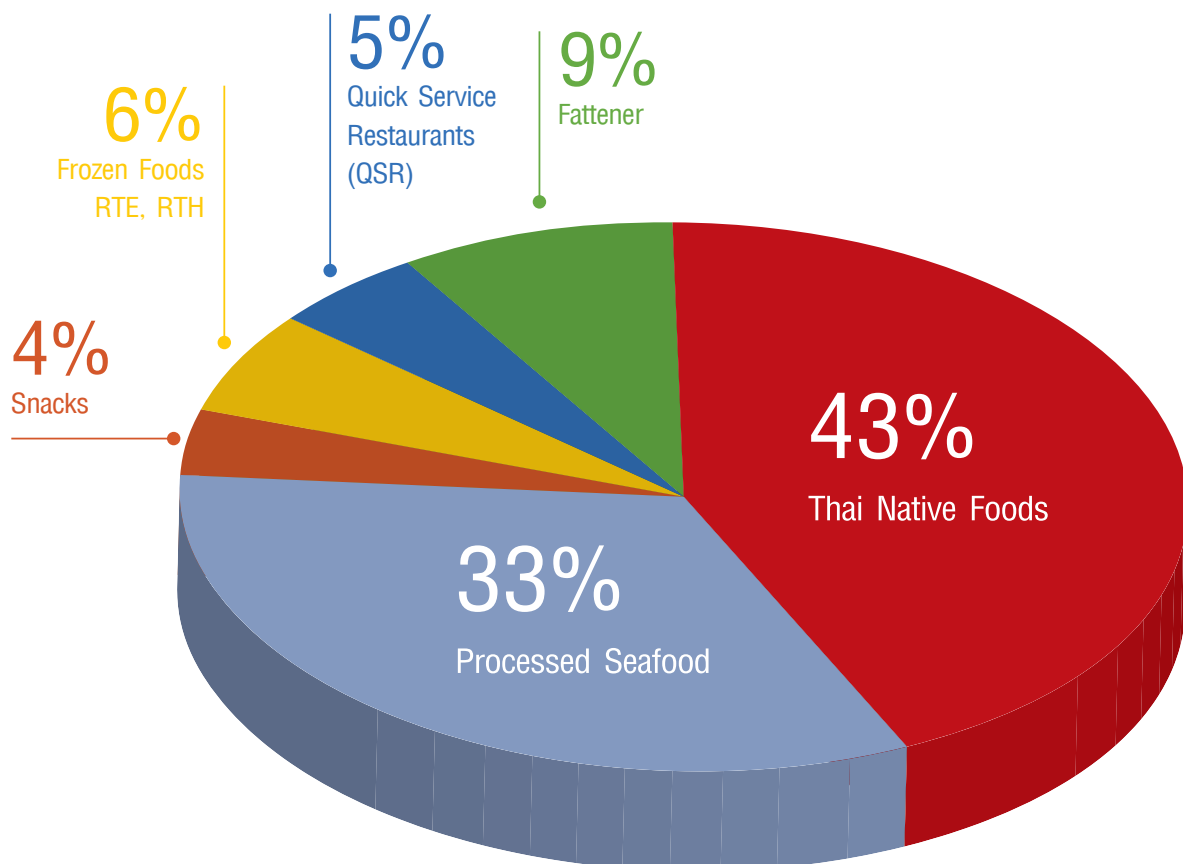
Nature of Business

Group of “ S.Khonkaen ” companies’ products are categorized into 6 product groups as follows:

1. Thai Native Foods
2. Processed Seafood (Fish Balls)
3. Snacks Processed from Pork, Parts of Pork and Chicken
4. Ready-to-Eat “ RTE ” and Ready-to-Heat “ RTH ” Frozen Foods
5. Quick Service Restaurants
6. Fattener

The main income of the company derived 94% from domestic sales while export sales yields about 6% and the main export item was Thai Native Foods which have been banned the importation from almost every countries. For processed seafood product in this year, the export sales have declined as a impact from economics. The category of product required by Europe is in the down trend situation and was not in the position to compete with competitors from other country caused by the Baht appreciation whole year in a high trend.

2019 Group of Products’ Ratio





1

Thai Native Foods

This has always been the primary and principal group of products of the Company. It is counted as the largest proportion of the total sales turnover, with the use of both Bang Phli and Nakhon Pathom Factories as production bases.

Thai native foods comprise of fermented sausages, Vietnamese sausages, Northeastern (Isan) sausages, pork balls, shredded pork, crispy pork, Chinese sausages, and others manufactured under the brands “S. Khonkaen”, “Moodee”, “Huaykaew”, “Baanphai”, “Moo Champ” and “Setthi” etc.

The development of the group of food products processed from meat in 2019 focused mostly on internal improvements of quality and efficiency as well as of new formulas that help enhance production quality and efficiency.

Main channels of distributions were still the modern trade channel, convenience stores, tourist markets and exportation, with the Company taking action as the direct distributor, whereas for the fresh food market (traditional trade) channel distributions were carried out by Mahachai Foods Co., Ltd., which is an affiliate.

The group of Thai native food products in 2019, such as, traditional Vietnamese sausages (classic flavor) and high quality Vietnamese sausages (coarse cut) and fermented sausages “Huay Kao” brand, which had received good feedback from consumers, was, in an overall picture, still growing continuously through the development of principal products and the expansion of the distribution channels.

As to cost and pricing, this group of products was a principal one affected by prices of raw material, i.e. pork, which had increased by more than 25 percent against those of the previous year. Despite a considerable increase in the cost, the Company was not able to adjust its prices accordingly because the national economic conditions were still in a slowdown time, the purchasing power of consumers decreased and the competition grew higher in terms of both direct competitors and indirect competitors with substitute products.

Industrial Situation and Competition in 2019

When compared with that of the previous year, the 2019 economy was still a continuing slowdown. Consumers lacked confidence and remained careful about spending. The purchasing power decreased. The Thai Baht currency appreciated. And the negative factors increased since a lot of small raisers of swine who lacked working capital had been missing from the system. This was because in 2017 - 2018 the swine prices had decreased a lot. Moreover, the spread of the ASF (African Swine Fever) disease in the neighboring countries adjoining Thailand, such as, China, Vietnam, Cambodia, Myanmar, Laos, etc., had led to the destruction of a large number of swine to prevent the spread of the ASF disease, thereby increasing the demand for swine of the neighboring countries where the fever was developing. Part of swine products had been exported to these countries because export prices were higher than domestic prices. As a result, the quantity of domestic swine had decreased, thereby resulting in a considerable increase in the pork pricing. And the production cost of the whole group of pork processing industries had been thereby affected.

Given market conditions and channels of distribution, the traditional trade channel was found to be one with a big market value, high competition, more importance attached to pricing than to quality, and a group of customers who would be more affected by economic conditions than other groups, whereas for the modern trade channel and convenience stores, which are important channels of distribution of the Company, there was still a market growth because this group of customers attached importance to quality, tastes, brands or confidence in manufacturers.

In 2019, the Company implemented a policy to maintain product standards and quality regarding tastes and developments under all product brands and attached importance to every target group of all ages that still had fairly high purchasing power via the modern trade channel and convenience stores. And it was found that the markets for products which are of high quality and respond to all aspects of consumers' requirement still tended to grow in an economic condition with a slowdown, even if the Company was affected by a cost rise as a consequence of external factors which were uncontrollable.

For the traditional trade channel, the Company presented "Setthi" brand products as an alternative for the group of customers having lower purchasing power but needing good quality. In this regard, the Company wanted to acquaint customers with, have them try, and familiarize them with the products without emphasizing price competition and quality reduction in any way.

In summary, the Company, with experience and leadership in the food processing business for over 35 years, still retained more than 50 percent of the market share.

The industry of native food processed from meat is regarded as a highly sustainable group. It is a group where leading manufacturers have attached somewhat great importance to quality and standards of production. This would produce good effects on market growths in a long term. However, an obstacle to the growth in this industry is a fairly small opportunity of export because regulations of various countries require reliance mainly on domestic markets and there remains a problem of awareness of consumers, such as, a negative attitude towards some kinds of product, for instance, Naem (fermented pork in banana leaf wrapping), which is considered to be raw and unsafe, but in fact it is a product of Thai native knowledge which is also full of useful nutrients.





2

Processed Seafood

Processed seafood is another core business of the Company, the sales turnover rank second subsequent to the Thai native foods. The products are processed by Mahachai Foods Company Limited (existing name : Mahachai Food Processing Company Limited), subsidiary and distributed the products through Traditional Trade and Modern Trade; and foreign markets via importers abroad. The main importer countries include the United States of America, countries in the European Community, the United Kingdom, Israel, Japan, Korea and Hong Kong.

The processed seafood comprises fish balls, shrimp balls and squid balls. The products are graded according to quality to penetrate upper and lower markets. At present, the processed seafood of Mahachai Foods Company Limited comprises both products manufactured under the Company's own brands and OEM products. The processed seafood of the Company is produced under the brands " Taechiew ", " Kwangchow ", " Kowloon ", " Mahachai ", " Odeng ", " Shanghai ", " Kaizen ", " Hong Kong ", " Taipei " and others OEM products.

In addition, chili pastes and dips are included in the seafood production line under the Company's brands " Thai Doem " and " Thai Niyom ".

Industrial Situation and Competition in 2019

Due to economic downturn and the continued Baht surge, it caused a decline in overall purchasing power of both domestic and foreign consumers. In addition, the cost of country's major raw materials is scarce and continuously increasing. Moreover the impact caused by measures in solving the illegal fishing problem prevented the increasing selling price due to the intensity of competition in the market from numerous manufacturers.

However, this year the Company can manage production cost by improve the production efficiency help the productivity, keep on marketing activities, therefore enable the Company to be more competitive in price, quality and cost.





The channels of distribution to which the Company attached importance this year include :

1. Traditional Trade

Traditional Trade i.e. sales boots in the wet markets, noodle shops, small food hawkers including pushed cart or trailer which all of them are small traders.

2. Modern Trade

The company distributed the goods through the channels of modern trade in supermarket sector, hyper market and convenience store i.e. Makro, Lotus, Big C, Tops, Family Mart and 7-Eleven. By using this mentioned channels, the suppliers can market its products nationwide.

3. Export Market

It is the way to export the products through the importers who will be responsible for the distributing the products through the retailer in each country, the main export markets are U.S.A., EU, United Kingdom, Isarel, Japan, Korea, Hong Kong, Republic of China and Australia.





3

Snacks Processed from Pork and Chicken

The distribution of the group of pork and chicken snack products, which is marketed under “Entrée” and “S. Khonkaen” brands and comprises roasted pork crisps, seasoned roasted pork and pork cracklings, is directly managed by the Company via the convenience store channel, whereas for the modern trade and traditional trade channels DKSH (Thailand) Co., Ltd. remains the sole distributor.

Industrial Situation and Competition in 2019

The group of snacks made from pork and chicken or those which are called “ meat snacks ” remained in a low proportion when compared to the size of the overall market of snacks (exclusive of the group of snacks processed from fish and squids or those which are called “ sea snacks ”). Even though the growth in an overall picture was pressed by a slowdown in the domestic economy, the meat snack group grew rapidly and many new manufacturers entered the market. However, the sales turnover of this group of products of the Company still grew continuously. Its market share could be maintained by releasing new products which responded in time to the needs of consumers who wanted novelty. In 2019, the Company launched a new product, “ Hot Chili Flavored Entree ”, which received good feedback from the group of consumers who liked meat snacks with strong and spicy tastes.

The industry of snacks made from pork and chicken had a high chance of market growth because of a tendency to grow of the group of customers who cared for health and began to avoid eating snacks made from flour or raw materials with high carbohydrate but still wanted to consume snacks that have delicious and enjoyable tastes by looking for some alternatives. Products in the meat snack group of the Company could meet all requirements of this group of customers.

A factor that obstructed the growth of the group of snacks made from pork and chicken was pricing because the per-unit cost of meat snack products is much higher than that of products made from flour. However, owing to consumers’ awareness, the consumers, thinking both kinds of products were probably the same, compared the meat snack product price with that of the group of products made from flour. The Company trusts that in the near future the consumers will gradually be aware of the difference when there are better and more marketing communications.

4

Ready-to-eat food items and Frozen food items.

In the past year, the company's policy is to change from contract manufacturing under the customer brand (OEM) to develop products under their own brands such as " S. Khonkaen " sticky rice with Crispy Flossy Pork with Fried Shallot that is mainly sold via convenience stores, and Yunnan pork leg through its own stores and Modern Trade and this will continuously expand to offer more alternative mean for consumers.

Industrial Situation and Competition in 2019

In the year 2019, the ready-to-eat and frozen food market has steadily grown due to improved economics and consumer behavior with emphasis on convenience, speed and willingness to try new things. Also the increased popularity of light rail has made commuters turn to consume ready-to-eat food items for its convenience and acceptable pricing.

Our ready-to-eat and frozen food items sold in convenience stores are in direct competition with the House Brand offered in those stores. In this market segment, the company is seen as a reliable supplier in manufacturing continuously.

For this product group, the company has a competitive advantage in terms of cost and quality. Due to the company's integrated capability with a complete supply chain from farm to factory, and advanced technology of the central kitchen with flexibility to speedily produce a large number of products, we hold a significant market edge. Most importantly, our experience in developing local food items through high standard industrial production processes is not at the expense of taste as delicious as newly cooked food.

The strategy for growth in this industry is to develop tasty products, scalable Industrial production, safety standards and reliable distribution, but the most important part is effective cost management offering products at an attractive price to more consumers.



5

Quick Service Restaurant

Quick Service Restaurant, the Company has operated chain restaurants selling papaya salad (Somtam) and roasted chicken under the brand “ Zaap Classic ” in the mode of company operate and franchising, totaling 12 outlets in 2019. In this year, the Company has introduced delivery service in the mode of call center and website of the company, and delivery to various platforms such as Lineman, Grab, Food Panda and some by company’s staff and also boxed food for outdoor catering including office outlet.

For stewed pork leg with rice branded “ Yunnan ”, there are totally 17 outlets in 2019 and the policy has been turned more to franchise system but still the main dish is pork leg base i.e. rice with pork leg and basil or the menu of pork leg and bun which is well response by consumer. In this year, the Company focus on efficiency management domestically.

Industrial Situation and Competition in 2019

Due to high competitiveness in the industry, the restaurant business has developed a growth rate of only 4 - 5%. Because many department stores engaged in a policy to increase restaurant service area from 20 -25% to 35 - 40% of the total area. As a result, the number of new operators opening stores in the same area almost doubling while the number of consumers and tourists is expected but instead not meeting the target due to the economic slowdown.

At the same time, the food delivery market has grown about 14% from last year and predicted that will have a market size of Baht 35,000 million in 2019. The company has strategically employed distribution channels to effectively reach consumers. Delivering food to consumers through Food Aggregator such as Lineman, Grab Food was done. Panda has delivered food by its own team through the Call Center or banqueting the group’s customers and seminars along with staff training in order to standardize and improve service performance thus to deliver products and service to meet customers’ needs.

6

Breeding Pig and Raised Pig Farm Business

S. Pasusat Co., Ltd. conducts the business of breeding pig and swine. At present, the Company mainly distributes raised pigs. The Company attaches utmost importance to the maintenance of product quality, that is, the quality of pig carcass, which contains low fat but much red meat, thereby meeting the requirements of consumers. Moreover, the Company has taken steps to improve the pig breeds regularly to ensure that it will be able to maintain the quality of pig carcass continuously.

The Company therefore attaches importance to the search for a way to reduce its cost continuously, such as, the use of an automatic feeding system to replace labor for the feeding of animals in pig raising facilities, because the lack of labor tends to grow higher and will affect the pig raising cost, which will rise significantly. In addition, the Company has focused more on quantitative productions, that is, the reproduction of more piglets per litter so as to enable the Company to manage its cost to an appropriate level and to make more profits in the interval of a rise in the raised pig price and at the same time there will be a smaller chance of loss when the raised pig price has decreased.

Furthermore, the pig farm business is deemed to be one that provides raw material security for the Company. In this regard, in 2019 the Company anticipated that the raised pig price would on average increase throughout the year. But there might be some intervals in which the price did not increase because pig raiser groups worried about a disease, that is, the African swine fever, and gradually sold pigs into markets in excess of the market demand. Therefore, this was the principal cause that prevented the pig prices from moving up significantly during the third quarter of Year 2019 that has passed.

However, the Company formulated measures to prevent diseases from entering the farms. One of the most important measures was the raising of the biosecurity level, for example, outside people who are not related are prohibited from entering the farm area. In addition, the Company has planned to increase its production capacity from 3,000 sows to 5,000 sows in 2020 and 2021.

Industrial Situation and Competition in 2019

The advantages that are regarded as strengths of “ S. Pasusat ” are:

- 1) **Location** : diseases to the farm. In addition, on the site where the farm is located, no pig farm is found to be situated within a 5-kilometre radius away from the S. Pasusat farm. This is deemed to be helpful, especially in terms of the African swine fever, which is able to cause as much as 100% damage to the farm.
- 2) It has **professional executives** who are skilled in the management and administration of the farm for cost efficiency and competitiveness.
- 3) S. Livestock **has selected the Danish breed of pig**, which is deemed to have a nice carcass, that is, it has low fat but has much red meat and is needed by the market. At present, pigs of “ S. Pasusat ” can be sold at a price higher than the market price or than the announced price by Baht 1-2 per kilogram.
- 4) For the reason in item 2) above, “ S. Pasusat ”, being able to **reduce a waste from animal epidemics**, has acquired a cost advantage.
- 5) “ S. Pasusat ” has succeeded in solving **pollution problems** by producing biogas from pig dung for the generation of electricity for use in the farm by itself. The charges for public utilities in the category of electricity are thereby reduced significantly.



Operating Results and Profitability

The Company's Revenue Structure and Products Group

Products Group	2019		2018		2017	
	Mill. Baht	%	Mill. Baht	%	Mill. Baht	%
1. Native Foods						
- Domestic	1,121.55	39.1	1,018.63	36.5	973.69	36.3
- Export	97.81	3.4	100.90	3.6	85.64	3.2
Total	1,219.36	42.5	1,119.53	40.1	1,059.33	39.5
2. Processed Seafood (Fish Balls)						
- Domestic	872.53	30.5	860.42	30.8	818.99	30.5
- Export	60.03	2.1	84.99	3.0	90.60	3.4
Total	932.56	32.6	945.41	33.8	909.59	33.9
3. Snack Processed from pork						
- Domestic	105.71	3.7	100.31	3.6	96.87	3.6
- Export	1.62	0.0	2.38	0.1	0.71	0.0
Total	107.33	3.7	102.69	3.7	97.58	3.6
4. RTH / RTE Frozen Foods						
- Domestic	185.69	6.5	193.05	6.9	185.96	7.0
- Export	0.34	0.0	3.36	0.1	5.89	0.2
Total	186.03	6.5	196.41	7.0	191.85	7.2
5. Quick Service Restaurant (QSR)	143.02	5.0	138.78	5.0	158.55	5.9
6. Swine Farm	248.68	8.7	206.01	7.4	194.94	7.3
Grand Total	2,836.98	99.0	2,708.83	97.0	2,611.84	97.4
Other Income	27.98	1.0	82.41	3.0	69.15	2.6
Total Revenue	2,864.96	100.0	2,791.24	100.0	2,680.99	100.0

Remarks In 2019 the financial reporting standard issue No. 15 was applied regarding revenue from contracts made with customers which is applicable to the financial statements for the accounting period beginning on or after 1 January 2019 onwards. The company has adjusted the revenue structure for the year 2018 and 2017 to be in compliance with the said financial reporting standards.

Customer Satisfaction Survey:

The company is only as good as customer satisfaction and it regards product feedback as strategically important in consumer competition. A survey is conducted annually in order to improve the service of the company based on evaluation of customer service satisfaction by questionnaires. The evaluation is for : convenience of contact, delivery system, product quality, complaints handling, and product / packaging labels. The resulting in satisfactory evaluations through distribution channels as follows.

Distribution Channel	2019	2018
1. Domestic	91.90%	86.47%
2. Export	80.93%	77.87%

In 2019 the company in general has received a higher satisfaction score than in 2018 validating that changes have increased customer satisfaction.



Marketing Policies

- The Company uses the **multi-brand strategies** to market its products in response to the needs of all groups of customers through every channel of distribution. All product brands of the Company are well known to consumers and the consumers have a somewhat high loyalty to the brands (brand loyalty). In addition, the multi-brand strategies result in the Company's efficiency in the distribution of products to various channels of distribution. Product prices and quality can be determined to be fit each market without impacts produced to each other.

- The Company attaches utmost importance to the **maintenance of product quality** in terms of food cleanliness, hygiene and taste by emphasizing on standard processes of production. Now the Company's factory located in the Samutsakhon Industrial Estate has been HACCP, GMP.

- To maintain the **price setter** status, the Company has made continued developments to its production system by means of automation, which tends to grow higher in future, and by focusing on quantitative production. Thus, it has enabled itself to maintain its cost of production to an appropriate level and to become a price setter enabling the company to be able to manage costs appropriately in order to be the price leader. With emphasis on pricing, the company must be fair in accordance with the quality and quantity of the product. Our goal is to have Thai consumers to consume good and reasonable-priced products.

- **Channels of Distribution**

The current channels of distribution of the Company comprise :

- (1) At present, the Company distributes mainly via these channels its products, especially native products and snacks, which represent approx. 80 percent :
- (2) **Business allies and retailers on fresh-food markets** (Traditional Trade) : another important channel of product distribution, especially for processed seafood, such as fish balls, fish/shrimp cakes, squid balls, fried fish bars, and in 2019 the Company distributed other groups of products more via this channel ;
- (3) **Distributors** : a channel elected by the Company for the distribution of snack products which require the high width and depth of market expansion and distributors will be well able to distribute the products via the general trade channel ;
- (4) **Hotels, restaurants, food shops and business groups providing food services** (Hotel, Restaurant and Catering - HoReCa): a new channel through which the Company starts distributing products directly to business operators, focusing on seafood, Thai native foods, etc.;
- (5) **Company restaurants named " Zaap Classic " and " Yunnan "** with a policy in expanding branches quickly through the franchise system of expected 50 branches by 2020, and improving the communication of the Zaap Classic shop to be different from other stores.
- (6) **Shops in main tourist attractions nationwide** : the Company focuses on groups of foreign tourists who buy its products as gifts, presents, etc.;
- (7) **E-commerce** : nowadays the Company has an online sales system via the Company's website and those of the Company's allies, such as Lineman, Food Panda, etc.: In the 3rd quarter of the year 2019, Zaap Classic has received the highest sales award from Grab by offering new affordably delicious products.
- (8) **Overseas distributors** : performing the duty to market and distribute products to retail outlets in each country, such as Hong Kong, People's Republic of China, United Kingdom and European Community (EC) countries, etc.

Production and Production Capacity

(A) S. Khonkaen Foods Public Company Limited has three factories :

- **Bangplee Factory** Located at 44/4 Village No. 13, Pracharat Uthit Road, Racha Thewa Sub-district, Bangplee District, Samut Prakan Province
The capacity of fresh traditional Thai products (Fermented sausages, Vietnamese sausages, Thai sausages and Pork balls) : 9,900 tons per year (As a result of adding new machines to make Vietnamese Sausages, so the capacity of producing of Vietnamese Sausages has been increased by 900 tons per year).
- **Nakhon Pathom Factory** Located at 114 Village No. 8, Phai Lin Chang Road, Bor Phlab Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province
The capacity of dried traditional products (Chinese sausages, Shredded pork and Crispy pork) :800 tons per year
- **Mahachai Factory** Located at 39/61 Village No. 2, Rama II Road, Samut Sakhon Industrial Estate, Bang Krajae Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province
The capacity of frozen foods : 2,700 tons per year



(B) Mahachai Foods Company Limited (Existing Name : Mahachai Food Processing Company Limited)

Factory located at 71/11 Village No. 6, Tha Sai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province

The capacity of processed seafood : 15,000 tons per year



(C) S. Pasusat Company Limited

Farm located at 44 Village No. 2, Phaya Yen Sub-district, Pak Chong District, Nakhon Ratchasima Province 30320

Producing parent stocks to further produce commercial pig for sales, but not producing parent stock for sales.

The capacity of fattening pig : 3,000 sows



Procurement of Products

The Company has a strict process to procure raw materials and select vendors. The Product Research and Development Department and the Quality Control Department will take steps to test the quality of raw materials to see to it that they conform to the requirements at all times before deciding to select and purchase the raw materials from the suppliers. And the Company has a policy to assess the vendors at least once a year to ensure that the quality of the raw materials from the suppliers is maintained in accordance with standards specified by the Company.

The Company monitors situations and manages challenges regarding fluctuating cost and prices of raw materials. In this regard, the purchasing has been centralized to increase the ability of strategic procurement and steps have been taken to make short-term (3-6 months) and long-term (more than 6 months) agreements to reduce the fluctuations in prices and quantities of goods and to ensure that it will remain able to procure raw materials of quality that meets standards in quantities sufficient for production subject to suitable pricing according to conditions and tendencies of pricing on the markets.

To develop or improve a new project, the Company attaches importance to the quality and standards of the construction work subject to the management of the budget in accordance with the investment plan and with maximum efficiency. To select a contractor, the Company considers the contractor's background and portfolio in terms of quality and standards of construction works, financial potential, records of responsibilities for works and new production procedures and technologies which help reduce the cost and shorten the period of the project construction.

Regarding the procedure for selecting a contracting company, the Company will have a tender for work submitted by not lower than 3 building contractors. The tender will be submitted in the form of a bid and costs of construction will be considered and compared so that the budget that has been set is not exceeded and are in accordance with the medium prices assessed by an independent consultant and that the construction period conforms to the plan of the Company. In addition, to consider the contractor's background and portfolio in various aspects as mentioned above, the Company has clear and transparent regulations relating to this matter.

Processed Seafood

The purchase of raw materials for the production of fish balls and processed seafood is an important process to control the cost of products. The Company considers and selects sources both inside and outside the country for raw materials which are of quality and meet standards at suitable prices and with quantities sufficient for continuous production. To this, futures contracts are entered into and plans laid down to buy seasonal materials in intervals of low pricing and the materials are then stored as a reserve for an interval of high pricing of raw materials. Data and records of raw material prices and future price tendencies are stored for the assessment of the quantities of the orders and the appropriate prices at each interval so that they are consistent with the sales and production plans.

Swine Farm

The raising of the biosecurity level by the Company has produced a supreme effect on the reproduction of pigs as well as the acquisition of semen of male breeders, that is, the Company has no policy to bring in from the outside (except only the territory of the Kingdom of Thailand) (male and female) breeders for use in the reproduction of pigs for distribution as raised swine but it will import semen of male breeders from Denmark instead. The principal cause of doing so is to prevent pathogens strictly from entering the farm. For female breeders, the Company has the policy to reproduce replacements for those in the group of female breeders themselves.

Environmental Impacts

The processes for processing products of the Company mainly use electrical energy and cooking gas. Both the electricity and cooking gas are clean energies, which do not pollute the environment. In addition, the Company has installed a system generating biomass power based on pig dung for its own use in the pig farm at Pak Chong District. Apart from reducing its cost of product, the Company participates in conserving energies and the environment by adhering to the principles of energy conservation by means of smart utilization of nature resources and environment in necessity and reasonable that will cause least possible harm to the environment. In addition, it includes a development of technical know-how to use a small volume of resources but facilitating a higher productivity and efficiency.

In addition, the Company has provided training on working environments and improved its premises and areas so that its employees stay in a good environment. It has also employed a private company which has been granted a lawful concession by the Sub-district Administrative Organization to remove garbage and refuse to be disposed of through a proper process. Water discharged from the factory has been treated by a wastewater treatment system and the wastewater quality has been controlled and examined so that it conforms to standards before being drained into a public canal.



Regarding swine farms, S. Pasusat Co., Ltd, focuses on pollution causing adverse effects on environment. A constant management of waste water has been conducted i.e. the occurring stench pollution is effectively handled by the use of pig manure to produce biogas generating electricity for farm use. For water pollution, the company has pumped the waste water to be used for flower and fruit trees in the farm, while effectively preventing the waste water from flowing into the land of the neighborhood villagers.



Significant Changes and Developments

In 2019, the Company's significant change in the business operations as follows:-

1. S. Khonkaen Foods Public Company Limited

Year 2019 was regarded as a year of improvements and developments in the information technology system of the Company. After making adjustments to its infrastructural systems into the Private Cloud in the previous year, this year the Company developed its data warehouse system for internal data management. The Business Intelligence Reporting (BI Report) was introduced to upgrade the use of data so that it would respond to requirements and rapid changes in terms of business, thereby resulting in marketing strategic decisions being made in a timely and rapid manner. Moreover, the Company managed internal data and documentation by applying the Document Management System (DMS) to reduce the hours of work.

In line with the original structure for sales and distribution of seafood processed products, MahachaiFoods Company Limited was a producer of processed seafood as well as a direct seller to the fresh market. For other markets, S.Khonkaen Foods Public Company Limited was the sole distributor. But after the board's restructuring, the two companies mutually agreed to revoke Mahachai Foods Company Limited to be both a producer and distributor for the domestic market. For the international market, S.Khonkaen Foods Public Company Limited acts as a distributor for exports to foreign countries due to its insignificant sales volume. Thus it will be eventually independent to be fully operational on its own.

2. Mahachai Foods Co., Ltd. (Subsidiary)

In 2019, the company took steps to manage and control its production cost continuously and to manage the cost of raw materials which tended to be lacking and to have a price rise, under pressure from the problem of Illegal Unreported and Unregulated Fishing (IUU), by increasing the raw material sources and adjusting product formulas so as to maintain its ability to compete in terms of quality, pricing and cost.

3. S. Pasusat Co., Ltd. (Subsidiary)

Regarding its pig farm business, the company attached more importance to biosecurity upgrades on a significant scale so as to enhance protective measures and reduce the risk of the spreading of the African swine fever (ASF). And an automatic feeding system replaced labor for a reduction in the cost and in the risk of a lack of labor.

แบบ ร.ร.ฟ.๒

ฉบับต่ออายุ
เลขที่ ๓๐๒๑ ๖๒ ๒๔๔

ในรับรองฉบับนี้ให้ไว้เพื่อแสดงว่า

ชื่อฟาร์ม บริษัท ส.ปศุสัตว์ จำกัด
ชื่อผู้ประกอบการ บริษัท ส.ปศุสัตว์ จำกัด
สถานที่ตั้งฟาร์ม ๔๔ ม.๒ ค.พญาเย็น อ.ปากช่อง จ.นครราชสีมา

ได้รับการรับรอง
เป็นฟาร์มปลอดการใช้สารเร่งเนื้อแดง
หรือสารกลุ่มเบต้าอะโกนิสต์ (β-agonists)

ออกให้ ณ วันที่ ๒๗ พฤศจิกายน พ.ศ. ๒๕๖๒
หมดอายุ ๒๗ พฤศจิกายน พ.ศ. ๒๕๖๓

ลงชื่อ นายทศวีร์ สมใจ
(ปลัดจังหวัด ปฏิบัติราชการแทน
ตำแหน่ง ผู้ว่าราชการจังหวัดนครราชสีมา)

ผู้รับใบอนุญาต
ห้ามมิให้ใช้สารเร่งเนื้อแดง หรือสารกลุ่มเบต้าอะโกนิสต์ในการเลี้ยงสัตว์

Risk Factors

1. Risk Regarding Raw Materials of the Processed Pork Business

The main raw materials used in the food production of more than 60 percent derive from chicken and pork meat, whose prices vary according to the season and the weather including epidemics in animals will severely affect the price. In the case of an epidemics in animals, the company has adopted a hygiene prevention method in addition to extracting carriers of germs, such as birds, flies, and strict hygienic measures. However, the factors beyond control are demand and supply, which the company has employed management methods, such as purchasing in season to store for use outside the season. As a result, this strategy can alleviate the cost problem to a certain extent.

2. Marketing Risk

2.1 Risk Regarding Reliance on the Modern Trade Channel of Distribution Modern Trade

This factor is simultaneously both a strong point and a risk of the Company because the development of products of the Company is based on universal standards which require high investments and administrative expenses. Therefore, the cost of products of the Company is, in terms of its structure, higher than that of the group of SME manufacturers. In the implementation of the sales policy with the use of the modern trade channel, the main group of customers is the group of people with purchasing power whose conduct involves the selection of quality products and standards of the channel itself, which require that only quality products be selected, have always resulted in continuous growths. Until now, the proportion of sales of the Company via the modern trade channel is more than 80 percent and this could lead to a risk regarding the removal of products from shelves by any cause whatsoever. Even though this risk is at a low level because the record of performance and long-standing trust of the Company towards modern trade suppliers is at an excellent level, the Company, without remaining calm, laid down an intermediate-level plan aiming at the expansion of the proportion

of sales from the group of channels outside department stores or one which is called “General Trade” as well as at the development of its own channel(s), such as QSR (Quick Service Restaurant), but nowadays the proportion remains low.

2.2 Risk Regarding an Economic Slowdown

In this item, impacts indicated might not be quite clear in 2019 but it was believed that the impacts would become clearer in 2020. It was expected that the purchasing power so decreasing would occur first to the group of lower markets, such as fresh food markets, general shops. The impacts would be produced on fighting brands of products of the Company because on this market customers use prices as an important factor to decide to buy. However, this risk factor remained at a low level for the Company because the proportion of products sold onto fresh food markets did not reach 1 percent and most products of the Company including those of fighting brands are still products for the group of customers with purchasing power. For a future plan, the Company is still determined to develop sales channels other than the modern trade channel but will attach importance mainly to markets with high purchasing power.

2.3 Risk Regarding the Knowledge of the Brand

It was found following a research that the level of knowledge of the S. Khonkaen brand in the group of consumers below 25 years of age was significantly lower than that in the older age group. This would result in a future risk because the younger age group, having grown up with purchasing power, may not be acquainted with the brand. As a result, sales opportunities may be lost and the marketing cost may become higher. But the level of this risk factor is still low because most S. Khonkaen products are for those who are older than 25 years of age. Moreover, the important marketing trend which is arising is that Thailand is becoming an elderly society completely next 30 years max and this society will remain an important market of products of the Company.

However, the Company has laid down long-term plans for both the issues, that is, the development of the group of snack products for the younger age group and the long-term plan for the development of products suitable for the older age group.

3. Risk in Processed Seafood Business

3.1 Risk Regarding the Procurement of Main Materials and Price Fluctuations

The main materials used comprise fish meat, surimi, vegetables and seasoning agents, which are raw materials with price fluctuations, and available quantities depend on demand and supply according to the quantity of products entering the markets and such products relate to the weather in each year. As a result, the Company may be required to procure materials at high prices but may not be able to change the sale prices of its products in accordance with the raw material prices which may increase or it may not be able to procure raw materials sufficient for distribution, thereby depriving itself of an opportunity to generate sales income. However, the Company has collected information about raw material prices which can be used for the analysis and forecast of tendencies in terms of quantities and prices, thereby enabling itself to estimate and assess quantities of raw materials to be used and to place purchase orders appropriately, whereas raw materials which fluctuate highly or require great quantities for use will be ordered by the Company during

the relevant seasons so that they are stored for future use. In addition, the Company has developed new products to utilize raw materials at good prices and of quality in compensation and the Purchasing Department has always taken steps to recruit new potential manufacturers and suppliers of products and raw materials.

3.2 Risk Regarding High Competition of the Industry Including Imitations

Current, the company is a market leader with more than 70% in Modern Trade, and claimed to be a manufacturer of high standard products but with a higher production cost than other general factories. Since the company's products are mainly sold in Modern Trade, pricing is therefore not an issue. Due to consumers' adherence and trust in the company's brand considering the price is appropriately worthwhile of quality and value for money. Based on the statistics, it is noted that how the economic fluctuation is, the company will not be affected. However, the significant market with popular cheap products is a price-oriented source. A price war is highly engaged to lower the price to level that is affordable to food buyers.

In summary, the company's trademark is currently strong current and is generally accepted by the target group customers. Due to the company's strength and its status to set the prices to be eventually followed and determined by the retailers.



4. Risk Regarding Pig Epidemics

Nowadays problems regarding the spread of disease in pigs arise quickly and new diseases are caused by all-time changes in the climate while there are still no medicines and preventive vaccines for some of them. As a result, pigs sustain heavy injury and business operators are thereby obliged to close their pig farming businesses in many areas.

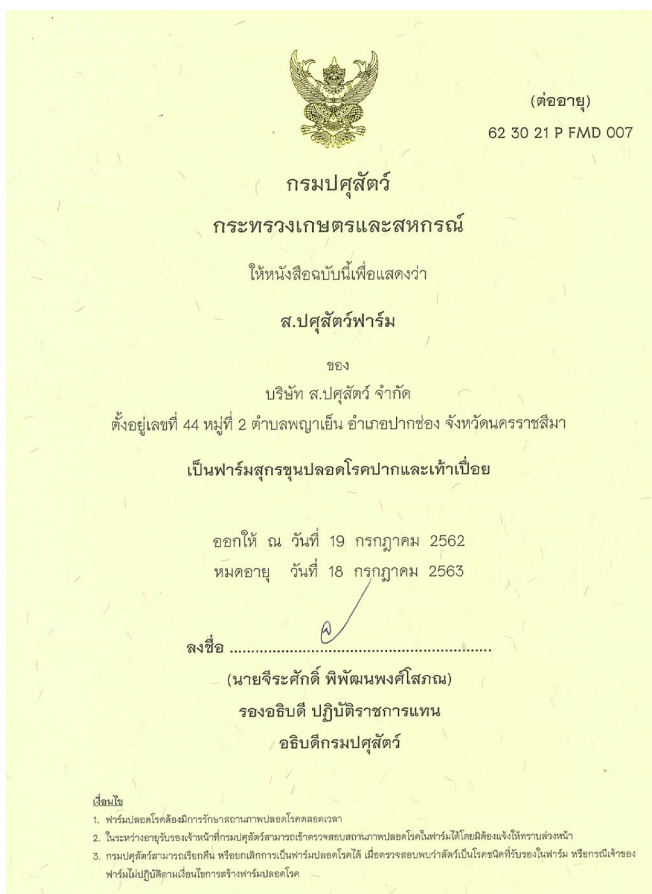
The pig diseases that still cannot be 100% vaccinated are:

1. The PRRS (Porcine Reproductive and Respiratory Syndrome), a disease which destroys the reproductive and respiratory systems of pigs;
2. The PCV2 (Porcine Circovirus Type 2), a disease which deteriorates the kidney and suppresses the immunity;
3. The FMD (Foot and Mouth Disease);
4. The ASF (African Swine Fever), a newly born disease which has started to spread into China and many further areas.

How to Prevent the Risk of Pig Epidemics

1. Make available a strict measure to restrict access to the farm. Spray antiseptic solutions onto every car.
2. Individuals from the outside are strictly prohibited from entering the farm.
3. To make an inspection or work in the farm, all employees must at all times take a bath and change clothes.
4. The raising of each kind of pig should be zoned, such as the delivery sty, care sty, feeding sty, sales sty, etc.

The S. Pasusat farm is deemed to have advantages because it is located in a zone that betters other farms in terms of the prevention of diseases as the environment is fit for livestock farming. In addition, the farm has made available strict management and administration. All employees and third persons must comply strictly with the farm's rules of entrance and exit. Measures to prevent and solve problems quickly and efficiently are also made available. One could be assured that the risk resulting from pig epidemics could be well controlled.



5. Risk Regarding Corruption

The Company carries on the business of producing and distributing processed food products both domestically and internationally, with processing factories located in Samut Prakan, Nakhon Pathom and Samut Sakhon Provinces, and the business of food shops in the category of Quick Service Restaurant. It is required to communicate with both local and foreign government agencies and such communication may therefore result in a risk regarding corruption, such as facilitation payment, payment of moneys to or calls for moneys by government officials in some cases where the Company is required to communicate with them, etc., or a risk that may result from dishonest acts relating to cash, property, purchases or procurement, payment of salaries or foreign labor fees, revenues, expenditures, and data and information systems.

Therefore, the Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of business and corruption and has made available an efficient and effective system of internal control and audit, and it has also prepared a policy on anti-corruption in all activities and communicated it to the Board of Directors, management, employees, and both internal and external stakeholders so that it serves as guidelines for common practice in the fair and transparent conduct of business.

The company has reviewed the anti-corruption policy making the content to be always in line with the best practice framework. That includes reviewing risk information and adopting risk management measures in every aspect of the organization to be consistent and appropriate to the context that may possibly vary in each year. In addition, examination of the above policy in compliance with the anti-corruption policy and the risk management measures is also efficiently implemented.

In 2017, the Company was certified by the Private Sector Collective Action Coalition Committee in Anti-Corruption (CAC) as a member of United Front Action Program which shows commitment and determination to fight against all forms of corruption. And the company has submitted a self-assessment form regarding anti-corruption measures together with supporting documents to the Thai Institute of Director (IOD) for consideration of renewal of certificate (Recertification) in the year 2019 with approval by the audit committee and Corporate Governance and the Board of Director meeting. This is to confirm the determination to fight against corruption continuously. A review of the effective control system and anti-corruption measures to cope with a prevention and control the risk of corruption is also practically implemented.

6. Risk from the Majority Shareholder's Ability to Control Resolutions of Meetings of Shareholders and Have the Power to Manage the Company

The shareholding of the Rujirasopon family, majority shareholder of the Company, which represents 55.05 percent of the issued and paid-up capital of the Company, has resulted in the Rujirasopon family becoming able to have the power to manage the Company and appoint agents directors of the Company as well as to gather up majority votes on resolutions of a meeting of shareholders on various matters that require a majority of the votes of the shareholders present and entitled to vote. However, the Rujirasopon family has no right to vote on a resolution in which they have interests. And for the transparency, accountability and balance of the management and conduct of business, the Company has appointed third persons as independent directors and members of the Audit and Corporate Governance Committee to engage in supervisory activities and for the sake of authority balancing besides to assist to verify and comment related to the subject to be further presented to the shareholders' meeting. Therefore, the Company is confident to ascertain the shareholders and the related stakeholders that both parties will be equally and fairly treated.

Award of Pride

Award Won in 2019 :

1. Award for “ Excellent - Good Corporate Governance of Thai Listed Companies”, 5 Stars for 2019.

In 2019, S. Khonkaen Foods Public Company Limited received the award of “ Good Corporate Governance of the Listed Companies (CGR) ”, Excellent, 5 Stars Rating from the Thai Institute of Directors (IOD) which has been initiated by the Stock Exchange of Thailand as a result of a survey conducted by the Corporate Governance Project from a total of 677 registered companies based on data from public listed companies and the information provided general investors.



2. Zabb Classic Shop received 2 Outstanding Awards:

- Best-Selling Esan Food is GrabFood xStarvingtime's best selling Esan food at the Mega Sale Festival, 17 May - 2 June 2019.



- Q3 Top Sales - Chain Restaurant is the Store of Grab Top Application Grab Food's campaign of GrabFood Xclusive's GrabFood Delivery Application during June - September 2019.



3. Gold Level Award “ Safety, Occupational Health and Working Environment Management and the Establishment ”

The company's factory in Bangphli district, Samutprakarn province participated with the Department of Labor Protection and Welfare review to receive the Gold Level Award ranked 24th out of 217 participating factories.

General Information and Other Information

(1) S. Khonkaen Foods Public Company Limited

Head Office Address	:	No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Manufacturer and distributor of meat processed.
Registration No.	:	0107537001811
Telephone	:	(02) 339 - 3999
Fax	:	(02) 339 - 3990
Website	:	http://www.sorkon.co.th
E-mail	:	president@sorkon.co.th
Registered Capital	:	Baht 323,400,000, fully paid-up divided into 32,340,000 shares
Issuance	:	32,340,000 shares

(2) Subsidiaries or Affiliated Companies with more than 10% shareholdings of the total shares

2.1 S. Pasusat Company Limited

Head Office Address	:	No. 44 Village No. 2, Phaya Yen Sub-district, Pak Chong District, Nakhon Rajsima Province 30320
Type of Business	:	Swine farm
Telephone	:	(02) 339 - 3999
Fax	:	(02) 339 - 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 45,000,000, fully paid-up
Total Share	:	4,500,000 shares
% of Shareholding	:	100%

2.2 S. Khonkaen Foods (Netherlands) B.V.

Head Office Address	:	Bolderweg 45, 1332 BA Almere, The Netherlands
Type of Business	:	Distributor of the Company's traditional Thai foods products in EU
Telephone	:	+310 616485383
Type of Share	:	Ordinary share
Registered Capital	:	EUR 100 (approx. Baht 4,268), fully paid-up
% of Shareholding	:	100%

2.3 3D Food and Beverage Company Limited

Head Office Address	:	No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Food and beverage services for restaurants, food shops and food and beverage delivery.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 10,000,000, fully paid-up
Total Share	:	100,000 shares
% of Shareholding	:	99.99%

2.4 S.Training Center Company Limited

Head Office Address	:	Head Office Address : 2 nd Floor, No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Provide training for S. Khonkaen Foods group of companies' and outsider.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 1,000,000 with 50% paid-up or Baht 500,000 (Baht five hundred thousand)
Total Share	:	10,000 shares
% of Shareholding	:	99.96%

2.5 Mahachai Foods Company Limited

Head Office Address	:	No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Manufacturer and distributor of processed seafood i.e. fish balls, shrimp balls, chilli pastes, dips.
Telephone	:	(02) 339 - 3999
Fax	:	(02) 339 - 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 85,000,000, fully paid-up
Total Share	:	17,000,000 shares
% of Shareholding	:	99.33%

2.6 S.K.K. Food Company Limited

Head Office Address	:	1 st Floor, No. 259/17 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Presently, the operation has been ceased.
Telephone	:	(02) 339 - 3999
Fax	:	(02) 339 - 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 120,000,000, fully paid-up
Total Share	:	24,000,000 shares
% of Shareholding	:	99.68%

2.7 Thai Home Food (Bangkok) Company Limited

Head Office Address	:	No. 257/5 Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	In the process of liquidation in order to ceased the operation.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 10,000,000 with 50% paid-up or Baht 5,000,000 (Baht five million)
Total Share	:	100,000 shares
% of Shareholding	:	79.99%

(3) Other References

3.1 Securities Registrar

Name	:	Thailand Securities Depository Company Limited
Address	:	No. 93 Rachadapisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok Metropolis 10400
Telephone	:	(02) 009 – 9999
Fax	:	(02) 009 – 9991

3.2 Auditor

3.2.1 Name	:	EY Office Limited
Address	:	33 rd Floor, Lake Rajada Office Complex No. 193/136 - 137 Rajadapisek Road, Klongtoey, Bangkok Metropolis 10110
Telephone	:	(02) 264 – 9090
Fax	:	(02) 264 – 0789
Auditors	:	Auditor of S.Khonkaen Foods Public Company Limited
		1. Mr. Sophon Permsirivallop (CPA No. 3182) and / or
		2. Miss Rungnapa Lertsuwankul (CPA No. 3516) and / or
		3. Miss Pimjai Manitkajohnkit (CPA No. 4521) and / or
		4. Mr. Chayapol Suppasdtanon (CPA No. 3972) and / or
		5. Ms. Rosaporn Decharkom (CPA No. 5659) and / or
		6. Ms. Sumana Punpongsanon (CPA No. 5872)

3.2.2 Name : EY Office Limited

Address : 33rd Floor, Lake Rajada Office Complex
No. 193/136 - 137 Rajadapisek Road, Klongtoey,
Bangkok Metropolis 10110

Telephone : (02) 264 – 9090

Fax : (02) 264 – 0789

Auditors : Auditors of 1) Mahachai Foods Company Limited
2) S.K.K. Food Company Limited
3) S. Pasusat Company Limited
4) 3D Food and Beverage Company Limited

1. Mr. Sophon Permsirivallop (CPA No. 3182) and / or
2. Miss Runghana Lertsuwankul (CPA No. 3516) and / or
3. Miss Pimjai Manitkajohnkit (CPA No. 4521) and / or
4. Mr. Chayapol Suppasdtanon (CPA No. 3972) and / or
5. Ms. Rosaporn Decharkom (CPA No. 5659) and / or
6. Ms. Sumana Punpongsanon (CPA No. 5872)

3.2.3 Name : Miss Wipornrat Triwatcharanont (CPA No. 10920)
Auditor of S.Training Center Company Limited

Address : No. 997/2 Piboon-upatam Alley, Suthisarn Road, Huay Kwang Sub-district,
Huay Kwang District, Bangkok Metropolis 10310

Telephone : (086) 419 – 5900

Email : Faipancy@gmail.com

3.2.4 Name : Pawaporn Accounting Company Limited

Address : No. 95/221 Orn-nuch 17 Sub 18 Alley, Suanluang Sub-district,
Suanluang District, Bangkok Metropolis 10250

Telephone : (02) 372-7178, (081) 629 - 1897

Fax : (02) 372-7178

Auditors : Mr. Thavee Charnwaiwith CPA No. 2015
Auditor of Thai Home Food (Bangkok) Company Limited

3.3 Tax Consultant

- None -

3.4 Legal Advisor

- None -

Top Ten Shareholders

A. Top ten shareholders as of 30th December 2019.

No.	Name of Shareholders	No. of Shares Held (Share)	% of Shareholding
1.	Dr. Charoen Rujirasopon	9,898,186	30.61
2.	Mrs. Niramon Rujirasopon	4,507,955	13.94
3.	Mr. Ayuth Charnsethikul	1,957,365	6.05
4.	KBL European Private Bankers S.A.	1,389,657	4.30
5.	Miss Orapan Assamongkol	1,258,566	3.89
6.	Mr. Jarunpoj Rujirasopon	1,142,258	3.53
7.	Mr. Jaraspon Rujirasopon	1,133,358	3.50
8.	Mr. Songkiat Rujirasopon	1,121,266	3.47
9.	Mr. Thanathip Pichetwanich-choke	1,097,008	3.39
10.	Denalee Prestige Asset Management Co., Ltd., shares held for Mr. Sathit Withayakorn	801,030	2.48

Note : Information from Thailand Securities Depository Company Limited

B. Group of Major Shareholders as of 30th December 2019

Group of Major Shareholders	No. of Shares Held (Share)	% of Shareholding
1. “ Rujirasopon ” Family	17,803,023	55.05%
- Dr. Charoen Rujirasopon	9,898,186	30.61%
- Mrs. Niramorn Rujirasopon	4,507,955	13.94%
- Mr. Jarunpoj Rujirasopon	1,142,258	3.53%
- Mr. Jaraspon Rujirasopon	1,133,358	3.50%
- Mr. Songkiat Rujirasopon	1,121,266	3.47%
2. “ Pichetwanich-choke ” Family	2,462,874	7.62%
- Mr. Thanathip Pichetwanich-choke	1,097,008	3.39%
- Mr. Suwit Pichetwanich-choke	709,466	2.19%
- Miss Winthanee Pichetwanich-choke	547,800	1.69%
- Mrs. Wipaporn Pichetwanich-choke	108,600	0.34%
3. “ Charnsethikul ” Family	2,202,897	6.81%
- Mr. Ayuth Charnsethikul	1,957,365	6.05%
- Mrs. Pimpawal Charnsethikul	240,066	0.74%
- Mr. Rathawitch Charnsethikul	2,800	0.01%
- Mr. Ayuth Charnsethikul for Ms. Pichsinee Charnsethikul	2,666	0.01%
4. KBL EUROPEAN PRIVATE BANKERS S.A.	1,389,657	4.30%
5. Miss Orapan Assamongkol	1,258,566	3.89%
6. Group of “ Denalee Prestige Asset Management Co., Ltd. ”	1,044,989	3.23%
- Denalee Prestige Asset Management Co., Ltd., shares held for Mr. Sathit Withayakorn	801,030	2.48%
- Denalee Prestige Asset Management Co., Ltd., shares held for Miss Pikulkaew Krairuek	243,959	0.75%
7. “ Ussanajit ” Family	770,500	2.38%
- Mrs. Chatporn Ussanajit	400,300	1.24%
- Mr. Wuth Ussanajit	370,200	1.14%
8. Mrs. Arunee Mahathorn	366,000	1.13%
9. “ Kanokpreechawut ” Family	629,290	1.95%
- Mr. Ruengkitt Kanokpreechawut	597,514	1.85%
- Mrs. Sukarnda Kanokpreechawut	18,000	0.06%
- Mrs. Wilaisiri Kanokpreechawut	12,776	0.04%
- Mr. Thanasit Kanokpreechawut	1,000	0.003%
10. Thai N V D R Company Limited	541,933	1.68%
Total	28,469,729	88.03%

Shareholding of Directors of S.Khonkaen Foods Public Company Limited on 2018 - 2019

No.	Name of Director	No. of Shares Held		No. of Shares	Remarks
		28/12/2018	30/12/2019	Increase (Decrease)	
1	Dr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom Rujirasopon	4,507,955	4,507,955	-	-
	Spouse	9,898,186	9,898,186	-	Mr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	1,142,258	-	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jarasopon Rujirasopon	1,133,358	1,133,358	-	-
	Spouse and Minor Children	-	-	-	-
5	Miss Panchama Vipamas	11,375	11,375	-	-
	Spouse and Minor Children	-	-	-	-
6	Mr. Worapon Lopansri	8,000	8,000	-	-
	Spouse and Minor Children	-	-	-	-

Shareholding of Executives of S.Khonkaen Foods Public Company Limited on 2018 - 2019

No.	Name of Director	No. of Shares Held		No. of Shares	Remarks
		28/12/2018	30/12/2019	Increase (Decrease)	
1	Dr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom Rujirasopon	4,507,955	4,507,955	-	-
	Spouse	9,898,186	9,898,186	-	Mr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	1,142,258	-	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jarasopon Rujirasopon	1,133,358	1,133,358	-	-
	Spouse and Minor Children	-	-	-	-
5	Mr. Thanakrit Rujirasopon	-	-	-	-
	Spouse and Minor Children	-	-	-	-
6	Miss Ketsukol Meekhouad	-	-	-	-
	Spouse and Minor Children	-	-	-	-

Remark : Ms. Ketsukol Meekhouad was held Acting Accounting & Finance Director since 1st July, 2019.

Dividends Payment Policy

1. S. Khonkaen Foods Public Company Limited

Dividend Payment Policy : Not less than 50 percent of the net profit after income tax, unless there is a cause of necessity.

2. 7 Subsidiaries are :

- (1) S. Pasusat Company Limited
- (2) S.K.K. Food Company Limited
- (3) Mahachai Foods Company Limited
- (4) Thai Home Food (Bangkok) Company Limited
- (5) S. Training Center Company Limited
- (6) 3D Food and Beverage Company Limited
- (7) S.Khonkaen Foods (Netherlands) B.V.

Payment of dividend is subject to business profits and also availability of Company's cash flow.

Table Shown Dividend Paid in the Past 5 Years

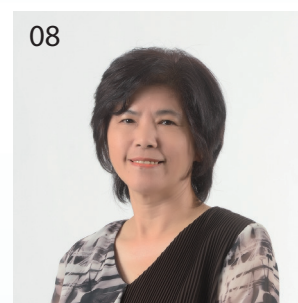
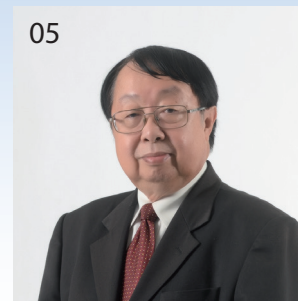
S. Khonkaen Foods Public Company Limited	Paid in Year				
	2019	2018	2017	2016	2015
Net profit per share (Baht / Share)	4.20	3.89	3.33	3.93	1.78
Dividend per share (Baht / Share)	2.50	2.20	2.75	2.75	2.75
Dividend per net profit (%)	59.5	56.5	82.6	70.0	154.5

Remark : 1. The separate financial statements.

2. Dividend to be paid based on the previous operation results which approved by the annual general meeting of shareholders.



The Company's Board of Directors



01 Dr. Thanong Bidaya
Chairman of the Board of Directors
and Independent Director

02 Dr. Charoen Rujirasopon
Director and
Chairman of Executive Committee

03 Mr. Prasarn Marukpitak
Audit and Corporate Governance
Committee Member and Independent Director

04 Mr. Worapon Lopansri
Chairman of the Audit and Corporate
Governance Committee and Independent Director

05 Mr. Chusak Vijakkhana
Audit and Corporate Governance
Committee Member and Independent Director

06 Miss Panjama Vipamas
Director and Independent Director

07 Mrs. Niramon Rujirasopon
Executive Director

08 Mrs. Sirilak Chaiwattanapa
Executive Director

09 Mr. Charoenphan Phantumongkol
Director and Independent Director

10 Mr. Jaraspon Rujirasopon
Executive Director

11 Mr. Jarunpoj Rujirasopon
Executive Director

12 Mr. Thanakrit Rujirasopon
Executive Director

Managerial Structure

The Board of Directors is well aware of the benefit of Board diversity and deems it an important factor to enhance the Board of Directors' efficiency in making decisions and working.

However, such diversity includes not only sex but also age, educational backgrounds, professional experience, skills and knowledge. The recruitment and appointment of directors of the Company are therefore based on their knowledge and ability and on selection criteria supported by the benefit of their diversity.

1. The management structure of the Company comprises a Board of Directors and 4 Committees.

1.1 The Board of Directors

As of 31st December 2019, the Company's Directors consisted of 12 Directors as follows:-

Name	Position
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director
2. Dr. Charoen Rujirasopon	Director and Chairman of Executive Committee
3. Mr. Worapon Lopansri	Director and Independent Director
4. Mr. Prasarn Marukpitak	Director and Independent Director
5. Mr. Chusak Vijakkhana	Director and Independent Director
6. Mr. Charoenphan Phantumongkol	Director and Independent Director
7. Miss Panchama Vipamas	Director and Independent Director
8. Mrs. Niramon Rujirasopon	Director
9. Mr. Jaraspon Rujirasopon	Director
10. Mr. Jarunpoj Rujirasopon	Director
11. Mr. Thanakrit Rujirasopon	Director
12. Mrs. Siriluck Chaiwattanaprapa	Director

Authority of Directors

" Mr. Charoen Rujirasopon co-signs his name with Mrs. Niramon Rujirasopon and affixes the seal of the Company; or either Mr. Charoen Rujirasopon or Mrs. Niramon Rujirasopon co-signs his / her name with another director, namely, Mr. Jaraspon Rujirasopon or Mr. Thanakrit Rujirasopon or Mr. Jarunpoj Rujirasopon, thereby constituting two signatures and affixes the seal of the Company."

Approval Authority of the Company's Board of Directors

The authority of the Board of Directors will be authorized to approve

- objectives related to the company's business.
- under the scopes given by law and accordance to the company's Articles of Association and the shareholders' resolutions

An approval framework has been clearly defined for the Board and the executive various matters including human resources administration, finance, accounting etc.

Meetings of Board of Directors of the Company

The Company's Board of Directors as a schedule for at least 6 meetings a year and for such special meeting as required. In 2019, six meetings in total were held, the directors present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	6/6
2. Dr. Charoen Rujirasopon	Director and Chairman of Executive Committee	6/6
3. Mr. Worapon Lopansri	Director and Independent Director	6/6
4. Mr. Prasarn Marukpitak	Director and Independent Director	6/6
5. Mr. Chusak Vijakhana	Director and Independent Director	6/6
6. Mr. Charoenphan Phantumongkol	Director and Independent Director	6/6
7. Miss Panchama Vipamas	Director and Independent Director	6/6
8. Mrs. Niramom Rujirasopon	Director	5/6
9. Mr. Jaraspon Rujirasopon	Director	6/6
10. Mr. Jarunpoj Rujirasopon	Director	6/6
11. Mr. Thanakrit Rujirasopon	Director	6/6
12. Mrs. Siriluck Chaiwattanaprapa	Director	6/6

The Company Secretary is also present at each Board of Directors meeting. She takes minutes of the meeting and submits them for adoption to the subsequent meeting and also files information or documents related to meetings.

Independent Directors

As of 31st December 2019, the Company's Independent Directors consisted of 6 Directors as follows:-

1. Dr. Thanong Bidaya
2. Mr. Worapon Lopansri
3. Mr. Prasarn Marukpitak
4. Mr. Chusak Vijakhana
5. Mr. Charoenphan Phantumongkol
6. Miss Panchama Vipamas

Meetings of Independent Directors

In 2019, Independent Directors held 1 meeting in total. The directors present at the meetings were as follows:-

Name	Position
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director
2. Mr. Worapon Lopansri	Independent Director
3. Mr. Prasarn Marukpitak	Independent Director
4. Mr. Chusak Vijakhana	Independent Director
5. Mr. Charoenphan Phantumongkol	Independent Director
6. Miss Panchama Vipamas	Independent Director

Committees

1) Audit and Corporate Governance Committee

Audit and Corporate Governance Committee consisted of 3 Directors as follows:-

- | | |
|---------------------------|--|
| 1. Mr. Worapon Lopansri | Chairman of the Audit and Corporate Governance Committee |
| 2. Mr. Prasarn Marukpitak | Audit and Corporate Governance Committee Member |
| 3. Mr. Chusak Vijakkhana | Audit and Corporate Governance Committee Member |

(Ms. Supaporn Khamsai as the secretary of the Audit and Corporate Governance Committee)

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee, has had knowledge and experience in accounting, finance and audit for 33 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2019.

The Audit and Corporate Governance Committee had 4 meetings in total with management, the internal audit unit and the auditor in 2019 to deliver a progress report on the performance of its duty and make recommendations to the Board of Directors on subjects it deems reasonable regularly on a quarterly basis. The committee member present at the meeting were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Mr. Worapon Lopansri	Chairman of the Audit and Corporate Governance Committee	4/4
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee Member	4/4
3. Mr. Chusak Vijakkhana	Audit and Corporate Governance Committee Member	3/4

2) Recruitment and Compensation on Remuneration Committee

Recruitment and Compensation on Remuneration Committee consisted of 3 Directors; the Chairman and 1 of the committee member was independent director as follows:-

- | | |
|----------------------------------|--|
| 1. Mr. Charoenphan Phantumongkol | Chairman of the Recruitment and Compensation on
Remuneration Committee and Independent Director |
| 2. Mr. Chusak Vijakkhana | Recruitment and Compensation on Remuneration
Sub-committee Member and Independent Director |
| 3. Dr. Charoen Rujirasopon | Recruitment and Compensation on Remuneration
Sub-committee Member |

Miss Kalvarat Vithitamataya as the secretary of the Recruitment and Compensation on Remuneration Committee

In 2019, the Recruitment and Compensation on Remuneration Committee held 1 meeting in total.
All the committee attended the said meeting.

3) Risk Management Committee

The Risk Management Committee consisted of company's directors and the high-level executives as follows;

- | | |
|------------------------------------|---|
| 1. Mr. Jarunpoj Rujirasopon | Chairman of the Risk Management Committee |
| 2. Mr. Chusak Vijakkhana | Risk Management Sub-committee Member |
| 3. Mr. Thanakrit Rujirasopon | Risk Management Sub-committee Member |
| 4. Mr. Jaraspon Rujirasopon | Risk Management Sub-committee Member |
| 5. Mrs. Narinthorn Assawapanyawong | Risk Management Sub-committee Member |

Mr. Sompak Kiratipongwuthi as the secretary of Risk Management Committee

In 2019, the Risk Management Committee held 1 meetings in total. All the committee attended the said meeting.

4) The Executive Committee

The Executive Committee and the executive of the company consisted of 5 Directors and Executive & 1 Executive committee and 1 Executives, 7 in total as follows :-

- | | |
|-----------------------------------|--|
| 1. Dr. Charoen Rujirasopon | Chairman of Executive Committee and Chief Executive Officer |
| 2. Mrs. Niramorn Rujirasopon | Executive Committee and Deputy Chief Executive Officer |
| 3. Mr. Jarunpoj Rujirasopon | Executive Committee and
- Chief Executive (Support)
- Acting Chief Executive (Marketing and Sales)
- Acting Chief Executive Operation (Supply Chain)
- Acting Chief Executive Operation (Production) |
| 4. Mr. Jaraspon Rujirasopon | Executive Committee and Chief Executive (QSR) |
| 5. Mr. Thanakrit Rujirasopon | Executive Committee and
Chief Executive Operation (Foreign Affairs) |
| 6. Mrs. Siriluck Chaiwattanaprapa | Executive Committee |
| 7. Mrs. Ketsukol Meekhouad | Acting Accounting & Finance Director |

Evaluation of the Board of Directors' Performance

The Board of Directors shall evaluate its own performance as individual and quorum on an annual basis in order to assess and improve the directors' own fiduciary duties and their compliance with corporate governance policy and good practice. The process is as follow :

- 1) The Recruitment and Compensation on Remuneration Committee reviews the evaluation form to ensure that it is correct and complete and is in accordance with the criteria stipulated by the Audit and Corporate Governance Committee;
- 2) The Board Secretary will propose the form to directors every year, then gather and report summarizes the result of the evaluation of the efficiency in the Board's performance for consideration.

1. Self - evaluation of the Board of Directors :

1.1 Self - evaluation of the Board of Directors performance as a whole, divided into 6 headings, that are

- 1.1.1 Structure and Qualifications of the Board
- 1.1.2 Roles, Duties and Responsibilities of the Board
- 1.1.3 Board's Meetings
- 1.1.4 Performance of the Board's function
- 1.1.5 Relationship with Management
- 1.1.6 Self-development of Directors and Development of Executives

The average score resulting from the performance evaluation of the Board of Directors' performance as a whole in 2019 is average 91.18%.

1.2 Self - evaluation of performance of the Board's Members individually, divided into 3 headings, that are

- 1.2.1 Structure and Qualifications of the Board
- 1.2.2 Board Meetings
- 1.2.3 Roles, Duties and Responsibilities of the Board

The average score resulting from the performance evaluation of the Board's Member individually in 2019 is average 90.72%

2. Self-evaluation of performance of each Sub-committee

2.1. Self-evaluation of performance of each Sub-committee as a whole, divided into 3 headings, that are :

- 2.1.1 Structure and Qualifications of the Board Committee, which are appropriate and yield satisfactory result.
- 2.1.2 Committee Meetings, at which the following business was transacted so that the Committee performed its duties efficiently at the meetings.
- 2.1.3 Roles, Duties and Responsibilities, to which the Committee attached importance and which The Committee spent time to consider, review and implement sufficiently.

The average score resulting from the performance evaluation of each Sub-committee in 2019 are as follows :-

	Average Percentage
1) Audit and Corporate Governance Committee	96.00
2) Recruitment and Compensation on Remuneration Committee	89.91
3) Risk Management Committee	86.25

2.2. Self-evaluation of performance of each Sub-committee individually, divided into 3 headings, that are :

- 2.2.1 Structure and Qualifications of the Board
- 2.2.2 Board Meetings
- 2.2.3 Roles, Duties and Responsibilities of the Board

The average score resulting from the performance evaluation of each Sub-committee individually in 2019 are as follows :-

	Average Percentage
1) Audit and Corporate Governance Committee	96.50
2) Recruitment and Compensation on Remuneration Committee	93.33
3) Risk Management Committee	87.25

3. Evaluation of Performance of the Chief Executive Officer (CEO), divided into 10 headings, that is:

1. Leadership
2. Division of Strategies
3. Compliance with Strategies
4. Planning and Result of Financial Performance
5. Relationship with the Board of Directors
6. Relationship with the outsiders
7. Business Management and Relationship with staff
8. Position Succession
9. Knowledge of Products and Services
10. Personal Characteristic

The average score resulting from the performance evaluation of the Chief Executive Officer (CEO) in 2019 is average 97.30%

Company Secretary

Miss Kalvarat Vithitamataya, retaining the position of Company Secretary, has such duties as entrusted by the Board of Directors as follows:

- (1) Take responsibilities in providing advices to the Board and executives regarding the applicable laws and regulations that the Board must recognize and act upon, the corporate governance policies.
- (2) To organize Board of Directors' meetings and shareholders' meetings;
- (3) To prepare and file such documents as required by the pertinent laws;
- (4) To perform other matters assigned by the Board of Directors

Company Director's Attendance at Training Courses of the Thai Institute of Directors

The following directors attended seminars and training courses of the Thai Institute of Directors :

Name	Position	Course
1. Dr. Thanong Bidaya	- Chairman of the Board of Directors - Independent Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 25/2004
2. Dr. Charoen Rujirasopon	- Director - Chairman of Executive Committee - Chief Executive Officer	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 6/2003
3. Mr. Worapon Lopansri	- Director - Independent Director - Chairman of the Audit and Corporate Governance Committee	DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 167/2012
		AUDIT COMMITTEE PROGRAM (ACP) 45-2013
		" Enhancing Growth through Governance in Family - Controlled Business " on 26 th May 2016
		Audit Committee Forum 2016 " New Auditor's Report; What is it for you? " on 29 th June 2016
		" Managing Technology and Disruption " on 15 th September 2016
		AC Forum 2017; The Audit Committee's Role in Compliance and Ethical Culture Oversight on 5 th October 2017
		Update COSO Enterprise Risk Management : Integrating with Strategy and Performance on 5 th October 2017
		Audit Committee Forum, Learn, unlearn and relearn - Audit Committee in the age of disruption on 12 th November, 2018
		IA Day " Connecting the world " on 13 th December 2018

Name	Position	Course
4. Mr. Prasarn Marukpitak	- Director - Independent Director - Audit and Corporate Governance Committee Member	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 29/2004
		DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 84/2007
5. Mr. Chusak Vijakhana	- Director - Independent Director - Audit and Corporate Governance Committee Member	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 43/2005
6. Mr. Charoenphan Phantumongkol	- Director - Independent Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 29/2004
7. Miss Panchama Vipamas	- Director - Independent Director	DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 280/2019
8. Mrs. Niramon Rujirasopon	Executive Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 60/2007
		DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 160/2012
9. Mr. Thanakrit Rujirasopon	Executive Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 6/2003
10. Mr. Jarunpoj Rujirasopon	Executive Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 129/2016
11. Mr. Jaraspon Rujirasopon	Executive Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 105/2013
		DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 216/2016
		FINANCIAL STATEMENT FOR DIRECTORS (FSD) Certificate Class 17/2012
12. Mrs. Sirilak Chaiwattanaprapa	Executive Director	DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 277/2019

Remuneration for Directors and Executives

The Company has the policy to pay remuneration at appropriate levels to its directors and executives, taking into consideration its operation results and comparisons based on the same type of industry and on suitability for the duties and responsibilities of each director and executive.

- The directors' remuneration is in the form of annual returns and meeting allowances
- The executives' remuneration is in the form of salaries and bonuses.

(1) Remuneration in Money

1.1 Remuneration for the Company's Directors and Management for 2019 :

(A) Remuneration for Directors, totally Baht 2,170,000.-

Name	Position	Remuneration for Directors
Dr. Thanong Bidaya*	- Chairman of the Board of Directors - Independent Director	Baht 124,775.-
Mr. Somchai Sakulsurarat**	- Chairman of the Board of Directors - Independent Director	Baht 124,775.-
Dr. Charoen Rujirasopon	- Director - Chairman of Executive Committee - Recruitment and Compensation on Remuneration Sub-committee Member	Baht 151,900.-
Mr. Worapon Lopansri	- Director and Independent Director - Chairman of the Audit and Corporate Governance Committee	Baht 227,850.-
Mr. Prasarn Marukpitak	- Director and Independent Director - Audit and Corporate Governance Committee Member	Baht 206,150.-
Mr. Chusak Vijakkhana	- Director and Independent Director - Audit and Corporate Governance Committee Member - Risk Management Sub-committee Member	Baht 206,150.-
Mr. Charoenphan Phantumongkol	- Director and Independent Director - Chairman of the Recruitment and Compensation on Remuneration Committee	Baht 206,150.-
Miss Panchama Vipamas	Director and Independent Director	Baht 206,150.-
Mrs. Niramon Rujirasopon	Executive Director	Baht 151,900.-
Mr. Jaraspon Rujirasopon	- Executive Director - Risk Management Sub-committee Member	Baht 141,050.-
Mr. Jarunpoj Rujirasopon	- Executive Director - Chairman of the Risk Management Committee Member	Baht 141,050.-
Mr. Thanakrit Rujirasopon	- Executive Director - Risk Management Sub-committee Member	Baht 141,050.-
Mrs. Siriluck Chaiwattanaprapa	Executive Director	Baht 141,050.-

Remark : Remuneration to be paid from the company's operation results of January 1st – December 31st, 2019

* Dr. Thanong Bidaya was elected as Director on 30th June 2018 and Chairman of the Board of Directors and Independent Director on 9th August 2018.

** Mr. Somchai Sakulsurarat was resigned from Director, Chairman of the Board of Directors and Independent Director on 30th June 2018.

(B) Meeting Allowance for Directors, totally Baht 865,000.-

Name	Position	Meeting Allowance (Baht)				Total / Baht
		Directors	Audit & Corporate Governance Committee	Risk Management Committee	Recruitment & Compensation on Remuneration Committee	
Dr. Thanong Bidaya	- Director and Independent Director - Chairman of the Board of Directors	180,000.-	-	-	-	180,000.-
Mr. Worapon Lopansri	- Director and Independent Director - Chairman of the Audit and Corporate Governance Committee	90,000.-	80,000.-	-	-	170,000.-
Mr. Prasarn Marukpitak	- Director and Independent Director - Audit and Corporate Governance Committee Member	90,000.-	60,000.-	-	-	150,000.-
Mr. Chusak Vijakkhana	- Director and Independent Director - Audit and Corporate Governance Committee Member and - Recruitment and Compensation on Remuneration Sub-committee Member - Risk Management Sub-committee Member	90,000.-	45,000	15,000.-	15,000.-	165,000.-
Mr. Charoenphan Phantumongkol	- Director and Independent Director - Chairman of the Recruitment and Compensation on Remuneration Committee	90,000.-	-	-	20,000.-	110,000.-
Miss Panchama Vipamas	Directors and Independent Director	90,000.-	-	-	-	90,000.-
Total		630,000.-	185,000.-	15,000.-	35,000.-	865,000.-

Remuneration of Executives

As to the remuneration philosophy of the Company, remuneration is paid with the objective of serving as a consideration for success in undertakings in accordance with strategies of the Company and in return for outputs performed by executives for the Company and as entrusted by the Board of Directors. The Recruitment and Compensation Committee has reviewed and approved the senior executive remuneration policy regularly every year. The following aspects are considered for the determination of a remuneration management system :

1) Management of remuneration based on performance

- Remuneration of senior executives varies directly with the achievement of targets in accordance with the Company's strategies.
- Performance evaluation is based on key performance indicators in financial and other terms.

2) Management of remuneration in line with the shareholders' anticipation

- Selecting a performance measuring system suitable for both short-term and long-term action plans of the Company so that it is consistent with the Company's strategies and with the continuing generation of value added for the shareholders;
- Ensuring that key performance indicators established are suitable for the Company's capacity for undertakings, the Company's targets and greater levels of performance;
- Building a firm and organized structure of capital mobilization for confidence in the Company's ability to invest

3) Management of remuneration so that it is competitive

- Management of remuneration so that it is competitive in the group of related businesses to ensure that the Company is able to attract and maintain good and skilled staff so that they work and stay to generate performance outputs for the Company continuously;
- Significant proportioning of remuneration to performance, for both annual and long-term yields.

Remuneration Structure of the Company

The remuneration paid to the Chief Executive Officer and executives with approval granted by the Recruitment and Compensation Committee comprises the following elements:



(1) Fixed Remuneration and Benefits

1.1 Salary

The level of remuneration received is in accordance with the duties and responsibilities according to position, experience and individual skills. Cash is credited to one's account monthly. The remuneration is reviewed annually based on the consideration of one's performance and on the salary increase rate on the labor market.

1.2 Other and Special Benefits

The main purpose of the provision of other and special benefits is to build security for staff and help them in the event they are facing health problems, are disabled or die. Help is given to them through a provident fund, a health insurance scheme and a variety of welfare in accordance with guidelines on the labor market and as prescribed by law.

(2) Remuneration Based on Performance

Performance Bonus

This is a reward which varies with a short-term performance success when compared to the annual action plan determined, against the remuneration on the labor market for related businesses. This performance bonus is tied to an annual key performance indicator (KPI), which is the sum of various indicators and is weighted down according to the importance of each factor, with a decision made on the basis of overall performance of the Company and of each individual employee, including bonuses to be received.

Payment of Remuneration by the Company					
	CEO	Executives	All Employees	Form of Payment	Objective of and Link to Remuneration Payment
Base Salary	/	/	/	Cash payable to all employees	Motivating and keeping employees with knowledge and ability and remunerating them for performance in accordance with their duties and responsibilities according to position.
Performance Bonus	/	/	/	Cash payable to all employees	As a reward in return for success in performance annually required

(C) Remuneration for the Company's Executive Directors and Executive

In 2019, The Company paid remuneration for the 8 Executive Directors and an Executive in the amount of Baht 24,621,582.- in term of the remuneration as below :-

1. Salary	Baht 22,438,505.-
2. Bonus	Baht 1,919,077.-
3. Social Security	Baht 57,750.-
4. Travelling expenses	Baht 97,500.-
5. Mobile expenses	Baht 18,750.-
6. Others	Baht 90,000.-

(2) Other Remuneration

- Other Remuneration for Directors	- None -
- Other Remuneration for Executives	- None -

Personnel

As of 31st December 2019, the Company and subsidiaries had 1,980 employees in total. In 2019, the Company paid them returns, such as, salaries, overtime pay, bonuses, special support funds, social security contributions, etc. (however, the Company has not yet established a provident fund) amounting in aggregate to Baht 418,455,056.83

In addition, the subsidiary companies paid their employees remuneration of the same natures as those of the Company, which remuneration amounted in aggregate to Baht 210,201,894.10. Details of the remuneration are in summary as follows:

2019	Operational Employee	Executive	Total	Remuneration (Baht)
S. Khonkaen Foods Public Company Limited	1,185	89	1,274	418,455,056.83
Subsidiaries :				
S. Pasusat Company Limited	101	4	105	21,335,308.75
Mahachai Food Processing Company Limited	565	36	601	188,725,002.35
SKK Food Company Limited	-	-	-	-
S. Khonkaen Foods (Netherlands) B.V.	-	-	-	-
S. Training Center Company Limited	-	-	-	141,583.00
Thai Home Food (Bangkok) Co., Ltd.	-	-	-	-
3D Food and Beverage Company Limited	-	-	-	-
Total	1,851	129	1,980	628,656,950.93

Remark

“ **Operational Employee** ” means an employee at the level from a daily employee not yet permanently appointed to a senior sectional manager.

“ **Executive** ” means an employee at the level from a departmental manager to the Chief Executive Officer.

“ **S. Training Center Co., Ltd. as of 31 December 2019** ” none of employees were recorded due to the company's notification of temporary closure on 1 April. 2019, Employee compensation of 141,583 baht was paid from January to March 2019.

Organization and People Development Policy)

To ensure that S. Khonkaen still maintains its organizational caliber in a long term, the Company has formulated organization and people development strategies for 2019 - 2022 as follows:

1) Head for management for efficiency of the organization (LEAN Organization)

S. Khonkaen will increase the flexibility of actions so that they can respond quickly to customers' needs by improving its chart of administration for brevity, specifying steps of decision appropriately with roles and responsibilities specified for both working unit and performer levels, as well as reviewing and upgrading work processes, cutting off unnecessary steps and maintaining only activities which are important and produce effects significantly on the delivery of quality products and services to customers. This includes the efficient planning and management of its workforce so that the organization is ready and able to cope with situations and possible changes at all times.

2) Reinforce organizational cultures that focus on customers and efficiency

If organizational cultures reflect values and identity of S. Khonkaen, " S. People " are cultivated with determination to prepare foods of best quality. We pay attention to every process to deliver delicious, clean and safe foods to our customers and we will still adhere to and keep on transferring this value from generation to generation. At the same time, we will reinforce other important values that will help enable S. Khonkaen to build an organizational culture which emphasizes efficiency (High Performance Culture), for example, to search real needs of customers (Customer Centric Culture), to be able to develop one's own potential with effects produced as endless improvements (Continuous Improvement Culture), to cooperate for maximum benefit of customers (Collaboration Culture), etc. Good organizational cultures resemble a taproot that makes S. Khonkaen strong and grow up into a bigger tree in a long term.

3) Upgrade the human resource management systems for their efficiency

S. Khonkaen has always believed that employees are regarded as most valuable resources. Upgrades of the human resource management systems, such as good and smart people recruitment and selection, employee's performance management, wage and remuneration management, leadership building and development, employee's caliber development, database for strategic analyses, will serve as an important mechanism that will help enable an "S. People" development process to occur systematically and help increase the organizational caliber in a long term.

SOR people make themselves, the organization and society happy

The Company aspires to make all levels of employees happy. It promotes their quality being “ good people ” off society and encourages them to develop their potential to be “ smart people ” of the organization, who are able to work as anticipated by the Company. To make all levels of employees happy, we jointly promote and develop personnel on an inside out basis in the employee centric style, that is, employee are the center. We listen to the sound of every employee so that it leads to development and promotion that would result in “ Good and Smart People of SOR ” and in social progress, with a link of the employees’ conduct to the organization cultures towards development to enhance their skills in management and working and help draw potential and promotes the maximize of one’s potential.



Sor People Roadmap

The Company attaches importance to and promotes the development and strengthening of employees so that they have working knowledge and skills concurrently with having virtue and ethics, are aware of their duties, are socially responsible for the purpose of being happy good and smart people of SOR, express their efficiency and potential, build strength forming a foundation that leads to organizational sustainability, and are good and smart people who are ready to build value for themselves, the organization and society.

SOR creates and develops good and smart manpower through various channels and activities, that is :

1. Building and Development of Organizational Management: Succession Management Plan

Emphasis is put on building and development, preparation for and management of succession to positions (Succession Plan), with a start from senior-level executives (Director Level).

2. Building and Development of Potential and Mutual Recognition of Management Level

Mutual organizational strategies of the management team have been prepared and formulated so that they are furthered into an annual plan of training and development (Training Year Plan). This is done to bring about efficient developments which are consistent with the organization’s trends via strategic workshops conducted for senior-level executives, that is, the Chief Executive Officer, departmental directors and the General Manager. In this regard, the strategies have been communicated and transferred to departmental managers including all levels of staff so that information and trends of the organization are forwarded thoroughly.

3. Building and Development through Actual Doing

Continued activities for promotion and productivity enhancement were held in 2019 to increase the potential of employees so that they became good and smart people who are happy with their work. To this, developments and improvements were made via 3 main activities, that is, the 5Sor. (5ส), Kaizen and QC Story;

4. Building and developing employees' potential within the frame of organizational cultures of the Company

Creating and developing smart manpower of SOR by attaching importance to the development of the potential of all levels of employees, focusing on the laying-down of a foundation of both theoretical knowledge and expertise according to occupational lines, with a link to the organizational cultures into organization - wide practice –fundamental ones (Foundation Courses) and occupational specific ones (Function Courses) for their jobs as appropriate and as required by their interest. In 2019, the company training divided into the following courses:

- Get Ready for New Employees (On - boarding Program) for their preparation before starting to work;
- Quality Standard System;
- Legal Safety (Safety);
- Restaurant Service and Management (Restaurant Management Program);
- A service development course for the restaurant business under the brand “S. Khonkaen ” (Service Excellent);
- Strengthening of Organizational Cultures (Cultures);
- General Matters (Soft Skill Development)

5. Creating and developing it by creating a culture of learning for life

Apart from developing its personnel through format training and learning activities which are suitable for various target groups, the Company promotes other forms of learning to accord opportunities to all levels of employees to develop themselves by leaps and bounds through studies of and visits to activities of companies winning national awards and through work experience sharing activities such as Visual Board activity by visiting the Nawaplastic Industries (Saraburi) Co., Ltd., to serve as the archetype of the use of equipment to develop the team's potential as well as to manage data efficiently for development towards Integrated Business Excellence (IBE), with the Human Resource Office and the organization serving as archetypal working units.

In addition, steps were taken to interview employees eligible for retirement so as to collect a variety of skills and knowledge to be managed as a knowledge treasury (Knowledge Management: KM) for next generations of employees.

6. Building of Awareness and Development through the 4Por. Quality Activity

An activity was organized to build awareness regarding quality control of products of the Company for safe delivery to consumers. A campaign was launched through the 4Por. Quality “ Opening (เปิด), Change (เปลี่ยน), Protection (ป้องกัน), implantation (ปลูก) ”, which built awareness, created an atmosphere and required compliance with procedures in accordance with various standards throughout the production process.

7. Building of Recognition and Awareness of External Situations

Channels of communication were made available regarding matters producing direct effects on business of the organization so as to stimulate employees to develop mutual consciousness of participation in responsibility and surveillance and to learn about important issues, such as diseases producing impacts on pigs (ASF: African swine fever), etc.

REPORT OF THE RECRUITMENT AND COMPENSATION ON REMUNERATION COMMITTEE

To : The Shareholders
S. Khonkaen Foods Public Company Limited

The Board of Directors of S. Khonkaen Foods Public Company Limited appointed the Recruitment and Compensation on Remuneration Committee by having Mr. Charoenphan Phantumongkol as Chairman of the Recruitment and Compensation on Remuneration Committee, Mr. Chusak Vijakhana and Dr. Charoen Rujirasopon as Recruitment and Compensation on Remuneration Committee Members, with the duties to nominate and consider remuneration for directors and Managing Director / Chief Executive Officer to ensure transparency and fairness.

In 2019, there were a total of two Recruitment and Compensation on Remuneration Committee's Meetings to consider various matters. The essence of the performance of duties can be summarized as follows :

1. **Considering and selecting qualified persons to hold the position of the Company's directors in accordance with the Company's criteria and procedures for recruitment by** nominating persons to be appointed as directors to replace those directors who retire by rotation in the annual general meeting of shareholders. The Board of Directors considered the qualifications and roles in performance of duties in the previous year of directors who rotation and proposed the 2019 annual General Meeting of Shareholders to re-appoint them for another term.

2. **Considering determining criteria on consideration of remuneration for directors and Managing Director / Chief Executive Officer.**

The Board of Directors considered reviewing the criteria on consideration of remuneration for directors and Managing Director / Chief Executive Officer and was of the opinion that Company's criteria remained appropriate.

3. **Considering determining annual remuneration for directors, meeting allowance for directors and sub-committees and proposing the same to the annual general meeting of shareholders for consideration and approval.**

The Board of Directors considered determining remuneration for directors for 2019 and was of the opinion that the criteria on consideration of remuneration for directors was appropriate for and in line with the scope of duties responsibilities of each directors; remuneration stayed at the same rate as that of the industry to attract and retain knowledgeable and qualified directors to perform duties for the company; elements of remuneration were clear, transparent and easy to understand, by proposing the same to the shareholders' meeting for consideration and approval.

In conclusion, the Recruitment and Compensation on Remuneration Committee has fulfilled their duties as specified in the Recruitment and Compensation on Remuneration Committee's Charter which has been approved by the Board of Directors by employing their knowledge, ability with due care and independence as sufficient to provide the opinions and suggestions for the overall benefits of company.

(Mr. Charoenphan Phantumongkol)

Chairman of the Recruitment and
Compensation on Remuneration Committee

Executive Committee Report

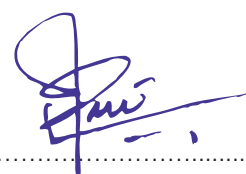
To : The Shareholders
S. Khonkaen Foods Public Company Limited

The Executive Committee comprises six (6) experienced members namely:

Name	Position
Dr. Charoen Rujirasopon	Chairman of the Executive Committee
Mrs. Niramorn Rujirasopon	Executive Committee
Mr. Jaraspon Rujirasopon	Executive Committee
Mr. Jarunpoj Rujirasopon	Executive Committee
Mr. Thanakrit Rujirasopon	Executive Committee
Mrs. Siriluck Chaiwatanaprapa	Executive Committee

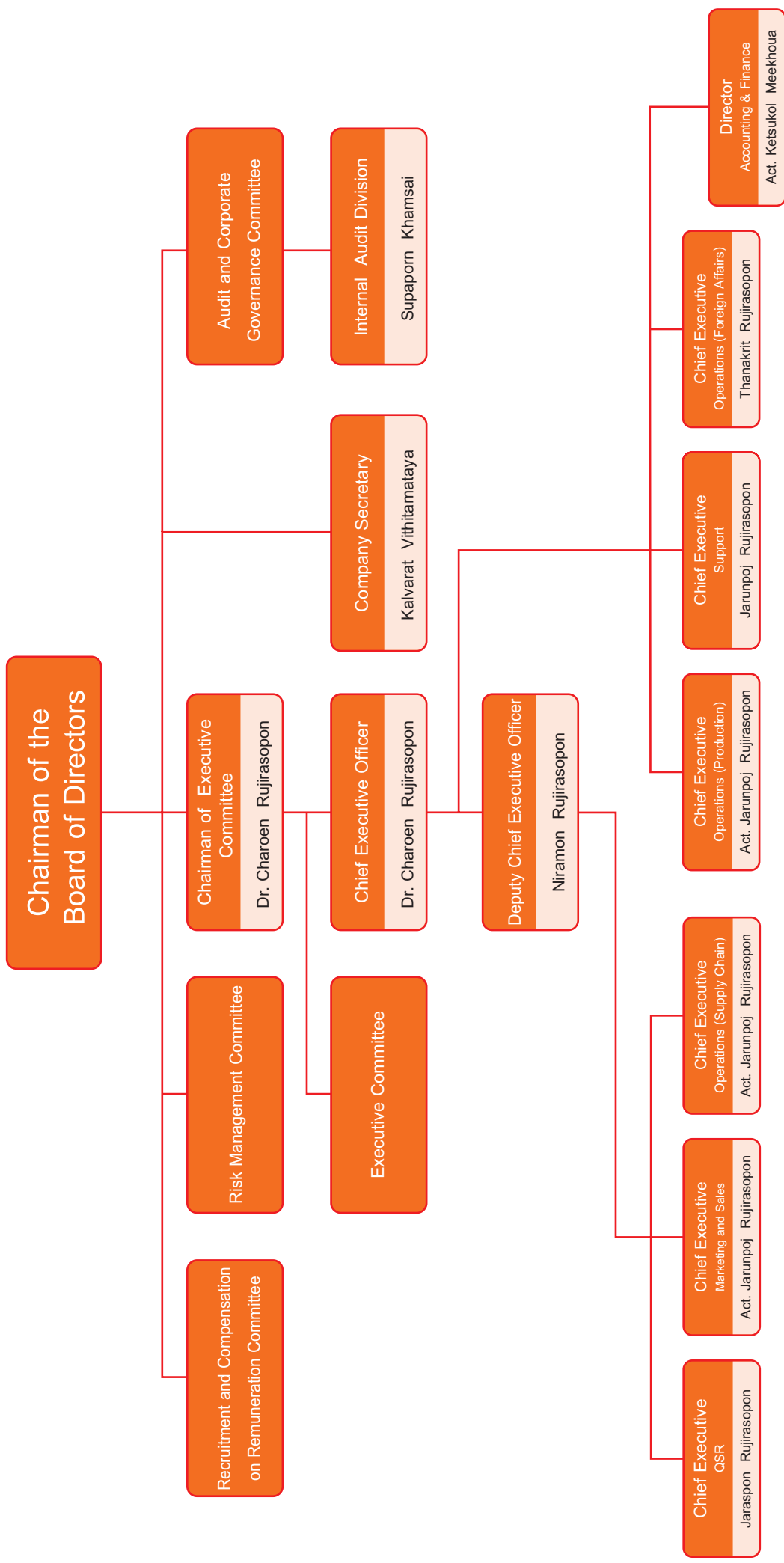
In 2019, the Executive Committee performed its duties in accordance with the authorities and responsibilities in its Charter. The summary of the Executive Committee's performance are as follows :

1. Reviewed and concurred with the Company's strategic direction, management structure, annual business plan and budget and proposed to the Board of Directors for approval.
2. Monitored the financial and operational performance of the company and report to the Board of Directors for acknowledgement.
3. Considering and screening investments, the addition of branches so that they conformed correctly to and were consistent with the Company's strategies; as well as presenting strategic plans of the Company to the Board of Directors;
4. Considered and reviewed the Company's risk management undertaken by the Risk Management Committee and report to the Board of Directors for acknowledgement.
5. Considering and studying the feasibility of various projects as well as providing administrative advice to executives;
6. Approving other transactions entrusted by the Board of Directors.



(Dr. Charoen Rujirasopon)
Chairman of Executive Committee

ORGANIZATION CHART OF S. KHONKAEN FOODS PUBLIC COMPANY LIMITED



BIOGRAPHY OF DIRECTORS AND EXECUTIVES



1. Dr.Thanong Bidaya		Age : 72 Years
Present Position		Date of Appointment
Director		30 th June 2018
Chairman of the Board Directors and Independent Director		9 th August 2018

Educational Background :

- Ph.D. in Management, Northwestern University, U.S.A.
- M.S. in Economics, Northwestern University, U.S.A.
- B.A. in Economics, Yokohama National University, Japan

Record of Training on Roles, Duties and Skills of a Director :

- Directors Accreditation Program (DAP) 25/2004, Thai Institute of Directors Association

Shareholding in the Company (%) : - None -

Family Relationship between Director and Executive Management : - None -

Working Experience in the past 5 Years		
- Position in Listed Company		
Period	Position	Company
2012 - Present	Chairman of the Board of Directors, Independent Director	CK Power Public Company Limited
2012 - Present	Chairman of the Board of Directors, Independent Director	Scan Inter Public Company Limited
2018 - Present	Chairman of the Board of Directors, Independent Director	S.Khonkaen Foods Public Company I
2018 - Present	Chairman of the Board of Directors, Independent Director	Property Perfect Public Company Limited
- Position in Company Limited		
2010 - Present	Chairman of the Board of Directors	Xayaburi Power Company Limited

Years of Holding Office of Director : 1 Year and 6 Months

Office of Director / Other Offices Held at Present :

- Other Listed Companies :
 - 3 - CK Power Public Company Limited)
 - Scan Inter Public Company Limited
 - Property Perfect Public Company Limited
- Other Business than a Listed Company : 1 - Xayaburi Power Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



2. Charoen Rujirasopon		Age : 72 Years
Present Position		Date of Appointment
Chairman of Executive Committee		12 th November, 2012
Chief Executive Officer		9 th May, 2005
Recruitment and Compensation on Remuneration Sub-committee Member		24 th February, 2014

Educational Background :

- 2011 Master of Arts, Course on Social, Business and Political Leadership, Rangsit University
- 2003 Bachelor of Laws, Ramkhamhaeng University
- 1969 Vocational Certificate, Assumption Commercial College

Honorary Degrees :

- 2016 Honorary Doctorate Degree in Business Management from Western University
- 2016 Ph.D. in Social Change, Universal Ministries of the Kings College, Florida, U.S.A.
- 2012 Honorary Doctorate of Science (Food Science and Technology), Rajamangala University of Technology Lanna
- 1997 Honorary Bachelor of Home Economics in the field of foods and nutrition, Rajamangala University
- 1994 Honorary Bachelor of Arts in Business Management, Chandrakasem Rajabhat University

Certificate / Advanced Level Certificate :

- 2013 Certificate, Course on High-Level Executives, Capital Market
- 2010 Advanced Level Certificate, Course on Public Sector Management and Public Law, King Prajadhipok's Institute

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 6/2003 Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : 9,898,186 shares or 30.61 percent

Relationship with the Company's Management :

- Mrs. Niramun Rujirasopon's Spouse
- Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon's Father
- Mr. Thanakrit Rujirasopon's Uncle

Working Experience in the past 5 Years		
Period	Position	Company
2019 - Present	Chairman of the Board of Directors	Mahachai Foods Company Limited
2015 - Present	Chairman of the Board of Directors	3D Food and Beverage Company Limited
2015 - Present	Chairman of the Board of Directors	S. Training Center Company Limited
2015 - Present	Chairman of the Board of Directors	Thai Home Food (Bangkok) Company Limited
2015 - Present	Chairman of the Board of Directors	C N N Holding Company Limited
2014 - Present	Recruitment and Compensation on Remuneration Committee	S. Khonkaen Foods Public Company Limited
2013 - Present	Chairman of the Board of Directors	S. Khonkaen Foods (Netherlands) B.V.
1994 - Present	Chairman of the Board of Directors	S. Pasusat Company Limited
1988 - Present	Chairman of the Board of Directors	S K K Food Company Limited
2005 - Present	Chief Executive Officer	S. Khonkaen Foods Public Company Limited
1989 - 17 th Oct 2018	Director	Mahachai Foods Company Limited

Years of Holding Office of Director : 7 years (since 12th November 2012)

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Companies : 7
 - Mahachai Foods Company Limited
 - S K K Food Company Limited
 - S.Pasusat Company Limited
 - S. Training Center Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - 3D Food and Beverage Company Limited
 - S. Khonkaen (Netherlands) B.V.
- Other Business that May Result in a Conflict of Interests with the Company : - None -



3. Mr. Worapon Lopansri

Age : 55 Years

Present Position	Date of Appointment
Director and Independent Director	29 th April 2014
Chairman of the Audit and Corporate Governance Committee	12 th May 2014

Educational Background :

- Master of Accountancy, Thammasat University
- Certificate of Internal Auditor (CIA) No. 30858

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program (DCP) 167/2012
- Audit Committee Program (ACP) 45-2013
- “ Enhancing Growth through Governance in Family - Controlled Business ” on 26th May 2016
- Audit Committee Forum 2016 “ New Auditor’s Report; What is it for You? on 29th June 2016
- Managing Technology and Disruption on 15th September 2016
- AC Forum 2017; The Audit Committee’s Role in Compliance and Ethical Culture Oversight
- Independent Director, role, duties and expectation of individual shareholder
- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
- Audit Committee Forum, Learn, unlearn and relearn - Audit Committee in the age of disruption on 12th November, 2018
- IA Day “ Connecting the world ” on 13th December 201

Proportion of Shareholding in the Company (%) : 8,000 shares or 0.0247 percent

Relationship with Company’s Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
11 th August 2016 - Present	- Independent Director - Audit Committee Member	Fire Trade Engineering Public Company Limited
12 th May 2014 - Present	- Chairman Audit and Corporate Governance Committee	S. Khonkaen Foods Public Company Limited
29 th April 2014 - Present	- Director - Independent Director	S. Khonkaen Foods Public Company Limited
15 th June 2005 - Present	Head of Internal Audit	MSIG (Insurance) Thailand Public Company Limited
8 th Apr 2016 - 10 th Aug 2016	Director	Fire Trade Engineering Public Company Limited

Years of Holding Office of Director : 5 years and 8 months (since 29th April 2014)

Directorship in Other Companies :

- Other Listed Company : 1 - Fire Trade Engineering Public Company Limited
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -



4. Mr. Prasarn Marukpitak

Age : 72 Years

Present Position	Date of Appointment
Director and Independent Director Audit and Corporate Governance Committee Member	25 th May 1994 24 th February 2014

Educational Background : Bachelor of Arts (Political Science), Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 29/2004, Thai Institute of Directors Association
- Director Certification Program (DCP), Certificate Class 84/2007, Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
2014 - Present	Audit and Corporate Governance Committee Member	S.Khonkaen Foods Public Company Limited
1994 - Present	Director and Independent Director	S.Khonkaen Foods Public Company Limited
1988 - Present	Chairman of the Board of Directors	Cheewit Thurakij Company Limited
1981 - Present	Business Narrator, Government and State Enterprises	
2014 - 2016	Member of the National Reform Council	
2008 - 2010	Senator : Academic Sector	
2011 - 2012	Advisor to Ms. Supinya Klangnarong (NBTC - Director)	
1999 - 2014	Audit Committee	S.Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 25 years and 7 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : 1 - Cheewit Thurakij Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



5. Mr. Chusak Vijakhana

Age : 69 Years

Present Position	Date of Appointment
Director	23 rd November 2004
Independent Director	28 th February 2010
Audit and Corporate Governance Committee Member	24 th February 2014
Recruitment and Compensation on Remuneration Sub-committee Member	24 th February 2014
Risk Management Sub-committee Member	23 rd March 2017

Educational Background : Bachelor of Laws (Hon.), Thammasat University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 43/2005, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
2017 - Present	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
2014 - Present	Director	Chao Phaya Hospital Public Company Limited
2014 - Present	Managing Director	Marwell Media Company Limited
2014 - Present	Director	Wealthy Health Care Company Limited
2014 - Present	Director	Thai Value Care Company Limited
2014 - Present	Audit and Corporate Governance Committee Member	S. Khonkaen Foods Public Company Limited
2014 - Present	Recruitment and Compensation on Remuneration Sub-committee Member	S. Khonkaen Foods Public Company Limited
2010 - Present	Independent Director	S. Khonkaen Foods Public Company Limited
2004 - Present	Director	S. Khonkaen Foods Public Company Limited
2000 - Present	Managing Director	P.S.D. & Associate Company Limited
1999 - Present	Director	Mahachai Hospital Public Company Limited
2004 - 2014	Audit Committee Member	S. Khonkaen Foods Public Company Limited
Oct 2016 - 2017	Director	Mahachai Food Processing Co., Ltd.

Years of Holding Office of Director : 15 years

Directorship in Other Companies :

- Other Listed Company : 1 - Mahachai Hospital Public Company Limited
- Other Business than a Listed Companies : 5 - P.S.D. & Associate Company Limited
 - Chao Phaya Hospital Public Company Limited
 - Marwell Media Company Limited
 - Wealthy Health Care Company Limited
 - Thai Value Care Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



6. Mr. Charoenphan Phantumongkol

Age : 88 Years

Present Position	Date of Appointment
Director and Independent Director	11 th January 2000
Chairman of Recruitment and Compensation on Remuneration Committee	24 th February 2014

Educational Background :

- Higher Certificate of Accountancy (Equivalent to BA), Thammasat University
- Certified Public Accountant (CPA)

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 29/2004
- Internal Control and Risk Management (SET)
- TAS 2013 – 2014 (Federation of Accounting Professions)
- IAS 39 Financial Instruments : Recognition and Measurement (Federation of Accounting Professions)
- Hedge Accounting (Federation of Accounting Professions)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
2014 - Present	Chairman of the Recruitment and Compensation on Remuneration Committee	S. Khonkaen Foods Public Company Limited
2000 - Present	- Director - Independent Director	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 20 years

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -



7. Miss Panchama Vipamas		Age : 68 Years
Present Position		Date of Appointment
Director		2015
Independent Director		20 th July 2017

Educational Background :

- M.B.A., Thammasat University
- Master of Accountancy, Chulalongkorn University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Accountancy, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program (DCP), Certificate, Class 280/2019, Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : 11,375 shares or 0.0035 percent

Relationship with the Company's Management : -None -

Working Experience in the past 5 Years		
Period	Position	Company
August 2017 - Present	Group Internal Auditor	Group of Sandi-dhamma Foundation
20 th July 2017 - Present	Independent Director	S. Khonkaen Foods Public Company Limited
2015 - Present	Director	S. Khonkaen Foods Public Company Limited
10th October 2006 - Present	Certified Public Accountant	
Past Working Experience		
July 2015 - December 2016	Vice President (Accounting & Finance)	C.J. Express Group Co., Ltd.
10 th November 2014 - 22 nd February 2017	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
2013 - June 2015	- Director (Cash Management) - Carabao Tawandaeng Group	- Carabao Group Companyt Limited - Carabao Tawandaeng Company Limited - Tawandaeng DCM Company Limited - Asia Pacific Glass Company Limited
2009 - 2015	Executive Director	S. Khonkaen Foods Public Company Limited
2007 - 2014	Executive Director	Carabao Tawandaeng Company Limited
2003 - 2013	Accounting & Finance Director	Carabao Tawandaeng Company Limited

Years of Holding Office of Director : 5 years

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -



8. Mrs. Niramon Rujirasopon

Age : 68 Years

Present Position	Date of Appointment
Executive Director	25 th May 1994
Deputy Chief Executive Officer	9 th May 2005

Educational Background : Bachelor of Economics (Industrial Economics), Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) 60/2007, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) 160/2012, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : 4,507,955 shares or 13.939 percent

Relationship with the Company's Management :

- Dr. Charoen Runirasopon's Spouse
- Mother of Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon

Working Experience in the past 5 Years

Period	Position	Company
21 th May 2019 - Present	Director	Mahachai Food Company Limited
2015 - Present	Director	3D Food and Beverage Company Limited
2015 - Present	Director	Thai Home Food (Bangkok) Company Limited
2015 - Present	Director	S. Training Center Company Limited
2015 - Present	Director	C N N Holding Company Limited
2013 - Present	Director	S. Khonkaen Foods (Netherlands) B.V.
2008 - Present	Chairman of the Board	Thai Food for International Trade Employee's Association
9 th May 2005 - Present	Deputy Chief Executive Officer	S. Khonkaen Foods Public Company Limited
25 th May 1994 - Present	Executive Director	S. Khonkaen Foods Public Company Limited
1994 - Present	Director	S. Pasusat Company Limited
1989 - Present	Director	S K K Food Company Limited
1989 - 17 October 2018	Director	Mahachai Food Company Limited
10 th November 2014 - 13 th May 2016	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
2013 - 2014	Acting Marketing Director (Marketing 4, Processed Seafood)	S. Khonkaen Foods Public Company Limited
2013 - 2014	Acting Marketing Director (Marketing 3, Traditional Thai Food)	S. Khonkaen Foods Public Company Limited
2012 - 2014	Acting Marketing Director (Marketing 2, Frozen Foods)	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 25 years and 7 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Companies : 9
 - 3D Food and Beverage Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - S. Training Center Company Limited
 - C N N Holding Company Limited
 - S. Khonkaen (Netherlands) B.V.
 - S.Pasusat Company Limited
 - Mahachai Food Processing Company Limited
 - S K K Food Company Limited
 - Thai Food for International Trade Employee's Association
- Other Business that May Result in a Conflict of Interests with the Company : - None -



9. Mr. Jaraspon Rujirasopon		Age : 37 Years
Present Position		Date of Appointment
Executive Director		14 th August 2008
Chief Executive (QSR)		15 th December 2018

Educational Background :

- M.B.A. (Marketing) / Aston University, Birmingham, UK
- Bachelor of Arts in Communication Management, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Financial Statements for Directors (FSD), Certificate Class 17/2012, Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP), Certificate Class 105/2013, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), Certificate Class 216/2013, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : 1,133,358 shares or 3.505 percent

Relationship with the Company's Management :

- Son of Dr. Charoen Rujirasopon and Mrs. Niramorn Rujirasopon
- Brother of Mr. Jarunpoj Rujirasopon
- Mr. Thanakrit Rujirasopon's first cousin

Working Experience in the past 5 Years		
Period	Position	Company
15 th December 2017 - Present	Chief Executive (QSR)	S. Khonkaen Foods Public Company Limited
30 th April 2015 - Present	Executive Director	C N N Holding Company Limited
13 th March 2015 - Present	Executive Director	3D Food and Beverage Company Limited
28 th August 2015 - Present	Executive Director	S. Training Center Company Limited
14 th August 2008 - Present	Executive Director	S. Khonkaen Foods Public Company Limited
14 th October 2015 - Present	Executive Director	Thai Home Food (Bangkok) Company Limited
2 nd August 2016 - 14 th June 2017	Chief Executive Operation (QSR)	S. Khonkaen Foods Public Company Limited
20 th August 2015 - 1 st August 2016	- Executive Vice President (QSR) - Assistant Executive Vice President (Strategy, QSR)	S. Khonkaen Foods Public Company Limited
1 st March 2014 - 19 th August 2015	- Assistant Chief Executive Officer (Operation) - Acting Director, QSR (T)	S. Khonkaen Foods Public Company Limited
15 th November 2013 - 29 th September 2014	Assistant to Deputy Chief Executive Officer	S. Khonkaen Foods Public Company Limited
1 st January 2012 - 14 th November 2013	Director, QSR	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 11 years and 4.5 months

Directorship in Other Companies :

- Other Listed Company : - None -
- Other Business than a Listed Companies : 4
 - S. Training Center Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - 3D Food and Beverage Company Limited
 - C N N Holding Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



10. Mr. Jarunpoj Rujirasopon

Age : 33 Years

Present Position	Date of Appointment
Executive Director	27 th April 2015
Chairman of the Risk Management Committee	23 rd March 2017
Chief Executive (Support)	1 st January 2017
Acting Chief Executive (Marketing and Sales)	1 st January 2017
Acting Chief Executive Operation (Supply Chain)	1 st January 2017

Educational Background : Bachelor of Business Administration, Major in Finance,
Faculty of Commerce and Accountancy

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate Class 129/2016,
Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : 1,142,258 shares or 3.532 percent

Relationship with the Company's Management :

- Son of Dr. Charoen Rujirasopon and Mrs. Niramon Rujirasopon
- Brother of Mr. Jaraspon Rujirasopon
- Mr. Thanakrit Rujirasopon's first cousin

Working Experience in the past 5 Years		
Period	Position	Company
23 rd March 2017 - Present	Chairman of Risk Management Committee	S. Khonkaen Foods Public Company Limited
1 st January 2017 - Present	- Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive Operation (Supply Chain)	S. Khonkaen Foods Public Company Limited
10 th October 2016 - Present	Executive Director	Mahachai Food Company Limited
30 th April 2015 - Present	Executive Director	C N N Holding Company Limited
13 th March 2015 - Present	Executive Director	3D Food and Beverage Company Limited
14 th October 2015 - Present	Executive Director	Thai Home Food (Bangkok) Company Limited
28 th August 2015 - Present	Executive Director	S. Training Center Company Limited
25 th June 2008 - Present	Executive Director	Earth Wealth Mining Company Limited
1 st August 2016 - May 2017	Acting Chief Executive Operation (Production)	S. Khonkaen Foods Public Company Limited
1 st August 2016 - January 2017	- Chief Executive Operation (Support) - Acting Chief Executive Officer (Marketing and Sales)	S. Khonkaen Foods Public Company Limited

Working Experience in the past 5 Years		
Period	Position	Company
1 st August 2016 - 31 st August 2016	Acting Human Resource and Administration Director	S. Khonkaen Foods Public Company Limited
20 th July 2015 - 31 st July 2016	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)	S. Khonkaen Foods Public Company Limited
1 st July 2015 - 19 th July 2015	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)	S. Khonkaen Foods Public Company Limited
1 st Jan 2015 - 30 th Jun 2015	- Acting Assistant to Deputy Chief Executive Officer (Marketing and Sales) - Acting Assistant to Deputy Chief Executive Officer (Production) - Acting Sales Director - Acting Marketing Director - Acting Human Resource and Administration Director	S. Khonkaen Foods Public Company Limited
10 th Nov 2014 - 22 nd Mar 2017	Member of Risk and Management Sub-committee	S. Khonkaen Foods Public Company Limited
1 st March 2014 - 30 th June 2015	Assistant to Chief Executive Officer (Support)	S. Khonkaen Foods Public Company Limited
1 st Mar 2014 - 31 st Dec 2014	Acting Quality Management and Organization Improvement Director	S. Khonkaen Foods Public Company Limited
1 st May 2013 - 28 th Feb 2014	- Acting Assistant to Chief Executive Officer (Support) - Acting Strategic and Business Development Director - Acting Director – Information System and Technology	S. Khonkaen Foods Public Company Limited
1 st Jan 2010 - 28 th Feb 2014	General Manager (Strategy)	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 4 years and 8 months

Directorship in Other Companies :

- Other Listed Company : - None -
- Other Business than a Listed Companies : 6
 - Mahachai Foods Company Limited
 - S. Training Center Company Limited
 - 3D Food and Beverage Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - Earth Wealth Mining Company Limited
 - S. Tower Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



11. Mr. Thanakrit Rujirasopon		Age : 53 Years
Present Position		Date of Appointment
Executive Director		29 th April 2013
Chief Executive Operation (Foreign Affairs)		1 st October 2019

Educational Background : Bachelor of Engineering (Mechanical Engineering), Prince of Songkla University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) / Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with the Company's Management :

- Nephew of Dr. Charoen Rujirasopon
- Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon's cousin

Working Experience in the past 5 Years		
Period	Position	Company
1 st May 2019 - Present	Chief Executive Operation (Foreign Affairs)	S. Khonkaen Foods Public Company Limited
23 rd March 2017 - Present	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
29 th April 2013 - Present	Executive Director	S. Khonkaen Foods Public Company Limited
1 st May 2017 - 30 th September 2019	Chief Executive Operation (Production)	S. Khonkaen Foods Public Company Limited
2016 - 2017	Production Director (Bangplee Factory)	S. Khonkaen Foods Public Company Limited
2015 - 2016	Deputy Managing Director (Production) - S Bangplee	S. Khonkaen Foods Public Company Limited
2002 - 2015	Director, Production 1	S. Khonkaen Foods Public Company Limited
2002 - 2003	Executive Director	S. Khonkaen Foods Public Company Limited
1 st August 2016 - May 2019	Acting Chief Executive Operation (Production)	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 6 years and 8 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -



12. Mrs. Sirilak Chaiwattanaprapa

Age : 59 Years

Present Position	Date of Appointment
Executive Director	13 th May 2016

Educational Background : Bachelor of Business Management (Advertising and Public Relation),
Ramkamhaeng University

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program (DCP), Certificate Class 277/2019,
Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
13 th May 2016 - Present	Executive Director	S. Khonkaen Foods Public Company Limited
1 st August 2016 - Present	Domestic Sales Director	S. Khonkaen Foods Public Company Limited
2015 - April 2016	Advisor to Chairman of the Board of Directors	S. Khonkaen Foods Public Company Limited
21 st July 2015 - 31 st July 2016	Executive Vice President (Domestic Sales)	S. Khonkaen Foods Public Company Limited
2011 - 20 th July 2015	Director of Domestic Sales	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 3 year and 8 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -



13. Miss Ketsukol Meekhouad		Age : 45 Years
Present Position		Date of Appointment
Acting Accounting & Financial Director		1 st Jul 2019

Educational Background :

- Bachelor of Accounting, Major Accounting, Ramkamhaeng University
- Strategic Financial Leadership Program (SFLP) Orientation course CFO, Thai Institute of Directors Association (IOD)

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
1 st July 2019 - Present	Acting Accounting & Financial Director	S. Khonkaen Foods Public Company Limited
1 st Sep 2016 - 30 th Jun 2019	Senior General Manager Accounting Management Division	S. Khonkaen Foods Public Company Limited
1 st Nov 2009 - 31 st Aug 2016	- General Manager Accounting Group - Chief Financial Officer (Acting)	Prantalay Market Public Company Limited



14. Miss Kalvarat Vithitamataya

Age : 65 Years

Present Position	Date of Appointment
Secretary to Board of Directors Company Secretary	19 th September 1994 13 th August 2008

Educational Background : Bachelor Degree in Laws, Ramkamhaeng University

Record of Training on Roles, Duties and Skills of a Director : - None -

Related Training Programme held by IOD :

- Company Secretary Program (CSP), Certificate class 101/2019

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in the past 5 Years		
Period	Position	Company
13 th August 2008 - Present	Company Secretary	S. Khonkaen Foods Public Company Limited
2004 - 2014	Acting President Office Director	S. Khonkaen Foods Public Company Limited

Duties and Responsibilities of the Company Secretary

1. Duties under the Securities and Exchange Act (No. 4) B.E. 2551 (A.D. 2008), Section 89/15

1.1 To prepare and file the following documents :

- (1) Register of directors;
- (2) Notices for Board meetings, minutes of Board meetings, and annual reports of the Company;
- (3) Notices for and minutes of meetings of shareholders

1.2 To keep records of interests reported by directors or executives;

1.3 To take such other actions as required by the Capital Market Supervisory Board

2. Other relevant duties :

2.1 To provide the Board of Directors with preliminary advice on points of law, rules and regulations of the Company;

2.2 To contact and communicate with general shareholders to let them know their rights and information of the Company;

2.3 To support the management of the Company to ensure that it conforms to principles of good corporate governance.

Corporate Governance

Corporate Governance Policy

The Board of Directors of S. Khonkaen Foods Public Company Limited is well aware of the importance and benefit of good corporate governance because it reflects the availability of efficient, transparent and verifiable systems of management and helps build trust and confidence of shareholders, investors, stakeholders and all parties concerned and leads to stability and prosperity. Therefore, it could be said that good corporate governance serves as a tool to increase values and promote sustainable growths of the Company.

The Board of Directors, having an intention to encourage S. Khonkaen Foods Public Company Limited to be a company with good corporate governance and good management, with fairness, transparency and verifiability in the conduct of business, formulated a written policy on good corporate governance so that the directors, executives and all employees would adhere to it as performance guidelines. The Board of Directors formulated the policy in accordance with “The Principles of Good Corporate Governance for Listed Companies” issued in 2012 by the Stock Exchange of Thailand (SET) developed with reference to the OECD principles of corporate governance, which are accepted internationally and referred to as a framework for development of corporate governance policy in many countries. Its content was also revised and supplemented in accordance with the Principles of Good Corporate Governance for Listed Companies of 2017, which had been prepared by the Stock Exchange of Thailand. In addition, the Company’s policy was developed in line with the Corporate Governance Report of Thai Listed Companies (CGR) under the corporate governance survey project of Thai listed companies conducted by Thai Institute of Directors Association (IOD), which has been modified to be consistent with the ASEAN Corporate Governance Scorecard. Eventually, the company has successfully followed the said policy upon receiving Excellent or equivalent to 5-star Level Assessment Score in accordance with the Thai Listed Companies Corporate Governance Survey (CGR) project for the year 2019.

The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (www.sorkon.co.th) under the heading ‘Corporate Governance’. The Company’s corporate governance policy is summarized as follows :

Chapter 1 : Rights of Shareholders

Shareholders have the right of ownership by controlling the Company through the appointment of a Board of Directors to perform the duties on their behalf, and they have the right to make decisions relating to significant changes of the Company. Therefore, the Company encourages the shareholders to exercise their rights.

1) Fundamental Rights of Shareholders consist of:-

- The rights to obtain share subscriptions, to transfer shares and to receive sufficient and timely information in an appropriate manner for decision making with impact on oneself and the Company.
 - The rights to attend and vote in the shareholders’ meeting to decide on any changes of the Company’s significant policies and on the shareholders’ rights to which the Board of Directors have to request the shareholders’ meeting for consent
 - The rights to elect and relieve directors, and to give consent to appointment of an independent auditor
 - The right to profit sharing.
- 2) Shareholders are entitled to receive a notice of meeting, the information about the date, time and place of the meeting, organized properly by the Company, and the meeting agenda accompanied by the Board of Directors’ opinions and all other relevant information concerning agenda items for consideration. The notice of meeting and accompanying notes shall be sent to the shareholders and the registrar at least 7 days prior to the meeting date, publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date, and posted on the Company’s website at least 1 month prior to the meeting date.
 - 3) In the agenda item of dividend payment, the Company shall disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.
 - 4) In the agenda item of election of directors, the Company shall designate the names and profiles of whom nominated for directors in the notice of meeting. The shareholders can vote for each director individually with one voting right per share.

- 5) In the agenda item of appointment of auditors, the Company shall provide in the notice of meeting the names of the nominated auditors, their companies, and helpful information for shareholders to consider their competence and appropriateness, including the proposed audit fees.
- 6) The Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting are responsible for attending the shareholders' meeting to answer shareholders' questions.
- 7) The Company shall inform the shareholders of methods for voting and vote counting before the commencement of the meeting, arrange for persons to verify the vote counting in the shareholders' meeting, and disclose them in the minutes of the shareholders' meeting.
- 8) The Company shall record in the minutes of the shareholders' meeting, the names of directors, the chairman of each sub-committee, and the Chief Executive Officer / Executive Board Chairman, who attend the shareholders' meeting as well as the resolutions and the affirmative, negative and abstaining votes for each agenda item that requires a resolution of the meeting.
- 9) The Company shall provide the shareholders with an opportunity to propose agenda items and / or the names of persons nominated to be directors prior to the meeting date and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
- 10) After the meeting, the shareholders shall have an access to the information about the resolutions and the voting results of the meeting.
- 11) The Company shall facilitate the meeting and encourage the shareholders and institutional investors to attend the shareholders' meeting.
- 12) The Board of Directors has ensured that the shareholders participate in decisions to be made on important matters of the Company.
- 13) The Board of Directors has seen to it that proceedings on the day of the shareholders' meeting are taken with propriety, transparency and efficiency and that the shareholders are enabled to exercise their rights.
- 14) The Board of Directors has seen to it that resolutions of the meeting are disclosed and minutes of the meeting of shareholders prepared correctly and completely.

Chapter 2 : Equitable Treatment of Shareholders

All shareholders who are executives and are not executives, including foreign shareholders, will be treated fairly and equally.

- 1) The Board of Directors shall protect the shareholders' rights and treat the shareholders equally. The shareholders are entitled to the voting rights in proportion to the owned shares. The Company shall apply equitable treatment to provide for the shareholders necessary information relating to the Company adequately, fairly, and on a timely basis. The Company shall refrain from releasing undisclosed information with bias to a particular group of shareholders.
- 2) The shareholders have the rights to attend the meeting and to vote by proxy. They are entitled also to receive documents and instructions for proxy together with the notice of meeting. Legal proxies who deliver the form of proxy to the directors at the meeting shall hold the right to attend the meeting and to vote as equally in all aspects as the shareholders. The shareholders can alternatively assign proxy to one of the independent directors to attend the meeting and to vote. In this regard, the shareholders hold the rights to receive the complete and appropriate profiles and works of each independent director for their consideration.
- 3) The shareholders shall be fairly treated in the meeting.
- 4) Before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company shall disclose the details and rationale for such initiative to the shareholders.
- 5) The Company shall disclose whether related-party transactions are made fairly at a market value and in the normal business.
- 6) The Company established a policy requiring the directors and high-level executives to report to the Board of Directors or their assigned persons, purchase and sale of their own shares, at least 1 day before the transaction date.

Chapter 3 : Role of Stakeholders

Stakeholders will be cared for by the Company in accordance with the rights they have under the pertinent laws. The Board of Directors has considered that there must be a process promoting cooperation between the Company and the stakeholders in building up wealth, financial stability and business sustainability.

- 1) The Board of Directors realizes and recognizes the rights of stakeholders as prescribed by the laws, respect for human rights, fair treatment of labor, and the importance of communities, social, and environment. With respect to this awareness, the Board supports collaboration between the Company and stakeholders, including related persons throughout the supply chain, in creation of prosperity, jobs, and sustainably strong financial position of the Company and promotes sustainable joint development in economic, social and environmental terms. The Board of Directors believes that the rights of stakeholders are righteously protected and treated.
- 2) The Board of Directors takes into consideration employee welfare. The employees are provided with appropriate remuneration, training for higher potential, pleasant work environment, safety standards, disciplines at work, and thorough caretaking.
- 3) In building competitive advantage and making profits to the Company, the Board of Directors takes into consideration benefits received and delivered to the stakeholders. The Board of Directors established a policy to treat every group of stakeholders in respect of the stakeholders' rights under the laws or any agreements with the Company and to refrain from any actions that could violate their rights. The Company has channels to receive clues or complaints in the event a stakeholder has sustained injury by an infringement of his/her rights. In this regard, there is a measure to compensate appropriately in accordance with the rights the stakeholder ought to have under the pertinent laws and there is also a process to consider and remedy defects or impacts that have arisen and to find guidelines for preventing a recurrence of the relevant incident.

3.1 Roles toward Shareholders

The executives and employees shall perform their duties honestly, transparently and for the benefits of the Company and the shareholders. Management shall be done carefully and prudently to prevent loss to shareholders. They shall refrain from exploiting any undisclosed information of the Company, pursuing anything in a manner that possibly cause a conflict of interest with the Company, and revealing confidential information of the Company to outsiders.

3.2 Roles toward Employees

The Company discerns the importance of employees who are regarded as valuable resources. Therefore, it treats all employees fairly and equally on the basis of human rights. There is no discrimination against colors, race, gender and religion. No child labor or illegal labor is used. It has the policy to manage wages and remuneration with adherence to equity and suitability for the job description, responsibilities and capability of each employee and such wages and remuneration are comparable to ones of companies in the same industry. It also has the policy to develop and improve the knowledge and ability of employees continuously for progress in their career. In addition, the Company has formulated a policy to take care of its working environment for safety to life and property of its employees in accordance with the laws and universal standards. Knowledge and training on safety and working environments are provided continuously to employees and individuals concerned.

3.3 Roles toward Customers

The Company insists on development of better goods and services constantly. The customers shall be provided with the right, adequate, and up-to-date information about the products and services without exaggeration, which could cause misunderstanding to the customers about quality, quantity, or any conditions of goods or services. Product pricing is properly set not to take advantage of consumers in compliance with the consumer protection laws. The Company attaches importance to quality control for delivery of quality products and services and complies in a transparent and equitable manner with contracts, agreements or conditions it has towards customers. It has made available systems or channels of communication so that customers may complain about the quality of products and services or their dissatisfaction and that the Company is able to satisfy the customers' needs promptly and maintain good and sustainable relationships with them. Also, it has cognizance of, is concerned about, pays attention to, and is responsible for customers in the case where they have suffered health or safety impacts that might result from the use of products / services of the Company.

3.4 Roles toward Business Partners and/or Creditors

The Company has determined clear, transparent and fair procedures for recruiting, selecting and assessing business partners, taking into consideration the maximum benefit to the Company, and shall treat its business partners and/or creditors on a fair and equal basis from which both parties receive mutual benefits. The Company shall adhere strictly to contracts or any terms and conditions as agreed. Should the Company is not able to follow any of the conditions, the business partners and/or creditors shall be promptly informed in advance to collaboratively resolve the issue.

3.5 Roles toward Trade Competitors

The Company shall conform to the rules of fair business competition. It shall refrain from dishonest or improper seeking for trade secrets of trade competitors, for example, bribery paid to employees of the competitors, and from ruining reputation of trade competitors by allegations against them. Also, it shall not do any acts which infringe intellectual property and copyrighted works of other persons or business partners.

3.6 Roles toward Society, Community and Environment

The Company takes into consideration its role and responsibility to the society, community and environment in operating business. The Company constantly advocates activities for the benefits of community and society as a whole. It strictly complies with the concerning laws and regulations with care and accountability for the possible impact arising from the products, services, or operations of the Company. It has cognizance of, is concerned about and pays attention to safety and quality of life of communities and society. It responds quickly and efficiently to events producing impacts on communities, society and the environment as a result of the conduct of activities of the Company by cooperating fully with government units and agencies concerned, participating in social responsibility regarding public interests, environment conservation, good interaction and community development. It does not support any activity that is harmful to society, communities, the environment or good morals. It supports and promotes activities that maintain decent customs, traditions and cultures, and it also campaigns for and cultivates consciousness and voluntary mind among employees so that they are responsible for society, communities and the environment, conserve resources and energies and use them efficiently and do not perform any acts that would produce harmful impacts on natural resources and the environment. This is to build society for ones to live happily together, develop virtues and ethics and maintain decent cultures with respect to the working environment and atmosphere in both the factories and the office. The Company has made available places which are clean, orderly and healthy according to international standards. Standard environmental values are measured regularly at the time specified. Employees' habits are promoted and made in order that they have experience in doing activities for their awareness of and participation in the care, improvement and maintenance of the environment so that it is in an appropriate condition at all times. In addition, the Company will disclose the implementation of its policies as appropriate by preparing a social responsibility report for inclusion in its annual report and/or for presentation on its website.

3.7 Roles toward the Public Sector

The Company abides by pertinent laws, criteria, regulations and rules. It has good attitudes towards and has trust in government agencies, and it cooperates in being a good citizen and pays taxes correctly.

- 4) The Board of Directors arranged for a measure to notify clues or file grievances about illegal or unethical actions, behaviors that is inclined to corruption or misconduct of persons in the organization including employees and other stakeholders, misleading financial statements, or deficiencies of the internal control system. Mechanisms were developed to safeguard the whistleblower to urge the participatory actions of stakeholders in monitoring the Company's benefits more effectively.

Channels for notifying clues or filing grievances

- Email address : dua@sorkon.co.th
- Postal address : The Chairman of Audit and Corporate Governance Committee
S.Khonkaen Foods Public Company Limited
259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road,
North Prakanong, Vadhana, Bangkok 10110
- Letter to be put in a comment box.

- 5) The Board of Directors has set a policy and a guideline for anti-corruption and prohibits the directors, executives, and employees of the Company (including subsidiaries, associates, other controlled companies, business partners, and any person deemed to be an intermediary or agent of the Company) from execution, acceptance, or support for any forms of corruption both directly and indirectly, and it has communicated such policy and guideline to all levels of the organization and publicized the practices.

Chapter 4 : Disclosure of Information and Transparency

The Board of Directors will see to it that the Company discloses significant information related to the Company in both financial and nonfinancial terms correctly, completely, in time and with transparency via easily accessible, equitable and reliable channels.

- 1) The Company insists on providing information equally to shareholders, financial institutions, securities companies, investors, anyone who wants to use financial information, and the public. It focuses on transparency, accuracy, completeness, timeliness, consistency, and impartiality to the information either positively or negatively. Nevertheless, the Company realizes the necessity for confidentiality of the critical business information and business strategies. This policy is consistent with the rules and regulations on disclosure of information prescribed by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC).
- 2) The disclosure policy covers all communication methods of the Company, for instance, an annual report, quarterly report of summary results of the business operations, news, press release, the Company's website. In addition to these methods, the policy also covers verbal communication, such as a group meeting, a meeting between two people, and a talk on the phone with an analyst or an investor.
- 3) The Company communicates with investors, analysts, persons involved in investment, and shareholders through the Chief Executive Officer or the Company's assigned representatives, i.e., the Chief Financial Officer and the Investor Relations Unit, whose main duties are to communicate in an appropriate, equitable and timely manner with shareholders and stakeholders, such as analysts, investors, and others who want the financial information, operating results, financial position, and any transactions affecting the Company.

- 4) The information disclosed regularly encompasses the Company's objectives, its financial position and operating results, report of Audit and Corporate Governance Committee Chairman, analysis of shareholding structure, management of risk factors, and the corporate governance policy. The Board of Directors also prepared a complimentary report of discussion attached in the annual report elaborating the key matters difficult to understand and delineating the critical policies of the Company concerning management of operating and financial risks. The Board also provided a record of attendances of the members of the Committee and the Sub-committee compared to the total number of meeting of the Committee and the Sub-committee.
- 5) The Company will not disclose any significant information that has not yet been publicized to unauthorized employees, a group of people, or anyone else (including investors, press, and analysts) unless that information is open to the public. When there is a need for business purpose to disclose information to related persons, external auditor, underwriter, banks, legal advisor, or other consultants, the Company will take any actions to ensure that these persons commit to keep confidential the information received with due care. Should any undue information is released, the Company will immediately disclose that information to the public. The Company commits to comply with SET's rules about new releases and other regulations or, if necessary, the Company will request SET to suspend the securities trading temporarily. Under specific circumstances, the Company may have to postpone disclosure of information to the public for some business reasons (such as a case when the disclosure is likely to affect business negotiations of the Company) until an appropriate time.
- 6) The Company established a policy to avoid dissemination of operating results that affects the share prices or that is in favor of someone especially during the time before submission of financial statements to SET, in other words, starting from the ending date of a quarter up until the date on which the Company notifies its operating results officially and completely through the information disclosure channels of SET except for a case where an issue or event causes the Company's operating results to be predicted with so significant discrepancies that the users of information are more likely to misunderstand, in which case the Company will disclose information to SET.
- 7) The Company has set up an Investor Relations page on the Company's website (www.sorkon.co.th) to be an alternative channel for investors and other people to access the same information as the analysts or the institutional investors do. The Company will put all efforts in keeping the website ready to use and the information up-to-date constantly. Even though the format and characteristics of the information uploaded to the website may differ from that previously publicized depending on constraints of the website, the major content will not be significantly different.
- 8) The Board of Directors is responsible for seeing to it that the system prepares financial reports and discloses significant information correctly, sufficiently, in time and in accordance with relevant rules, standards and guidelines.
- 9) The Board of Directors has monitored the sufficiency of the financial liquidity and ability to repay the debts.
- 10) In a state where the business encounters or tends to encounter a financial problem, the Board of Directors has ensured that the organization has a plan to solve the problem or has other mechanisms that will enable it to solve the problem, provided the stakeholders' rights are taken into consideration.
- 11) The Board of Directors prepares such information or report on sustainability as appropriate.
- 12) The Board of Directors has promoted the application of information technology to the publication of data.

Chapter 5 : Responsibilities of the Board of Directors

The Board of Directors plays an important role to supervise the business for maximum benefit of the Company. The Board of Directors is responsible for the results of the performance of its duties towards the shareholders and is dependent of management.

Principles of Practice for the Board of Directors

1. Realize the roles and responsibilities of the directors as organization leaders who build sustainable value for the business;
2. Set objectives and main targets of sustainable business;
3. Strengthen an effective Board of Directors;
4. Recruit and develop high-ranking executives and manage personnel;
5. Promote innovations and business operations with responsibility;
6. Make available appropriate systems of risk management and internal control;
7. Maintain creditability in terms of finance and information disclosure;
8. Support participation and communication with shareholders.

The Board of Directors and Committees

The Board of Directors consists of 12 directors, 6 of them are independent directors or more than one-third of the total number of directors, in accordance with the rules determined by SEC. This composition helps create the balance of the voting power in consideration of any matters. In addition, there are 4 committees as follows.

- 1) Audit and Corporate Governance Committee
- 2) Recruitment and Compensation on Remuneration Committee
- 3) Risk Management Committee
- 4) Executive Committee

Board of Directors

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors considers and gives consent to the critical matters concerning the Company's operations which cover policies, business plans, risks, operation plan, and budget, as well as monitors and supervises the management to implement the Company's determined policies effectively and efficiently.

Term of Office

1. According to the Public Limited Companies Act, B.E.2535 and the Articles of Association of the Company, one-third of the directors shall resign from their positions in each Annual General Meeting of Shareholders. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position.
2. When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by section 68 of the Public Limited Companies Act, B.E.1992 to be a substitute director in the Board's meeting although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Roles and Responsibilities of the Board of Directors

1. To determine business directions, targets and policies of the Company;
2. To approve / review annual plans and budgets, corporate policy, business plans as well as to supervise performance of Management so that it conforms efficiently and effectively to laws, objectives and stipulations in the Articles of Association of the Company and resolutions of the Board's and the shareholders' meeting with integrity and prudence based on its value to safeguard the Company's interests except for matters contingent on approval of the shareholders' meeting, for example, matters required by the laws to obtain shareholders meeting's approval, connected transactions, major purchase and sale of assets under the SET's rules;
3. To appoint the Audit and Corporate Governance Committee and other committees;
4. To supervise management operations to ensure that they are in agreement with the approved policies, business plans, and budget;
5. To direct the Company to undertake a comprehensive risk management system and effective process, reporting and monitoring of risk management;
6. To report accountability of the Board of Directors for preparation of financial statements along with the auditor's report in the annual report;
7. To treat the shareholders and stakeholders fairly in respect of conflict of interests, transparency of operations, and adequate disclosure of information;
8. To consider remuneration of directors and propose to the shareholders' meeting for consideration;
9. To appoint the Company Secretary to handle activities of the Board of Directors and the Company, including the Board's and the shareholders' meetings, counselling the Board and the Company to act and to run business in compliance with the laws and relevant regulations on a regular basis.

Independent Directors

Independent directors shall have the following qualifications :

1. Hold the shares of the Company and its subsidiaries, inclusive of shares held by related persons, not larger than 1% of the total outstanding shares with voting rights;
2. Do not take part in management of the Company, affiliated companies, associated companies, companies related to the major shareholders of the Company, and not being an employee, staff, or an advisor who earns a regular salary of the Company, affiliated companies, associated companies, or the major shareholders of the Company;
3. Have neither benefit nor interest directly or indirectly both in financial and operational management of the Company, affiliated companies, associated companies, or the major shareholders of the Company, including during the two-year period prior to appointment to the position unless, subsequent to thorough consideration of the Board of Directors, such earlier beneficial involvement is envisaged to have no effect on performance and independent judgment of the independent directors;
4. Not being related persons or closed relatives of executives or major shareholders of the Company;
5. Are not appointed as representatives of the Company directors, major shareholders of the Company or shareholders who are related to major shareholders of the Company;
6. Are able to perform the duty, express opinions, or report their performance of duty as delegated from the Board of Directors under no control of executives, or the major shareholders of the Company, including any persons related to or the closed relatives of those persons.

When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office and the remaining term of office of the vacant position is more than 2 months, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the law to be a substitute independent director in the next committee's meeting on condition that the resolution must be derived from not less than three-fourth of the votes of the remaining independent directors although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Committees

1) Audit and Corporate Governance Committee

The Board of Directors appointed the Audit and Corporate Governance Committee, which consists of 3 independent directors as follows

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| 1. | Mr.Worapon Lopansri | Chairman of the Audit and Corporate Governance Committee |
| 2. | Mr.Prasarn Marukpitak | Member of the Audit and Corporate Governance Committee |
| 3. | Mr.Chusak Vijakkhana | Member of the Audit and Corporate Governance Committee |

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee has had knowledge of an experience accounting, finance and audit for 32 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2019.

Term of Office

Members of the Audit and Corporate Governance Committee hold a two-year term in office. The retired members may be re-elected to the position.

Roles and Responsibilities of the Audit and Corporate Governance Committee

- 1) To review the Company's financial reporting to ensure its accuracy and adequacy;
- 2) To review the system of corporate governance, risk management, internal control, internal audit, and anti-corruption measures that are effective and appropriate, to consider the independence of the internal audit unit, and to give consent to the appointment, transfer, dismissal, and performance evaluation of the Head of Internal Audit Unit or any other units responsible internal audit;
- 3) To review the Company's compliance with the laws concerning securities and exchange, the regulations of SET, and other laws relating to the Company's business;
- 4) To consider, select, and nominate an independent person to serve as the Company's external auditor, to propose his / her remuneration, and to attend a meeting with the external auditor at least once a year without participation of the management;
- 5) To consider connected transactions or transactions that may involve a conflict of interests to ensure that they are in accordance with the laws and the regulations of SET and that they are reasonable and for the maximum benefits of the Company;
- 6) To prepare a report of the Audit and Corporate Governance Committee, which must be signed by the Chairman of Audit and Corporate Governance Committee. The report is disclosed in the Company's annual report with the minimum information as follows:
 - a. Comments on the accuracy, completeness and reliability of the Company's financial statements;
 - b. Comments on adequacy of the Company's internal control system;
 - c. Comments on the Company's compliance with the laws concerning securities and exchange, the regulations of SET, and other laws relating to the Company's business;
 - d. Comments on the appropriateness of the Company's external auditor;
 - e. Comments on transactions that may involve a conflict of interests;

- f. The number of the meetings of the Audit and Corporate Governance Committee and the attendance of each member;
 - g. Comments and overall observations from the performance of the Committee's duty in accordance with the charter;
 - h. Any other information that, from the perspective of the Committee, should be known to the shareholders and general investors, which is confined to the scope of duties and responsibilities as assigned by the Board of Directors;
- 7) To set up a corporate governance policy suitable for the Company in accordance with the laws, rules and regulations of the supervisory agencies, i.e. the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and other relevant agencies, and also with the guidelines on corporate governance based on international standards to propose to the Board of Directors for approval;
 - 8) To monitor, supervise and give suggestions to the Board of Directors and the executives on their performance of duty and responsibilities in line with the corporate governance policy to ensure their practicable results and continuity;
 - 9) To consider, revise and amend the corporate governance policy regularly to ensure that it is in agreement with the guidelines on corporate governance based on international standards, the laws and regulations, the Articles of Association and the Company's business;
 - 10) To follow up and report the compliance with the corporate governance policy to the Board of Directors, shareholders and general investors;
 - 11) To give suggestions on the rules and guidelines on morality and business ethics and guidance for the Company's directors, executives and employees;
 - 12) To appoint a working group to support the corporate governance functions as appropriate;
 - 13) To perform other duties assigned by the Board of Directors with approval from the Audit and Corporate Governance Committee;
 - 14) In performing the duties of the Audit and Corporate Governance Committee, if it finds or suspects that there is a transaction or an action that could possibly have material effects on the Company's financial position or operating results, the Audit and Corporate Governance Committee should report to the Board of Directors to make adjustments or corrections within the period of time deemed appropriate by the Audit and Corporate Governance Committee. Should the Board of Directors or the executives do not make adjustments or corrections over that period, any one of the members of the Audit and Corporate Governance Committee may report that transaction or action to SEC or SET.

2) Recruitment and Compensation on Remuneration Committee

The Board of Directors appointed the Recruitment and Compensation on Remuneration Committee on 24 February 2014. The Recruitment and Compensation on Remuneration Committee consists of 3 company directors with the Chairman and one of the other two as independent directors as follows;

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| 1. Mr.Charoenphan Phantumongkol | Chairman of the Recruitment and Compensation on Remuneration Committee and independent director |
| 2. Mr.Chusak Vijakkhana | Member of the Recruitment and Compensation on Remuneration Committee and independent director |
| 3. Dr. Charoen Rujirasopon | Member of the Recruitment and Compensation on Remuneration Committee and independent director |

Term of Office

The Chairman and members of the Recruitment and Compensation on Remuneration Committee hold a two year term in office since the election date or a term of office of the Company's director position. The retired members may be re-appointed to the position.

Charter of the Recruitment and Compensation on Remuneration Committee

The Board of Directors has approved the Charter of the Recruitment and Compensation on Remuneration Committee and set the remuneration rates in written together with the following roles and responsibilities.

a. Recruitment Function

1. To consider the suitability of compositions of the Board of Directors and the other committees;
2. To establish a policy, the rules and methods for nominating persons to be directors in order to propose these documents to the Board of Directors' meeting for approval;
3. To nominate, select and propose persons who are qualified for directors in the Board of Directors, members in the various committees of the Company and the top executives to the Board of Directors for consideration;
4. To perform other missions as assigned by the Board of Directors.

b. Compensation and Remuneration Function

1. To propose a remuneration policy and guidelines for payment of remuneration and other benefits for the Board of Directors, the Company's committees and the top executives. The proposed remuneration should be commensurate with their duties and responsibilities taking into account the results of the Company's operations;
2. To consider remuneration rate applied by other companies in the same industry as the Company;
3. To establish guidelines for annual performance evaluation of the Board of Directors, the Company's committees and the top executives, to report the results of evaluation to the Board of Directors and to disclose such information in the annual report;
4. To perform other missions as assigned by the Board of Directors.

3) Risk Management Committee

The Risk Management Committee consists of company directors and senior executives as follows:

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| 1. Mr. Jarunpoj Rujirasopon | Chairman of the Risk Management Committee |
| 2. Mr. Chusak Vijakkhana | Member of the Risk Management Committee |
| 3. Mr. Thanakrit Rujirasopon | Member of the Risk Management Committee |
| 4. Mr. Jaraspon Rujirasopon | Member of the Risk Management Committee |
| 5. Mrs. Narinthorn Asawapanyawongse | Member of the Risk Management Committee |

Term of Office

Members of the Risk Management Committee hold a term of office of 2 years or during their tenure of directorship of the Company. A retired member is eligible for re-election by the Board of Directors to the office of member of the Risk Management Committee.

The scope of powers, duties and responsibilities of the Risk Management Committee are as follows:

- (1) Formulate risk management policies and recommend guidelines relating to the suitable and efficient development and improvement of the risk management process throughout the organization;
- (2) Make available a process to indicate, analyze, evaluate, manage and report information about risk management continuously and regularly throughout the organization;
- (3) Supervise, monitor and evaluate the risk management process throughout the organization;
- (4) Perform such duties as entrusted by the Board of Directors.

4) Executive Committee

The Executive Committee consists of 5 executive directors and executives and 2 executives, in total 7 as follows;

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| 1. | Dr. Charoen Rujirasopon | Chairman of Executive Director and
Chief Executive Officer |
| 2. | Mrs. Niramorn Rujirasopon | Executive Director and
Deputy Chief Executive Officer |
| 3. | Mr. Jarunpoj Rujirasopon | Executive Director and
- Chief Executive (Support)
- Acting Chief Executive (Marketing and Sales)
- Acting Chief Executive Operation (Supply Chain)
- Acting Chief Executive Operation (Production) |
| 4. | Mr. Jarasopon Rujirasopon | Executive Director and
Chief Executive (QSR) |
| 5. | Mr. Thanakrit Rujirasopon | - Executive Director and
- Chief Executive Operation (Foreign Affairs) |
| 6. | Mrs. Siriluck Chaiwattanaprapa | Executive Director |
| 7. | Ms. Ketsukol Meekhuad | Acting Account and Finance Director |

The Executive Committee has the following roles and responsibilities.

1. To set the directions, business strategies, management structure, business plans and annual budget of the Company to propose to the Board of Directors for approval;
2. To manage the business operations of the Company to achieve the pre-determined objectives and goals;
3. To supervise and monitor the results of operations and financial position of the Company, and to report these information to the Board of Directors for information;
4. To seek and evaluate opportunities for investment in new businesses;
5. To consider the dividend policy of the Company and to provide comments for the Board of Directors;
6. To review and approve transactions on investment, human resource management, finance, general business administration and any other transactions related to the Company's business under the scope of delegated authority approved by the Board of Directors;
7. To consider and comment on matters requiring approval from the Board of Directors except for any activities that the Board of Directors assigned another committee to undertake them;
8. To review the risk management and the internal control system of the Company;
9. To employ an advisor or an independent person to give opinions or suggestions as necessary;
10. To undertake any other duties assigned by the Board of Directors in line with the Board's occasional delegation of authority and responsibility.

Powers, Duties and Responsibilities of the Chief Executive Officer

1. To manage business of the Company in accordance with policies, the laws, objects, Articles of Association, resolutions of shareholders meetings, Board meetings and Executive Board meetings, and relevant regulations;
2. To give instructions or take any actions which are necessary and reasonable for good success in the action under 1, and, in the case of important matters, to report to Board meetings and/or Executive Board meetings;
3. To consider and approve inductions, appointments, transfers, removals, and to consider merits and disciplinary measures, as well as to determine remuneration and welfare of employees, provided all such actions are not inconsistent with the powers of the Executive Board.

Board of Directors' Meeting

The Board of Directors' meetings are scheduled for at least 6 times in a year. In the previous year, there were 6 meetings in total. All meetings were scheduled in advance for the whole year to ensure that every director could allot the time to attend the meeting simultaneously. The notice of meeting, consisting of details of agenda items and the annex, will be sent to the directors prior to the meeting date to allow each director to study the information ahead of the meeting time.

Independent Directors's Meeting

The Audit and Corporate Governance Committee and the Independent Directors hold jointly at least 1 meeting a year without any executive director in attendance. This allows for freely open discussion of any issues pertaining to the Company's business and issues in the interest of the directors. In the preceding year, there were 1 meeting in total. All meetings were scheduled in advance for the whole year to ensure that every director could allot the time to attend the meeting simultaneously.

The Board of Directors has appointed the Company Secretary to arrange the Board of Directors' meeting, the non-executive directors committee's meeting, and the shareholders' meeting, to prepare the minutes of meetings of the Board of Directors, the independent directors committee, and the shareholders, to file the documents as specified by laws, to give suggestions on legislation, rules, and regulations need to be known to the Board of Directors and the independent directors committee, to handle the Board of Directors' activities, and to co-ordinate for implementation of the resolutions of the Board of Directors and the independent directors committee.

Recruitment of Directors and Senior Executives

Criteria for and Process of Appointing New Directors and High-Ranking Executives

In the case where the positions of directors and high-ranking executives of the Company become vacant, the Company has criteria for and a process of recruiting directors and high-ranking executives with transparency. The Recruitment and Compensation Committee performs the duty to consider and recruit new directors and high-ranking executives on the basis of qualifications, knowledge, ability, work experience, necessary skills which are still lacked in the Board of Directors and the high-ranking executives, without limitation of sex, and those persons must be ready to devote their time fully to the performance of their duties and must not be of forbidden nature according to law and principles of good corporate governance. The appointment of directors of the Company is partially based on a director database (director pool) or advice of a consulting company (professional search firm), as the case may be, and this will lead to Board diversity. And a Board Skill Matrix is then prepared to determine qualifications of directors to be recruited. Such determination is based on necessary skills which are still lacked in the Board of Directors and on business strategies of the Company, for example, if the Company has a new business strategy in addition to the existing ones that are being implemented, then it is required to recruit directors with qualifications and experience which are consistent with the new business to be conducted by the Company, so that such recruitment is proposed to the Board of Directors and/or the meeting of shareholders, as the case may be, for consideration and approval. This is deemed to be a process in the appointment of directors of the Company.

A. Recruitment and appointment of directors

1. The Recruitment and Compensation on Remuneration Committee is responsible for nominating and selecting qualified persons to propose to the Board of Directors for an appointment or to the shareholders' meeting in accordance with the Articles of Association of the Company.
2. To re-elect a vacated director for another term of office, the Nomination and Remuneration Committee will take into consideration various factors including the past performance, history records of attendance and active participation in the meeting, and support of the Board of Directors' activities, in case of an independent director, the independence of that person is also considered.
3. The election of directors shall be in compliance with the Articles of Association of the Company and stipulations in the relevant laws, which shall be transparent and clear and undertaken through the Recruitment and Compensation on Remuneration Committee. The criteria and methods of election of directors in the shareholders' meeting are as follows.
 - a. A shareholder has the votes in proportion to his/her shareholding, i.e., one voting right per share.
 - b. Each shareholder has to exercise all the voting rights as described in a. to vote for an individual or many individuals to be directors but cannot split the votes to provide any portions to anyone.
 - c. The election of directors by voting applies a majority rule, if more than one individual receive the equal number of votes, the chairman of the meeting shall cast a decisive vote.

In each Annual General Meeting of Shareholders, one-third of directors shall resign from their positions. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position upon approval of the shareholders. In case of the election of a new director, the Nomination and Remuneration Committee will nominate qualified persons who possess appropriate knowledge and competence to assume a director position.

When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the laws to be a director in replacement of the vacated director to attend the next meeting of the Board of Directors unless the remaining term of office of the vacant position is less than 2 months. The substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced. The resolution of that election of substitute director must be derived from not less than three-fourth of the votes of the remaining directors.

In the Annual General Meeting of Shareholders for the year 2018, the Company has provided an opportunity for the shareholders to propose a qualified person to be elected as a Company's director for the Board of Directors' consideration in advance during October to December 2017. None of the shareholders proposed a person to be elected as a Company's director.

B. Recruitment of Senior Executives

An appointment of the Company's appropriate senior executives is subject to consideration of the Chief Executive Officer.

Orientation of New Directors

The Company encourages high-level executives to personally provide information on the nature of the Company and Subsidiaries' businesses along with essential data that are beneficial to the performance of the Directors. In addition, the Company prepares a welcoming package for new Directors to provide essential information, including the Board meeting schedule, business overview, business structures, and strategic plans and other information such as the CG and Business Code of Ethics, Board-Committees' Charters, Independent Director Handbook (for Independent Directors), etc.

Preparation of a plan for succession to the office of Chief Executive Officer and Deputy Chief Executive Officer to ensure that the Company has executives with knowledge and ability sufficient for the performance of their duties, as set out as follows:

- (1) The Board of Directors makes available a plan for executive potential development to prepare a plan for succession to the office of chief officer in every line.
- (2) The Recruitment and Compensation Committee considers and determines knowledge, competency and experience of each position to select an executive who has such compatible qualifications as required and is able to succeed to such position.
- (3) The Chief Executive Officer evaluates performance and knowledge and competency of an executive with compatible qualifications in comparison with the level of competency needed to prepare an individual development plan for the purpose of reducing the competency gap.
- (4) The Human Resource Management (Executive HR) Committee is assigned to oversee and follow up training and knowledge and competency development of the successor to the office of Chief Executive Officer.
- (5) The Chief Executive Officer causes duties and responsibilities of executives with compatible qualifications to rotate and assigns an executive at the level of Deputy Chief Executive Officer to attend Executive Board meetings so that he/she may have understanding and experience and be ready to manage the organization in future.
- (6) The Chief Executive Officer reports to the Recruitment and Compensation Committee once a year on the performance and the progress in the development under the individual development plan of the executive with compatible qualifications.
- (7) The Recruitment and Compensation Committee reviews and summarizes the results of the preparation of the plan for succession to the office of Chief Executive Officer and of Deputy Chief Executive Officer regularly and reports the Board of Directors once a year.
- (8) The Executive Human Resource prepared chart and inherit' structure for the position of Chief Executive Office to further propose to the Board of Directors in year 2020.

Administration of Subsidiaries and Associates

The Company has set up rules and regulations on critical matters for subsidiaries to observe as follows;

- 1) Execution of connected transactions, acquisition and disposal of assets, and any other important transactions of the Company shall be done rightfully and completely and shall apply the same rules as the Company's on disclosure of information and handling of those transactions;
- 2) Subsidiaries shall comply with the same accounting standards and policies used by the Company including filing of information and bookkeeping in order that the Company could verify and compile the information to prepare the consolidated financial statements in a timely manner;
- 3) Subsidiaries shall apply the same human resource management policy as the Company's to build unity in the group of companies. The Company's policy requires that the directors monitor and control business of subsidiaries to ensure that their management is in line with the Company's policy. Furthermore, companies in the group collectively hold a monthly meeting to consider performance and set a plan and targets for each initiative of investment. The Company takes into consideration the expertise of each company in the group to start that new investment and, in case of expansion to a new line of business, it will assign a company which has the particular expertise in that business to join the project and the Company itself will venture into it.

Handling of the Use of Insider Information

The handling of the use of insider information is prescribed as follows;

- The executives are informed of their duties and responsibilities to prepare and report their shareholdings;
- The executives are informed that they report their purchase and sale of securities since the appointment to the positions;
- The directors and executives are compelled to keep critical insider information confidential until it is reported to SET.

Auditor's Remunerations

1. Audit fee :

In 2019, the Company and its subsidiaries paid audit fee to two auditors namely,

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| • EY Office Limited | Baht 3,900,000.- | and |
| • Miss Wipornrat Triwacharanont | Baht 10,000.- | |

The amount of which can be broken down to

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|--|------------------|-----|
| - the audit fee incurred to the Company | Baht 1,600,000.- | and |
| - the audit fee incurred to the subsidiaries | Baht 2,310,000.- | |

2. Non-Audit fees :

- Other service fees

- Service fees for observation of the destruction of inventory of S.Khonkaen Foods Public Company Limited of Baht 10,000.-
- Service fees for observation of the destruction of inventory of Mahachai Foods Company Limited of Baht 10,000.-
- Service fees for observation of the destruction of inventory of S. Pasusat Company Limited of Baht 30,000.-
- Fees to be paid in the future resulting from unfinished services of any assignments in the prior accounting period. - None -

Business Code of Ethics

The Board of Directors intends to support the development of the Company into an organization that operates business efficiently with corporate governance and the excellent business administration and runs its business responsibly, ethically, fairly, and transparently. The Board determines to create the greatest benefits to the shareholders taking into consideration the related stakeholders in order to build trustworthiness and to thrive sustainably together.

In 2014, the Company set up a written corporate governance policy as guidelines for the directors, executives, employees, and other concerned people to follow. In addition, the Company established guidelines on the process of control and monitoring the compliance with the business code of ethics. The code is reviewed every year to ensure its consistency with the Company's circumstances.

The Company has revised the corporate governance policy in 2016 to appropriately align with the current situations and with other related policies. The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (www.sorkon.co.th) under the heading 'Corporate Governance'.

Conflicts of Interests

The Board of Directors set a policy on the conflicts of interests on the basis that requires any decisions on business activities to be made solely for the highest benefits of the Company and any actions that causes potential conflicts of interests to be avoided. The policy requires that any persons to whom a transaction to be considered relates or connects inform the Company of their relationship or connection with that transaction. Those persons shall neither participate in deciding on that transaction nor receive authority to approve the transaction.

The Audit and Corporate Governance Committee will present to the Board of Directors connected transactions or transactions that may involve a conflict of interests, which have been carefully considered for their appropriateness, handled in accordance with the rules prescribed by SET and disclosed in the annual registration statement (form 56-1) as well as the annual report.

Risk Management

The Board of Directors and the senior executives of the Company emphasize the importance of the actions in the risk management process of the Company. The Risk Management Committee responsible to outline the scope of risk management, policy of risk management, process of risk management and charter of risk management including business risk to cover the whole organization in term of strategy, operation, finance, the compliance to observe the regulation and anti-corruption by define the measurement of control and preventive and prepare risk management's plan as well as supervise, follow up and appraisal to ensure that the Company has adequately and properly managed the risks.

Internal Control and Risk Management

Board's Opinion about the Internal Control System

The Board of Directors has evaluated the internal control system of the Company by asking for information from management as well as by considering the Audit and Corporate Governance Committee's report. It can be summarized that, following the evaluation of 5 elements in the internal control system of the Company, that is:

- In-house Control
- Risk Assessment
- Operation Control for Information System;
- Operation Control for Data Communication; and
- Operation Control for Monitoring System

The internal control system of the Company is, in the Board's opinion, sufficient and appropriate. In this connection, the Company has made available personnel adequate for the efficient implementation of the system and also made available adequately an internal control system regarding the monitoring and supervision of operations so that it can prevent illegal or unauthorized use by directors or executives of properties of the Company and its subsidiaries and prevent transactions with persons who are likely to have conflicts and with related persons, whereas for the other headings of internal control the Board of Directors is of the opinion that sufficient internal control has also been made available.

Audit and Corporate Governance Committee's Opinion about the Internal Control System

The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders. The Audit and Corporate Governance Committee, having reviewed the internal control system in association with the Company's internal audit unit and the Company's auditor, is of the opinion that the Company has a suitable and sufficient system of internal control to see to it that business is efficiently conducted in accordance with the relevant targets, objectives, laws and requirements, that property can be protected against dishonest acts or damage, and that correct and trustworthy accounts and reports are prepared. In 2019, 4 meetings in total of the Audit and Corporate Governance Committee were held and members of the Committee were present at all those 4 meetings.

Internal Audit Supervisor

Ms. Supaporn Khamsai has replaced Mr. Nipon Nuchplean as the position of Internal Audit Supervisor of the Company since 1st March 2019. She has well knowledge and sufficiently suitable to perform that duty. In addition, the appointment, removal or transfer of a person to or from the position of Internal Audit Supervisor of the Company must be approved and agreed by the Audit and Corporate Governance Committee.

Risk Management Committee's Report

To : The Shareholders
S. Khonkaen Foods Public Company Limited

As you may be aware, S. Khonkaen Foods Public Company Limited has the policy to encourage itself to be an efficient organization in terms of the conduct of business, good corporate governance, excellent management and administration and the responsible, ethical, fair, transparent and verifiable conduct of business. It aspires to generate maximum interests to shareholders and takes stakeholders concerned into account so as to build trust and grow sustainably. It also wants to upgrade its corporate governance to a level which is standard and consistent with the course of practice of the relevant compliance unit.

The Board of Directors has therefore appointed a risk management committee to perform the duty to determine risk management frameworks, risk management policies, risk management procedures and risk management committee charters and to assess business risks, formulate regulatory and preventive measures and prepare risk management plans as well as to supervise, support, monitor and evaluate the efficiency of the risk management process, reporting progress to the Board of Directors.

In 2019, there was 1 meeting of the Risk Management Committee. The essence of the conduct of its activities was, in summary, as follows:

1. Following up and evaluating the implementation of the action plan specified in the risk register of the organization to ensure the systematic and efficient management of risks, with the ability to achieve the established objectives;
2. Considering and reviewing risk information in the risk register of the organization so that it was consistent with and suitable for current circumstances and that it served as information for the management, control, monitoring, evaluation and improvement of the risk management process for its continued efficiency throughout the organization; and reporting on the progress in the work and in the risk management to the Board of Directors and the shareholders for acknowledgement.

As a consequence of the action taken as above, the Risk Management Committee is confident that the Company's risks are managed efficiently with an internal control system which is sufficient and appropriate and consistent with the guidelines for good corporate governance.

.....
(Mr. Jarunpoj Rujirasopon)
Chairman of the Risk Management Committee

Inter-company Transactions

During Year 2019, the Company and its subsidiaries had an inter-company transaction with a director and majority shareholder as follows:

Person Likely to Have a Conflict	Nature of Relationship	Important Nature of Inter-company Transaction	Value of Transaction
Dr. Charoen Rujirasopon	Majority Shareholder and Executive	A subsidiary company is taking on lease land at No. 44, Moo 2, Phaya Yen Sub-district, Pak Chong District, Nakhon Ratchasima Province, covering the area of approx. 368 Rai, 72 square Wah.	Baht 526,497.40

Note : The lease is for a term of 3 (three) years counting from 1st October 2018 until 30th September 2021 at the yearly rental rate Baht 526,497.40.

Necessity and Reasonability of Inter-company Transaction

The Company and the subsidiary entered into the inter-company transaction to carry on a normal business and support the normal businesses of the Company on general commercial terms.

Measure for Supervision Relating to Inter-company Transaction

To enter into an inter-company transaction which is a normal business either with a third person or a person who may have a conflict of interests, the Company has likewise a guideline for approving it, mainly taking benefits of the Company into consideration, whereas for other inter-company transactions the Company requires that they be reviewed by the Audit and Corporate Governance Committee in order that care is taken to prevent a conflict of interests. For this purpose, the Audit and Corporate Governance Committee may employ an independent appraiser or financial consultant to assess the price of such inter-company transaction so that it is used as a guideline for comparison. Thereafter, the transaction will be proposed for approval to the Board of Directors.

Social Responsibility

Activities for Society and the Environment

The Company and its subsidiaries conduct business under policies on sustainable business development, attaching importance to principles of good corporate governance and corporate social responsibilities (CSR), which have been implemented through various projects and activities, with emphasis on the participation of employees, suppliers, society and communities. The activities on various aspects in the previous year are, in summary, as follows:

1) Environmental Activities

The Company and its subsidiaries conducted business, taking the environment into consideration, and prepared for a continued development of in-house environmental management processes for the worthwhile use of natural resources and the reduction of impacts from activities that would affect the environment, by doing as follows:

1.1 Set up an Energy Conservation Committee

The Company was aware of the energy conservation as an important thing to help reduce the global warming and help the nation reduce a foreign currency loss for imports of fuel in various forms. It should therefore be the duty of every employee to cooperate in managing energies on a continuing and sustainable basis. For this purpose, the Company formulated energy conservation policies for use as guidelines for action to be taken regarding energies and for the promotion of maximum efficiency and benefit in the use of energies. The policies formulated by the Company are as follows :

- The Company will implement and develop an energy management system appropriately by stipulating that the energy conservation form an integral part of the conduct of business by the Company in accordance with the laws and other relevant requirements;
- The Company will take steps to improve efficiency in the use of energies by the organization on a continuing basis and in a manner befitting the business, technologies applied and good performance guidelines;
- The Company will set a plan and a target for energy conservation every year and communicate them to all employees for understanding and proper compliance;
- The Company considers that the energy conservation is a duty and responsibility of management and employees at all levels, who will cooperate in complying with measures stipulated, monitoring such compliance and reporting to the Energy Management Working Group;
- The Company will provide support regarding human resources, budgets, working hours, training, public relations, energy conservation promoting activities, and participation in presenting comments for the development of energy work;
- Management and the Energy Management Working Group will review and improve the energy policy, target and action plan every year.

1.2 Organize activities to promote the earnest participation of all levels of employees of the Company in various groups of activity, i.e. 5Sor., Kaizen, TQM, Cost Reduction and work improvement to reduce processes, reduce procedures, reduce resources and use resources in a worthwhile manner for work;

1.3 Hold activities and seminars to provide all levels of employees with knowledge and understanding of the systems of quality: GMP, HACCP and Safety, and emphasize the employees' participation in energy conservation projects for the purpose of worthwhile use of energies and reduction of waste from the use of energies;

- 1.4 The Company had employees participate in training on water management, waste management, health promotion and disease prevention, the prevention and resolution of narcotic drug problems. Training on working environments was made available and places in the Company's area were improved so that the employees would stay in better and safer environments (details of the training are mentioned under the heading Personnel). And private companies that had been granted lawful concessions by Sub-district Administrative Organizations were employed to remove garbage and waste materials for disposal through a proper process, whereas wastewater from the factories was treated by wastewater treatment systems and wastewater quality was checked and controlled in accordance with standards before it was discharged into public canals.
- 1.5 One of the projects which the Company has implemented continuously for society and the environment is the processing of pig dung into biogas for the generation of electricity for use in the pig farm. Apart from eliminating the pollution effectively, the Company has used by-products in the category of dried pig dung as organic fertilizers. These organic fertilizers have been distributed to villagers in the surrounding areas.

2) Activities for Society

- Donation of products to Thod Pha Pa charity at Wat Phra That Pho Thong, Suphan Buri Province, on 13th January 2019;
- Donation of 1 Samsung television, model UA65NU7300, of 163 cm. size, to the Local Registration Office, Bo Phlap Sub-district Municipality, on 23rd January 2019;
- Participation in the sponsorship of Bowling Match No. 17 of the Federation of Thai Industries, Samut Prakan Chapter, on 17th March 2019;
- Participation in the sponsorship of the Traditional Sports Program for Faculties of Education Relations ("My Real" Game), No. 20, of the Undergraduate Students Committee of Education (USCE), Chulalongkorn University, on 23rd March 2019;
- Tree planting activity on the World Environment Day in association with establishments in the Estate, the community and Baan Yok Krabat School, on 5th June, 2019.



- Participation in the activity of the Afforestation and Mangrove Forest Ecosystem Restoration Project on 26th July 2019;



- Participation in the sponsorship of the 2019 Friendship Building Charitable Concert of the F.T.I., Samut Prakan Chapter, and the "Dao Roong Lookthung Rong Ngan (Factory New Star of Thai Country Songs)" Signing Contest of the Federation of Thai Industries, Samut Prakan Chapter, on 29th July 2019;

- Participation in the sponsorship of the Jamjuree Nong Phi Si Phloeng Open House Program for Academic Year 2019 of the Undergraduate Students Committee of Education (USCE), Chulalongkorn University, on 20th - 23rd July 2019;
- Participation in the sponsorship of the (Ban Khum) Freshmen Welcoming Program for Academic Year 2019, Chulalongkorn University, on 3rd - 5th August 2019;
- Participation in the sponsorship of the National Science Day Exhibition Project of the Faculty of Science, King Mongkut's Institute of Technology, Ladkrabang, on 23rd - 24th August 2019;
- Donation of money to the 2019 Royal Kathin charity of the Nakhon Pathom Provincial Industry Office on 25th August 2019;
- Contribution to the budget of the ASF Surveillance, Control and Prevention Program of the Association of North Eastern Region Pig Raisers on 1st November 2019;
- Contribution to the sponsorship of the Half Year Volunteer Camp for the Construction of a Multi-purpose Building, Ban Mae Klong Noi School, Mo Klo Sub-district, Um Phang District, Tak Province, for Academic Year 2019, the Voluntary Club of Chulalongkorn University, Division of Social Development and Service, Chulalongkorn University, on 19th - 30th December 2019;
- Contribution to the sponsorship of Bowling Match No. 18 of the Federation of Thai Industries, Samut Prakan Chapter, on 22nd December 2019;
- Donation of property amounting to 5,000 Baht as relief for Pabuk storm victims via the Bureau of Livestock Standards and Certification;
- Item of donation: Mom Thanat Daek stuffed squid

Item	D/M/Y	Description	Baht
1.	1/8/2019	Donation to the poor in Nakornsawan Province	106,950
2.	9/8/2019	The 1 st Poong Taek Laek Yim, Wat Sra Kaew School, Angthong Province	117,300
3.	20/8/2019	The 2 nd Poong Taek Laek Yim, Prachanukraw School, Lopburi Province	117,300
4.	25/8/2019	Donation to the poor in Samutsakorn Province	86,250
5.	4/9/2019	The 3 rd Poong Taek Laek Yim, Angthong Province	117,300
6.	10/9/2019	The 4 th Poong Taek Laek Yim, Chacherngsao Province	89,700
7.	8/11/2019	Donation for the blind	13,800
Total			824,550

3) Activities for Anti-corruption

The company has the intention and determination to fight against anti-corruption in all forms in order to make proper decision and conduct business of the company related to a risk of corruption to be appropriate considered and practiced. As a result, building confidence for the company's stakeholders is assured.

Therefore, the Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of business and corruption and has made available an efficient and effective system of internal control and audit, and it has also prepared a policy on anti-corruption in all activities and communicated it to the Board of Directors, management, employees, and both internal and external stakeholders so that it serves as guidelines for common practice in the fair and transparent conduct of business.

In addition, in 2017 the Company was certified by the Private Sector Collective Action Coalition against Corruption (CAC) Council to be a member of the Private Sector Collective Action Coalition against Corruption Program. The membership demonstrated its intent and aspiration to struggle against all forms of corruption. Moreover, the Company has planned to file an application for a renewal of its certificate (Recertification) in 2019 to confirm its determination to struggle against corruption continuously and to review the efficiency of its control system and anti-corruption measures. This is to ensure that it will be able to prevent and control, in an appropriate manner, the risk resulting from corruption.



Audit and Corporate Governance Committee Report

To : The Shareholders of S. Khonkaen Foods Public Company Limited

The Audit and Corporate Governance Committee of S. Khonkaen Foods Public Company Limited is comprised of three independent members, namely Mr. Worapon Lopansri, who possesses competence and expertise in Accounting and Finance, as Chairman of the Audit and Corporate Governance Committee, Mr. Prasarn Marukpitak and Mr. Chusak Vijakkhana as members of the Audit and Corporate Governance Committee. All the members are fully qualified in accordance with the regulations of the Stock Exchange of Thailand (SET). The members of the Audit and Corporate Governance Committee have performed their duties and responsibilities pursuant to the Charter approved by the Board of Directors of the Company.

In 2019, the Audit and Corporate Governance Committee has held 4 meetings in total with the management, the internal auditors and the external auditor. All the members of the Audit and Corporate Governance Committee attended each and every meeting to regularly report to the Board of Directors in each quarter on the Committee's performance and their recommendations as deemed appropriate. The main activities of the Committee are concluded as follows.

1. Financial Statements Review

The Audit and Corporate Governance Committee reviewed the quarterly and annual financial statements for the year 2019, which had been reviewed and audited by the external auditor prior to submission to the Board of Directors for approval. The Audit and Corporate Governance Committee's objectives of the review are to ensure that the financial statements have been prepared in accordance with the accounting standards or the generally accepted accounting principles and with adequate disclosure. Additionally, the Committee discussed with the management and the external auditor to collaboratively consider key accounting issues. After all, the management is responsible for preparation and presentation of financial statements and for necessary internal controls in the preparation process whereas the external auditor is responsible for expression of opinion on those financial statements.

2. Risk Management Review

The Audit and Corporate Governance Committee reviewed the Company risk management process to ensure that it was adequate, appropriate and efficient. The material risks are disclosed in the Risk Factor caption.

3. Internal Control Review

The Audit and Corporate Governance Committee, in conjunction with the Internal Audit Unit, reviewed and evaluated the internal control system using an evaluation form of the Office of the Securities and Exchange Commission (SEC) and the COSO - Internal Control Integrated Framework. In the Audit and Corporate Governance Committee's opinion, the Company has a proper and adequate internal control system to allow the operations to efficiently pursue the goals and objectives in compliance with the laws and relevant regulations, to prevent fraud on assets, and to produce accurate and reliable accounting records and reports.

4. Internal Audit Unit Review and Oversight

The Audit and Corporate Governance Committee approved the 2019 internal audit plan that was prepared on a risk-based approach. The Committee also reviewed independence and adequacy of resources needed for the Internal Audit Unit's operations. In addition, we reviewed the internal audit results and monitored progress of operations on a quarterly basis. The meetings with internal auditors were held with no participation from the management to discuss internal audit work independently. The Charter of the Internal Audit Unit was revised to assure that it was appropriate and up-to-date. The performance of the Head of the Internal Audit Unit was considered and evaluated on a yearly basis to ensure that the internal audit function has achieved its objectives.

5. Law Compliance Review

The Audit and Corporate Governance Committee reviewed the Company's compliance with the laws concerning securities and Stock Exchange, the regulations of SET and other related oversight bodies and the laws involving the Company's business.

6. Corporate Governance Review

The Audit and Corporate Governance Committee reviewed the Company's operations to ensure that the corporate governance system was adequate, appropriate and efficient. Moreover, the review aimed at existence of the corporate governance policy that was consistent with good corporate governance principles of the Thai Institute of Directors (IOD), and in strict compliance with the policy. The result of which the company got excellent or equal to 5 stars from Corporate Governance Report of Thai Listed Companies in 2019, increased from 4 stars in 2018.

Additionally, in 2019, the Audit and Corporate Governance Committee agreed with the revision and amendment of the good corporate governance policy to have the same text as 2017 CG Code of the Stock Exchange of Thailand.

In addition, the company has joined the Thailand's Private Sector Collective Action Coalition against Corruption by express intention in May 2014. In March 2017, the Company has been recognized as a member of Thailand's Private Sector Collective Action Coalition against Corruption and in 2019, the Certificate is under renewal to extend from Thailand's Private Sector Collective Action Coalition against Corruption. The Audit and Corporate Governance Committee had assigned the internal audit to verify the observance in anti-corruption.

7. Whistleblowing Arrangements Review

The Audit and Corporate Governance Committee reviewed the adequacy and appropriateness of corruption preventive measures and of channels provided for whistleblowers to notify a trail or file a complaint. They should be able to efficiently prevent, control or solve the problems resulting from wrongdoing and corruption.

8. Selection and Proposal for Appointment of External Auditors

The Audit and Corporate Governance Committee is accountable for considering, selecting, nominating and proposing remuneration for the Company's external auditor in order to obtain an independent auditor. Qualifications, competences, experiences, past performance and appropriateness of audit fee are all considered. According to the Committee's meeting resolution, appointment of EY Office Limited as the Company's external auditor was agreed upon. The resolution was proposed to the Board of Directors for consideration and requested for further approval from the shareholders' meeting to appoint the Company's external auditor for 2019.

Furthermore, in 2019 the Audit and Corporate Governance Committee held a joint meeting with the auditor without the presence of the management, in order to ascertain that it is a discussion without interference. The Audit and Corporate Governance Committee seek source sought the opinion from the auditor in other matters i.e. quality of audit task and the co-operation during auditing including any concern that the auditor might have worry or be restricted the scope of auditing.

9. Related-Party Transactions Review

The Audit and Corporate Governance Committee reviewed the related-party transactions or transactions exposed to a conflict of interest to ensure that the Company had treated them and made relevant disclosure properly and completely in accordance with the laws concerning securities and Stock Exchange, the regulations of the Stock Exchange of Thailand and other related oversight bodies.

10. Performance Self-Assessment

The Audit and Corporate Governance Committee reviewed and undertook a self-assessment of the performance both collectively and individually taking into consideration best practices and the Charter of the Committee. The result revealed that the Committee had carried out their duties effectively in line with the scope of duty in the Charter.

In conclusion, the Audit and Corporate Governance Committee performed its duties independently and duly in accordance with the scope of duty assigned by the Board of Directors. In the Committee's opinion, the financial statements of the Company had been prepared fairly, in all material aspects, in accordance with the financial reporting standards, the related-party transactions were reasonable, disclosure of information was adequate, complete and reliable, the internal control system and the risk management system were effective and efficient, and the Company had complied with its key policies and the relevant laws and regulations.



.....
Mr. Worapon Lopansri
Chairman of the Audit and Corporate Governance Committee



.....
Mr. Prasarn Marukpitak
Member of the Audit and Corporate
Governance Committee



.....
Mr. Chusak Vijakkhana
Member of the Audit and Corporate
Governance Committee

Financial Highlights

Consolidated Financial Statements

Statement of Financial Position	As at					
	31 December 2019		31 December 2018		31 December 2017	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Cash and cash equivalent	152.25	5.9	79.18	3.3	81.51	3.3
Trade and other receivables	469.54	18.3	450.91	18.7	418.20	16.9
Inventories	324.92	12.7	263.95	11.0	214.87	8.7
Other current assets	24.79	1.0	6.07	0.3	5.45	0.2
Total current assets	971.50	37.9	800.11	33.3	720.03	29.1
Non-current biological assets	9.21	0.4	14.15	0.6	18.85	0.8
Property, plant and equipment	919.88	35.8	922.53	38.3	929.68	37.6
Investment properties	640.31	24.9	643.83	26.8	647.55	26.2
Other non-current assets	25.23	1.0	25.09	1.0	159.64	6.4
Total assets	2,566.13	100.0	2,405.71	100.0	2,475.75	100.0
Bank overdraft and short-term loans	514.50	20.0	443.55	18.4	646.67	26.1
Trade and other payables	296.97	11.6	324.74	13.5	286.32	11.6
Current portion of long-term loans	96.78	3.8	95.01	4.0	94.70	3.8
Other current liabilities	38.49	1.5	36.63	1.5	29.24	1.2
Total current liabilities	946.74	36.9	899.93	37.4	1,056.93	42.7
Long-term liabilities	443.32	17.3	370.87	15.4	416.42	16.8
Provision for long-term employee benefits	90.51	3.5	76.75	3.2	64.72	2.6
Total liabilities	1,480.57	57.7	1,347.55	56.0	1,538.07	62.1
Equity to owners of the Company	1,083.98	42.2	1,056.74	43.9	936.64	37.8
Non-controlling interests of the subsidiaries	1.58	0.1	1.42	0.1	1.04	0.1
Total shareholder's equity	1,085.56	42.3	1,058.16	44.0	937.69	37.9
Total liabilities and shareholder's equity	2,566.13	100.0	2,405.71	100.0	2,475.75	100.0

Statement of Income	Year Ended					
	2019		2018		2017	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Revenue from sales	2,836.98	99.0	2,708.83	97.0	2,611.84	97.4
Revenue from rental and service	8.65	0.3	11.08	0.4	26.32	1.0
Other income	19.33	0.7	71.33	2.6	42.83	1.6
Total revenue	2,864.96	100.0	2,791.24	100.0	2,680.99	100.0
Cost of sales	2,084.80	72.8	1,943.49	69.6	1,878.97	70.1
Cost of rental and service	14.91	0.5	15.03	0.6	16.18	0.6
Selling expenses	283.79	9.9	262.65	9.4	313.07	11.6
Administrative expenses	311.24	10.9	291.13	10.4	256.91	9.6
Operating income	170.22	5.9	278.94	10.0	215.86	8.1
Financial cost	33.72	1.2	36.78	1.3	42.03	1.6
Tax expense	24.01	0.8	50.51	1.8	37.10	1.4
Profit for the year	112.49	3.9	191.65	6.9	136.73	5.1
Non-controlling interests of the subsidiaries	0.38	0.0	0.38	0.0	0.33	0.0
Equity holders of the Company	112.11	3.9	191.27	6.9	136.40	5.1

Cash Flow Statement	Year Ended		
	2019	2018	2017
	Baht Mil.	Baht Mil.	Baht Mil.
Profit from operating activities (before changes in operating assets and liabilities)	294.33	343.31	301.08
Net cash flows from operating activities	114.95	275.72	222.03
Net cash flows from investing activities	(72.87)	77.94	(125.13)
Net cash flows from financing activities	32.07	(356.00)	(95.58)
Net increase in cash and cash equivalents	74.15	(2.34)	1.32
Cash and cash equivalents at beginning of year	78.31	80.68	79.31
Cash and cash equivalents at end of year	152.25	78.31	80.68

Financial Ratio	Year Ended		
	2019	2018	2017
Liquidity Ratio			
Current ratio (Times)	1.0	0.9	0.7
Quick ratio (Times)	0.7	0.6	0.5
Cash flow ratio (Times)	0.1	0.3	0.2
Accounts receivable turnover (Times)	6.2	6.3	6.5
Average collection period (Days)	58.2	57.5	55.6
Inventory turnover (Times)	7.1	8.1	9.0
Average day's sales in inventory (Days)	50.8	44.3	39.9
Account payable turnover (Times)	6.8	6.4	6.7
Average payment period (Days)	53.3	56.2	53.6
Cash Cycle (Days)	55.8	45.7	42.0
Profitability Ratio			
Gross profit margin (%)	26.21%	27.99%	28.16%
Operating profit margin (%)	5.98%	10.26%	8.18%
Net profit margin (%)	3.93%	6.87%	5.10%
Return to equity (%)	10.49%	19.20%	15.53%
Efficiency Ratio			
Return on assets (%)	4.52%	7.85%	5.74%
Return on fixed assets (%)	23.18%	31.36%	26.38%
Total asset turnover (Times)	1.2	1.1	1.1
Financial Policy Ratio			
Debt to equity ratio (Times)	1.4	1.3	1.6
Interest coverage ratio (Times)	5.1	9.8	7.1
Dividend payout ratio (%)	59.52%	56.56%	82.58%

Remarks : In 2019 the financial reporting standard issue No. 15 was applied regarding revenue from contracts made with customers which is applicable to the financial statements for the accounting period beginning on or after 1 January 2019 onwards. The company has adjusted the revenue structure for the year 2018 and 2017 to be in compliance with the said financial reporting standards.

Management's Analyses and Explanations

Operation Results in the Previous Year

(1) Overview of Previous Results of Operation

Revenues and Sales Revenue

S. Khonkaen Foods Public Company Limited or "SORKON" ("The Company") and its subsidiaries posted a total 2019 revenue of Baht 2,864.96 million, an increase of Baht 73.72 million from 2018, an increase of 2.6%. Sales revenue is Baht 2,836.98 million, an increase of Baht 128.15 million from 2018 or an increase of 4.7%. Most of the increase comes from marketing in the pork processing business in the amount of Baht 99.83 million and the swine farming business group in the amount of Baht 42.67 million.

Gross Profit

The company's gross profit in 2019 decreased to 26.5% from 28.3% in 2018 or valued at Baht 752.19 million, a decrease of Baht 13.16 million or 1.7% due to the average price of raw materials that is pork increased from the previous year. However, the pork food processing business group is with the highest gross profit value of Baht 373.73 million.

Sales and Administrative Expenses

Sales and administrative expenses in 2019 increased by 7.2% from 2018, or equivalent to Baht 41.13 million due to the loss from changes in fair value less the cost of selling livestock assets to Baht 10.02 million which is a result of the change in fair price of fattened pigs in 2019, lower than in 2018, and the cost of expanding channels of distribution and sales promotion to maintain the customer base and increase domestic sales

Financial Expenses

Financial expenses in 2019 decreased from 2018 by Baht 3.06 million or 8.3% due to the repayment of loans in 2019 and the 2019 decreasing interest rates on loans from financial institutions.

Net Profit

The company's net profit attributable to equity holders of the company in 2019 posted at Baht 112.11 million. Compared to 2018, the company had a net profit decrease of Baht 79.16 million or 41.4% due to these factors:

- The price of pork raw materials increased.
- Cost of swine epidemic prevention (ASF) in our holdings
- Expenses for marketing and expansion of distribution channels
- Loss from change in fair value less cost of sales of livestock
- No special income posted (profit from the sale of fixed assets).

Operating results of each business group

Type of Business	2019		2018		2017	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Thai Native Foods	1,219.36	42.5	1,119.53	40.1	1,059.33	39.5
2. Processed Seafood (Fish Balls)	932.56	32.6	945.41	33.8	909.59	33.9
3. Snack Processed from Pork	107.33	3.7	102.69	3.7	97.58	3.6
4. Frozen Foods Ready-to-Eat	186.03	6.5	196.41	7.0	191.85	7.2
5. Food Shop (QSR)	143.02	5.0	138.78	5.0	158.55	5.9
6. Swine Farm	248.68	8.7	206.01	7.4	194.94	7.3
Total Sales	2,836.98	99.0	2,708.83	97.0	2,611.84	97.4
Other Income	27.98	1.0	82.41	3.0	69.15	2.6
Grand Total	2,864.96	100.0	2,791.24	100.0	2,680.99	100.0

- **Processed food business group** (Including processed food from Pork processed Seafood Snack food and Frozen food) with a total revenue of Baht 2,445.28 million, an increase of Baht 81.24 million or 3.4% from the increase in revenue from processed food from pork which has improved the packaging as well as developed new products with flavors that meet the needs of more diverse consumers. But excluded this year from the increase is the processed seafood business which was affected by the baht appreciation causing a decline in sales from exports due to lack of price competitiveness with countries such as Vietnam.
- **The restaurant business** has posted a total revenue of Baht 143.02 million with an increase of Baht 4.24 million from 2018 or an increase of 3.06% due to the increase of delivery channels in conjunction with business partners such as GRAB, LINEMAN and FOOD PANDA etc.
- **The swine farm business** has posted a total revenue of Baht 248.68 million with an increase of Baht 42.67 million from 2018 or an increase of 20.7% due to the average price of fattened pigs.

Financial Standing

Assets

As of 31 December 2019, the company had total assets of Baht 2,566.13 million with an increase of Baht 160.42 million from 2018, up 6.7% due to an increase in the amount of raw pork in storage. The company has a short-term deferred liability resulting in an increased amount at the end of the fiscal period.

Liabilities

As of December 31, 2019, the company had total liabilities of Baht 1,480.57 million with an increase of Baht 133.02 million from 2018, representing 9.9% due to a short-term deferred loan. And the group company has long-term loans from financial institutions in order to repay the loan from the parent company.

Shareholders

As of December 31, 2019, the company had total shareholders' equity of Baht 1,085.56 million, with an increase of Baht 27.40 million from 2018, representing 2.6% due to the company's net profit of Baht 112.49 million and the company paid dividends of Baht 80.85 million and profit of non-controlling interests of the subsidiary Baht 0.38 million.

Cash Flows

In 2019, the company had net cash flow from operating activities in the amount of Baht 114.95 million which has changed from the previous year to Baht 160.78 million due to the decrease in operating results and trade and other payables as well as increasing in remaining inventories.

Net cash flow used in investment activities was Baht 72.87 million, which was used to invest in fixed assets in the amount of Baht 82.62 million and cash received from pig breeding and equipment in the amount of Baht 8.89 million.

Net cash flow from financial activities was Baht 32.07 million, which came from short-term and long-term loans from financial institutions in the amount of Baht 246.62 million, with long-term loans from financial institutions and interest repayments of Baht 99.42 million and Baht 34.07 million respectively and paying dividends in the amount of Baht 81.05 million. The company had cash and cash equivalents as of 31 December 2019 in the amount of Baht 152.25 million.

Liquidity

As of 31 December 2019, the current ratio of the consolidated financial statements was 1.0 times, a slight increase from 2018, while the cash cycle was 56 days, increased from the previous year. due to increased sales.

The Company has long-term loans and a financial lease which are due within 2020 - 2025 as follows:

	2020	2021	2022	2023	2024	2025
Repayment of Principal	96.78	96.13	111.72	101.04	87.19	17.55

As of 31 December 2019, the company has outstanding trade receivables in the amount of Baht 469.54 million, an increase of 4.1% and the average collection period is 58 days, which is equal to 2018, and the company has remaining inventories of Baht 324.92 million divided into finished goods and raw materials in the amount of Baht 250.92 million and livestock assets in the amount of Baht 74.00 million and the inventories turnover ratio was 7.1 times, slightly decreased from the previous year. Due to the rising trend of pork raw materials price, the company has increased the storage of pork raw materials resulting in increased inventories.

Analysis of Financial Ratios

Profitability

The net profit margin was 3.9%, decreased from 6.9% in 2018, due to the rising price of pork raw materials, and the recognition of loss from changes in fair value less cost of sales of livestock.

Return on equity equals to 10.5%, an increase from 19.2% in 2018, and a return on total assets of 4.5%, a decrease from 7.9% in the previous year due to lower net profits.

Financial Policy

Debt to equity ratio is 1.4 times, slightly increased from 2018 which was 1.3 times.

Interest coverage ratio is 5.1 times, a decrease of 9.8 times from the previous year.

Payment of Dividend

According to the company's dividend policy, which stipulates that the total dividend paid in each year will be no less than 50% of the annual net profit after deducting income tax, (according to the separate financial statements), the Board of Directors Meeting No. 1/2020, held on February 24, 2020, resolved to pay dividends from the operating results of the year 2019 to shareholders at the rate of Baht 2.00 per share, totaling Baht 64.68 million. The Board of Directors will propose the said dividend payment to the Annual General Meeting of Shareholders for 2020 which will be held on April 24, 2020, for approval.

Factors or Events Which May Have Significant Effects in Future on the Financial Standing or the Conduct of Activities

2020 factors that will affect operations beyond the scope of the company's control include the following : fluctuations in the price of the company's main raw materials, such as pork prices the outbreak of AFS in swine farms. The spread of the corona virus which will greatly affect the country's economic overview and may result in reduced purchasing power of consumers. In addition, the appreciation of the baht which will directly affect the ability to compete in the export of products. However, the company expects that in 2020, the company will continue to develop products and expand distribution channels while also improving work efficiency to reduce costs and expenses in order to increase competitiveness which is expected to result in the company's expansion operations.

Report on the Board's Responsibility for Financial Reports

To : The Shareholders
S. Khonkaen Foods Public Company Limited

The Board of Directors is responsible for financial statements of S. Khonkaen Foods Public Company Limited and for consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries, as well as for financial information appearing in the Annual Report. These financial statements have been prepared in conformity with generally accepted accounting standards with the selection of appropriate and regularly applied accounting policies and the exercise of careful discretion and the use of optimum estimates for such preparation, as well as with significant information to be sufficiently disclosed in the notes to the financial statements so that it is transparently beneficial to shareholders and general investors. In addition, these financial statements have been audited with unqualified opinions given by an independent auditor.

For this purpose, the Board of Directors has appointed the Audit and Corporate Governance Committee comprising 3 independent directors to perform the duty to oversee and verify the financial reports, the internal control and internal audit system, the risk management system and to consider disclosures of information on interrelated transactions. The Audit and Corporate Governance Committee's opinions about this subject appear in the Audit and Corporate Governance Committee's report, which is indicated in this Annual Report.

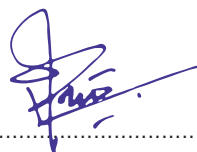
The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been audited by the Company's auditor, namely, EY Office Company Limited. In the audits, the Board of Directors has provided supporting information and documentation to enable the auditor to perform the audits and express its opinions in accordance with audit standards. The auditor's opinions appear in the independent auditor's report, which is indicated in this Annual Report.

In the Board's opinion, the overall system of internal control of the Company is at a sufficiently efficient and suitable level, which can provide a reasonable basis for one to believe that the financial statements of S. Khonkaen Foods Public Company Limited and the consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries for the year ended 31st December 2018 are reliable, with generally accepted accounting standards adhered to and the pertinent laws and rules and regulations correctly complied with.



(Dr. Thanong Bidaya)

Chairman of the Board of Directors



(Dr. Charoen Rujirasopon)

Chairman of Executive Committee

**S. Khonkaen Foods Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019**

Independent Auditor's Report

To the Shareholders of S. Khonkaen Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, 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 S. Khonkaen Foods 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 S. Khonkaen Foods Public Company Limited and its subsidiaries and of S. Khonkaen Foods Public Company Limited as at 31 December 2019, 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

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Group has a large customer base. Therefore, I focused on my audit on the occurrence of the revenue from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Provision for diminution in the value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 10 to the financial statements, is an area of significant management judgment corroborated with actual fact, particularly with regard to the estimation of allowance for diminution in the value of obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Group has a large quantity and number of categories of inventories. Therefore, I focused my audit on the measurement of provision set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining an allowance for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowance.
- Comparing the inventories holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during previous years with the allowance for diminution in value of inventories recorded at the preceeding year-end.

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. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the 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:

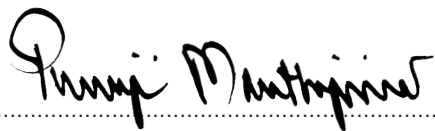
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 24 February 2020

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	8	152,250,713	78,307,864	108,746,660	50,052,387
Current investment		-	873,774	-	-
Trade and other receivables	7, 9	469,543,555	450,912,121	376,875,386	425,130,781
Short-term loans to subsidiaries	7	-	-	6,444,869	215,461,088
Inventories	10	250,919,797	174,263,297	179,988,736	102,568,502
Current biological assets	16	74,000,913	89,690,744	-	-
Other current assets		24,792,692	6,065,093	5,300,089	3,102,185
Total current assets		971,507,670	800,112,893	677,355,740	796,314,943
Non-current assets					
Restricted bank deposits	11	1,490,256	1,466,938	-	-
Long-term loans to subsidiary	7	-	-	83,000,000	-
Investments in subsidiaries	13	-	-	298,114,862	298,114,862
Investment properties	14	640,306,382	643,830,378	372,765,068	376,488,942
Property, plant and equipment	15	919,875,974	922,530,831	394,342,054	395,019,380
Non-current biological assets	16	9,214,442	14,147,773	-	-
Intangible assets	17	13,214,463	13,834,772	9,915,760	12,820,843
Deferred tax assets	25	66,400	142,900	-	-
Other non-current assets		10,454,867	9,642,592	8,662,131	8,319,265
Total non-current assets		1,594,622,784	1,605,596,184	1,166,799,875	1,090,763,292
Total assets		2,566,130,454	2,405,709,077	1,844,155,615	1,887,078,235

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

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	514,494,417	443,552,106	428,053,888	398,151,308
Trade and other payables	7, 19	296,966,446	324,739,568	216,519,962	257,199,165
Current portion of financial lease payables	20	1,616,613	1,034,954	525,287	-
Current portion of long-term loans	21	95,167,309	93,974,399	37,200,871	43,639,399
Income tax payable		14,343,521	16,664,151	6,611,745	9,488,355
Other current liabilities		24,149,412	19,966,932	17,112,178	14,678,584
Total current liabilities		946,737,718	899,932,110	706,023,931	723,156,811
Non-current liabilities					
Financial lease payables, net of current portion	20	2,316,999	1,751,106	1,219,238	-
Long-term loans, net of current portion	21	411,312,345	334,709,820	254,108,949	291,309,820
Deferred tax liabilities	25	26,995,726	32,193,418	16,949,303	18,939,425
Provisions for long-term employee benefits	22	90,507,963	76,749,380	64,596,950	56,843,655
Other non-current liabilities		2,696,675	2,213,659	2,191,170	1,748,218
Total non-current liabilities		533,829,708	447,617,383	339,065,610	368,841,118
Total liabilities		1,480,567,426	1,347,549,493	1,045,089,541	1,091,997,929

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
32,340,000 ordinary shares of Baht 10 each		323,400,000	323,400,000	323,400,000	323,400,000
Issued and paid-up					
32,340,000 ordinary shares of Baht 10 each		323,400,000	323,400,000	323,400,000	323,400,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	-	-
Retained earnings					
Appropriated - statutory reserve	23	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		479,014,211	451,561,720	273,692,891	269,707,123
Other components of shareholders' equity		161,396,725	161,604,952	119,352,183	119,352,183
Equity attributable to owners of the Company		1,083,984,089	1,056,739,825	799,066,074	795,080,306
Non-controlling interests of the subsidiaries		1,578,939	1,419,759	-	-
Total shareholders' equity		1,085,563,028	1,058,159,584	799,066,074	795,080,306
Total liabilities and shareholders' equity		2,566,130,454	2,405,709,077	1,844,155,615	1,887,078,235
		-	-	-	-

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Revenues				
Sales	2,836,985,487	2,708,833,776	1,708,511,847	1,898,328,581
Revenue from rental and service	14 8,647,582	11,082,729	8,647,582	11,082,729
Dividend income	13 -	-	29,888,208	-
Interest income	213,999	532,033	8,041,947	7,753,165
Other income	19,114,491	14,518,093	17,334,119	9,185,774
Gain on sales of deposits for land	-	22,246,400	-	22,246,400
Gain on change in fair value less cost to sale of biological assets	16 -	34,026,230	-	-
Total revenues	2,864,961,559	2,791,239,261	1,772,423,703	1,948,596,649
Expenses				
Cost of sales	2,084,798,240	1,943,492,168	1,220,819,743	1,321,514,068
Cost of rental and service	14 14,911,940	15,032,666	14,911,940	15,820,742
Selling and distribution expenses	283,789,062	262,646,989	210,138,560	211,205,338
Administrative expenses	301,222,061	291,126,712	200,468,926	205,352,788
Loss on change in fair value less cost to sale of biological assets	16 10,018,474	-	-	-
Total expenses	2,694,739,777	2,512,298,535	1,646,339,169	1,753,892,936
Profit before finance cost and tax expense	170,221,782	278,940,726	126,084,534	194,703,713
Finance cost	(33,726,910)	(36,781,170)	(27,895,660)	(28,785,668)
Profit before tax expense	136,494,872	242,159,556	98,188,874	165,918,045
Income tax expenses	25 (24,008,156)	(50,510,253)	(10,924,968)	(29,973,390)
Profit for the year	112,486,716	191,649,303	87,263,906	135,944,655
Profit attributable to:				
Equity holders of the Company	112,105,882	191,272,526	87,263,906	135,944,655
Non-controlling interests of the subsidiaries	380,834	376,777		
	112,486,716	191,649,303		
Earnings per share	26			
Basic earnings per share				
Profit attributable to equity holders of the Company	3.47	5.91	2.70	4.20

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

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the year		112,486,716	191,649,303	87,263,906	135,944,655
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		(208,227)	(28,436)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial loss - net of income tax	22	(3,803,391)	-	(2,428,138)	-
Other comprehensive income for the year		(4,011,618)	(28,436)	(2,428,138)	-
Total comprehensive income for the year		108,475,098	191,620,867	84,835,768	135,944,655
Total comprehensive income attributable to:					
Equity holders of the Company		108,094,264	191,244,090	84,835,768	135,944,655
Non-controlling interests of the subsidiaries		380,834	376,777		
		108,475,098	191,620,867		

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

For the year ended 31 December 2019

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity holders	Total shareholders' equity
			Statutory reserve	Unappropriated		
					Surplus on revaluation of assets	
Balance as at 1 January 2018	323,400,000	50,281,000	32,340,000	204,910,468	119,352,183	730,283,651
Profit for the year	-	-	-	135,944,655	-	135,944,655
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	135,944,655	-	135,944,655
Dividends paid (Note 28)	-	-	-	(71,148,000)	-	(71,148,000)
Balance as at 31 December 2018	323,400,000	50,281,000	32,340,000	269,707,123	119,352,183	795,080,306
Balance as at 1 January 2019	323,400,000	50,281,000	32,340,000	269,707,123	119,352,183	795,080,306
Profit for the year	-	-	-	87,263,906	-	87,263,906
Other comprehensive income for the year	-	-	-	(2,428,138)	-	(2,428,138)
Total comprehensive income for the year	-	-	-	84,835,768	-	84,835,768
Dividends paid (Note 28)	-	-	-	(80,850,000)	-	(80,850,000)
Balance as at 31 December 2019	323,400,000	50,281,000	32,340,000	273,692,891	119,352,183	799,066,074
	-	-	-	-	-	-
	-	-	-	-	-	-

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax expense	136,494,872	242,159,556	98,188,874	165,918,045
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	90,962,073	87,600,849	40,657,095	39,430,942
Depreciation of biological assets	6,631,358	8,129,393	-	-
Amortisation of intangible assets	3,453,809	3,004,757	3,060,983	2,870,880
Amortisation of deferred rental expense	(1,018,213)	(641,666)	748,213	731,666
Allowance for doubtful accounts of trade and other receivables (reversal)	590,445	143,556	665,445	(119,967)
Allowance for loan to unrelated company	-	5,000,000	-	5,000,000
Reduction of inventories to net realisable value	(1,509,947)	(182,719)	(732,062)	(201,542)
Loss (gain) on sales of equipment	(872,161)	139,797	(747,058)	736,065
Write-off building and equipment	650,975	3,921,576	636,271	3,073,589
Loss on impairment of biological assets	-	877,459	-	-
Loss on diminution in value of investment in subsidiaries	-	-	-	73,336
Gain on sale of stud swine	(4,924,591)	(4,043,222)	-	-
Long-term employee benefit expense	20,351,171	16,972,659	14,796,311	11,702,829
Unrealised loss (gain) on exchange	(12,497)	250,030	359,342	221,250
Loss (gain) on changes in fair value less cost to sell of biological assets	10,018,474	(34,026,230)	-	-
Gain on sales of deposits for land	-	(22,246,400)	-	(22,246,400)
Interest income	(214,000)	(532,033)	(8,041,947)	(7,753,165)
Interest expenses	33,726,910	36,781,170	27,895,660	28,785,668
Dividends income	-	-	(29,888,208)	-
Profit from operating activities before changes in operating assets and liabilities	294,328,678	343,308,532	147,598,919	228,223,196

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating assets (increase) decrease				
Trade and other receivables	(19,209,381)	(33,460,104)	47,239,169	(25,713,323)
Inventories	(75,146,553)	(13,401,042)	(76,688,172)	(6,094,450)
Biological assets	1,243,410	(8,721,992)	-	-
Other current assets	(18,727,599)	(612,068)	(2,197,904)	(161,102)
Other non-current assets	(812,275)	635,625	(342,866)	716,767
Operating liabilities increase (decrease)				
Trade and other payables	(31,130,733)	34,382,367	(42,011,869)	13,725,369
Other current liabilities	4,182,480	1,726,612	2,433,594	2,656,538
Other non-current liabilities	1,501,229	(1,858,764)	(305,261)	(2,078,962)
Cash paid for long-term employee benefit	(11,371,655)	(4,940,900)	(10,078,189)	(3,560,568)
Cash flows from operating activities	144,857,601	317,058,266	65,647,421	207,713,465
Cash paid for corporate income tax	(29,908,684)	(41,336,357)	(15,184,665)	(26,934,649)
Net cash flows from operating activities	114,948,917	275,721,909	50,462,756	180,778,816
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	(23,318)	14,952	-	-
Decrease (increase) in current investments	873,774	(39,389)	-	-
Decrease (increase) in short-term loans to subsidiaries	-	-	208,644,380	(20,789,589)
Increase in long-term loans to subsidiary	-	-	(83,000,000)	-
Acquisition of equipment	(79,788,869)	(81,377,895)	(33,349,944)	(51,951,071)
Acquisition of computer software	(2,833,500)	(2,273,465)	(155,900)	(1,581,536)
Acquisition of investment properties	(199,878)	-	-	-
Cash paid for a deposits for purchase of land	-	(4,456,000)	-	(4,456,000)
Cash received from deposits for land	-	153,702,400	-	153,702,400
Proceeds from sales of equipment	1,234,884	4,815,642	914,154	577,268
Proceeds from sales of stud swine	7,654,511	6,983,917	-	-
Cash received from interest income	213,999	570,783	8,405,225	7,733,317
Dividend income	-	-	29,888,208	-
Net cash flows from (used in) investing activities	(72,868,397)	77,940,945	131,346,123	83,234,789

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	70,942,311	(203,113,013)	29,902,580	(183,395,392)
Cash receipt from long-term loans	175,675,499	114,680,859	-	114,680,859
Cash paid for long-term loans	(97,880,064)	(158,148,323)	(43,639,399)	(106,696,323)
Decrease in financial lease payables	(1,542,373)	(1,348,879)	(439,000)	(242,826)
Cash paid for interest expenses	(34,073,025)	(36,924,265)	(28,088,787)	(28,843,303)
Dividend paid	(81,051,792)	(71,148,000)	(80,850,000)	(71,148,000)
Net cash flows from (used in) financing activities	32,070,556	(356,001,621)	(123,114,606)	(275,644,985)
Net increase (decrease) in cash and cash equivalents	74,151,076	(2,338,767)	58,694,273	(11,631,380)
Translation adjustments	(208,227)	(28,436)	-	-
Cash and cash equivalents at beginning of year	78,307,864	80,675,067	50,052,387	61,683,767
Cash and cash equivalents at end of year (Note 8)	152,250,713	78,307,864	108,746,660	50,052,387

Supplemental cash flows information

Non-cash items transaction

Purchases of vehicle under financial lease

agreements

Undue installment for acquisition of equipment

Offsetting between accrued commission and

accrued interest income

2,689,925	-	2,183,525	-
3,118,246	4,176,239	1,525,793	2,606,309
-	-	344,380	1,210,411

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

S. Khonkaen Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of processed food products, restaurants and swine farm.

The registered office of the Company is at 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phrakhanong Nuer, Vadhana, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 1 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of S. Khonkaen Foods Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (Percent)
S. Pasusat Company Limited	Breeding and sales of finishing swine	Thailand	100
S.K.K. Food Company Limited	Distribution of processed products	Thailand	99
Mahachai Foods Company Limited	Manufacture and distribution of processed food products	Thailand	99
3D Food and Beverage Company Limited	Restaurant business and distribution of food and beverage	Thailand	100
S. Training Center Company Limited	Training and seminar service	Thailand	100
Thai Home Food (Bangkok) Company Limited	Restaurant business and distribution of food and beverage and franchise business	Thailand	80
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed food products	The Netherlands	100

- 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 significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) 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 of the Company, which present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the full retrospective method of adoption.

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

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the adoption of this accounting standard to have the effect on financial position as at 1 January 2020 of increasing the Group's assets by approximately Baht 120 million (the Company only: approximately Baht 104 million) and the Group's liabilities by approximately Baht 120 million (the Company only: approximately Baht 104 million).

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative has no effect of the statement of financial position and the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of income is summarised below:

(Unit: Baht)

	Consolidated financial statements		
	Previous accounting policy	Decrease	TFRS 15
Statement of income			
Sales	2,869,754,387	(160,920,611)	2,708,833,776
Selling and distribution expenses	423,567,600	(160,920,611)	262,646,989

(Unit: Baht)

	Separate financial statements		
	Previous accounting policy	Decrease	TFRS 15
Statement of income			
Sales	2,059,249,192	(160,920,611)	1,898,328,581
Selling and distribution expenses	372,125,949	(160,920,611)	211,205,338

5. Significant accounting policies

5.1 Income 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, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Rendering of services

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

Rental income

Rental income is recognised on an accrual basis over the term of the lease.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

5.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

5.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties with respect to office building for rent is calculated by reference to its cost on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation provided on land and land awaiting development.

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

5.7 Property, plant and equipment and depreciation

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation decrease is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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

Land improvements	5 - 20 years
Plant and improvements	5 - 20 years
Machinery and equipment	5 - 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

5.8 Biological assets

Biological assets are measured at fair value less cost to sale (incremental costs directly attributable to the disposal of biological assets). If the fair value cannot be measured reliably, it is measured at cost less accumulated depreciation and accumulated impairment losses. Gains or losses on changes in fair value less cost to sale are recognised in profit or loss.

Current biological assets, comprising fattening swine and harvested agricultural produce, are presented under the caption "Current assets". Non-current biological assets, comprising stud swine and bearer plants, are presented under the caption "Non-current assets" in the statement of financial position.

5.9 Borrowing costs

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

5.10 Intangible assets

Intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible asset with finite useful lives is computer software which has useful lives of 5 - 10 years.

5.11 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 an individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.12 Long-term leases

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

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

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

5.14 Foreign currencies

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

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

5.15 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 benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations 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 plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

5.16 Provisions

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

5.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The 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 technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

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

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

6. Significant accounting judgments and estimates

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

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories requires the management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business; less selling expenses and allowance for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful lives of each type of inventories.

Property, plant and equipment / Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Group's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Biological assets

Fattening swine are measured at their fair value less costs to sell. This fair value is measured with reference to the quoted prices of fattening swine at the reporting date, after deducting estimated cost to sale. The fair value of harvested agricultural produce is measured with reference to the quoted prices of such produce after deducting cost of sale at the point of harvest.

The measurement of fair value related to biological assets involves certain assumptions and some estimations, such as feeding costs of fattening swine and cost to sale.

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 benefits 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.

7. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries company</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	26,387	26,026	Cost plus margin
Service income	-	-	6,484	845	As stipulated in agreements
Sales of equipment and supplies	-	-	72	124	Cost plus margin
Dividend income	-	-	29,888	-	As declared
Interest income	-	-	7,970	7,252	Average cost of debt 3.574% - 4.50% per annum
Purchases of goods	-	-	81,827	333,474	Cost plus margin
Rental expenses	-	-	-	600	As stipulated in agreements
Other expenses	-	-	911	3,086	Cost plus margin

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

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Trade and other receivables (Note 9)					
Subsidiaries		-	-	2,714	2,575
Trade and other payables (Note 19)					
Subsidiaries		-	-	4,671	20,387

Loans to the subsidiaries

As at 31 December 2019 and 2018, the balance of loans to the subsidiaries and the movements are as follows:

(Unit: Thousand Baht)							
	Separate financial statements						
	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Unrealised loss on exchange	Balance as at 31 December 2019	Less: Short-term loans to subsidiaries	Long-term loans to subsidiary
Short-term loans to subsidiaries							
Mahachai Foods Co., Ltd.	122,000	85,000	(207,000)	-	-	-	-
S. Pasusat Co., Ltd.	89,000	5,000	(11,000)	-	83,000	-	83,000
S. Training Center Co., Ltd.	300	-	(300)	-	-	-	-
S. Khonkaen Foods (Netherlands) B.V.	4,161	-	(344)	(372)	3,445	(3,445)	-
3D Food and Beverage Co., Ltd.	-	3,000	-	-	3,000	(3,000)	-
Total	215,461	93,000	(218,644)	(372)	89,445	(6,445)	83,000

Those short-term loans bear interest at rates of 3.697% - 4.50% per annum (2018: 3.574% - 4.50% per annum). No due date for repayment of principal and interests has been scheduled.

Short-term loans to S. Khonkaen Foods (Netherlands) B.V. of Euro 0.10 million (2018: Euro 0.11 million) were denominated in Euro. There was no fixed term for repayment.

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	41,540	38,463	24,622	26,270
Post-employment benefits	7,996	4,681	4,323	3,737
Total	49,536	43,144	28,945	30,007

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29.3 (2).

8. Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	4,391	4,616	4,164	4,005
Bank deposits	147,860	73,692	104,583	46,047
Total	152,251	78,308	108,747	50,052

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.10% and 0.80% percent per annum (2018: between 0.10% and 0.375% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,847	1,867
Total trade accounts receivable - related parties	-	-	1,847	1,867
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	443,354	417,882	349,666	396,987
Past due				
Up to 3 months	14,209	26,227	12,923	24,794
3 - 6 months	597	-	592	-
6 - 12 months	3,992	359	3,971	-
Over 12 months	1,563	363	1,242	363
Total	463,715	444,831	368,394	422,144
Less: Allowance for doubtful debts	(1,382)	(768)	(1,045)	(410)
Total trade accounts receivable - unrelated parties, net	462,333	444,063	367,349	421,734
Total trade accounts receivable, net	462,333	444,063	369,196	423,601
<u>Other receivables</u>				
Other receivables - related parties	-	-	867	708
Other receivables - unrelated parties	931	6,888	601	1,192
Others	7,023	728	6,643	32
Total	7,954	7,616	8,111	1,932
Less: Allowance for doubtful debts	(743)	(767)	(432)	(402)
Total other receivables - net	7,211	6,849	7,679	1,530
Total trade and other receivables - net	469,544	450,912	376,875	425,131

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	42,148	44,745	(325)	(188)	41,823	44,557
Work in process	29,958	18,076	-	-	29,958	18,076
Raw materials	137,981	68,012	(83)	(439)	137,898	67,573
Packing materials	26,309	28,549	(1,582)	(2,699)	24,727	25,850
Spare parts and factory supplies	8,578	8,184	(119)	(292)	8,459	7,892
Animal foods and vaccine for swine	3,417	3,768	-	-	3,417	3,768
Raw materials for production of animal foods	4,638	6,547	-	-	4,638	6,547
Total	<u>253,029</u>	<u>177,881</u>	<u>(2,109)</u>	<u>(3,618)</u>	<u>250,920</u>	<u>174,263</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	32,183	36,078	(124)	(67)	32,059	36,011
Work in process	29,003	16,568	-	-	29,003	16,568
Raw materials	94,281	24,871	(83)	(278)	94,198	24,593
Packing materials	20,650	22,052	(1,003)	(1,519)	19,647	20,533
Spare parts and factory supplies	5,132	4,992	(50)	(128)	5,082	4,864
Total	<u>181,249</u>	<u>104,561</u>	<u>(1,260)</u>	<u>(1,992)</u>	<u>179,989</u>	<u>102,569</u>

During the year, the Company and its subsidiaries reduced cost of inventories by Baht 1 million (2018: Baht 2 million) (the Company only: Baht 0.5 million and 2018: Baht 1 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed reduced cost of inventories by Baht 2 million (2018: Baht 2 million) (the Company only: Baht 1 million and 2018: Baht 1 million), by reducing the amount of inventories recognised as expenses during the year.

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

12. Loan to unrelated company

As at 31 December 2019 and 2018, the balance of loan to unrelated company and the movements are as follows.

(Unit: Thousand Baht)

Loan to unrelated company	Consolidated financial statements / Separate financial statements					
	Principal		Allowance for doubtful account		Loan to unrelated company - net	
	2019	2018	2019	2018	2019	2018
Lao Inter Trade Sole Company Limited	5,000	5,000	(5,000)	(5,000)	-	-
Total	5,000	5,000	(5,000)	(5,000)	-	-

In October 2015, the Company provided loan of Baht 5 million to an overseas company. This loan has been guaranteed by the pledge of total shares of the Company amounting to LAK 1 billion. The loan carried interest at the rate of 9.125% per annum (2018: 9.125% per annum). The repayment term is five years which is fully repayable in October 2020. In 2018, the Company fully recognised allowance for doubtful account of loan to unrelated company.

13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Subsidiaries' name	Paid-up capital	Shareholding percentage (Percent)	Cost		Allowance for impairment loss		Cost - net	
			2019	2018	2019	2018	2019	2018
S. Pasusat Co., Ltd.	Baht 45 million	100	44,968	44,968	-	-	44,968	44,968
S.K.K. Food Co., Ltd.	Baht 120 million	99	119,225	119,225	-	-	119,225	119,225
Mahachai Foods Co., Ltd.	Baht 85 million	99	127,992	127,992	-	-	127,992	127,992
3D Food and Beverage Co., Ltd.	Baht 10 million	100	10,000	10,000	(5,000)	(5,000)	5,000	5,000
S. Training Center Co., Ltd.	Baht 0.5 million	100	500	500	-	-	500	500
Thai Home Food (Bangkok) Co., Ltd.	Baht 5 million	80	3,999	3,999	(3,573)	(3,573)	426	426
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4
			<u>306,688</u>	<u>306,688</u>	<u>(8,573)</u>	<u>(8,573)</u>	<u>298,115</u>	<u>298,115</u>

In 2018, the Company received dividend of Baht 30 million from a subsidiary. Thai Home Food (Bangkok) Company Limited registered for the dissolution with the Ministry of Commerce on 14 November 2018 and currently has been in the liquidation process.

14. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land awaiting development	Land, office building for rent	Total	Land awaiting development	Land, office building for rent	Total
Cost:						
1 January 2018	342,444	311,482	653,926	74,771	311,482	386,253
Disposals	-	-	-	-	-	-
31 December 2018	342,444	311,482	653,926	74,771	311,482	386,253
Additions	200	-	200	-	-	-
31 December 2019	342,644	311,482	654,126	74,771	311,482	386,253
Accumulated depreciation:						
1 January 2018	-	6,040	6,040	-	6,040	6,040
Depreciation for the year	-	3,724	3,724	-	3,724	3,724
31 December 2018	-	9,764	9,764	-	9,764	9,764
Depreciation for the year	-	3,724	3,724	-	3,724	3,724
31 December 2019	-	13,488	13,488	-	13,488	13,488
Allowance for impairment loss:						
1 January 2018	332	-	332	-	-	-
Reversal	-	-	-	-	-	-
31 December 2018	332	-	332	-	-	-
Reversal	-	-	-	-	-	-
31 December 2019	332	-	332	-	-	-
Net book value:						
31 December 2018	342,112	301,718	643,830	74,771	301,718	376,489
31 December 2019	342,312	297,994	640,306	74,771	297,994	372,765

Revenue and expenses related to land and office building for rent for the years ended
31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Revenue from rental and service	8,648	11,083	8,648	11,083
Cost of rental and service	14,912	15,033	14,912	15,821

The fair values of the investment properties as at 31 December 2019 and 2018 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land awaiting development	910,567	910,567	140,252	140,252
Land and office building for rent	319,000	319,000	319,000	319,000

The Group hired an independent professional valuer in 2017, to appraise fair values of their investment properties. Land awaiting development have been appraised based on market approach, and land and office building for rent has been appraised based on income approach.

Key assumptions used in the valuation of office building for rent are summarised below:

	Consolidated/Separate financial statements	Result to fair value where as an increase in assumption value
Rental growth rate (%)	10	Increase in fair value
Vacancy rate (%)	35	Decrease in fair value
Expense increasing rate (%)	1-2	Increase in fair value
Discount rate (%)	10	Decrease in fair value

The Group have operating lease agreements in respect of the office rental. The terms of the agreements are generally between 1 month and 3 years. Future minimum rental income to be generated under these agreements are as follows.

(Unit: Thousand Baht)

	2019	2018
In up to 1 year	7,343	5,011
In over 1 year and up to 3 years	2,729	4,056

The Group has mortgaged investment properties with a total net book value of Baht 439 million (2018: Baht 442 million) (the Company only: Baht 373 million, 2018: Baht 376 million) as collaterals to secure credit facilities provided by banks.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis						Total
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost / Revalued amount:								
1 January 2018	271,470	25,308	612,018	458,362	58,140	52,345	18,207	1,495,850
Additions	-	-	3,997	12,582	7,101	940	60,934	85,554
Disposals	-	-	(761)	(6,567)	(2,022)	(215)	-	(9,565)
Write-off	-	-	(10,262)	(14,064)	(5,131)	(2)	(84)	(29,543)
Revaluations increase	-	527	28,034	33,263	812	-	(62,636)	-
31 December 2018	271,470	25,835	633,026	483,576	58,900	53,068	16,421	1,542,296
Additions	-	-	15,405	8,482	5,572	4,681	51,457	85,597
Disposals	-	-	-	(2,782)	(756)	(6,876)	-	(10,414)
Write-off	-	-	(315)	(22)	(26)	-	(405)	(768)
Transfers in (out)	-	1,400	21,463	22,447	687	-	(45,997)	-
31 December 2019	271,470	27,235	669,579	511,701	64,377	50,873	21,476	1,616,711
Accumulated depreciation:								
1 January 2018	-	8,451	237,643	246,558	33,702	36,771	-	563,125
Depreciation for the year	-	683	30,270	39,632	8,417	4,875	-	83,877
Depreciation on disposals	-	-	(518)	(2,624)	(1,419)	(75)	-	(4,636)
Depreciation on write-off	-	-	(5,794)	(12,441)	(4,363)	(3)	-	(22,601)
31 December 2018	-	9,134	261,601	271,125	36,337	41,568	-	619,765
Depreciation for the year	-	756	31,920	41,554	8,528	4,480	-	87,238
Depreciation on disposals	-	-	-	(2,730)	(749)	(6,572)	-	(10,051)
Depreciation on write-off	-	-	(87)	(7)	(23)	-	-	(117)
31 December 2019	-	9,890	293,434	309,942	44,093	39,476	-	696,835
Allowance for impairment loss:								
1 January 2018	-	-	1,620	1,174	248	-	-	3,042
Reversal	-	-	(1,620)	(1,174)	(248)	-	-	(3,042)
31 December 2018	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Net book value:								
31 December 2018	271,470	16,701	371,425	212,451	22,563	11,500	16,421	922,531
31 December 2019	271,470	17,345	376,145	201,759	20,284	11,397	21,476	919,876
Depreciation for the year								
2018 (Baht 61 million included in manufacturing cost, and the balance in selling and administrative expenses)								83,877
2019 (Baht 65 million included in manufacturing cost, and the balance in selling and administrative expenses)								87,238

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis						
			Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	Land	Land improvements						
Cost / Revalued amount:								
1 January 2018	182,173	2,247	174,483	235,108	43,353	25,870	12,805	676,039
Additions	-	-	5,449	4,879	3,904	940	39,385	54,557
Disposals	-	-	(761)	(1,713)	(2,181)	-	-	(4,655)
Write-off	-	-	(6,641)	(4,752)	(3,268)	-	-	(14,661)
Transfers in (out)	-	-	26,093	13,502	812	-	(40,407)	-
31 December 2018	182,173	2,247	198,623	247,024	42,620	26,810	11,783	711,280
Additions	-	-	1,049	4,174	3,570	2,899	25,367	37,059
Disposals	-	-	-	(2,745)	(427)	(5,675)	-	(8,847)
Write-off	-	-	(314)	-	(26)	-	(405)	(745)
Transfer in (out)	-	-	9,691	17,495	249	-	(27,435)	-
31 December 2019	182,173	2,247	209,049	265,948	45,986	24,034	9,310	738,747
Accumulated depreciation:								
1 January 2018	-	2,247	98,484	145,871	24,938	20,939	-	292,479
Depreciation for the year	-	-	7,958	19,236	6,415	2,098	-	35,707
Depreciation on disposals	-	-	(518)	(1,364)	(1,487)	-	-	(3,369)
Depreciation on write-off	-	-	(2,403)	(3,536)	(2,617)	-	-	(8,556)
31 December 2018	-	2,247	103,521	160,207	27,249	23,037	-	316,261
Depreciation for the year	-	-	9,694	19,347	6,121	1,771	-	36,933
Depreciation on disposals	-	-	-	(2,693)	(312)	(5,675)	-	(8,680)
Depreciation on write-off	-	-	(87)	-	(22)	-	-	(109)
31 December 2019	-	2,247	113,128	176,861	33,036	19,133	-	344,405
Allowance for impairment loss:								
1 January 2018	-	-	1,620	1,174	248	-	-	3,042
Reversal	-	-	(1,620)	(1,174)	(248)	-	-	(3,042)
31 December 2018	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Net book value:								
31 December 2018	182,173	-	95,102	86,817	15,371	3,773	11,783	395,019
31 December 2019	182,173	-	95,921	89,087	12,950	4,901	9,310	394,342
Depreciation for the year								
2018 (Baht 20 million included in manufacturing cost, and the balance in selling and administrative expenses)								35,707
2019 (Baht 24 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,933

During the year 2017, land was revalued by an independent professional appraiser, using the market approach. Had the land been carried on a historical cost basis, their net book values as of 31 December 2019 and 2018 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	69,997	70,497	32,983	32,983

As at 31 December 2019, the Group have equipment acquired under financial lease agreement, with net book value amounting to approximately Baht 31 million (2018: Baht 56 million) (the Company only: Baht 27 million, 2018: Baht 52 million).

As at 31 December 2019, certain plant and equipment items have 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 370 million (2018: Baht 351 million) (the Company only: Baht 221 million, 2018: Baht 208 million).

The Group has mortgaged land and building constructed thereon and machinery with a total net book value of Baht 507 million (2018: Baht 441 million) (the Company only: Baht 182 million, 2018: Baht 182 million) as collaterals for credit facilities granted by banks.

16. Biological assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2019	2018
Current biological assets	74,001	89,691
Non-current biological assets	9,214	14,148
Total biological assets	83,215	103,839

Biological assets comprise of fattening swine, stud swine and lemon trees. The Group presented the biological assets with feeding cycle not over one year as current biological assets. The biological assets with feeding cycle over one year presented as non-current biological assets.

Movements of the biological assets account for the years ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)		
Consolidated financial statements		
	2019	2018
Balance at beginning of year	103,839	73,038
Increases due to feeding costs	239,294	242,528
Decreases due to sales	(243,268)	(236,747)
Depreciation for the year	(6,631)	(8,129)
Allowance for impairment of biological assets	-	(877)
Gain (loss) on change in fair value less cost to sell of biological assets	(10,019)	34,026
Balance at end of year	83,215	103,839

17. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
As at 31 December 2019		
Cost	33,516	29,231
Less: Accumulated amortisation	(20,302)	(19,315)
Net book value	13,214	9,916
As at 31 December 2018		
Cost	30,682	29,075
Less: Accumulated amortisation	(16,847)	(16,254)
Net book value	13,835	12,821

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	13,835	14,614	12,821	14,148
Acquisitions	2,833	2,274	156	1,582
Amortisation during the year	(3,454)	(3,005)	(3,061)	(2,871)
Disposal/write-off during the year	-	(48)	-	(38)
Net book value at end of year	13,214	13,835	9,916	12,821

18. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rates (% per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Bank overdrafts	6.87 - 7.00	29,494	16,552	28,054	6,151
Short-term loans from financial institutions	2.10 - 3.05	485,000	427,000	400,000	392,000
Total		514,494	443,552	428,054	398,151

The above credit facilities of the Company are secured by the mortgages of land and building constructed thereon and machines of the Company.

The above credit facilities of subsidiaries are secured by the mortgages of subsidiaries' land and building constructed thereon of subsidiaries and guaranteed by the Company.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable - related parties	-	-	4,671	20,142
Trade accounts payable - unrelated parties	166,331	199,056	108,226	128,262
Other accounts payable - related parties	-	-	-	245
Accrued sale promotions	69,500	66,518	59,744	66,518
Accrued expenses	57,222	52,365	41,861	38,825
Equipment payable	3,118	4,176	1,526	2,606
Others	795	2,625	492	601
Total trade and other payables	296,966	324,740	261,520	257,199

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Liabilities under finance lease agreements	4,209	2,986	1,889	-
Less: Deferred interest expenses	(275)	(200)	(145)	-
Total	3,934	2,786	1,744	-
Less: Portion due within one year	(1,617)	(1,035)	(525)	-
Liabilities under finance lease agreement - net of current portion	2,317	1,751	1,219	-

The Group has entered into the finance lease agreements with leasing companies for rental of vehicles, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2019			As at 31 December 2018		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,774	2,435	4,209	1,138	1,848	2,986
Deferred interest expenses	(157)	(118)	(275)	(103)	(97)	(200)
Present value of future minimum lease payments	1,617	2,317	3,934	1,035	1,751	2,786

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December 2019			As at 31 December 2018		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	599	1,289	1,888	-	-	-
Deferred interest expenses	(74)	(70)	(144)	-	-	-
Present value of future minimum lease payments	525	1,219	1,744	-	-	-

21. Long-term loans

As at 31 December 2019 and 2018, long-term loans are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Loans from banks	506,480	428,684	291,310	334,949
Less: Current portion of long-term loans	(95,168)	(93,974)	(37,201)	(43,639)
Net	<u>411,312</u>	<u>334,710</u>	<u>254,109</u>	<u>291,310</u>

Details of long-term loans are presented below.

Company's name	Balance of long-term loans		Interest rates	Repayment
	2019 (Thousand Baht)	2018 (Thousand Baht)		
S. Khonkaen Foods Pcl.	3,684	5,280	MLR less fixed rate	Final dued in April 2022
	71,610	91,650	Fixed rate	Final dued in July 2023
	11,516	27,519	Fixed rate	Final dued in March 2021
	204,500	210,500	MLR less fixed rate	Final dued in May 2025
Mahachai Foods Co., Ltd.	24,000	48,000	MLR less fixed rate	Final dued in December 2020
	19,400	41,600	MLR less fixed rate	Final dued in November 2020
	9,975	-	Fixed rate	Final dued in February 2022
	161,795	-	Fixed rate	Final dued in November 2024
S. Pasusat Co., Ltd.	-	4,135	Year 1: MLR less fixed rate Year 2-6: MLR	Final dued in December 2019
Total	<u>506,480</u>	<u>428,684</u>		

The long-term loans of the Company is secured by the mortgages of land and building constructed thereon and investment properties of the Company.

The long - term loans of the subsidiaries are secured by the mortgage of land, building constructed thereon, machinery, investment properties of subsidiaries and guaranteed by the Company.

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

As at 31 December 2019, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 64 million (2018: Baht 88 million) (the Company only: Baht 64 million, 2018: Baht 64 million).

22. Provisions for long-term employee benefits

Provisions for long-term employee benefits, which represent compensations payable to employees after they retire, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provisions for long-term employee				
benefits at beginning of year	76,749	64,718	56,844	48,701
Included in profit or loss:				
Current service cost	6,978	15,112	4,367	10,342
Interest cost	2,031	1,860	1,431	1,361
Past service cost	11,342	-	8,998	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	(2,189)	-	472	-
Financial assumptions changes	222	-	24	-
Experience adjustments	6,746	-	2,539	-
Benefits paid during the year	(11,371)	(4,941)	(10,078)	(3,560)
Provisions for long-term employee				
benefits at end of year	<u>90,508</u>	<u>76,749</u>	<u>64,597</u>	<u>56,844</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost of sales	3,005	6,792	1,647	4,068
Selling and administrative expenses	17,346	10,180	13,149	7,635
Total expense recognised in profit or loss	<u>20,351</u>	<u>16,972</u>	<u>14,796</u>	<u>11,703</u>

The Group expect to pay Baht 5 million of long-term employee benefits during the next year (2018: Baht 11 million) (the Company only: Baht 4 million, 2018: Baht 9 million).

As at 31 December 2019, the weighted average duration of the liabilities for retirement benefit of long-term employee benefit is 9 years (2018: 10-13 years) (the Company only: 9 years 2018: 10 years)

As at 31 December 2019, the weighted average duration of the liabilities for long service award of long-term employee benefit is 8 years (2018: 8-12 years) (the Company only: 8 years 2018: 8 years)

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rates for compensation on employee's retirement	1.88	2.55 - 2.80	1.88	2.55
Discount rates for long service award	1.83	-	1.83	-
Salary increase rates	6.14	6.80 - 6.95	6.14	6.84
Turnover rates	0.0 - 58.0	0.0 - 67.0	0.0 - 58.0	0.0 - 54.0

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

	Consolidated financial statements					
	Increase	Obligation change		Decrease	Obligation change	
		2019	2018		2019	2018
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(5,318)	(3,979)	(1.0)	5,885	4,417
Salary increase rate	1.0	5,496	4,804	(1.0)	(5,081)	(4,405)
Turnover rate	1.0	(4,762)	(4,341)	(1.0)	5,287	4,623

Separated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2019	2018		2019	2018
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(3,788)	(2,715)	(1.0)	4,188	2,993
Salary increase rate	1.0	3,916	3,291	(1.0)	(3,624)	(3,038)
Turnover rate	1.0	(3,185)	(2,818)	(1.0)	3,544	3,130

The results of sensitivity analysis for significant assumptions that affect the present value for long service award of the long-term employee benefits obligation as at 31 December 2019 and 2018 are summarized below:

Consolidated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2019	2018		2019	2018
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(105)	(1,125)	(1.0)	115	1,414
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(111)	101	(1.0)	121	(59)

Separated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2019	2018		2019	2018
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(70)	(810)	(1.0)	76	1,023
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(73)	75	(1.0)	79	(75)

23. Statutory reserve

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

24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	640,226	580,877	419,680	392,952
Depreciation and amortisation	101,047	98,735	43,718	42,302
Rental expenses from operating lease agreements	47,075	42,109	33,861	30,315
Raw materials and consumables used	1,408,410	1,329,725	890,362	1,010,124
Changes in inventories of finished goods and work in process	(5,467)	41,345	8,944	5,259
Sale promotion expenses	136,705	142,781	132,819	142,781

25. Income tax

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

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	27,588	47,003	12,308	31,675
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,580)	3,507	(1,383)	(1,702)
Income tax expense reported in profit or loss	24,008	50,510	10,925	29,973

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	136,495	242,160	98,189	165,918
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	27,299	48,432	19,638	33,184
Effects of:				
Non-deductible expenses	2,648	4,105	1,949	3,424
Additional deductible expenses allowed	(4,811)	(7,362)	(4,368)	(7,092)
Exempted revenue	-	-	(5,977)	-
Others	(1,128)	5,335	(317)	457
Total	(3,291)	2,078	(8,713)	(3,211)
Income tax expense reported in the income				
statement	24,008	50,510	10,925	29,973

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	1,425	1,308	1,296	1,162
Allowance for diminution in value of inventories	422	724	252	398
Impairment on equipment	587	587	521	521
Impairment of biological assets	175	176	-	-
Depreciation of stud swine	597	602	-	-
Provision for long-term employee benefits	17,422	14,509	12,919	11,369
Deferred rental expenses	248	76	225	-
Total deferred tax assets	20,876	17,982	15,213	13,450
Deferred tax liabilities				
Cost of fattening swine	(189)	(184)	-	-
Cost of machinery and equipment	(2,324)	(2,477)	(2,325)	(2,477)
Surplus on revaluation of assets	(40,295)	(40,295)	(29,837)	(29,837)
Gain on change in fair value less cost to sale of				
biological assets	(4,997)	(7,001)	-	-
Deferred rental expenses	-	(75)	-	(75)
Total deferred tax liabilities	(47,805)	(50,032)	(32,162)	(32,389)
Deferred tax liabilities - net	(26,929)	(32,050)	(16,949)	(18,939)
Deferred tax assets (liabilities) presented				
in statement of financial position				
Deferred tax assets	66	143	-	-
Deferred tax liabilities	(26,995)	(32,193)	(16,949)	(18,939)

As at 31 December 2019, two subsidiaries have deductible temporary differences and unused tax losses totaling Baht 10 million, on which deferred tax assets have not been recognised as those subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 10 million will expire within 2024.

26. 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.

Basic earnings per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (Thousand Baht)	112,106	191,273	87,264	135,945
Weighted average number of ordinary shares (Thousand shares)	32,340	32,340	32,340	32,340
Earnings per share (Baht/share)	3.47	5.91	2.70	4.20

27. Segment information

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

The Group are organised into business units based on its products and services. Their operating segments are classified into four reportable segments as follows:

1. Processed food from pork
2. Processed seafood
3. Restaurants
4. Swine farm

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 total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The revenue and profit information regarding the Group operating segments for the years ended 31 December 2019 and 2018 is presented below:

For the years ended	Processed food		Processed seafood		Restaurants		Swine farm		Total segment		Elimination entries		Total	
	from pork		seafood											
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
31 December 2018 and 2018														
Revenue from external customers	1,512,724	1,418,627	932,560	945,408	143,022	138,782	248,679	206,017	2,836,985	2,708,834	-	-	2,836,985	2,708,834
Inter-segment revenue	26,387	26,026	81,826	333,474	-	-	-	-	108,213	359,500	(108,213)	(359,500)	-	-
Total sales	1,539,111	1,444,653	1,014,386	1,278,882	143,022	138,782	248,679	206,017	2,945,198	3,068,334	(108,213)	(359,500)	2,836,985	2,708,834
Gross operating profit (loss)	409,089	463,063	251,940	245,222	79,028	76,995	12,130	(19,940)	752,187	765,340	-	2	752,187	765,342
Other income													13,064	33,346
Gain (loss) on change in fair value less cost to sale of biological assets													(10,019)	34,026
Selling and distribution expenses													(283,789)	(262,647)
Administrative expenses													(301,222)	(291,127)
Finance cost													(33,727)	(36,781)
Tax expense													(24,008)	(50,510)
Profit for the year													112,486	191,649
Segment total assets														
Property, plant and equipment	363,578	359,052	445,431	442,436	30,955	36,089	79,912	84,954	919,876	922,531	-	-	919,876	922,531
Intangible assets	9,569	12,287	3,292	1,002	353	546	-	-	13,214	13,835	-	-	13,214	13,835

(Unit: Thousand Baht)

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2019	2018
Revenue from external customers		
Thailand	2,677,188	2,517,212
Others	159,797	191,622
Total	2,836,985	2,708,834

Major customers

During the year, the Group had revenue from one major customer amounting to Baht 621 million arising from processed food from pork segment (2018: Baht 614 million and Baht 322 million derived from two major customers in the same segment).

28. Dividends paid

Dividends paid	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	80,850	2.50
Dividend for 2017	Annual General Meeting of the shareholders on 26 April 2018	71,148	2.20

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2019, the Group had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 61 million (2018: Baht 15 million) (the Company only: Baht 57 million, 2018: Baht 12 million).

29.2 Operating lease and service commitments

The Group has entered into several lease agreements in respect of the lease of land, office building space and service agreement. The terms of the agreements are generally between 1 and 16 years.

Future minimum lease payments required under these non-cancellable operating lease contracts and service agreements are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable within:				
Less than 1 year	63,939	57,375	50,353	40,186
1 to 5 years	53,283	24,458	48,719	18,737
More than 5 years	80,150	8,205	71,750	-

29.3 Guarantees

- (1) As at 31 December 2019, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million (2018: Baht 1 million).
- (2) As at 31 December 2019, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 347 million (2018: Baht 282 million).
- (3) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 8 million issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (2018: Baht 8 million) (the Company only: Baht 6 million, 2018: Baht 6 million).
- (4) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 10 million issued by the bank on behalf of the Company to guarantee auction.

30. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)							
	As at 31 December 2019							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	271	-	271	-	182	-	182
Biological assets	-	16	67	83	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	911	319	1,230	-	140	319	459

(Unit: Million Baht)

	As at 31 December 2018							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	271	-	271	-	182	-	182
Biological assets	-	30	74	104	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	911	319	1,230	-	140	319	459

31. Financial instruments

31.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprises cash and cash equivalents, current investment, trade accounts receivable, restricted bank deposits, loans, trade accounts payable, bank overdrafts, loans from financial institutions and financial lease payables. 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 accounts receivable, loans and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Group exposures to interest rate risk relates primarily to their cash at banks, loans to unrelated company, bank overdrafts and loans from financial institutions. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Thousand Baht)

Consolidate financial statements

As at 31 December 2019

	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial assets							
Cash and cash equivalents	852	-	-	9,221	142,178	152,251	0.10 - 0.80
Trade and other receivables	-	-	-	-	469,544	469,544	-
Restricted bank deposits	344	1,146	-	-	-	1,490	0.90 - 1.05
Financial liabilities							
Bank overdrafts and short-term							
loans from financial institutions	-	-	-	514,494	-	514,494	2.10 - 7.00
Trade and other payables	-	-	-	-	296,966	296,966	-
Financial lease payables	1,617	2,317	-	-	-	3,934	2.45 - 4.75
Long-term loans	95,167	411,313	-	-	-	506,480	Note 21

(Unit: Thousand Baht)

Consolidate financial statements

As at 31 December 2018

	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	16,014	62,294	78,308	0.10 - 0.375
Current investment	874	-	-	-	-	874	1.05
Trade and other receivables	-	-	-	-	450,912	450,912	-
Restricted bank deposits	-	1,414	53	-	-	1,467	0.90 - 1.05
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	443,552	-	443,552	3.00 - 7.125
Trade and other payables	-	-	-	-	324,740	324,740	-
Financial lease payables	1,035	1,751	-	-	-	2,786	1.99 - 4.75
Long-term loans	93,974	334,710	-	-	-	428,684	Note 21

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective
	Within 1 year	1-5 years	Over 5 years				interest rate
							(% per annum)
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	1,356	107,391	108,747	0.22 - 0.375
Trade and other receivables	-	-	-	-	376,875	376,875	-
Short-term loans to subsidiaries	3,445	-	-	3,000	-	6,445	3.697 - 4.50
Long-term loans to subsidiary	-	-	-	83,000	-	83,000	3.697
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	428,054	-	428,054	2.45 - 7.00
Trade and other payables	-	-	-	-	216,520	216,520	-
Financial lease payables	525	1,219	-	-	-	1,744	-
Long-term loans	37,201	254,109	-	-	-	291,310	Note 21

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
							(% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	11,057	38,995	50,052	0.25 - 0.375
Trade and other receivables	-	-	-	-	425,131	425,131	-
Short-term loans to subsidiaries	4,161	-	-	211,300	-	215,461	3.574 - 4.50
Financial liabilities							
Bank overdrafts and short-term							
loans from financial institutions	-	-	-	398,151	-	398,151	3.00 - 7.12
Trade and other payables	-	-	-	-	257,199	257,199	-
Long-term loans	43,639	291,310	-	-	-	334,949	Note 21

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
(Baht per 1 foreign currency unit)						
US dollar	36,203	63,265	42,000	-	30.1540	32.2848
HK dollar	3,021,990	3,748,287	-	-	3.8328	4.1023
Euro	-	-	44,355	117,495	34.0846	37.4884

31.2 Fair values of financial instruments

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

32. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.36:1 (2018: 1.27:1) and the Company's was 1.31:1 (2018: 1.36:1).

33. Event after the reporting period

The meeting of the Company's Board of Directors held on 24 February 2020 passed a resolution to propose to the shareholders' meeting to approve dividend payment from operating results of the year 2019 at Baht 2.00 per share, or a total of Baht 64.68 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders of the Company.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.





The Company strives to be a leader in Thai foods globally
and yet to impress its stakeholders sustainably
through excellent standard and processes of work.



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