



2020 Annual Report
S. Khonkaen Foods Public Company Limited



S. is the symbol of quality foods from S. Khonkaen



Excellent Award “ Corporate Governance Report of Thai Listed Companies - 5 Stars Level ” for the Year 2020

*New premise of S. Khonkaen
at S.Tower
situated on Bangna-Trad K.M. 5*



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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 the Chairman of the Board of Directors

Due to the whole world has been facing the problem of the outbreak of Corona Virus Covid-19 and it is clearly evident that the global economy has been adversely affected as never before happened with the significant impact to Thailand visible from the whole year 2020's Thai economy GDP reduction of 6.1% in comparison with its expansion of 2.3% in the year 2019 resulting in big-little industry unable to exist. Small-large businesses have laid off high proportion of jobs resulting in the market lack of purchasing power. Actually, the food business though as the most important factor for human sustenance but the consumers have adjusted spending behavior on food to their lower spending based on reason of unexpectable future income. The Company's performance was unavoidably likewise affected but with our strong working team having a long experience, we are able to lead the Company through this crisis well enough.

May I embrace this opportunity to thank every staff-member for joining forces so strongly in leading the Company to successfully overcome this crisis. In the meantime, may I hereby extend my sincerest thanks to the stakeholders and all contributors to our Company's businesses.

(Dr. Thanong Bidaya)

Chairman of the Board of Directors





Message from the Chairman of Executive Committee

In the past year, it was deemed one of the worst years over the past several decades due to the epidemic of Virus COVID-19 forcing the global consumers to change their daily behavior from work in the office to work from home instead and for survival, almost every business had to downsize the business together with reducing number of employees and certainly our Company had to work harder on the marketing activities than the normal performance with reduction in every expense of expenditure as affected by the situation and from the aftermath of perseverance of every level of our staff-members, we are able to lead the business without being significantly affected as evidenced from the performance result that there was no material change in the past year compared with the previous year.

Last but not least, may I extend my sincere thanks to all fellow staff-members with appreciation that everybody has exerted utmost efforts in going well through the crisis and also my grateful thanks hereby to all contributors to the Company's achievements.

A handwritten signature in white ink, likely belonging to Dr. Charoen Rujirasopon, the Chairman of the Executive Committee.

(Dr. Charoen Rujirasopon)
Chairman of Executive Committee





Vision & Mission

The Company strives to be the Thai foods manufacturer for bettering everyone's life and delivering sustainable value & impression to interested persons.

Goals

Deliver the good experience to customers through the Company's Brand from the trust and confidence in the products' quality and services that the Company delivers to customers.

Creation of products and services with customers in mind from data analysis brought to the creation of products and services responding to customers' true need at the accessible prices.

Access to customers by expanding the distribution channel in all possible markets through cooperation with business partners in developing the synergized distribution channel and the Company's increment of distribution channel.

Creation of the excellent Supply Chain by integration of work process starting from planning, raw materials procurement, goods storage and delivery in more effective and efficient operations.

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

Improvement of Brand image and communication channel to match the era and needs of the new generation consumers by changing all former image, packaging design and increment of on-line communication channel accessible to every consumer group.

Development of original products to match consumers' changing life pattern and increment of new products in every product group, e.g. Native Foods Group, Seafoods, Snack Foods, Souvenir Goods and Ready-to-Eat Foods in meeting the needs of every customer group especially the working and young generation groups etc.

Increment of the Company's own distribution channel in addition to Modern Trade, e.g. Food Delivery, Cloud Kitchen, Food Truck, Traditional Trade, Food Services, E-Commerce and Shops of both the Company's own operations and under franchising.

Management of Supply Chain Performance from upstream to downstream for delivery of price accessible goods and services to customers by investment in improvement of factory, machinery and technology for more effective and efficient productivity.

Creation of Corporate Culture of Trust ready for rapid change in meeting the customer needs with the increased mobility and support to employees in creative thinking of the new initiation all the time.





Business Policy & Overview

Over the period of 36 years, S. Khonkaen Foods Public Company Limited has been striving in developing and raising the standard of Thai native foods continually with the purpose of maximizing the Thai people's life quality through the daily foods consumption simultaneously with the business sustainable development by giving the importance to the Corporate Governance and Corporate Social Responsibilities (CSR) with the vision of Dr. Charoen Rujirasopon, the Company Founder, who strongly desires to create Thai Foods in the international level to its optimum growth in the world market thus has started the business in the format of limited partnership selling the souvenir products from Khonkaen Province, e.g. Dried Shredded Pork, Crispy Pork, Chinese Sausage and later changed to the format of company as presently composed of 3 main businesses, i.e. **foods processing business, pig farms business and restaurant business** respectively.

Foods Processing Business

From the Company's performance of selling the souvenir products from Khonkaen Province for a certain period, the Company has wanted to control over the products' quality to the same standard with the vision of the growth opportunity of the foods processing business thus decided to invest in setting up the meat processing factories with the utmost attention in the modern manufacturing processes and appropriate uses of resources for the consumers' safety and not harmful to the environment as resulted in the Company being awarded the foods processing standard manufacturer with the consumers' trust and confidence in the Company's products all along.

Pig Farms Business

After having started the foods processing business, the Company has set up the Pig Farms Business at Nakorn Ratchasima Province with the vision of the raw materials fluctuating prices and for the supply chain systematic management, as such the Company has invested in setting up the pig farms for the continually innovative development resulted in the Company's Pig Farms Business being awarded the overseas market export standard apart from the creation of jobs and income for the local people.

Restaurant Business

The Company has the aim to expand the products selling channel to its best competition capability for the optimum profitability thus has started the food shops business in the category of Quick Service Restaurant (QSR) supplemented by "Yunnan" Stewed Pork Leg Rice & "Zaap Classic" with the pattern development to franchising. The foods' delicious taste, cleanliness and safety in the same standard have resulted in the Company's food shops become popular among the consumers.

Performance and the Growth of the Company

1991

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

1994

The Company was later converted into a public company with new shares issued for sale to the general public and it was listed on the Stock Exchange of Thailand.

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 and seafood business, 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, a fairly high rate of growth 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 changed from "S. Khonkaen Food Industry Company Limited" to "S. Khonkaen Foods Public Company Limited".





2012

The Company has established S. Khonkaen Foods (EU) Company Limited in the Republic of Poland for performing the business of selling the Company's products to the group of customers residing in the European Community including the United Kingdom (UK) by engaging the manufacturers in the Republic of Poland to produce the native goods under the brand name of " S. Khonkaen ".

2013

The Company has moved the manufacturing platform from the Republic of Poland to the Netherlands by engaging the manufacturers in the Netherlands to produce the Company's products in place of the manufacturers in the Republic of Poland for the increment of the competition capability especially the transportation cost with the new manufacturers' higher efficient production capability in coping with the Company's growth in the future especially its main products, e.g. the products group of Pork Balls, Meat Balls, Preserved Pork Sausage etc., for which the Company has established S. Khonkaen Foods (the Netherlands) B.V. in responsibility for the marketing of the Company's products in various countries of the European Community and United

Kingdom in place of S. Khonkaen Foods (EU) Company Limited which has closed business in the same year and the Company has supplemented the Quick Service Restaurant by opening the " Yunnan " Stewed Pork Leg Rice at the emphasized location of 4 gasoline 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 - 2017

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

2020

The Company has started the business of Quick Service Restaurant in the format of Food Truck under the brand name of " Zaap Classic " & " Yunnan " by both the Company's own operations and franchising which has gained popularity among the consumers in the prevailing Covid-19 situation.

As at end of 2020, there were number of branches as follows:-

	Year				
	2016	2017	2018	2019	2020
Zaap Classic (spicy papaya salad, roasted chicken)	14	14	14	12	13
Yunnan (stewed pork leg with rice)					
1) Domestic	19	18	19	17	12
2) International					
• Kampuchea	3	4	0	0	0
• Laos	2	2	2	1	1
Food Truck (New Business)					
• Zaap Classic (spicy papaya salad, roasted chicken)	-	-	-	-	4
• Yunnan (stewed pork leg with rice)	-	-	-	-	1
รวม	38	38	35	30	31

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

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.

Mahachai Foods 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 Samut Sakhon District, Samut Sakhon Province.

The company functioned the marketing and sales direct to the Modern Trade and wet market channel (Traditional Trade), and had applied the extensive sales nationwide through business alliance and main distributors. For export market, the company has appointed S. Khonkaen Foods Public Company Limited to be solely marketing and sales job.

S K K Food Company Limited

Previously, the company functional as marketing and the exclusive distributor of Mahachai Foods 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 2018.



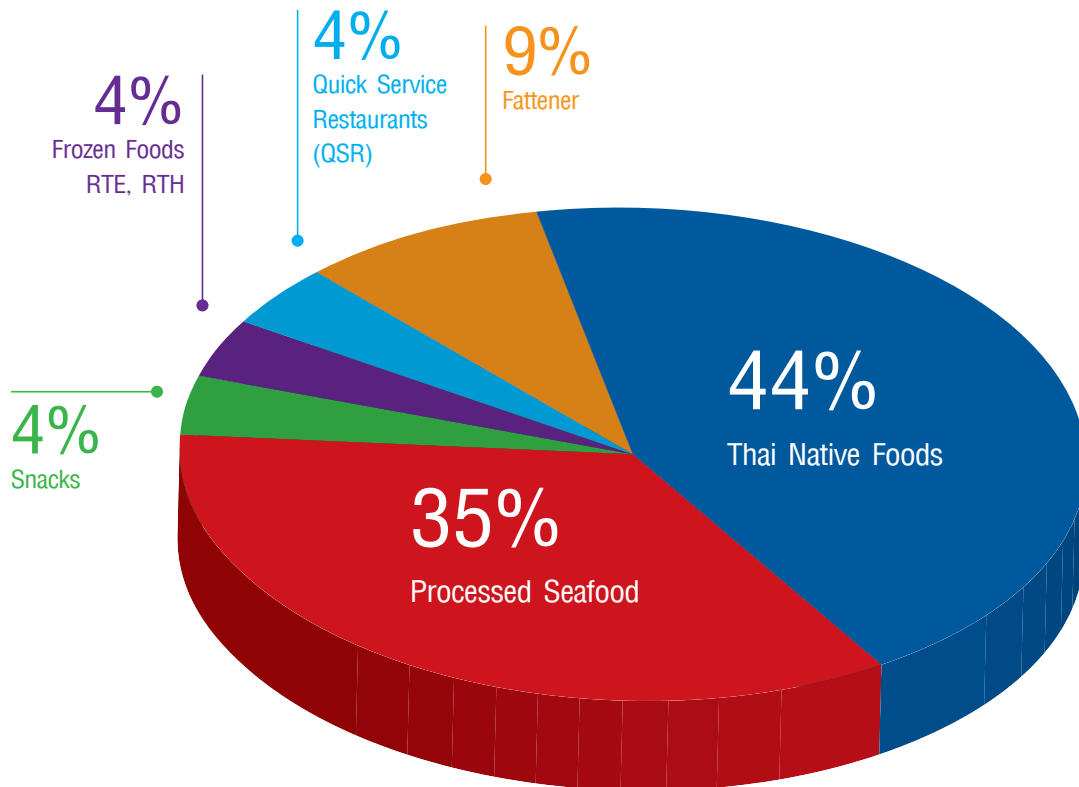
Nature of Business

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

1. Thai Native Foods
2. Processed Seafood
3. Snacks Processed from Pork, and Chicken (Meat Base Snack)
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 93% from domestic sales while export sales yields about 7% and the main export item was Thai Native Foods, second was the Seafood Processing Group which in this year the export value has increased.

2020 Group of Products' Ratio



1. Thai Native Foods



Thai native food was the first group of goods and the major goods contributing to the Company's reputation until it has become widely well-known to consumers and it was the group of goods that created income to the Company to the largest proportion. This group of goods will be composed of the category of goods of Fermented Sausages, Vietnamese Sausages, Northern (Isan) Sausages, Pork Ball, Dried Shredded Pork, Crispy Pork, Chinese Sausages and others under the Brands " S. Khonkaen ", " Moo Dee ", " Huay Kaew ", " Ban Phai ", " Moo Champ " and " Sethi " for examples.

As regards the products development in the year 2020, the Company strived to develop goods for the better convenient consumption, such as in the category of goods of Fermented Sausages, Vietnamese Sausages, Northern (Isan) Sausages etc. and for the category of goods of Dried Shredded Pork, Crispy Pork and Snacks was developed to be the healthy foods with the emphasis of nutrition value, protein snack and developed in aspects of its longer quality conservation and life cycle. Besides, there was adjustment of the goods image through the new packaging with the outstanding modern appearance clearly displaying the outstanding characteristics of goods and the nutrition information in answering the consumers' needs in the current era.

As regards the selling channel, the Company had the direct sale through the major channel of Modern Trade, Convenient Stores and Export. As for the Traditional Trade, the Company had the selling through Mahachai Foods Company Limited" which was the Company's subsidiary company. E-Commerce selling channel was the consistently growing channel owing to the situation of the outbreak of Virus Covid-19 resulting in the change of consumers' behavior with the order of goods through online channel being easy convenient and time saving.

As for Pricing and Costing, this group of goods was the major group affected by the higher price of pig meat raw material due to the outbreak of the infectious disease of African Swine Fever (ASF) in pigs resulting in the higher production cost. However, the Company has used the production strategy of mass production which was able to reduce cost in one level. As for the selling prices, the Company was unable to adjust prices since the country's economic conditions were in the recession period with the enormous drop down of the consumers' purchasing power and the higher competition of both direct and indirect competitors for the alternative goods.



Industrial Situation and Competition in the year 2020

Due to the diseases outbreak of Covid-19 and African Swine Fever (ASF) in pigs all over the world including Thailand resulting in the adverse impact against the country's significant business with the permanent and temporary shut-down, bankruptcy and re-sizing of some business enterprises leading to unemployment and higher unemployment rate, less purchasing power of both domestic and overseas consumers, the great drop of tourists as the highest purchasing power group, the stronger value of Baht currency, the global economic recession from the said situation exerted impact directly and indirectly against the Company's income and costs.

Nevertheless, since the Company was in the food industry being the 4th fundamental factor in living thus it was the industry that might be said it was not severely affected by the said situation as other several industries in overall outlook the Company was still able to restore the market share by adjusting the business strategy to quickly cope with the uncertain situation in organizing the various marketing activities continuously, such as the selling promotion of buy 1 plus 1, the campaign of Gold to House prize drawing with S. Khonkaen for helping reduce expenditure and as consumers' morale boosting happiness, the investment slowing down, the efficient cost management etc. Besides, the consumers still had trust in the Company's Brands both in the taste, quality, deliciousness and consistent consumers care resulted in the Company's maintenance of customers base and market share as evidenced by the income from the product group of Thai native foods in this year was close to the previous year. As for the cost of goods, the Company was also able to manage the costing close to the previous year though the price of major raw material, i.e. pig meat was continually adjusted to its higher price.

2. Processed Seafood

The seafood processing business was operated by the Company's subsidiary company, namely Mahachai Foods Company Limited as manufacturer and distributor of the processed seafood and ready-to-eat food in the format of chilled & frozen foods under the products brands, such as Tae Chew, Kwangchao, Kaoloon, Shanghai, Hong Kong, Taipei, Mahachai, Kaizen and Odeng including the OEM manufacturing.

The Company's prevailing products divided into following 5 Major Groups

1. Boiled Processed Seafood, e.g. Fish Ball, Fish Roll, Shrimp Ball, Squid Ball etc.
2. Fried Seafood, e.g. Fried Fish Ball, Fried Shrimp Ball, Deep Fried Fish Paste, Fish Tofu, Fried Fish Roll etc.
3. Spicy Sauces of various kinds, e.g. Spicy Sauce for Meat Balls and Chicken, Narok Chilli Paste and Sawan Chilli Paste etc.
4. Ready-to-Eat Food Products.
5. Frozen Seafoods, e.g. Squid, Hard Clams, Shrimp, Fishes etc.

The Company was currently distributing the products via various channels, such as the traditional retail trade, modern trade and export.





Industrial Situation and Competition in the year 2020

Due to the outbreak of Virus Covid-19, the Company was affected in the part of traditional trade during the period of enforcement of Emergent Situation and business lock down resulting in the declining sales in this channel in the beginning year and returned to normal situation in the mid-year, for which the Company has expanded the sale areas in upcountry provinces for the sales increment and customers base enlargement. Besides, the Company brought the available goods for packing in the smaller package for selling at the price Baht 20 per packet accessible to more consumers for helping reduce consumers' burden and for consumers' quicker buying decision which received the good response from the consumers for the modern trade channel with the increased sales due to consumers' stocking up goods in the beginning year period. In overall outlook, the income of this group of goods was still able to continually grow despite the overall declining economic situation with the drop down of consumers purchasing power and their more careful spending.

As for the serious situation of the outbreak of Virus Covid-19 in the second round in the end-year period in the area of Samut Sakorn Province announced to be the high risky Red Area which was the location of the Company and its seafood processing factory, its impact on the Company was not so much and the Company was still able to operate normally in marketing, selling, raw materials acquisition, production and cargo transportation since the Company has laid down measures in prevention, monitoring, close evaluation of the situation in advance since the beginning year of the early outbreak with the operation in compliance with laid-down measures as every employee worker's daily practice routine, such as the specified one in-out entrance-exit with the temperature check of each employee worker and outsider everybody must wear mask and wash hands with alcoholic jelly every time before entry and also the consistent spraying of disease killer medicine both inside and outside the building especially in the manufacturing compartment, storage and all areas of the Company and also workers' bus. The workers in the manufacturing line must have hands washed with the disease killer liquid every one hour throughout the working time. The cargo delivery workers must wear masks and have hands washed with alcoholic jelly before delivering goods to customers. The Company has requested cooperation from all workers not to have the meeting or group gathering after work and going back home to stay safe without going out for unnecessary activities, for examples. From the said measures practiced by the Company all along has resulted in the Company being awarded the assurance certificate of the Covid-19 Preventive Best Practice for export of food products originating in Thailand from 4 Ministries, i.e. Ministry of Agriculture and Cooperatives, Ministry of Commerce, Ministry of Public Health and Ministry of Interior.

3. Snacks made from Pig and Chicken Meat

The Group of Food Snacks of Meat Category launched to the market under the Brand “ Entrée ” was composed of Pork Crispy and Pork Caps which the Company still manage their direct distribution and selling through the convenient store channel specifically in 7-Eleven Stores whereas the other channels of Modern Trade and Traditional Trade the Company has authorized DKSH (Thailand) Company Limited as the exclusive sole distributor in Thailand.



Industrial Situation and Competition in the year 2020

The situation of Virus Covid-19 exerted impact against several industries resulting in the declining purchasing power of every group of goods including the consumer products (FMCG) necessary for the daily life with several categories of goods in the unfavorably declining situation. The market of food snacks in Thailand was likewise affected resulting in its slow down growth with the declining purchasing power of food snacks and beverage in the Covid-19 situation and the change in consumers' behavior for more home stay and work from home of employees in various companies resulting in the less number of buyers of goods in supermarkets and convenient stores and mostly the spending behavior was emphasized on their entry to buy only the selected necessary goods thus the drop in buying unnecessary goods resulting in the less opportunity in the sales of food snacks including meat snacks.

For the industry of food snacks made from meat in the long run it is considered to have the growth trend and opportunity if considered from the growth trend of the emerging health lovers group in avoidance of eating snacks made from flour or raw materials of high carbohydrate and fat weight increasing leading to obesity. Consumers thus changed to take the snack food good to their health with the essential nutrient and seek other alternative food in substitute of snack food made from flour that is the snack made from grains or meat. So, Crispy Pork “ Entrée ” is not the only one meat snack in the market any longer. There're presently several new competitors coming into the market through the channels of Modern Trade and Convenient Stores both in the format of the goods made from whole meat, flour mixed meat or various grains such as Chia seeds or nuts in variety for examples.

Apart from the higher competition conditions in the format of similar goods or replacement products, there's still another key factor affecting the business, i.e. the main raw material price (pig meat) adjusted to much higher price due to the outbreak of African Swine Fever (ASF) in pigs in combination with the Government's launching project for promotion of fattening pigs export to neighboring countries such as Laos, Cambodia, Vietnam, Myanmar for examples henceforth stimulating the higher domestic pig price all over the year as the key factor with the subsequent higher cost of the snack products made from meat normally its unit cost higher than the product made from flour resulting in the high selling price of the meat snack. However, the growth opportunity of this product group is still possible in the future as several manufacturers started coming into the market with the building up of the products' benefits for the consumers reception.

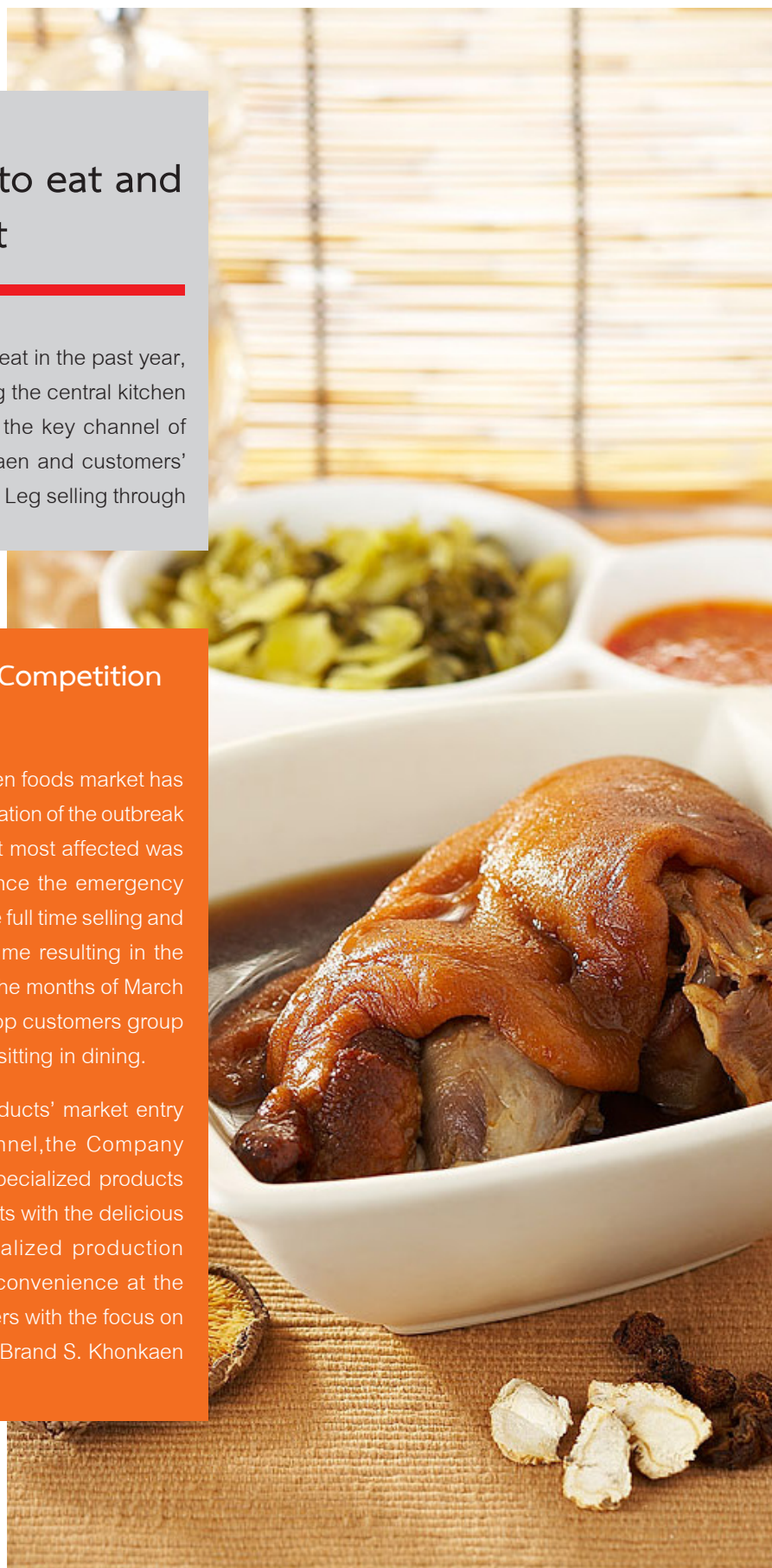
4. Frozen Foods ready to eat and ready to warm to eat

Frozen Foods ready to eat and ready to heat in the past year, the Company had the policy focusing on being the central kitchen for the Company's QSR food shops through the key channel of convenient stores under the Brand S. Khonkaen and customers' brands (OEM) and the product of Yunnan Pork Leg selling through its own stores and Modern Trade.

Industrial Situation and Competition in the year 2020

In the year 2020, the frozen foods market has been adversely affected by the situation of the outbreak of Virus Covid-19, of which market most affected was the convenient stores channel since the emergency situation announcement barred the full time selling and prohibited traveling in the night time resulting in the declining sales especially during the months of March - June 2020 including the food shop customers group disallowed opening the shops for sitting in dining.

For development of new products' market entry through Convenient Stores channel, the Company focuses on the development of specialized products in extension of the existing products with the delicious taste, safety standard, industrialized production process and the greater eating convenience at the price level acceptable to consumers with the focus on launching the products under the Brand S. Khonkaen as the key practice.





5. Food Shops Category of Quick Service Restaurant

The Company has opened the food shops category of Papaya Salad & Roast Chicken under the Brand Name “Zaap Classic” currently existing 13 shops (in the format of the Company’s own operations and franchising) which in this year the Brand used the key strategy of Food Delivery with various platform aggregators, i.e. Lineman, Grab Food, Food Panda and Gojek including food order and delivery service through the Call Center of the Company’s staff-members.

Furthermore, in the year 2020, the Company has used the strategy in expanding the service channel via the Cloud Kitchen system by cooperation with partners like Lineman in launching the first branch at Punnawithi Branch (Sukhumvit) which was well responded by customers via the said channel and at the end year had another additional Pathumwan Branch.

As for the Pork Leg Rice Food Shop under the Brand “Yunnan” being another brand that S. Khonkaen intended to develop the product and the Brand to have

the outstanding features and acceptable to general customers with the setting up of total 13 branch shops in the year 2020 divided into 12 branch shops within the country and one branch shop in overseas (in the format of the Company’s own operations and franchising), there’s the Brand development of the new Pork Leg recipes with the concentrated stew and 12 herbs to be perfectly meaty soft tongue and also a market research conducted for the brand image improvement acceptable to the market and consumers which in this year the Company focused on the working standard improvement of the domestic branch shops for the better performance efficiency.

And, in this year 2020, the Company has started the food shop business in the format of Food Truck for raising the standard level of Street Food Shop for better hygiene and consumption safety under the Company’s Food Shops Brand Names of “Zaap Classic” and “Yunnan” with currently 5 food trucks (in the format of the Company’s own operations and franchising) selling the Company’s products in different parking areas as the improvement of food shop business accessible to the consumers group corresponding with the prevailing consumers’ behavior focusing on the convenience, rapidity, price and place accessibilities.



Industrial Situation and Competition in the year 2020

The situation of the outbreak of Virus Covid-19 in the past beginning year has resulted in the Government's announcement of measures of various areas closure and temporary limitation of the food shops' services leaving only the take away channel with food delivery to consumers' residence vide various applications though there's much expansion in this selling channel but it has brought also several new players to the market with stronger competition in services making the more severe competition platform several varieties of players in the salepromotion, customers discount, food delivery discount resulting in collection of additional expense from food shops. The overview of the food shop business group in the first half of the year 2020 showed the declining business growth rate with the whole year market value at Baht 3.85 – 3.89 hundred thousands despite the Government's easing measures in some areas but the consumers' spending per meal still on declining from the impact of income decrease, security and the greater number of small competitors due to career change from regular income earners to food shop operators vide the channel of Food Delivery resulting in higher competition against same or less number of consumers thus necessitate the Company to adjust strategy and performance to the new norm (New Normal) in business operation in meeting with the consumers' requirement and changing behavior.





6. The Business of Breeding Pigs and Fattening Pigs Farming

S. Pasusat Company Limited operated the business of breeder pigs and fattening pigs farming with the selling of fattening pigs for the major income earning. The Company focused utmost on the restoration of the product quality, i.e. pig carcass quality with less fat but much red meat corresponding to consumers' requirement and the Company also performed the steady improvement of breeder pigs to ensure that the Company could consistently restore the pig carcass quality since the pigs farming business provided the guarantee and the prevention against raw material risk to the Company.

The Company realized the inability in controlling the mechanism and price in the fattening pigs market thus focusing on the consistent cost management, e.g. the usage of automatic feeding system in replacement of labor in giving animal feeds in the pig farm as there's tendency in labor shortage leading to the significantly higher pigs raising cost. Incidentally, the Company focused on the more efficient quantitative production, namely producing a greater number of baby pigs per litter to enable the Company's cost management to its suitable level for the greater profitability during the rising price period of fattening pigs simultaneously with less opportunity in loss on the fattening pigs' declining price.

In the year 2020, the pigs raisers worried about the plague, i.e. African Swine Fever (ASF) which the Company still conducted the consistent measures of preventing the plague entry into the farms with one of the most significant measures, namely the raising of Biosecurity to its higher level, i.e.

1. Organizing the strictly in - out entrance and exit preventive measures.
2. Staffs needed to shower, hair wash, change clothes at least 2 spots (at Spraying Station 1 and Spraying Station 2) before entry into the farm.
3. Spraying the disease killer liquid on every car coming in – out of the farm.
4. Every piece of belongings and luggage to be heat baked in UV Cabinet for the disease killing.
5. Prohibiting the bringing in of hoof meat for eating in the farm.
6. Outsiders not involved to be absolutely prohibited entry into the farm.
7. Organizing the separate pig raising zones, e.g. farrowing, kindergarten coop, fattening pigsty, selling coop etc.
8. Swine trading specified for transition outside the farm.
9. Organizing staffs to stay on farm. If any exit, the back-in entry to be under the watch-out detention in conformity with the farm standard.

The S. Pasusat Farm was deemed the advantageous farm by virtue of its location in the zone area of better disease prevention than other farms with the surrounding environment suitable for the livestock business activity. Besides, the Farm had the strict management requiring all staffs and outsiders to conform with its in-out entrance and exit regulations of both preventive measures and problem quick solution with efficiency to ensure the effective risk control of the outbreak of the swine disease. Furthermore, the Company has also planned the productivity increment and improvement development of the pig house in coping with the productivity and increasing efficiency in swine raising.

Industrial Situation and Competition in the year 2020

The S. Pasusat Company Limited had the advantages deemed as the strength of “ S. Pasusat ” as follows

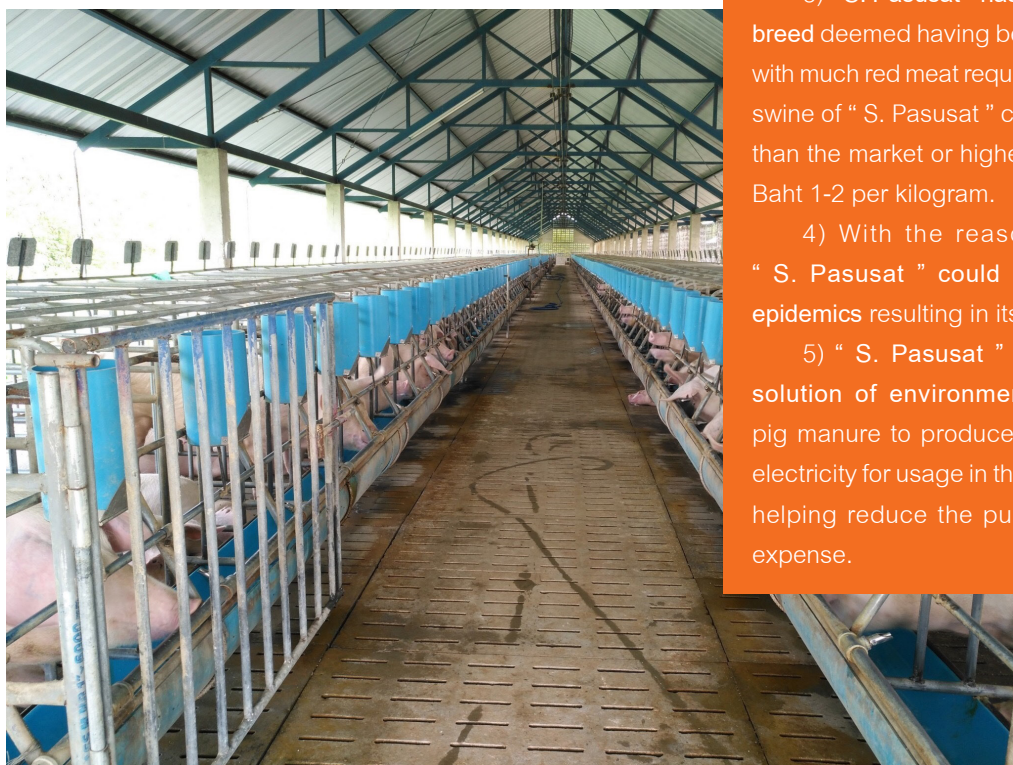
1) **Location.** The Farm was located in the valley having the ridge as the wall range in preventing the spread of disease into the farm. Besides, within the farm location's surrounding radius 5 kilometers as still without the location of any other farm deemed advantageous for the Farm in reducing the risk of disease contagion outbreak from other nearby farms especially the African Swine Fever (ASF) which if contracted then might result in the 100% loss to the Farm.

2) **The Management as the professional operator** specializing in the efficient management and administration of the Farm for the effective cost control and competition.

3) **“ S. Pasusat ” has selected the swine of Denmark breed** deemed having beautiful carcass, namely less fat with much red meat required by the market. Currently, the swine of “ S. Pasusat ” could be sold at the higher price than the market or higher than the announced price by Baht 1-2 per kilogram.

4) With the reason in the above Clause 3), **“ S. Pasusat ” could reduce loss from the animal epidemics** resulting in its cost advantages.

5) **“ S. Pasusat ” has achieved success in the solution of environmental pollution** by bringing the pig manure to produce the biogas for generating the electricity for usage in the farm by itself thus significantly helping reduce the public utility electricity cost and expense.



Operating Results and Profitability

The Company's Revenue Structure and Products Group

Product Group	Year 2020		Year 2019		Year 2018	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Thai Native Foods						
- Domestic	1,108.84	39.7	1,121.55	39.1	1,018.63	36.5
- Export	112.23	4.0	97.81	3.4	100.90	3.6
Total	1,221.07	43.7	1,219.36	42.5	1,119.53	40.1
2. Processed Seafood						
- Domestic	885.61	31.7	872.53	30.5	860.42	30.8
- Export	77.89	2.8	60.03	2.1	84.99	3.0
Total	963.50	34.5	932.56	32.6	945.41	33.8
3. Snack Processed from Pork and Chicken						
- Domestic	96.85	3.5	105.71	3.7	100.31	3.6
- Export	2.63	0.1	1.62	0.0	2.38	0.1
Total	99.48	3.6	107.33	3.7	102.69	3.7
4. RTH / RTE Frozen Foods						
- Domestic	120.45	4.3	185.69	6.5	193.05	6.9
- Export	0.35	0.0	0.34	0.0	3.36	0.1
Total	120.80	4.3	186.03	6.5	196.41	7.0
5. Quick Service Restaurant (QSR)	96.68	3.5	143.02	5.0	138.78	5.0
6. Swine Farm	261.79	9.4	248.68	8.7	206.01	7.4
Grand Total	2,763.32	99.0	2,836.98	99.0	2,708.83	97.0
Other Income	30.60	1.0	27.98	1.0	82.41	3.0
Total Revenue	2,793.92	100.0	2,864.96	100.0	2,791.24	100.0

Survey of Customers' Satisfaction

The Company's key policy in the top list was the delivery of satisfaction to the customers more than their expectation. Henceforth, the Company has conducted the Customers' Satisfactory Survey regularly every year for bringing the survey results to make improvement and development of the Company's products and services in meeting with the customers' greater requirements.

From the evaluation of customers' satisfaction of products and services by the questionnaire method of the evaluation of different aspects such as convenience in contacts, products delivery system, delivery services, products quality, complaints reception and products labels / packaging, of which overall results derived from the evaluation in the year 2020 divided according to the products selling distribution channel as follows :

Distribution Channel	Year 2020	Year 2019	Year 2018
1. Domestic	90.97	91.90	86.47
2. Export	87.14	80.93	77.87

The findings would show that in the year 2020 in the overall outlook, the Company received the satisfaction scores in the Export channel higher than the year 2019 whereas the Domestic channel's scores slightly decreased from the year 2019 by about 0.93% in the level close to the year 2019 reflecting the customers' maintained satisfaction in the Company's products and services in the high level.



Marketing Policies

Creation of Continual Acknowledgement and Trust for S. Khonkaen Brand which is the Company's main Brand to the original customers group for the Brand Loyalty with the broader expansion to the new customers group of lower 25 years of age for the sustainable growth of the Brand.

Uses of Multi-Brand Strategies for the Company's products in meeting the needs of customers of every group and in every distribution channel with the Company's every brand well recognized and accepted by consumers. Besides, the uses of multi-brand strategies enable the Company to affluently and effectively distribute the products in various channels both domestically and in overseas and also enable the Company to fix the prices and qualities of the products to match each target group market in each distribution channel without any negative impact against each other.

New Products Development

The Company strives to develop new products based on customer needs with the utmost attention in every development process beginning from the customer needs data collection brought into designing the product appearance and taste all through the manufacturing for selling by clean machinery of international standard. Thus, the customers are assured of always receiving the best products from S. Khonkaen.

Maintenance of the Products Quality for whatever in cleanliness, hygiene and taste with emphasis on the GMP and HACCP standards of manufacturing processes.



Expansion of the Distribution Channels All In Cover

The Company's distribution channels comprise :

- 1) Wholesaler / Retailer such as Supermarket, Hypermarket (Modern Trade) and Convenience Store. 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 2020 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) The Company has launched the new format Franchise to answer those who desire to have the business but don't have the shopfront area with the Food Truck under Zaap Classic & Yunnan Brands with the outstanding pros in area flexibility coinciding with the new business trend access to the consumers' life-style of various conveniences and to match the investors in the restaurants well equipped with full facilities ready for operations.
- 5) E-Commerce. Presently, the Company has the online distribution channel via the Company's website and partners, e.g. Grab, Lineman, Foods Panda etc. in meeting the consumers' behavior for conveniences in ordering the foods for dining at home instead of outside eating.



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 and dried traditional Thai products such as fermented sausages, Vietnamese sausages, Thai sausages, crispy pork and pork balls etc. :

9,900 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 such as Chinese sausages and shredded pork etc. :

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

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 : 2,500 sows



Product Supply

The Company gives importance to the selection of raw materials of good quality from the production sources both in the country and overseas which mainly are raw materials in the country. As for the selection of suppliers, the Company establishes the inspection process and strictly selects the suppliers both in quality inspection prior to selling and inspection process, of which suppliers selection the Company will consider the standard suppliers who must be initially assured and guaranteed of the quality in accord with the legal specifications and international standard.

Besides the quality consideration, the Company also gives importance to the costs of the goods and raw materials being the significant factors on the business operation cost thus procurements need to have inspection, price comparison, selection or development of new trade partners or new raw materials sources and appropriate procurement combination in each round attracting trade partners' interest for creation of competition, negotiating power increment and for decrease in price fluctuation affecting the cost of the goods.

The Company has prepared the raw materials sale contracts in several spans of time subject to the goods category and market price trend to ensure the goods or raw materials supplied are of good quality at suitable prices and in sufficiently required quantity including the constant reviews of goods and raw materials prices to ensure the appropriate prices of raw materials and goods in accord with the prevailing market situation and conditions.

Processed Seafoods

The Company has supply and procurement of raw materials of fish of both fresh fishes, frozen fishes and surimi (deboned ground fish) from different sources both in the country and overseas which in the period before the year 2016, the Company has used the domestic raw materials in proportion of over 80% owing to the availability of large quantity of domestic fishes in such period. Later, after the illegal fishing stipulations were launched, a large number of fishing boats had ceased operation resulting in the continually declined supply of fresh fishes in every year insufficient to the market demand thus the significantly higher prices. Under such situation, the Company thus turns to seek supply of fish raw materials from overseas sources both in the format of frozen fish and surimi by importing from various countries such as Japan, Vietnam, Bangladesh etc.

Since the outbreak of Virus COVID-19 has given an awkward impact against the overall supply chain, the Company has made evaluation of the situation from the beginning 2020 and placed advanced orders of essential raw materials prior to the relevant emergency situation announcement including the selection of suppliers in reserve for the supply chain disruption situation thus the Company has sufficient supplies of raw materials for the continual production of goods without disruption despite the end-year new round outbreak of Virus COVID-19 in the zone area of Samut Sakorn Province as location of the factories and the country's significant seafoods supply source.

Pig Farms

The Company has thus established the policy of supply of parental breeders and semen as follows :

- A. The Company won't bring parental breeders from overseas (specifically in Thailand) into the country to breed for selling as the flattening pigs.
- B. The Company strives in producing the mother pig breeders for uses in replacement in the herd of the mother breeders themselves.
- C. The Company imports parental pig breeders from Denmark for improvement development of pig species for the better quality.
- D. The Company imports the father breeders' semen from Denmark under the key policy of the absolute protection of the disease entering into the farms.

Environmental Impact

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. Besides, the Company has prepared the energy costs reduction project for electricity, gas and water with emphasis on the cost-effective use of energy both in management and economical use to reduce costs. The Company has also taken part in the energy and environment conservation in another way by adhering to the energy conservation principle of the wise use of natural resources and environment or use as needed, sensibly, economically with the least disadvantages to environment as much as we can including the development of the technique to use the minimum quantity of energy for the greater efficient output.



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.

As regards Mahachai Foods Company Limited, the Company has set the standard policy of Corporate Social Responsibility (CSR) on the environment preservation by supporting the installation of solar energy in the size range of 727 - 999 kilowatts which will be beneficial to the long-term investment in renewable energy expected to be completed for starting operation in the 2nd quarter of the year 2021 including the installation of the Liquefied Natural Gas (LNG) in replacement of the use of Liquefied Petroleum Gas (LPG) being friendly to the environment and helps reduce the problem of global warming, for which the Company has made the trial use of LNG since June 2020 with expectation that the real place of the station will be completed for starting operation in the 2nd quarter of the year 2021.

Regarding swine farms, S.Pasusat Company Limited 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. As regards the Water Pollution, the Company has proceeded to pump wastewater back to water in the farm's lemon forest.

Major Changes and Developments

From the situation of the outbreak of Virus Covid-19 in the beginning of the year 2020 resulted in the necessary adjustment of the Company's specified business plan in accord with the situation, for which the Company has made the following major changes in the business performance :

1) S. Khonkaen Foods Public Company Limited

1. **Addition of the E-Commerce channel** for the development of its online selling by opening the use of the system starting from the 3rd quarter and has received a good response from customers.
2. **Factory renovation**, the Company decided to invest for development renovating factory for modernization and competitiveness increment including working system modification, cost reduction, production management and raising production standards.
3. Assignment and appointment of Co-CEO including management chart improvements for increasing efficiency and flexibility in determining business direction, management and coordination in the type of Cross Functional Team.
4. **Information System Change** and Internal System Development for more mobility to enable working or meeting via Cloud from every place in every time with any equipment for cost reduction in time, documentation and flexibility increment and also developing usage storage process, data access and internal communication to be safe by using through Intranet SharePoint (DMS) for data safety increment in storage, applications and access and development of the security system against the Cyber attack from the bad persons and for raising the quality of Network Security to its standard level.

2) Mahachai Foods Company Limited (Subsidiary)

The Company has adjusted the new strategy in accord with the situation of Virus Covid-19, such as postponing the product presentation plan to overseas market, adjusting strategy of marketing and selling, reducing non-urgent investments and accelerating new products development corresponding to the changing format and consuming behavior in summary

as follows :

1. **Maintains the main income base**, take care closely of trade partners for resolving the situation quickly in case the trade partners have problem in the business.
2. **Adjusts the marketing strategy** corresponding to the current situation.
3. **Develops new products and accelerates distribution to consumers through various channels** with the emphasis on pricing corresponding to consumers' purchasing power.
4. **Manages production cost and various expenses** efficiently through the supply chain system in purchasing, acquiring new dealers, inventory storage including the efficient and effective control of energy consumption and various expenses.
5. **Delays non-urgent investments** by investing only in the transactions relating to the production efficiency and cost reduction.

3) S. Pasusat Company Limited (Subsidiary)

The Company focuses more on raising the standard level of biosecurity for supplementing the protective criteria and reducing the risk of the outbreak of African Cholera in Pigs together with the adjustment and reparation of various greenhouses for the production efficiency increment to the higher productivity.

Risk Factors

1. Risk Regarding Raw Materials of the Processed Pork Business

The Company's business operation characteristics with the major raw materials of animal meat of which prices and quantities fluctuating according to the season, unfavorable climatic condition change, drought, natural disaster and epidemic including contagious diseases in plants and animals, government policy, output quantity supplied to markets and market demand in the country and overseas all these resulted in the scarcity in each phase of time.

To reduce the said risks, the Company focused on the efficient cost control and management in reducing the effects of scarcity and price fluctuation of raw materials by planning of purchasing and overall required quantity estimation. To enable the advance purchasing planning, the Company thus arranged the medium-term and long-term purchase and sale contracts to the best possible prices and conditions and the Company also had the policy for the Purchase Department and Research & Development Department (R&D) to proceed to find replacement products with the recruitment of quality vendors for having additional product sellers.

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 "Traditional Trade" as well as at the development of its own channel(s), such as QSR (Quick Service Restaurant) and online channel (E-Commerce) with the growth opportunity.

2.2 Risk Regarding an Economic Slowdown

In the year 2020 with the outbreak of Covid-19 in all over the world affecting several business sectors especially tourism, food shops, hotels resulted in additional unemployment with the apparently declining buying power. This risk factor was in the medium level for the Company owing to the Company being affected in several channels in the business groups of tourists, food shops and hotels but in overall view not severely affecting the Company's business since the food business still the factor of 4 fundamental living factors 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 of Other Raw Materials and Prices

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 from Industry's High Competition Situation and Product Imitation

The Company currently had many direct competitor operators of large and small sizes including many other competitors with lower production and management costs by the pattern of low cost production not meet the standard of food production resulting in the price competition which might affect the market share, growth and operation results of the Company.

As for the solution of the problem, the Company focused on the maintenance of products standard in quality and taste including the new products launching corresponding to the consumers' requirements consistently thus the Company was able to consistently compete with other operators in the long-term festival.

3.3 Risk in Cash Collection and Management

As for the customers in the Traditional Trade Channel mostly the group of food shops in the fresh market being the retail customers who preferred to pay cash, for which the Company had to send staffs to receive payment of products directly at the customers' shops. In case of the higher daily sales with the additional cash under the staff's care, the Company consequently encountered the risk of the said cash loss or was unable to handle the daily sales, of which risk the Company was well aware thus requested this group of customers' cooperation for payment by money transfer direct to the Company's bank account in prevention against fraud as well as for working convenience which received customers' cooperation in a certain level with some customers still had yet to understand the said requested cooperation with the Company's continued efforts in inducing them to comply with the money transfer to the Company's bank account instead of cash payment to the Company's staff. Anyhow, for those certain customers who insisted on the traditional practice of cash payment to the staff, the Company had the measure in controlling cash received by the staffs as follows :

1. The sale staff is required to transfer the relevant cash received from customers to the Company's bank account within the same day or latest not over 12.00 a.m. of the following day with the daily following up of the Debtors Accounts Department.
2. Customers are requested to make money transfer instead of cash payment especially for new customers 100% to comply with this Company's request whereas old customers might need time to gradually adjust themselves for the new practice.
3. Fixing the random checking of customers' payment by assigning the Supervisor to frequently examine and increase the frequency in daily examination of the bills.
4. Increasing the Supervisor's rounds of visiting customers at the sites.
5. Arranging the payment cards for increment of convenience facilities in customers' payment.

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.

However, the Company has set the measure in prevention against the disease spreading into the farm in all means, one of which most significant measure was the raising up of the biosecurity to the optimum level. Every staff and outsider is required to strictly comply with the farms' entry-exit rules regulations of both prevention and efficiently swift solution measures to ensure the Company's ability in well control of the swine plaque risk.

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 in the year 2020, the Company has been considered the recertification by the Thai Institute of Directors' Association (IOD) as evidence of the Company's intention in consistently striving against all types of corruption.

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 56.72 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.



Awards of Pride

Awards Won in 2020 :

1. Excellent Award “ Corporate Governance Report of Thai Listed Companies - 5 Stars Level ” for the Year 2020

In the Year 2020, the Company received the Excellent Award “ Corporate Governance Report of Thai Listed Companies (CGR) ” by being rated emblem of the National Corporate Governance Committee “ **Excellent** ” or “ **5 Stars Level** ” for 2 consecutive years (2019 – 2020) from Thai Institute of Directors Association (IOD) under the support of the Stock Exchange of Thailand (SET) as a result of the survey of Corporate Governance Report of Thai Listed Companies 2020 from total 240 listed companies.



2. COVID-19 Prevention Best Practice for exported food products originating in Thailand

The Company received the Award of the assurance of practice in compliance with the measures to prevent contamination of Corona Virus 2019 in the exported foods production process (Covid-19 Prevention Best Practice for Exported Food Products originating in Thailand), of which assurance by the cooperation among 4 Ministries, i.e. Ministry of Agriculture and Cooperatives, Ministry of Public Health, Ministry of Interior and Ministry of Commerce



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
Type of Share	: Ordinary share 323,400,000 shares
Issuance	: 323,400,000 shares

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

2.1 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%

2.2 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 245,000,000, fully paid-up (Previous registered capital : Baht 85,000,000)
Total Share	: 49,000,000 shares (Previous number of shares : 17,000,000 shares)
% of Shareholding	: 99.33%

2.3 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 shar
Registered Capital	:	Baht 45,000,000, fully paid-up
Total Share	:	4,500,000 shares
% of Shareholding	:	100%

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

Head Office Address	:	Silverpoint Business Center, Transistorstraat 91-31, 1322 CL Almere, The Netherlands
Type of Business	:	Distributor of the Company's traditional Thai foods products in EU countries and others.
Telephone	:	+31 36 845 0058
Type of Share	:	Ordinary share
Registered Capital	:	EUR 100 (approx. Baht 4,268), fully paid-up
% of Shareholding	:	100%

2.5 S. Training Center Company Limited

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. or group of companies or business partners. (Presently, the company has ceased its operation.)
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%

2.6 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%

(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. Miss Pimjai Manitkajohnkit CPA No. 4521 and / or
		2. Miss Rungnapa Lertsuwankul CPA No. 3516 and / or
		3. Mr. Chayapol Suppasedtanon CPA No. 3972 and / or
		4. Ms. Sumana Punpongsanon CPA No. 5872 and / or
		5. Ms. Rosaporn Decharkom CPA No. 5659

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. Miss Pimjai Manitkajohnkit CPA No. 4521 and / or
 2. Miss Rungrapa Lertsuwankul CPA No. 3516 and / or
 3. Mr. Chayapol Suppasdtanon CPA No. 3972 and / or
 4. Ms. Sumana Punpongsanon CPA No. 5872 and / or
 5. Ms. Rosaporn Decharkom CPA No. 5659

3.2.3 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 : Miss. Tuangrat Mahakhunajeerakul CPA No. 9621
 Auditor of S.Training Center Company Limited

3.3 Tax Consultant
 - None -

3.4 Legal Advisor
 - None -

Shareholders

Top Ten Shareholders

A. Top ten shareholders as of 30th December 2020

No.	Name of Shareholders	No. of Shares Held (Share)	% of Shareholding
1.	Dr. Charoen Rujirasopon	98,981,860	30.61%
2.	Mrs. Niramon Rujirasopon	45,403,550	14.04%
3.	Mr. Ayuth Charnsethikul	20,300,000	6.28%
4.	Mr. Jarunpoj Rujirasopon	13,963,580	4.32%
5.	Mr. Jaraspon Rujirasopon	13,850,580	4.28%
6.	KBL EUROPEAN PRIVATE BANKERS S.A.	13,582,570	4.20%
7.	Miss Orapan Assamongkol	12,585,660	3.89%
8.	Mr. Songkiat Rujirasopon	11,212,660	3.47%
9.	Mr. Thanathip Pichetwanich-choke	10,970,670	3.39%
10.	Mr. Sathit Withayakorn	8,010,300	2.48%

Source : Information from Thailand Securities Depository Company Limited

B. Group of Major Shareholders as of 30th December 2020

Group of Major Shareholders	No. of Shares Held (Share)	% of Shareholding
1. “ Rujirasopon ” Family	183,412,230	56.72%
Dr. Charoen Rujirasopon	98,981,860	30.61%
Mrs. Niramon Rujirasopon	45,403,550	14.04%
Mr. Jarunpoj Rujirasopon	13,963,580	4.32%
Mr. Jaraspon Rujirasopon	13,850,580	4.28%
Mr. Songkiat Rujirasopon	11,212,660	3.47%
2. “ Pichetwanich-choke ” Family	24,629,330	7.61%
Mr. Thanathip Pichetwanich-choke	10,970,670	3.39%
Mr. Suwit Pichetwanich-choke	7,094,660	2.19%
Miss Winthanee Pichetwanich-choke	5,478,000	1.69%
Mrs. Wipaporn Pichetwanich-choke	1,086,000	0.34%
3. “ Charnsethikul ” Family	22,755,320	7.04%
Mr. Ayuth Charnsethikul	20,300,000	6.28%
Mrs. Pimpawal Charnsethikul	2,400,660	0.74%
Mr. Rathawitch Charnsethikul	28,000	0.01%
Mr. Ayuth Charnsethikul for Ms. Pichsinee Charnsethikul	26,660	0.01%
4. KBL EUROPEAN PRIVATE BANKERS S.A.	13,582,570	4.20%
5. Miss Orapan Assamongkol	12,585,660	3.89%
Miss Orapan Assamongkol for Mr. Pak Tuangsitthisombat	251,540	0.08%
Miss Orapan Assamongkol for Mr. Karin Tuangsitthisombat	242,200	0.07%
Miss Orapan Assamongkol for Miss Kanyaluck Tuangsitthisombat	180,810	0.06%
6. Mr. Sathit Withayakorn	8,010,300	2.48%
7. “ Ussanajit ” Family	7,734,000	2.39%
Mrs. Chatporn Ussanajit	4,003,000	1.24%
Mr. Wuth Ussanajit	3,731,000	1.15%
8. Mrs. Arunee Mahathorn	3,660,000	1.13%
9. Miss Pikulkaew Kraireuk by “ Denalee Prestige Asset Management Co., Ltd. ”	2,439,590	0.75%
10. “ Kanokpreechawut ” Family	1,294,900	0.40%
Mr. Ruengkitt Kanokpreechawut	927,140	0.29%
Mrs. Sukarnda Kanokpreechawut	230,000	0.07%
Mrs. Wilaisiri Kanokpreechawut	127,760	0.04%
Mr. Thanasit Kanokpreechawut	10,000	0.003%
Total	280,355,440	86.69%

Shareholding of Directors of S.Khonkaen Foods Public Company Limited on 2019 - 2020

No.	Name of Director	No. of Shares Held		No. of Shares	Remarks
		30/12/2019	30/12/2020	Increase (Decrease)	
1	Dr. Charoen Rujirasopon	9,898,186	98,981,860	89,083,674	-
	Spouse	4,507,955	45,403,550	40,895,595	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom Rujirasopon	4,507,955	45,403,550	40,895,595	-
	Spouse	9,898,186	98,981,860	89,083,674	Dr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	13,963,580	12,821,322	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jaraspon Rujirasopon	1,133,358	13,850,580	12,717,222	-
	Spouse and Minor Children	-	-	-	-
5	Miss Panchama Vipamas	11,375	113,750	102,375	-
	Spouse and Minor Children	-	-	-	-
6	Mr. Worapon Lopansri	8,000	80,000	72,000	-
	Spouse and Minor Children	-	-	-	-

Remarks : The Company has changed the value of the Company shares from value of Baht 10.- per share to Baht 1.- per share, effective from 30th July 2020.

Shareholding of Executives of S.Khonkaen Foods Public Company Limited on 2019 - 2020

No.	Name of Executives	No. of Shares Held		No. of Shares	Remarks
		30/12/2019	30/12/2020	Increase (Decrease)	
1	Dr. Charoen Rujirasopon	9,898,186	98,981,860	89,083,674	-
	Spouse	4,507,955	45,403,550	40,895,595	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom Rujirasopon	4,507,955	45,403,550	40,895,595	-
	Spouse	9,898,186	98,981,860	89,083,674	Dr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	13,963,580	12,821,322	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jaraspon Rujirasopon	1,133,358	13,850,580	12,717,222	-
	Spouse and Minor Children	-	-	-	-
5	Mr. Thanakrit Rujirasopon	-	-	-	-
	Spouse and Minor Children	-	-	-	-
6	Miss Ketsukol Meekhouad	-	-	-	-
	Spouse and Minor Children	-	-	-	-

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. 6 Subsidiaries are :

- (1) S. Pasusat Company Limited
- (2) S.K.K. Food Company Limited
- (3) Mahachai Foods Company Limited
- (4) S. Training Center Company Limited
- (5) 3D Food and Beverage Company Limited
- (6) 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				
	2020	2019	2018	2017	2016
Net profit per share (Baht / Share)	2.70	4.20	3.89	3.33	3.93
Dividend per share (Baht / Share)	2.00	2.50	2.20	2.75	2.75
Dividend per net profit (%)	74.1	59.5	56.5	82.6	70.0

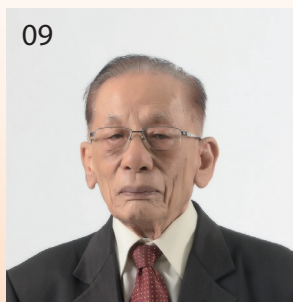
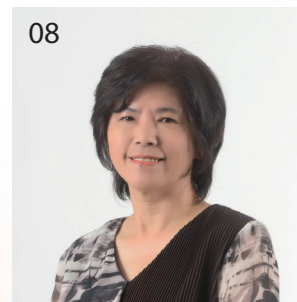
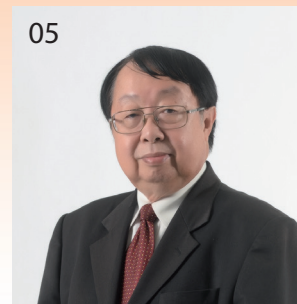
Remarks : 1. The separate financial statements.

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
and Independent Director

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

05 Mr. Chusak Vijakhana
Audit and Corporate Governance Committee
and Independent Director

06 Miss Panchama Vipamas
Director and Independent Director

07 Mrs. Niramon Rujirasopon
Executive Director

08 Mrs. Siriluck Chaiwattanaprapa
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 sub-committees.

1.1 The Board of Directors

As of 31st December 2020, 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. Niramom Rujirasopon	Director and Vice Chairman of Executive Committee
9. Mr. Jaraspon Rujirasopon	Director
10. Mr. Jarunpoj Rujirasopon	Director
11. Mr. Thanakrit Rujirasopon	Director
12. Mrs. Siriluck Chaiwattanaprapa	Director

Authority of Director

"Mr. Charoen Rujirasopon co-signs his name with Mrs. Niramom Rujirasopon and affixes the seal of the Company; or either Mr. Charoen Rujirasopon or Mrs. Niramom 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 2020, nine meetings in total were held, the directors present at the meetings were as follows :-

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

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 2020, the Company's Independent Directors consisted of 6 Directors as follows:-

- | | |
|----------------------------------|----------------------|
| 1. Dr. Thanong Bidaya | Independent Director |
| 2. Mr. Worapon Lopansri | Independent Director |
| 3. Mr. Prasarn Marukpitak | Independent Director |
| 4. Mr. Chusak Vijakkhana | Independent Director |
| 5. Mr. Charoenphan Phantumongkol | Independent Director |
| 6. Miss Panchama Vipamas | Independent Director |

Meetings of Independent Directors

In 2020, Independent Directors held 2 meetings in total. The directors present at the meetings were as follows:-

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

Sub – 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. Chusak Vijakhana | Audit and Corporate Governance Committee Member |

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee, has had knowledge and experience in accounting, finance and audit for 34 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2020. Miss Supaporn Khamsai performed as the secretary of the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee had 4 meetings in total with management, the internal audit unit and the auditor in 2020 to report a progress on the performance of its duty and make recommendations to the Board of Directors on subjects it deems reasonable regularly on a quarterly basis.

Name of The Audit and Corporate Governance Committee	Position	Number of	
		Attending	Meeting
1. Mr. Worapon Lopansri	Chairman, Audit and Corporate Governance Committee	4	4
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee	4	4
3. Mr. Chusak Vijakhana	Audit and Corporate Governance Committee	4	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 were independent directors 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 Committee Member, and Independent Director |
| 3. Dr. Charoen Rujirasopon | Recruitment and Compensation on Remuneration Committee Member |

Ms. Kalvarat Vithitamataya performed as the secretary of the Recruitment and Compensation on Remuneration Committee.

In 2020, the Recruitment and Compensation on Remuneration Committee held 2 meetings in total. The committee members present at the meetings were as follows :-

Name of the Recruitment and Compensation on Remuneration Committee	Position	Number of	
		Attending	Meeting
1. Mr. Charoenphan Phantumongkol	- Chairman of the Recruitment and Compensation on Remuneration Committee - Independent Director	2	2
2. Mr. Chusak Vijakkhana	- Recruitment and Compensation on Remuneration Committee - Independent Director	2	2
3. Dr. Charoen Rujirasopon	- Recruitment and Compensation on Remuneration Committee Member	2	2

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 Committee Member |
| 3. Mr. Thanakrit Rujirasopon | Risk Management Committee Member |
| 4. Mr. Jaraspon Rujirasopon | Risk Management Committee Member |
| 5. Mrs. Narinthorn Assawapanyawong | Risk Management Committee Member |

Mrs. Utthaporn Honghern performed as the secretary of Risk Management Committee

In 2020, the Risk Management Committee held 1 meeting in total. All the committee members attended the said meeting.

4) The Executive Directors

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

- | | |
|------------------------------|--|
| 1. Dr. Charoen Rujirasopon | Chairman of Executive Committee |
| 2. Mrs. Niramorn Rujirasopon | - Executive Director
- Vice Chairman of Executive Committee |

3. Mr. Jarunpoj Rujirasopon	- Executive Director and - Chief Executive Officer – Processed Foods - Chief Executive Officer – Supporting Service
4. Mr. Jaraspon Rujirasopon	- Executive Director - Chief Executive Officer – QSR Business (RTE - QSR)
5. Mr. Thanakrit Rujirasopon	- Executive Director - Chief Executive Operation (Foreign Business)
6. Mrs. Siriluck Chaiwattanaprapa	Executive Director
7. Ms. Ketsukol Meekhuad	Acting Chief Financial Officer

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 follows :

- 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' Performance

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 2020 is average 89.44%

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 2020 is average 85.23%.

2. Self - evaluation of Performance of Sub-committee

2.1. Self-evaluation of performance of 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 as a whole in 2020 are as follows :-

	Average Percentage
1) Audit and Corporate Governance Committee	91.33
2) Recruitment and Compensation on Remuneration Committee	95.81
3) Risk Management Committee	78.89

2.2. Self-evaluation of Performance of 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 2020 as follows :-

	Average Percentage
1) Audit and Corporate Governance Committee	92.41
2) Recruitment and Compensation on Remuneration Committee	98.48
3) Risk Management Committee	78.18

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

- 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 Chief Executive Officer (CEO) in 2020 are as follows :-

	Average Percentage
1) Chief Executive Officer – Processed Foods	86.03
2) Chief Executive Officer – QSR Business (RTE - QSR)	88.73

Company Secretary

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

- (1) To organize Board of Directors' meetings and shareholders' meetings;
- (2) To organize Board of Directors' meetings and shareholders' meetings of subsidiaries;
- (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 of Directors	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	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 8 th November 2017
		Audit Committee Forum, Learn, unlearn and relearn - Audit Committee in the age of disruption 12 th November, 2018
		IA Day " Connecting the world " 13 th December 2018

Name of Directors	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. Siriluck Chaiwattanaprapa	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, whereas 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 2020

(A) Remuneration for Directors, totally Baht 1,736,000.

Name of Directors	Position	The Directors' Remuneration
Dr. Thanong Bidaya	- Chairman of the Board of Directors - Independent Director	199,640.-
Dr. Charoen Rujirasopon	- Director - Chairman of Executive Committee - Recruitment and Compensation on Remuneration Committee Member	121,520.-
Mr. Worapon Lopansri	- Director and Independent Director - Chairman of the Audit and Corporate Governance Committee	182,280.-
Mr. Prasarn Marukpitak	- Director and Independent Director - Audit and Corporate Governance Committee Member	164,920.-
Mr. Chusak Vijakkhana	- Director and Independent Director - Audit and Corporate Governance Committee Member - Recruitment and Compensation on Remuneration Committee Member - Risk Management Committee Member	164,920.-
Mr. Charoenphan Phantumongkol	- Director and Independent Director - Chairman of the Recruitment and Compensation on Remuneration Committee	164,920.-
Ms. Panchama Vipamas	- Director and Independent Director	164,920.-
Mrs. Niramom Rujirasopon	Executive Director	121,520.-
Mr. Jaraspon Rujirasopon	- Executive Director - Chairman of the Risk Management Committee	112,840.-
Mr. Jarunpoj Rujirasopon	- Executive Director - Risk Management Committee Member	112,840.-
Mr. Thanakrit Rujirasopon	- Executive Director - Risk Management Committee Member	112,840.-
Mrs. Siriluck Chaiwattanaprapa	Executive Director	112,840.-

Remark : The Remunerations were paid from the Company's operation of January 1st – December 31st, 2020.

(B) Meeting Allowance for Directors and Sub-committees at totally Baht 1,130,000.-.

Name of Directors	Position	Meeting Allowance (Baht)				Total / Baht
		Board of Directors	Audit and Corporate Governance Committee	Risk Management Committee	Recruitment & Compensation on Remuneration Committee	
Dr. Thanong Bidaya	- Chairman of the Board of Directors - Independent Director	270,000.-				270,000.-
Mr. Worapon Lopansri	- Director - Independent Director - Chairman of the Audit and Corporate Governance Committee	135,000.-	80,000.-			215,000.-
Mr. Prasarn Marukpitak	- Director - Independent Director - Audit and Corporate Governance Committee Member	135,000.-	60,000.-			195,000.-
Mr. Chusak Vijakkhana	- Director - Independent Director - Audit and Corporate Governance Committee Member - Recruitment and Compensation on Remuneration Committee Member - Risk Management Committee Member	135,000.-	60,000.-	15,000.-		210,000.-
Mr. Charoenphan Phantumongkol	- Director - Independent Director - Chairman of the Recruitment and Compensation on Remuneration Committee	105,000.-				105,000.-
Miss Panchama Vipamas	- Director - Independent Director	135,000.-				135,000.-
Total		915,000.-	200,000.-	15,000.-		1,130,000.-

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

In 2020, The Company paid remuneration for the 6 Executive Directors and an Executive in the amount of Baht 24,419,405.- in term of the

1. Salary	Baht	22,093,180.-
2. Bonus	Baht	2,078,440.-
3. Social Security	Baht	36,900.-
4. Others	Baht	210,885.-

(2) Other Remuneration

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

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					
Remuneration and Benefits	CEO	Executives	All Employees	Form of Payment	Objective 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.

Personnel

As of 31st December 2020, the Company had 1,524 employees in total. In 2020, 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 371,663,660.89.

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 204,451,168.69. Details of the remuneration are in summary as follows:

Year 2020	Operational Employee	Executive	Total	Remuneration (Baht)
S. Khonkaen Foods Public Company Limited	782	90	872	371,663,660.89
Subsidiaries :				
S. Pasusat Company Limited	98	4	102	21,065,472.30
Mahachai Foods Company Limited	517	33	550	183,385,696.39
SKK Food Company Limited	-	-	-	-
S. Khonkaen Foods (Netherlands) B.V.	-	-	-	-
S. Training Center Company Limited	-	-	-	-
3D Food and Beverage Company Limited	-	-	-	-
Total	1,397	127	1,524	576,114,829.58

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.

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 2020 - 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 2020 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 5 Sor, 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 2020, 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 Situation

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 Officers to ensure transparency and fairness.

In 2020, 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 2020 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 2020 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
1. Dr. Charoen Rujirasopon	Chairman of Executive Committee
2. Mrs. Niramorn Rujirasopon	Executive Committee
3. Mr. Jarasopon Rujirasopon	Executive Committee
4. Mr. Jarunpoj Rujirasopon	Executive Committee
5. Mr. Thanakrit Rujirasopon	Executive Committee
6. Mrs. Siriluck Chaiwatanaprapa	Executive Committee

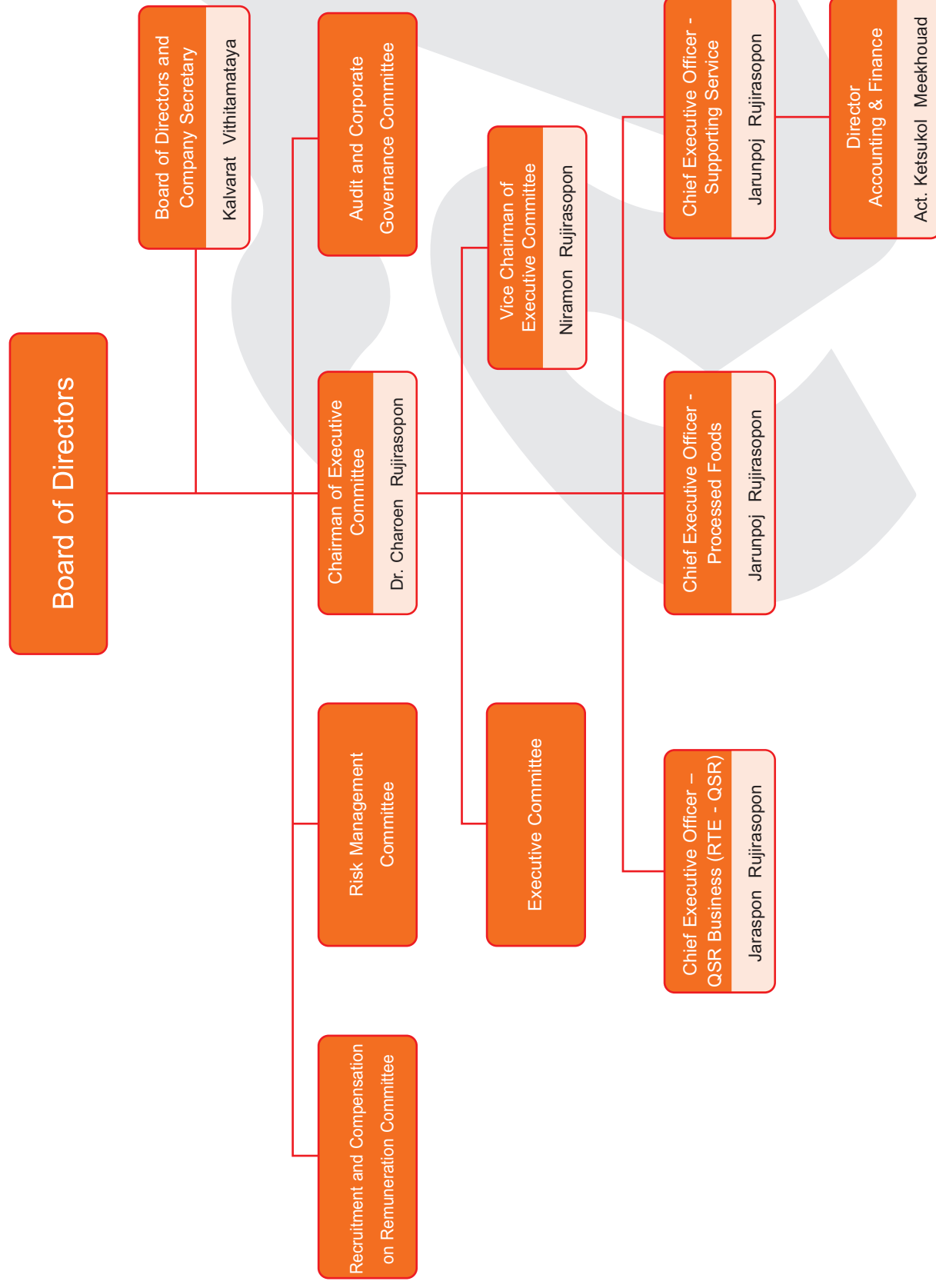
In 2020, the Executive Committee performed its duties in accordance with the authorities and responsibilities in its Charter. The summary of the Executive Committee's performance are as follows :

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 : 73 Years
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 5 Years		
- Position in Listed Company		
Period	Position	Company
2008 - Present	Chairman of the Board of Directors, and Independent Director	TTW Public Company Limited
2012 - Present	Chairman of the Board of Directors, and Independent Director	CK Power Public Company Limited
2018 - Present	Chairman of the Board of Directors, Independent Director	S.Khonkaen Foods Public Company Limited
2018 - Present	Chairman of the Board of Directors	Property Perfect Public Company Limited
2012 - August 2020	Chairman of the Board of Directors, Independent Director	Scan Inter 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 :

2 Year and 6 Months

Office of Director / Other Offices Held at Present :

- Other Listed Companies : 3
 - CK Power Public Company Limited
 - TTW 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. Dr. Charoen Rujirasopon		Age : 73 Years
Position		Date of Appointment
Chairman of Executive Committee		12 th November, 2012
Recruitment and Compensation on Remuneration Committee Member		24 th February, 2014

Education 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 (%) : 98,981,860 shares or 30.61 percent

Relationship with the Company's Management :

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

Working Experience in 5 Years		
Period	Position	Company
2020 - Present	Chairman of the Board of Directors	Marid Seafood (Thailand) Company Limited
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	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.
12 th November 2012 - Present	Chairman of Executive Committee	S. Khonkaen Foods Public Company Limited
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 - 24 th February 2020	Chief Executive Officer	S. Khonkaen Foods Public Company Limited
1989 - 17 th October 2018	Director	Mahachai Foods Company Limited
2015 - 14 th November 2018	Chairman of the Board of Directors	Thai Home Food (Bangkok) Company Limited

Years of Holding Office of Director : 8 years (since 12th November 2012)

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Companies : 8
 - Mahachai Foods Company Limited
 - S K K Food Company Limited
 - S.Pasusat Company Limited
 - S. Training Center Company Limited
 - 3D Food and Beverage Company Limited
 - S. Khonkaen (Netherlands) B.V.
 - Marid Seafood (Thailand) Company Limited
 - C N N Holding Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



3. Mr. Worapon Lopansri		Age : 56 Years
Position		Date of Appointment
Director and Independent Director		29 th April 2014
Chairman of the Audit and Corporate Governance Committee		12 th May 2014

Education 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, Thai Institute of Directors Association
- 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 2018

Proportion of Shareholding in the Company (%) : 80,000 shares or 0.0247 percent

Relationship with Company’s Management : - None -

Working Experience in 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 April 2016 - 10 th August 2016	Director	Fire Trade Engineering Public Company Limited

Years of Holding Office of Director : 6 years and 8 months (since 29th April 2014)

Office of Director / Other Offices Held at Present :

- 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 : 73 Years
Position		Date of Appointment
Director and Independent Director		25 th May 1994
Audit and Corporate Governance Committee Member		24 th February 2014

Education 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 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 - 2015	Member of the National Reform Council	
2008 - 2014	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 : 26 years and 7 months

Office of Director / Other Offices Held at Present :

- Other Listed Company : - 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 Vijakkhana		Age : 70 Years
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 Committee Member		24 th February 2014
Risk Management Committee Member		23 rd March 2017

Education 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 the Company's Management : - None -

Working Experience in 5 Years		
Period	Position	Company
2017 - Present	Risk Management Committee Member	S. Khonkaen Foods Public Company Limited
2014 - Present	Director	Chao Phaya Hospital Public 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 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
October 2016 - 2017	Director	Mahachai Food Processing Co., Ltd.
2014 - 2020	Managing Director	Marwell Media Company Limited

Years of Holding Office of Director :

16 years

Directorship in Other Companies :

- Other Listed Company : 1 - Mahachai Hospital Public Company Limited
- Other Business than a Listed Companies : 4 - P.S.D. & Associate Company Limited
- Chao Phaya Hospital Public 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 : 89 Years	
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
Thai Institute of Directors Association (IOD)
- 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 the Company's Management : - None -

Working Experience in 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 : 21 years

Office of Director / Other Offices Held at Present :

- Other Listed Company : - 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 : 69 Years
Position		Date of Appointment
Director		2015
Independent Director		20 th July 2017

Education 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 (%) : 113,750 shares or 0.0035 percent

Relationship with the Company's Management : - None -

Working Experience in 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
10 th 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 Company 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 : 6 years

Directorship in Other Companies :

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



8. Mrs. Niramom Rujirasopon		Age : 69 Years
Position		Date of Appointment
Executive Director		25 th May 1994
Vice Chairman of Executive Committee		2020

Education 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 (%) : 45,403,550 shares or 14.039 percent

Relationship with the Company's Management :

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

Working Experience in 5 Years		
Period	Position	Company
2020 - Present	Vice Chairman of Executive Committee	S. Khonkaen Foods Public Company Limited
21 May 2019 - Present	Director	Mahachai Food Company Limited
2015 - Present	Director	3D Food and Beverage 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
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
Working Experience in the Past :		
9 th May 2015 - 2020	Deputy Chief Executive Officer	S. Khonkaen Foods Public Company Limited
1989 - 17 October 2018	Director	Mahachai Food Company Limited
10 th November 1994 - 13 th May 2016	Risk Management Sub-committee Member	S. Khonkaen Foods Public Company Limited
2015 - 14 th November 2018	Director	Thai Home Food (Bangkok) Company Limited

Years of Holding Office of Director : 26 years and 7 months

Directorship in Other Companies :

- Other Listed Company : - None -
- Other Business than a Listed Companies : 8
 - 3D Food and Beverage 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 : 38 Years
Position		Date of Appointment
Executive Director		14 th August 2008
Chief Executive Officer – QSR Business (RTE - QSR)		25 th February 2020

Education 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 216/2016, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : 13,850,580 shares or 4.28 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 5 Years		
Period	Position	Company
25 th February 2020 - Present	Chief Executive Officer – QSR Business (RTE - 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
15 th June 2018 - 24 th February 2020	Chief Executive (QSR)	S. Khonkaen Foods Public Company Limited
14 th October 2015 - 14 th November 2018	Executive Director	Thai Home Food (Bangkok) Company Limited
2 nd August 2016 - 14 th June 2018	Chief Executive Officer – QSR Business	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

Years of Holding Office of Director : 12 years and 4.5 months

Office of Director / Other Offices Held at Present :

- Other Listed Company : - None -
- Other Business than a Listed Company : 3
 - S. Training Center 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 : 34 Years
Position		Date of Appointment
Executive Director		27 th April 2015
Chairman of the Risk Management Committee		23 rd March 2017
Chief Executive Officer – Processed Foods		25 th February 2020
Chief Executive Officer – Supporting Service		25 th February 2020

Education Background : Bachelor of Business Administration, Major in Finance,
Faculty of Commerce and Accountancy, Chulalongkorn University

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 (%) : 13,963,580 shares or 4.32 percent

Relationship with the Company's Management :

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

Working Experience in 5 Years		
Period	Position	Company
25 th February 2020 - Present	- Chief Executive Officer – Processed Foods - Chief Executive Officer – Supporting Service	S. Khonkaen Foods Public Company Limited
23 rd March 2017 - Present	Chairman of Risk Management Committee	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 (Former : S. Tower 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

Working Experience in 5 Years		
Period	Position	Company
1 st January 2017 - 24 th February 2020	- Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive Operation (Supply Chain)	S. Khonkaen Foods Public 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
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
14 th October 2015 - 14 th November 2018	Executive Director	Thai Home Food (Bangkok) Company Limited
25 th June 2008 - 2020	Executive Director	Earth Wealth Mining Company Limited

Years of Holding Office of Director : 5 years and 8 months

Directorship in Other Companies :

- Other Listed Company : - None -
- Other Business than a Listed Companies : 4
 - Mahachai Foods Company Limited
 - S. Training Center 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 -



11. Mr. Thanakrit Rujirasopon		Age : 55 Years
Position		Date of Appointment
Executive Director		29 th April 2013
Chief Executive Operation (Foreign Affairs)		1 st October 2019

Education 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 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 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 - 2012	Executive Director	S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 7 years and 8 months

Directorship in Other Companies :

- Other Listed Company : - 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 : 60 Years
Position		Date of Appointment
Executive Director		13 th May 2016

Education 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 the Company's Management : - None -

Working Experience in 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 : 4 year and 8 months

Office of Director / Other Offices Held at Present :

- Other Listed Company : - 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 : 46 Years
Position		Date of Appointment
Acting Accounting & Financial Director		1 st Jul 2019

Education Background :

- Bachelor of Accounting, Major Accounting, Ramkhamhaeng University
- Strategic Financial Leadership Program (SFLP) Orientation course CFO, Thai Institute of Directors Association (IOD)
- CFO 2021

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

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

Relationship with the Company's Management : - None -

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



14. Miss Kalvarat Vithitamataya Age : 66 Years	
Position	Date of Appointment
Secretary to Board of Directors	19 th September 1994
Company Secretary	13 th August 2008

Education 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
Thai Institute of Directors Association (IOD)

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

Relationship with the Company's Management : - None -

Working Experience in 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

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 2017 by the Stock Exchange of Thailand (SET) 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. In the year 2020, the Company has got the awarded scores of the report on the Corporate Governance Code (CGR) in the excellent level or 5 stars for 2 successive years since the year of 2019 onwards which helps boosting trust and confidence of shareholders, investors, interested persons and all parties concerned leading to progressive stability adding value and support to the Company's sustainable growth.

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 :

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.

Sub-Principles & Guidelines

1. Realizing the roles and responsibilities of the Board of Directors in its position as the corporate leader building the sustainable value to the business

- 1.1 The Company Board understands its roles and realizes responsibilities in its position as the leader who must supervises the corporate to have the good management administration covering
 - Setting Objectives & Goals
 - Setting strategy, operation policy including allocation of significant resources for achievement of the objectives & goals.
 - Monitoring, evaluating and taking care of the performance report.
- 1.2 In building the sustainable growth to the business, the Company Board has the corporate governance leading to the following minimum results
 - Competitiveness with good performance taking into account the long-term effects.
 - Business performance with ethics respecting the rights and responsibilities to shareholders and interested persons, benefits to society with the environmental development or reduction of its negative effects.
- 1.3 Adaptability under the change factors, the Company Board has done its duties in supervising every Director and Executive to perform duties with responsibilities, care, honesty and loyalty to the corporate with the justified liability to every shareholder and supervising the operation in accord with the law, objectives and regulations of the Company including the shareholders meeting resolutions by immediate reporting the event of violation or wrongdoing. Besides, there's also protection of Directors for their right performance of duties.
- 1.4 The Company Board of Directors understands the scope of duties and responsibilities of the Company Board and establishes the clear-cut scope of duties and responsibilities assignment to Chief Executive Officer (CEO) and the Management including its monitoring on achievement of such assigned duties performance.
- 1.5 The matters which the Company Board has the supervisory duties for operation
 - Setting the objectives & main goals in business performance
 - Building up the corporate culture adhering to ethics including proto-type self-behavior.
 - Supervising the structure and performance of the Company Board for the efficient achievement of the objectives and main goals of business.
 - Recruiting, developing, fixing remuneration and evaluating CEO's performance.
 - Fixing the remuneration structure attracting personnel performance synchronizing with the Corporate's objectives and main goals.
- 1.6 The matters which the Company Board has duties to jointly perform with the Management
 - Setting & Review of strategy, goals and annual work action plan.
 - Supervising the sufficiently appropriate risk management and internal control systems.
 - Setting the appropriate operation power and responsibilities of the Management.
 - Setting the frame of resources recruitment, development and budget, e.g. the policy of personnel management administration and information & technology policy.
 - Performance Monitoring & Evaluation.
 - Supervising the disclosure of the reliable financial & non-financial data.
- 1.7 The matters which the Company Board has no performance duties
 - Managing in compliance with the strategy, policy and work plan already approved by the Company Board.
 - The matters prohibited by the stipulations, e.g. approval of the related party transactions in linking with the Company Directors' interest etc.
- 1.8 The Company Board sets the good corporate governance policy with the steadily regular reviews.

2. Setting the Objectives & Main Goals of Business for Sustainability

- 2.1 The Company Board has set or supervised the objectives & main goals of business to proceed for sustainability of the objectives & goals for building up the value to the business, interested customers and society as a whole.
- 2.2 The Company Board has supervised to ensure that the objectives & goals including strategy in the medium interval and / or annum of the business are in accord with the achievement of objectives & main goals of business by utilization of the safe appropriate innovation and technology.
- 2.3 The Company Board jointly considers and gives approval in setting vision, mission, values, direction and policies of the Company including supervising in setting strategies both in short term and long term to create confidence that the Company has the frame and direction in its operation performance for achievement of the specified business goals and taking into consideration also the issue of probable risk as might occur for the executives' efficient performance with the same understanding in overall organization.
- 2.4 The Company Board supervises to have the operation policy and process by setting up the action plan, annual budget with the appropriate Key Performance Indicator (KPI) including review, monitoring and supervising for the management to operate according to the specified strategy, policies and action plans in continuity with efficiency under the good corporate governance. Besides, there's the report on the performance result by evaluation in comparison with the specified indicator.

3. Strengthening the Effective Board of Directors

- 3.1 The Company Board is responsible in setting and reviewing company board structure regarding the size, composition, proportion of independent directors suitable and necessary in leading the organization to achievement of the specified objectives and goals.
- 3.2 The Company Board has selected the suitable person to be Company Chairman and supervises to create confidence that the composition and performance of the company board support the uses of independent discretion.
- 3.3 The Company Board has supervised the recruitment and selection of directors in apparently transparent processes in acquisition of the qualified company board in accord with the specified composition.
- 3.4 The Company Board has supervised every board director to be responsible in performing duties and allocating sufficient time.
- 3.5 The Company Board has supervised to have frame and mechanism in superintending the policies and operation of subsidiary companies and other businesses the Company has significantly invested in the suitable level of each business enterprise including subsidiary companies and other businesses the Company has invested in the same understanding.
- 3.6 The Company Board comprises not less than 5 company board directors or the minimal quantity in accord with the law and the shareholders' meeting resolution and company board directors of not less than half of all company board directors must have residence in the kingdom with the qualifications specified by law and the company rules.

- 3.7 The Company Board comprises executive directors, non-executive directors and independent directors of not less than one third of the whole board of directors but not less than 3 persons and independent directors must have the least qualifications in accord with the guidelines specified by the Securities Commission and the Stock Exchange of Thailand (SET).
- 3.8 The Company Board comprises the knowledgeable and experts in many fields with at least one director expertise in accounting and finance.
- 3.9 Company Board Directors including executive directors, non-executive directors and independent directors must have qualifications without prohibited characteristics coinciding with the laws on public company limited, securities and stock exchange market and other related laws including the guidelines specified by the Stock Exchange of Thailand (SET) and Office of the Securities and Exchange Commission and also without characteristics showing lack of suitability to be trusted in managing public company and must not be operator or take part in the business with the same characteristics and in competition against the company business.
- 3.10 Appointment of the Company Directors is on the specified agenda with the emphasis of transparency and clarity, of which proposal of Company Directors for election must have the profile information of that person and apparently sufficient details for the beneficial recruitment as in such recruitment of Company Directors the Company will pay attention to the competent persons with experience, good work history and far-reaching vision leadership including virtues, ethics and good attitude toward organization, who are able to devote sufficient time beneficial to the company business operation in the transparent processes creating trust and confidence in shareholders.
- 3.11 The Company Board has specified and disclosed the scopes, roles, duties and responsibilities of the Company Chairman, Chief Executive Officer or Managing Director and Company Secretary as follows :-
- 1) Chairman of the Board of Directors**
- 1.1) Responsible as being leader of the Company Board of Directors in supervising, following up, overseeing the administration of the Executive Committee and operation of subcommittees for achievement of the objectives specified in the work plan.
 - 1.2) Supports and promotes the Company Board to fully perform duties in accord with the scope of power, duties and responsibilities including the performance in compliance with the law and good corporate governance guidelines.
 - 1.3) Has the role in setting the Meeting Agenda jointly with the Company Board and / or the Chairman of Executive Committee.
 - 1.4) Calls the Company Board Meeting and oversees delivery of meeting invitation letter including various documents for the Company Board's receipt of sufficient data in time.
 - 1.5) Acts as Chairman of the Company Board Meeting and the Shareholders' Meeting including controls the meeting to proceed in compliance with the specified regulations and agenda.
 - 1.6) Supports and opens the opportunity for Company Directors to freely and equally give comments including controlling the discussion issues and summary of the relevant meeting resolutions.
 - 1.7) Casts the decisive vote in the event of casting votes in the company board meeting and both sides have the equally same scores.
 - 1.8) Oversees the efficient communication between the Company Board and Shareholders.
 - 1.9) Performs the duties of the Company Board Chairman according to the specified law.

2) Chief Executive Officer or Managing Director

- 2.1) Manages the company business in accord with the objectives, rules, policies, regulations, stipulations, orders and resolutions of the Company Board Meetings or the Shareholders' Meetings.
- 2.2) Efficiently and effectively proceeds or performs work in compliance with the policies, work plans, budget approved by the Company Board.
- 2.3) Proceeds to prepare and deliver the company business policies including work plans and budget to the Company Board for approval and regularly reports the progress of the approved work plans and budget to the Company Board.
- 2.4) Commands, contacts, orders, proceeds including entering into the act, contract, order document, notice letter or any letter used in contact with agency or other person for company's efficient and effective operation achievement.
- 2.5) Commands employees and workers including appointment, assignment, removal, promotion, reduction, salary or wage cutting, disciplinary penalty including dismissal from position according to the regulations, stipulations or orders specified by the Company or Company Board.
- 2.6) Empowered to delegate power or assign the other person to perform specific task in his place provided such power or assignment delegation is under the scope of authorization according to the power of attorney or in compliance with the regulations, stipulations or orders specified by the Company or Company Board.
- 2.7) As leader and behaves to be exemplary in accord with the business ethics and code of conduct.

3) Company Secretary

- 3.1) Supports the Company Board Chairman in preparation for meetings and conducting the Company Board Meetings.
- 3.2) Follows-up the change of rules, laws and development of the good corporate governance including informing the Company Board for acknowledgement.
- 3.3) Supports the Company Directors in realizing the interested persons and taking responsibilities in decision making in various matters relating to the society.
- 3.4) As agent in proposing comments to the Company Board and Board Chairman.
- 3.5) As the contact center and gives counsel to the Company Directors in the matters relating to the Company.
- 3.6) Oversees the Company to follow the data disclosing criteria in the Annual Report.
- 3.7) Oversees the Company to follow the rules of the Stock Exchange of Thailand (SET) including acting as the contactor with the regulators.
- 3.8) As the center in contacting with the investors especially in the matters relating to the regulations.
- 3.9) Prepares data for the new Directors including explanation of the rules, duties and responsibilities of the Company Directors.
- 3.10) Supports the Company Directors in realizing the responsibilities in disclosing Company's data for not disclosing data leading the market wrongly.
- 3.11) As keeper of documents specified by the law.
- 3.12) Prepares for the Ordinary Shareholders' Meetings.

- 3.12 Revealing history of every Company Director to the public in the annual data disclosure form (Form 56-1) of the Annual Report (Form 56-2) and in the Company's website.
- 3.13 The Company Board has overseen to ensure that the operation of the Company Board has been proceeding in good order accessible to the necessary data with the qualified and experienced Company Secretary suitable for promoting the Company Board's operation by appointing the Company Secretary according to the law on the Securities and Stock Exchange in performing the duties of preparing and keeping documents and other activities specified by the Capital Market Supervisory Board and assisting various activities of the Company and Company Board, i.e. the Board Meetings and Shareholders' Meetings including giving suggestion to Company Directors and Company in conduct and business performance in accord with the law and related regulations regularly and also overseeing Company Directors and Company to disclose data information correctly, completely and transparently.
- 3.14 Non-executive Board of Directors and Independent Directors have their own meetings as deemed necessary at least twice a year for discussing various problems relating to the management of interested affairs without participation of the Management and inform the meeting results to the Chairman of the Executive Board.
- 3.15 The Company Board has supervised and overseen each Company Director to have the knowledge and understanding of the role, duties, business performance characteristics and the laws relating to the business performance including giving support to every Company Director to strengthen skill and knowledge for performing Director's duties regularly. Besides, the new Company Directors will receive an orientation on the Company business performance knowledge.
- 3.16 Company Directors attend training course of the Thai Institute Directors Association (IOD) relating to the Company Directors for at least one course, i.e. Director Accreditation Program (DAP) or Director Certification Program (DCP) or equivalent for increasing skills in performances.
- 3.17 In proposing the Company Board's remuneration to the shareholders approval, the Company Board has considered the structure and attractive remuneration suitable with the responsibilities for the Board to lead organization to operate in accord with both the short-term and long-term goals.
- 3.18 Each Company Director will be in position of Director of the listed company in Stock Exchange not more than 5 companies.
- 3.19 Approval Authority of the Board, the Company Board is empowered to give approval according to the objectives relating to the Company's business, Articles of Association and as assigned by the Company's shareholders.

4. Recruitment & Development of Chief Executives and Personnel Management

- 4.1 The Company Board has operated to ensure that there's recruitment and development of the Chief Executive Officer (CEO) and Executives to be well equipped with knowledge, skills, experiences and attributes necessary for driving organization to the specified goals.
- 4.2 The Company Board has supervised in setting the suitable remuneration and structure and evaluation of the Chief Executive Officer and Executives by arranging the work evaluation at least once a year.
- 4.3 The Company Board realizes the structure and relations of the shareholders as may have effects on the business administration and operation.
- 4.4 The Company Board has monitored the management and development of personnel for the appropriate number, knowledge, skills, experience and incentives.
- 4.5 The Company Board supervises and oversees to have the work succession plan of the Chief Executive Officer and Executives by having the annual review every year.

5. Promotes innovation and business performance with responsibilities

- 5.1 The Company Board focuses on and supports the business value added innovation for the benefits of customers and related persons with social and environmental responsibilities.
- 5.2 The Company Board has monitored the management's business performance with social and environmental responsibilities and reflecting in the operation plan to ensure that all departments of the organization have been operating in accord with the objectives, main goals and strategic plans of the business.
- 5.3 The Company Board has overseen the management to allocate and manage resources efficiently and effectively by taking into account the effects and value chain of resources development for the sustainable achievement of objectives and main goals.
- 5.4 The Company Board has provided the regulatory framework and management of organization level technology information corresponding to the business requirements including overseeing the usage of technology information in increasing the business opportunity and operational development.
- 5.5 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.
- 5.6 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.
- 5.7 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.

5.7.1) 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.

5.7.2) 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.

5.7.3) 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.

5.7.4) 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.

5.7.5) 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.

5.7.6) 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.

5.7.7) 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.

6. Ensures there's appropriate systems of risk management and internal control

- 6.1 The Company Board supervises the Company to have the reliable system of accounting, financial reporting and auditing including the system of risk management, internal control in the operation, financial reports and performances in compliance with the rules, regulations and policies and also the efficient system of internal audit and anti-corruption measure in continual operation by providing the internal audit agency being independent in performing duties to be responsible for monitoring the said system and to review the important system at least once a year including the data disclosure in the annual report.
- 6.2 The Company Board supervises the issue of risk management and assists to identify the major risks of the business by performing duty in overseeing the executives to have the efficient system or process in risk management including the sufficiently appropriate comprehensive guidelines and measures on risk management with regular monitoring.
- 6.3 The Company Board monitors and manages the conflict of interests that might happen between the company and the management, the company board of directors or shareholders including the prevention of improper use in company's property, data and opportunity and business transactions with the persons having relationship with company in unreasonable manner with a focus on making the most of benefits for shareholders and stakeholders as a whole by requiring those involved or related to the items considered to inform the company of the relationship or their connection in the said items and must not be present at the hearing including having no power to approve such transactions. The Audit and Corporate Governance Committee will present to the Company Board regarding the related parties transactions and the transactions with conflict of interests which have been carefully considered the suitability and followed the rules specified by the stock market as well as will be disclosed in the annual data transactions form (Form 56-1) and also the annual report.
- 6.4 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.
- 6.5 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 Sub-district, Vadhana District, Bangkok 10110
- Letter to be put in a comment box.

7. Ensures Disclosure and Financial Integrity

- 7.1 The Company Board is responsible for the consolidated financial statements of the company and subsidiary companies. The said financial statements are prepared according to the accounting standards certified and audited by the certified public accountant. The disclosure of important information of both financial and non-financial data is made on the basis of complete and consistent facts. The Company Board has appointed the Audit & Corporate Governance Committee to be responsible for reviewing financial reports by having the Director of Office of Accounting & Finance present the financial reports of every quarter to the Company Board.
- 7.2 The Company Board is committed in providing information equally to shareholders, financial institutes, securities companies, investors including those who want to use the financial information and the general public by focusing on the open communication, complete and accurate, on time and regularly without discrimination in the information of either positive or negative but the Company still realizes the need in keeping business secret about important business information and operational strategy. This policy will correspond to the guidelines and requirements on information disclosure of the Stock Exchange of Thailand (SET) and Office of the Securities & Stock Exchange Commission.
- 7.3 This information disclosure policy covers all methods the Company used in Communication, e.g. annual report and quarterly performance report, news, press release, company's website and verbally in both group meeting and face-to-face meeting or telephone talks with analysts and investors.
- 7.4 The Company Board provides appropriate communication 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.
- 7.5 The Company Board supervises 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-committees.
- 7.6 The Company Board supervises to 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.
- 7.7 The Company Board supervises 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.

- 7.8 The Company Board supervises the Company to 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.
- 7.9 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.
- 7.10 The Board of Directors has monitored the sufficiency of the financial liquidity and ability to repay the debts.
- 7.11 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.
- 7.12 The Board of Directors prepares such information or report on sustainability as appropriate.
- 7.13 The Board of Directors has promoted the application of information technology to the publication of data.
- 7.14 The Company Board provides appropriate communication channels with each group of shareholders with assessment of information disclosure to ensure that the given information is accurate, clear, transparent, reliable and of high standard.
- 7.15 The Company Board oversees to ensure the securities trading is to be suspended for at least one month before the financial statements announcement and for at least 3 days after the financial statements announcement.
- 7.16 The Company Board oversees to report their securities holding, spouse's holding and underage child's holding in the Company and subsidiary companies at the regular Board Meeting consistently and must notify the Company without delay when there are the following cases :
 - 1) Having interest either direct or indirect in any contract entered into by the Company during the accounting period.
 - 2) Holding common debentures or debentures.
- 7.17 The Company Board provides the provisions of Code of Corporate Conduct, Business Ethics, Code of Ethics of Company Directors, Executives and Employees as guidelines of practice in the organization being disclosed in the Company's Annual Report or website.

8. Supporting Participation and Communication with the Shareholders

8.1 The Company's Board of Directors supervises the establishment of Shareholders' fundamental rights.

- 8.1.1 The rights in receiving the share receipt and share transfer and receipt of timely sufficient information and in the format appropriate for decision making with the impact on the Company and the shareholder themselves.
- 8.1.2 The rights in attending the meeting and casting vote at the Shareholders' Meeting for making decision in the change of the Company's significant policies and in the shareholders' rights which the Company's Board of Directors need to obtain consent from the Shareholders' Meeting.
- 8.1.3 The rights in election and withdrawal of the Company's Directors and to give consent to appoint the independent accounts auditor.
- 8.1.4 The right in profit sharing.
- 8.2 The Company's Board of Directors supervises for the Shareholders to receive the meeting invitation letter and information regarding the place, date, time duly organize by the Company including the meeting agenda accompanied by the Board of Directors' opinions and all other relevant information concerning agenda items for consideration. The invitation 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 in advance of the meeting date.
- 8.3 On the agenda of the dividend payment, the Company' Board of Directors supervises for the Company to disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.
- 8.4 On the agenda of election of the Company's Directors, the Company's Board of Directors supervises for the Company to specify names and profiles of whom nominated for directors in the invitation letter and the shareholders are able to elect the Directors individually on basis one shareholder has one vote equivalent to one share for one vote.

- 8.5 On the agenda of appointment of auditors, the Company's Board of Directors supervises to specify the relevant auditors' name, their company, and information enhancing the shareholders' consideration their competence and appropriateness, including the proposed audit fees in the meeting invitation letter.
- 8.6 The Company's Board of Directors supervises for the responsibilities of the Company's Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting in attending the shareholders' meeting to answer queries to the shareholders.
- 8.7 The Company's Board of Directors supervises for the Company to 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.
- 8.8 The Company's Board of Directors supervises for the Company to have the record in the minutes of the shareholders' meeting, the names of directors, the chairman of each sub-committee, and the Chief Executive Officers, 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.
- 8.9 The Company's Board of Directors supervises for the Company provide the shareholders with an opportunity to propose the meeting agenda and / or the names of persons nominated to be directors prior to the meeting date (October – December) and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
- 8.10 After the Shareholders' Meeting, the Company's Board of Directors supervises for the Company to provide facilities for the shareholders accessibility to the information relating to the consideration resolutions and the voting casting results of the meeting.
- 8.11 The Company's Board of Directors supervises for the Company to provide convenient facilities and supports to the shareholders including institutional investors attending the Shareholders' Meeting.
- 8.12 The Company's Board of Directors oversees to ensured that the shareholders have participated in the decisions making of the Company's significant issues.
- 8.13 The Company's Board of Directors has overseen the activity event on the date of the Shareholders' Meeting be conducted transparently and efficiently in good order conducive to the shareholders' capable exercises their rights.
- 8.14 The Company's Board of Directors has overseen for the disclosure of the meeting's resolutions and the preparation of the Shareholders' meeting minutes correctly and competently.
- 8.15 The Company's Board of Directors shall protect the shareholders' rights and treat the shareholders equally on which basis the shareholders have the right to cast vote according to the number of shares they have and have the equality in receiving the sufficiently and timely justified necessary information relating to the Company and the Company showing no bias to the shareholders of any particular group by giving the information that has not yet been disclosed.
- 8.16 The Company's Board of Directors supervises for the Company to provide the shareholders with 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 invitation letter of the 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.
- 8.17 At the Shareholders' Meeting the Company's Board of Directors supervises for the Company to give the fair treatment to the shareholders.
- 8.18 The Company's Board of Directors supervises that before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company has already disclosed the details and rationale for such initiative to the shareholders.
- 8.19 The Company's Board of Directors supervises for the Company to disclose whether inter-related transactions are made fairly at a market value and in the normal business.
- 8.20 The Company's Board of Directors supervises for the Company to established a policy requiring the directors and high-level management to report the Board of Directors or their assigned persons as regards the buying and selling the shares of their own company, at least one day in advance prior to the transaction date.

The Board of Directors and Sub-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. Performing duties in accord with the laws, objectives and regulations of the Company and resolution of the Board of Directors including the Shareholders' Meeting resolutions with honesty and care of the Company benefits except in the matters needed to obtain approval from the shareholders' meeting resolutions prior to proceeding operation, e.g. the matters required by the laws to obtain the shareholders' meeting resolutions, the execution of inter-related transactions and the buying or selling of significant assets in compliance with the rules of the Stock Exchange of Thailand (SET).
3. Reviewing and giving consent on the policies, work plans and budgets, management structure, administration, the policy relating to the corporate governance and any other transactions specified by the Stock Exchange of Thailand (SET) or required by the laws.
4. To supervise management operations to ensure that they are in agreement with the approved policies, business plans, and budget;
5. To appoint the Audit and Corporate Governance Committee and other committees;
6. Providing the reliable accounting system, financial reporting, accounts auditing including overseeing to have the efficiently effective internal control system and auditing.
7. To direct the Company to undertake a comprehensive risk management system and effective process, reporting and monitoring of risk management;
8. To report accountability of the Board of Directors for preparation of financial statements along with the auditor's report in the annual report;

9. To treat the shareholders and stakeholders fairly in respect of conflict of interests, transparency of operations, and adequate disclosure of information;
10. To consider remuneration of directors and propose to the shareholders' meeting for consideration;
11. 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.

Sub-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 34 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2020.

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 24th 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 |

Term of Office

The Chairman and members of the Recruitment and Compensation on Remuneration Committee hold a two years 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;

- | | |
|-----------------------------------|---|
| 1. Dr. Charoen Rujirasopon | Chairman of Executive Committee |
| 2. Mrs. Niramorn Rujirasopon | - Executive Director and
- Vice Chairman of Executive Committee |
| 3. Mr. Jarunpoj Rujirasopon | - Executive Director and
- Chief Executive Officer – Processed Foods
- Chief Executive Officer – Supporting Service |
| 4. Mr. Jaraspon Rujirasopon | - Executive Director and
- Chief Executive Officer – QSR Business (RTE - 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 9 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' 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 2 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. Criteria for 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 2021, 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 2020. 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 Human Resource Management Committee (Executive HR) has provided the layout and structure of organization for successors of the position of the Chief Executive Officer (CEO) submitted to the Company Board of Directors for consideration in appointing Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon to take up the position of the Chief Executive Officer (CEO) in February 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.
4. Using same policies involving with the Company's corporate governance, i.e. the good corporate governance, the business ethics policy, the organization risk management policy and anti-corruption policy in order to ensure that the company had the transparently verifiable efficient management system enhancing the creation of confidence and trust in shareholders, investors stakeholders and all parties concerned.

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 2020, the Company and its subsidiaries paid audit fee to two auditors namely,

- | | |
|---------------------------------------|----------------------|
| - EY Office Limited | Baht 4,100,000.- and |
| - Pawaporn Accounting Company Limited | Baht 8,000.- |

The amount of which can be broken down to :

- | | |
|--|----------------------|
| - the audit fee incurred to the Company | Baht 1,700,000.- and |
| - the audit fee incurred to the subsidiaries | Baht 2,408,000.- |

2. Non-Audit Fees :

- Other service fees

- | | |
|---|----------|
| - Fees to be paid in the future resulting from unfinished services of any assignments in the prior accounting period. | - None - |
|---|----------|

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.

In addition, the Company has prepared the conduct code on the conflict of interest which specifies the Directors, executives and employees of all levels of the Company to make decisions relating to operation of the Company's business for the optimum benefits of the Company without consideration of personal interest including the setting of appropriate fair prices like making transaction with outsiders. Besides, they have to fully perform duties to their abilities without spending time in doing other business not relating to the Company's benefits including avoidance in involving with the finance or relations with outsiders affecting the Company's benefits or causing the conflict of interest and also the conduct code on the inter-related transactions which require the Company Board of Directors to supervise and oversee the operation in accord with the law on the securities and stock exchange, rules, notifications, orders or stipulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission including the performance in compliance with the stipulations relating to the disclosure of data on the related transactions or the inter-related transactions or the transactions of conflict of interest under the announcement of the Stock Exchange of Thailand (SET) must be strictly conducted in accord with the guidelines, methods and data disclosure.

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 the Stock Exchange of Thailand and disclosed in the annual registration statement (form 56-1) as well as the annual report.

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.

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 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”.

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 assessment of the efficiency of the risk management process by reporting the results to the Company Board of Directors. Besides, there's communication of the risk management policy to the Board, executives, employees and interested persons both inside and outside for acknowledgement to ensure that the Company has adequately and properly managed the risks.

In the year 2020, the Company has reviewed the policy and handbook of the organization's risk management by improving the contents and guidelines of the risk assessment in corresponding to the international guidelines framework of practice (COSCO Enterprise Risk Management - Integrating with Strategy and Performance 2017) including reviewing the risk management process and related documents and also risk data both in business and corruption in corresponding to the current prevailing situation. In addition, there's monitoring and assessment of the performance according to the plan or measurement specified in the risk register continually which can be assured that the Company's risk management is conducted efficiently with the internal control system in the sufficient suitability and corresponding to the good corporate governance crowdfunding platform.

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;
- 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 2020, 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 holding 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 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 2020, there was 1 meeting of the Risk Management Committee. The essence of the conduct of its activities was, in summary, as follows :

1. Reconsidering the policy and handbook on the Organization's Risk Management by improving the content and guidelines of risk assessment to correspond to the international framework of practice COSCO Enterprise Risk Management – Integrating with Strategy and Performance (Organization's Risk Management in integrating with Strategy and Performance) including the more complicated changing environment.

2. Reviewing the risk management procedure and related documents including the risk data information both in the business and corruption in consistency and suitability with the current situation for the data information in management, control, monitor, evaluation and improvement of the risk management procedure to be more efficient throughout reporting the performance and risk management to the Company Board of Directors and shareholders for information acknowledgement.

3. 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 consistent efficiency across the organization for the ability in achievement of the specified objectives.

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 2020, 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, 208 Square Wah.	Baht 565,236.10

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 565,236.10.

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) Social Activities

- Donated Crispy Pork Entrée 5 cases and Pork Belly Entrée 5 boxes to Doi Lang Tham Temple on 8th January 2020
- Donated Stewed Pork Leg on Rice 30 boxes and Boiled Rice with Minced Pork 30 boxes to Panyanantaphikkhu Chonprathan Medical Center in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 25th March 2020
- Donated Crispy Pork Entrée 17 cases to the Volunteer Survival Bag Project (Dr. Pornthip) 600 bags in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 31st March 2020
- Donated Stewed Pork Leg on Rice 50 boxes, Papaya Salad Bento 50 sets and Chinese Mixed Herbs Drink 25 bottles to Siriraj Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 31st March 2020
- Donated Crispy Pork Entrée 30 cases to Bang Kaeo Municipal Community in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 3rd April 2020
- Donated Stewed Pork Leg on Rice 10 boxes, Papaya Salad Bento 10 sets, Chinese Mixed Herbs Drink 92 bottles and Pork Heaven 18 bags to the Ministry of Public Health in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 8th April 2020
- Donated Stewed Pork Leg on Rice 50 boxes, Papaya Salad Bento 50 sets and Chinese Mixed Herbs Drink 100 bottles to Chulalongkorn Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 8th April 2020
- Donated Refrigerator and Rice Box to the Virtual House of Amarintraram Temple and Siriraj Hospital for utilization of the hospital patients and relatives residing in the Virtual House of Amarintraram Temple on 8th April 2020
- Donated Stewed Pork Leg on Rice 50 boxes, Papaya Salad Bento 50 sets and Chinese Mixed Herbs Drink 100 bottles to the Central Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 16th April 2020
- Donated Fried Spicy Fish Ball on Rice 100 boxes, Stewed Pork Leg on Rice 50 boxes and Chinese Mixed Herbs Drink 100 bottles to Rajavithi Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 30th April 2020

- Donated Fried Spicy Fish Ball on Rice 100 boxes, Stewed Pork Leg on Rice 50 boxes and Chinese Mixed Herbs Drink 100 bottles to Lerdsin Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 30th April 2020
- Donated Fried Spicy Fish Ball on Rice 100 boxes and Stewed Pork Leg on Rice 50 boxes to Bang Phi Hospital in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 30th April 2020
- Donated Stewed Pork Leg on Rice 50 boxes to the Subdistrict Administrative Organization of Bang Kaeo Municipality in supporting the medical personnel's duty performance on the outbreak of Corona Virus Covid-19 on 7th May 2020
- Donated Fried Squid with Garlic on Rice 261 boxes, Fried Squid with Basil on Rice 259 boxes, Fried Spicy Squid on Rice 261 boxes and Squid in Stewed Water on Rice 219 boxes to the Private Sector Rural Development Foundation for delivery to those affected by the outbreak of Corona Virus Covid-19 on 8th April 2020
- Donated Squid with Garlic on Rice 60 boxes, Fried Squid with Basil on Rice 60 boxes, Fried Spicy Squid on Rice 60 boxes, Squid in Stewed Water on Rice 60 boxes and Fried Spicy Fish Ball on Rice 60 boxes to the Phimolraj District Community for delivery to those affected by the outbreak of Corona Virus Covid-19 on 2nd May 2020
- Donated Squid with Garlic on Rice 735 boxes, Fried Squid with Basil on Rice 875 boxes, Fried Spicy Squid on Rice 350 boxes and Squid in Stewed Water on Rice 910 boxes to the Private Sector Rural Development for delivery to those affected by the outbreak of Corona Virus Covid-19 on 5th May 2020
- Donated Fried Spicy Fish Ball on Rice 300 boxes, Fried Squid with Basil on Rice 100 boxes and Squid in Stewed Water on Rice 100 boxes to the Wang Lang Alley Community for delivery to those affected by the outbreak of Corona Virus Covid-19 on 7th May 2020
- Donated Crispy Pork Entrée 12 cases to Department of Social Development and Welfare for delivery to those affected by the outbreak of Corona Virus Covid-19 on 12th May 2020
- Donated Fried Spicy Fish Ball on Rice 100 boxes, Squid in Stewed Water on Rice 150 boxes and Aquafina Mineral Water 300 bottles to the Ratchawong Pier Community for delivery to those affected by the outbreak of Corona Virus Covid-19 on 19th May 2020
- Donated Squid with Garlic on Rice 150 boxes, Squid with Basil on Rice 150 boxes, Fried Spicy Squid on Rice 50 boxes, Squid in Stewed Water on Rice 200 boxes, Fried Spicy Fish Ball on Rice 900 boxes, Aquafina Mineral Water 708 bottles and Chili Sauce 1,400 sets to the Premruethai Community for delivery to those affected by the outbreak of Corona Virus Covid-19 on 20th May 2020
- Donated Gift Set Entrée 40 sets to the Employers' Confederation of Thai Trade & Industry (ECONTHAI) in support of the Award in the 8th Golf Bond Tournament on 21st November 2020
- Donated Crispy Pork Entrée 4 cases and Crispy Salmon Skin 5 cases to the Association of National Counsel on Social Welfare of Thailand in supporting the organization of the 2020 National Mother's Day Event on 26th December 2020
- Donated goods to schools in Samut Prakarn Province, Bangkok Metropolitan and Office of Nakorn Pathom Municipality altogether 15 schools as gifts on the 2020 National Children's Day.

ITEM	NAME OF SCHOOL / INSTITUTE	QUANTITY (CRATES)
1	Wat Kingkaew Child Development Center	8
2	Wat Kingkaew School (Theva Pattanakarn)	10
3	Phrompikulthong School	10
4	Thevaklongtrong School	10
5	Wat Bangplyainai School	10
6	Klongladkrabang School	10
7	Klongpladprieng School Sorphopor. Sorpor. 2	10
8	Klongbangnamjued School	10
9	Nongnguhasartprasert School	10
10	Wat Sangkaraja School	10
11	Pre-School Child Development Center Phua Chew Ting Khlim Sa Kim	6
12	Pre-School Child Development Center Phuen Nakorn Romklao Distance 5 Zone 11	6
13	Pre-School Child Development Center Pracharumjai	6
14	Daengpao School (Singsukburana)	10
15	Borplab District Municipality Office	15

- Donated Charity Money for the 2020 Royal Kathina to the Department of Alternative Energy Development and Efficiency on 17th October 2020
- Made merit on Buddhist Lent Day at Sri Thammaram (Yasothorn Town Municipal) Temple on 3rd July 2020



- Joined in supporting the EDU Fleshy Day 2020 organized by the Committee of Post Graduates of Faculty of Education of Chulalongkorn University on 18th - 20th December 2020
- Joined in supporting budget for the Baan Hua Ngew Community Dam Development Project on the 17th April 2020

- For the social activities which S. Khonkaen's Restaurant has signed MOU in promoting and supporting the development of students' skills in the Entrepreneurship Course of the Faculty of Commerce & Accountancy of Chulalongkorn University



ความประทับใจ โครงการ CSR พัฒนาทักษะนิสิต ระหว่างคณะบัญชี จุฬาฯ ร่วมกับ ส.ขอนแก่น



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 as a member of the Private Sector Collective Action Coalition against Corruption Program which shows commitment and determination to fight against all forms of corruption. In the year 2020, the Company has been considered the recertification by the Thai Institute of Directors' Association (IOD) as evidence of the Company's intention in consistently striving against all types of corruption.

Audit and Corporate Governance Committee's Report

To : The Shareholders
 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 2020, the Audit and Corporate Governance Committee has held 4 meetings in total with the management, the internal auditors and the external auditor 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 2020, 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 2020 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 Company has obtained the assessment scores of the Corporate Governance Report of Thai Listed Companies (CGR) in the excellence level or 5 stars for the second consecutive year counting from the year 2019 onwards with the consent from the Audit & Corporate Governance Committee in reviewing and improving the policy in the good corporate governance to have the content corresponding to the good corporate governance guidelines for listed companies in the year 2017 of the Stock Exchange of Thailand (SET) in every principle to promote the Company's good corporate governance and management with virtue, transparency and verifiability in business operation helping create confidence to shareholders, investors, interested persons, all parties concerned leading to stability and progress for value addition and promotion of the Company's sustainable growth.

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, showing the Company's determination against all types of Corruption. And in 2020, the Certificate is under renewal to extend from Thailand's Private Sector Collective Action Coalition against Corruption, showing the Company's intention to continually strive against the 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 2020.

Furthermore, in 2020 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.

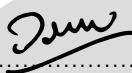
9. Related-Party Transactions Review

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 of					
	31 December 2020		31 December 2019		31 December 2018	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Cash and cash equivalent	160.84	6.1	152.25	5.9	79.18	3.3
Trade and other receivables	417.41	15.7	469.54	18.3	450.91	18.7
Inventories	285.16	10.7	324.92	12.7	263.95	11.0
Other current assets	21.84	0.8	24.79	1.0	6.07	0.3
Total current assets	885.25	33.3	971.50	37.9	800.11	33.3
Non-current biological assets	9.44	0.4	9.21	0.4	14.15	0.6
Property, plant and equipment	984.57	37.1	919.88	35.8	922.53	38.3
Investment properties	637.19	24.0	640.31	24.9	643.83	26.8
Right-of-use assets	116.01	4.4	-	-	-	-
Other non-current assets	22.06	0.8	25.23	1.0	25.09	1.0
Total assets	2,654.52	100.0	2,566.13	100.0	2,405.71	100.0
Bank overdraft and short-term loans	421.00	15.8	514.50	20.0	443.55	18.4
Trade and other payables	326.21	12.3	296.97	11.6	324.74	13.5
Current portion of long-term loans	124.24	4.7	96.78	3.8	95.01	4.0
Other current liabilities	37.33	1.4	38.49	1.5	36.63	1.5
Total current liabilities	908.78	34.2	946.74	36.9	899.93	37.4
Long-term liabilities	509.25	19.2	443.32	17.3	370.87	15.4
Provision for long-term employee benefits	90.83	3.4	90.51	3.5	76.75	3.2
Total liabilities	1,508.86	56.8	1,480.57	57.7	1,347.55	56.0
Equity to owners of the Company	1,144.11	43.1	1,083.98	42.2	1,056.74	43.9
Non-controlling interests of the subsidiaries	1.55	0.1	1.58	0.1	1.42	0.1
Total shareholder's equity	1,145.66	43.2	1,085.56	42.3	1,058.16	44.0
Total liabilities and shareholders' equity	2,654.52	100.0	2,566.13	100.0	2,405.71	100.0

Statement of Income	Year Ended					
	2020		2019		2018	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenue from sales	2,763.32	98.9	2,836.98	99.0	2,708.83	97.0
Revenue from rental and service	11.19	0.4	8.65	0.3	11.08	0.4
Other income	19.41	0.7	19.33	0.7	71.33	2.6
Total revenue	2,793.92	100.0	2,864.96	100.0	2,791.24	100.0
Cost of sales	2,027.42	72.6	2,084.80	72.8	1,943.49	69.6
Cost of rental and service	17.72	0.6	14.91	0.5	15.03	0.6
Selling expenses	269.42	9.6	283.79	9.9	262.65	9.4
Administrative expenses	311.70	11.2	311.24	10.9	291.13	10.4
Operating income	167.66	6.0	170.22	5.9	278.94	10.0
Financial cost	32.52	1.2	33.72	1.2	36.78	1.3
Tax expense	24.68	0.9	24.01	0.8	50.51	1.8
Profit for the year	110.46	3.9	112.49	3.9	191.65	6.9
Non-controlling interests of the subsidiaries	0.53	0.0	0.38	0.0	0.38	0.0
Equity holders of the Company	109.93	3.9	112.11	3.9	191.27	6.9

Cash Flow Statements	Year Ended		
	2020	2019	2018
	Mil. Baht	Mil. Baht	Mil. Baht
Profit from operating activities (before changes in operating assets and liabilities)	295.55	294.33	343.31
Net cash flows from operating activities	356.33	114.95	275.72
Net cash flows from investing activities	(129.79)	(72.87)	77.94
Net cash flows from financing activities	(218.42)	32.07	(356.00)
Net increase in cash and cash equivalents (decrease)	8.12	74.15	(2.34)
Cash and cash equivalents at beginning of year	152.25	78.31	80.68
Cash and cash equivalents at end of year	160.84	152.25	78.31

Significant Financial Ratio	Year Ended		
	2020	2019	2018
Liquidity Ratio			
Current ratio (Times)	1.0	1.0	0.9
Quick ratio (Times)	0.7	0.7	0.6
Cash flow ratio (Times)	0.4	0.1	0.3
Accounts receivable turnover (Times)	6.3	6.2	6.3
Average collection period (Days)	57.5	58.2	57.5
Inventory turnover (Times)	6.6	7.1	8.1
Average day's sales in inventory (Days)	54.2	50.8	44.3
Account payable turnover (Times)	6.6	6.8	6.4
Average payment period (Days)	54.8	53.3	56.2
Cash Cycle (Days)	56.9	55.8	45.7
Profitability Ratio			
Gross profit margin (%)	26.29%	26.21%	27.99%
Operating profit margin (%)	6.04%	5.98%	10.26%
Net profit margin (%)	3.95%	3.93%	6.87%
Return to equity (%)	9.90%	10.49%	19.20%
Efficiency Ratio			
Return on assets (%)	4.23%	4.52%	7.85%
Return on fixed assets (%)	23.93%	23.18%	31.36%
Total asset turnover (Times)	1.1	1.2	1.1
Financial Policy Ratio			
Debt to equity ratio (Times)	1.3	1.4	1.3
Interest coverage ratio (Times)	12.7	5.1	9.8
Dividend payout ratio (%)	57.14%	59.52%	56.56%

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 ” (Company) and subsidiary companies have the total income value of Baht 2,793.92 million decreasing from the year 2019 by Baht 71.04 million or a decrease of 2.5% with the income from sales Baht 2,763.32 million decreasing from the year 2019 by Baht 73.66 million or a decrease of 2.6%. Most of the declining incomes was from the sales of the ready-to-eat frozen foods business group for the amount Baht 65.23 million and the restaurant business group (QSR) for the amount Baht 46.34 million. However, the sales of the seafood processing business group have increased by Baht 30.94 million.

Gross Profit

The Company's gross profit in the year 2020 has the value of Baht 735.90 million decreasing from the year 2019 by Baht 16.28 million or a decrease of 2.2% due to the declining sales of the ready-to-eat frozen foods business group and food shops (QSR) business group. Nevertheless, the Company still had the gross profit margin in the year 2020 at 26.6% close to the year 2019's 26.5% with the food processing of pig meat and chicken fillet still the highest gross profit value business group for the value of Baht 399.73 million.

Sales and Administrative Expenses

The selling expenses and administration in the year 2020 decreased from the year 2019 by Baht 13.91 million or as percentage of 2.3% owing to the efficient cost management.

Financial Expenses

The financial cost in the year 2020 dropped from the year 2019 by Baht 1.20 million or a decrease of 3.6% due to repaying the loan in the year 2020 and decrease in interest rates of loan from the financial institutes.

Net Profit

The Company had the net profit attributable to company shareholders in the year 2020 at the value Baht 109.93 million. When compared with the year 2019, the Company had the net profit decrease of Baht 2.18 million or as percentage at 1.9% due to the impact of several factors as follows :

- The declining sales income as a result of the situation of the outbreak of infectious disease Corona Virus 2019.
- Loss from the changing fair value less cost in the sale of biological goods.
- Loss from impairment of the real estate for investment from the new appraisal of land.

Operating results of each business group

Group of Business	Year 2020		Year 2019		Year 2018	
	Mil Baht	%	Mil Baht	%	Mil Baht	%
1. Thai Native Foods	1,221.07	43.7	1,219.36	42.5	1,119.53	40.1
2. Processed Seafood	963.50	34.5	932.56	32.6	945.41	33.8
3. Snack Processed from pig meat and chicken fillet	99.48	3.6	107.33	3.7	102.69	3.7
4. Frozen Foods Ready-to-Eat	120.80	4.3	186.03	6.5	196.41	7.0
5. Restaurant (QSR)	96.68	3.5	143.02	5.0	138.78	5.0
6. Swine Farm	261.79	9.4	248.68	8.7	206.01	7.4
Total Sales	2,763.32	99.0	2,836.98	99.0	2,708.83	97.0
Other Income	30.60	1.0	27.98	1.0	82.41	3.0
Total Income	2,793.92	100.0	2,864.96	100.0	2,791.24	100.0

Food Processing Business Group (included Thai native foods, processed seafood, snacks and ready-to-eat frozen foods) had the total income of Baht 2,404.85 million decreasing from the year 2019 by Baht 40.43 million or a decrease of 1.7%. Most of the decreased income was from the ready-to-eat frozen foods worth Baht 65.23 million due to the impact from the situation of the outbreak of infectious disease of Corona Virus 2019. Nevertheless, the income from the processed seafood group in this year has increased by Baht 30.94 million.

Food Shops Business Group had the total income of Baht 96.68 million decreasing from the year 2019 by Baht 46.34 million or a decrease of 32.4% due to the impact of the situation of the outbreak of infectious disease of Corona Virus 2019 forcing the reduction in the number of branches.

Pig Farms Business had the total income of Baht 261.79 million increasing from the year 2019 by Baht 13.11 million or an increase of 5.3% owing to the higher price of flattening pigs from the year 2019.

Financial Standing

Assets

As on 31st December 2020, the Company had the total assets of Baht 2,654.52 million increasing from the year 2019 by Baht 88.39 million or as percentage of 3.4% due to the increase in the rights of use assets from the application of the Financial Reporting Standards No. 16 into practice.

Liabilities

As on 31st December 2020, the Company had the total liabilities of Baht 1,508.86 million increasing from the year 2019 by Baht 28.29 million as percentage of 1.9% due to liabilities according to the lease contracts increased from the application of the Financial Reporting Standards No. 16 into practice. However, the company's loan from the financial institutes has decreased.

Shareholders

As on 31st December 2020, the Company had the shareholders equity total Baht 1,145.66 million increasing from the year 2019 by Baht 60.10 million as percentage of 5.5% since the Company had the net profit of Baht 110.46 million with the capital surplus from the new appraisal of land at Baht 14.41 million and the Company has paid the dividend of Baht 66.22 million and the profit of the non-controlling interested persons of subsidiary company increased Baht 0.98 million.

Cash Flows

In the year 2020, the Company had the net cash flow from the operational activities of Baht 356.33 million with the increased changes from the previous year of Baht 241.38 million due to the increase in trade accounts receivable, other debtors and inventory and trade accounts payable and other creditors.

The net cash flow used in the investment activities of Baht 129.79 million used in investment in buying the permanent assets of Baht 135.91 million and had the cash received from selling breeding pigs of Baht 8.58 million.

The net cash flow used in the financing activities of Baht 218.42 million was from the repayment of short-term and long-term loans from financial institutes and paid interests of Baht 202.58 million and Baht 32.47 million respectively and paid dividend of Baht 66.22 million and had the long-term loan from financial institutes of Baht 81.78 million.

The Company had cash and cash equivalents as on 31st December 2020 of Baht 160.84 million increasing from the year 2019 by Baht 8.59 million or as percentage of 5.6%

Liquidity

As on 31st December 2020, the liquidity ratio according to the consolidated financial statements equaled to 1.0 times same as in the year 2019 while cash cycle equaled 57 days slightly increasing from the previous year.

The Company had the long-term loan and liabilities according to the lease contract balance as follows :

(Unit: Million Baht)

Contingent Liabilities	Total	Period of Payment		
		Within 1 Year	Over 1 - 5 Year	Over 5 Year
Repayment for Principal	602.44	124.24	404.59	73.61

As on 31st December 2020, the Company had the trade accounts receivable balance of Baht 417.41 million, a decrease of 11.1% due to the declining sales with the average debt collection 58 days same as the year 2019 and the Company had the inventory of Baht 285.16 million divided into the finished goods and raw materials of Baht 217.34 million and biological assets of Baht 67.82 million and the inventory cycle ratio of 6.6 times slightly decreasing from the previous year, since in the year 2019, the Company has increased the inventory quantity of pig meat raw materials during the period that the pig meat raw materials price tended to rise higher.

Analysis of Financial Ratios

Profitability

The Net Profit Margin equaled to 3.95% close to the year 2019's 3.93% though the sales income decreased due to the impact of the situation of the outbreak of infectious disease Corona Virus 2019 but by virtue of the efficient financial management, the net profit margin in this year was close to the year 2019.

Rate of Return on Equity equaled to 9.90% slightly decreasing from the year 2019's 10.49% with the return from the total assets at 4.23% slightly decreasing from the previous year's 4.52%

Financial Policy

The Debt to Equity Ratio equaled to 1.3 times slightly decreasing from the year 2019's 1.4 times.

The Interest Coverage Ratio equaled to 12.7 times slightly increasing from the previous year's 5.1 times due to the decrease in the interest paid and increase in the net cash from operations.

Policy and Time Period of Trade Credit Term

Rules for Consideration of giving credit limit and credit term to customers are based on the criteria for determining factors as follows :

- Customer Character Qualifications, e.g. history, characteristics, behavior, responsibilities, honesty, reputation.
- Venture Capital by analyzing the financial position, liquidity and ability to repay debt (D/E Ratio, Current Ratio).
- Management Capacity by consideration from income, cost and profit. Besides, the issue of the business cash flow must also be considered.
- External Environment Condition, e.g. the competition, economic conditions, business-industry outlook etc.

Customer Segmentation can be divided into 4 groups, i.e.

1. Natural Persons divided into

1.1 New Customers are required to pay cash only.

1.2 Old Customers having the good record of debt repayment by the specified highest credit limit not exceeding 2 times of the monthly average purchased volume with the highest credit term not exceeding 30 days.

2. Juristic Persons or Limited Partnership divided according to the registered capital of juristic persons as follows :

2.1 Registered Capital less than or equivalent to Baht 1 million to use the same criteria as the juristic persons.

2.2 Registered Capital less than or equivalent to Baht 5 million to use following criteria :

2.2.1 New Customers specified maximum credit limit not exceeding Baht 200,000 with the highest credit term not exceeding 45 days.

2.2.2 Old Customers having the good record of debt repayment by the specified maximum credit limit not exceeding 2 times of the monthly average purchased volume with credit term not exceeding 60 days.

2.3 Registered Capital from Baht 5 million up to use the following criteria :

2.3.1 General Customers to use the same criteria as the customers group of registered capital less than or equivalent to 5 million baht.

2.3.2 Modern Trade Customers Group and Medium-Size Companies up to Large Size with reliability, stable financial status, having liquidity with the good record of debt repayment to use the specified credit limit and term as follows

Credit Term (Day)	Credit Term (Baht)
As Customers Criteria	No. of days of customer's credit term x average purchased / day x 1.2

3. E-Commerce must pay cash only without credit.

3.1 New Customers to pay by L/C at sight or remittance (T/T) or D/P without credit term.

3.2 Old Customers to pay by L/C or T/T or D/A Term by due consideration of the Management in accord with the Company authority.

Payment of Dividend

In accordance with the Company's dividend payment specifications that the total dividend paid each year must not be less than 50% of the yearly net profit after deducted income tax (as per the financial statements of specific business) unless there's a need. The 1/2021 Company Board Meeting on 25th February 2021 has resolved proposal to pay dividend from the 2020 performance results to shareholders at the rate of Baht 0.20 per share for total amount of Baht 64.68 million, of which resolution the Company Board will propose such dividend payment to the Annual General Meeting of Shareholders for the year 2021 which will be held on 27th April 2021 for further consideration approval.

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

The factors affecting the Company's operations are all external factors beyond control of the company especially the situation of the outbreak of Corona Virus 2019 affecting the overall economy of the country throughout the year resulting in the weaker purchasing power of consumers and also the price fluctuation of major raw materials of the company such as price of pig meat and the outbreak of AFS disease in pig farms which in the year 2021 the country's economic situation still not showing good tendencies due to the situation of the outbreak of Corona Virus 2019 from the beginning year 2021 but the Company has the products development plan and distribution channel expansion responding to the consumers' additional requirements including the efficient cost and expenditure management in accord with the country's overall economic conditions expected to result in the Company's better operations with more fruitful performance results.

Report on the Board's Responsibility for Financial Reports

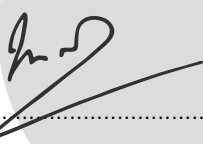
To : The Shareholders
S. Khonkaen Foods Public Company Limited

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 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 2020 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 2020**

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 2020, 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 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

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.

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.

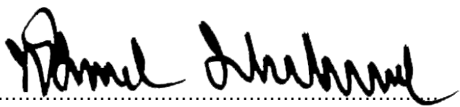
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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 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.

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: 25 February 2021

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	160,841,083	152,250,713	59,526,362	108,746,660
Trade and other receivables	7, 9	417,413,260	469,543,555	326,285,295	376,875,386
Short-term loans to subsidiaries	7	-	-	80,000,000	6,444,869
Inventories	10	217,334,192	250,919,797	120,871,514	179,988,736
Current biological assets	17	67,821,026	74,000,913	-	-
Other current assets		21,836,447	24,792,692	10,729,067	5,300,089
Total current assets		885,246,008	971,507,670	597,412,238	677,355,740
Non-current assets					
Restricted bank deposits	11	1,505,335	1,490,256	-	-
Long-term loans to subsidiary	7	-	-	83,000,000	83,000,000
Investments in subsidiaries	13	-	-	456,615,293	298,114,862
Investment properties	14	637,186,032	640,306,382	371,241,504	372,765,068
Property, plant and equipment	15	984,566,886	919,875,974	461,831,432	394,342,054
Right-of-use assets	16	116,013,630	-	96,842,979	-
Non-current biological assets	17	9,440,421	9,214,442	-	-
Intangible assets	18	10,864,476	13,214,463	7,568,918	9,915,760
Deferred tax assets	26	327,600	66,400	-	-
Other non-current assets		9,370,022	10,454,867	6,896,108	8,662,131
Total non-current assets		1,769,274,402	1,594,622,784	1,483,996,234	1,166,799,875
Total assets		2,654,520,410	2,566,130,454	2,081,408,472	1,844,155,615

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	421,007,326	514,494,417	361,007,326	428,053,888
Trade and other payables	7, 20	326,208,839	296,966,446	224,669,588	216,519,962
Current portion of lease liabilities	16	11,257,594	1,616,613	9,219,334	525,287
Current portion of long-term loans	21	112,983,035	95,167,309	64,121,108	37,200,871
Income tax payable		12,068,279	14,343,521	18,388	6,611,745
Other current liabilities		25,259,762	24,149,412	18,710,666	17,112,178
Total current liabilities		908,784,835	946,737,718	677,746,410	706,023,931
Non-current liabilities					
Lease liabilities, net of current portion	16	100,531,549	2,316,999	84,508,547	1,219,238
Long-term loans, net of current portion	21	377,672,308	411,312,345	231,196,128	254,108,949
Deferred tax liabilities	26	29,310,532	26,995,726	20,639,418	16,949,303
Provisions for long-term employee benefits	22	90,826,336	90,507,963	64,654,400	64,596,950
Other non-current liabilities		1,736,327	2,696,675	1,184,100	2,191,170
Total non-current liabilities		600,077,052	533,829,708	402,182,593	339,065,610
Total liabilities		1,508,861,887	1,480,567,426	1,079,929,003	1,045,089,541

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital	23				
Registered					
323,400,000 ordinary shares of Baht 1 each (2019: 32,340,000 ordinary shares of Baht 10 each)		323,400,000	323,400,000	323,400,000	323,400,000
32,340,000 ordinary shares of Baht 10 each					
Issued and paid-up					
323,400,000 ordinary shares of Baht 1 each (2019: 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	24	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		524,265,201	479,014,211	463,414,190	273,692,891
Other components of shareholders' equity		176,271,193	161,396,725	132,044,279	119,352,183
Equity attributable to owners of the Company		1,144,109,547	1,083,984,089	1,001,479,469	799,066,074
Non-controlling interests of the subsidiaries		1,548,976	1,578,939	-	-
Total shareholders' equity		1,145,658,523	1,085,563,028	1,001,479,469	799,066,074
Total liabilities and shareholders' equity		2,654,520,410	2,566,130,454	2,081,408,472	1,844,155,615

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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Revenues					
Sales		2,763,318,290	2,836,985,487	1,565,610,600	1,708,511,847
Revenue from rental and service		11,194,542	8,647,582	11,194,542	8,647,582
Dividend income	7,13	-	-	228,467,485	29,888,208
Interest income		216,808	213,999	3,111,487	8,041,947
Other income		19,190,774	19,114,491	16,156,121	17,334,119
Total revenues		2,793,920,414	2,864,961,559	1,824,540,235	1,772,423,703
Expenses					
Cost of sales		2,027,424,624	2,084,798,240	1,118,344,229	1,220,819,743
Cost of rental and service		17,718,456	14,911,940	17,718,456	14,911,940
Selling and distribution expenses		269,422,254	283,789,062	192,877,578	210,138,560
Administrative expenses		302,693,966	301,222,061	212,873,630	200,468,926
Loss on change in fair value less cost to sale of biological assets	17	7,436,980	10,018,474	-	-
Loss on impairment of investment properties		1,566,000	-	-	-
Total expenses		2,626,262,280	2,694,739,777	1,541,813,893	1,646,339,169
Profit before finance cost and tax expense		167,658,134	170,221,782	282,726,342	126,084,534
Finance cost		(32,518,698)	(33,726,910)	(23,048,432)	(27,895,660)
Profit before tax expense		135,139,436	136,494,872	259,677,910	98,188,874
Income tax expenses	26	(24,674,576)	(24,008,156)	(5,276,611)	(10,924,968)
Profit for the year		110,464,860	112,486,716	254,401,299	87,263,906
Profit attributable to:					
Equity holders of the Company		109,930,990	112,105,882	254,401,299	87,263,906
Non-controlling interests of the subsidiaries		533,870	380,834		
		110,464,860	112,486,716		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.34	0.35	0.79	0.27

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 2020

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit for the year	110,464,860	112,486,716	254,401,299	87,263,906
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	465,950	(208,227)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Changes in revaluation of assets				
- net of income tax	15 14,408,518	-	12,692,096	-
Actuarial loss - net of income tax	22 -	(3,803,391)	-	(2,428,138)
Other comprehensive income for the year	14,874,468	(4,011,618)	12,692,096	(2,428,138)
Total comprehensive income for the year	125,339,328	108,475,098	267,093,395	84,835,768
Total comprehensive income attributable to:				
Equity holders of the Company	124,805,458	108,094,264	267,093,395	84,835,768
Non-controlling interests of the subsidiaries	533,870	380,834		
	125,339,328	108,475,098		

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

(Unit: Baht)

2020 ANNUAL REPORT
S. Khonsari Foods Public Company Limited

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 2020

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity holders		
			Statutory reserve	Unappropriated	income	Surplus on revaluation of assets	
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 29)	-	-	-	(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	
Balance as at 1 January 2020	323,400,000	50,281,000	32,340,000	273,692,891	119,352,183	799,066,074	
Profit for the year	-	-	-	254,401,299	-	254,401,299	
Other comprehensive income for the year	-	-	-	-	12,692,096	12,692,096	
Total comprehensive income for the year	-	-	-	254,401,299	12,692,096	267,093,395	
Dividends paid (Note 29)	-	-	-	(64,680,000)	-	(64,680,000)	
Balance as at 31 December 2020	323,400,000	50,281,000	32,340,000	463,414,190	132,044,279	1,001,479,469	

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	135,139,436	136,494,872	259,677,910	98,188,874
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	108,605,930	90,962,073	53,034,764	40,657,095
Depreciation of biological assets	5,629,530	6,631,358	-	-
Amortisation of intangible assets	3,162,448	3,453,809	2,731,303	3,060,983
Amortisation of deferred rental expense (reversal)	1,012,755	(1,018,213)	(1,125,255)	748,213
Allowance for expected credit losses of trade and other receivables (reversal)	(218,022)	590,445	(211,900)	665,445
Reduction of inventories to net realisable value (reversal)	1,278,547	(1,509,947)	1,088,747	(732,062)
Loss on sales of investment property	8,468	-	-	-
Gain on sales of equipment and computer software	(25,834)	(872,161)	(494,767)	(747,058)
Write-off building and equipment and computer software	6,294,999	650,975	5,589,964	636,271
Gain on write-off of right-of-use	(6,773,369)	-	(6,421,740)	-
Loss on impairment of investment properties	1,566,000	-	-	-
Gain on sale of stud swine	(5,712,893)	(4,924,591)	-	-
Transfer of long-term employee benefit	-	-	308,397	(1,597,098)
Long-term employee benefit expense	6,435,479	20,351,171	3,614,618	14,796,311
Unrealised loss (gain) on exchange	147,325	(12,497)	(395,865)	359,342
Loss on changes in fair value less cost to sell of biological assets	7,436,980	10,018,474	-	-
Gain on changes in fair value of interest rate exchanges	(742,262)	-	(742,262)	-
Interest income	(216,808)	(214,000)	(3,111,487)	(8,041,947)
Interest expenses	32,518,698	33,726,910	23,048,432	27,895,660
Dividends income	-	-	(228,467,485)	(29,888,208)
Profit from operating activities before changes in operating assets and liabilities	295,547,407	294,328,678	108,123,374	146,001,821

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Operating assets (increase) decrease				
Trade and other receivables	52,200,992	(19,209,381)	51,185,790	47,239,169
Inventories	32,307,058	(75,146,553)	58,028,475	(76,688,172)
Biological assets	(7,468,207)	1,243,410	-	-
Other current assets	3,698,507	(18,727,599)	(4,686,716)	(2,197,904)
Other non-current assets	1,084,845	(812,275)	1,766,023	(342,866)
Operating liabilities increase (decrease)				
Trade and other payables	13,340,465	(31,130,733)	(3,150,223)	(42,011,869)
Other current liabilities	1,110,350	4,182,480	1,598,488	2,433,594
Other non-current liabilities	(1,973,103)	1,501,229	118,185	(305,261)
Cash paid for long-term employee benefit	(6,117,106)	(11,371,655)	(3,865,565)	(8,481,091)
Cash flows from operating activities	383,731,208	144,857,601	209,117,831	65,647,421
Cash paid for corporate income tax	(27,393,471)	(29,908,684)	(11,352,877)	(15,184,665)
Net cash flows from operating activities	356,337,737	114,948,917	197,764,954	50,462,756
Cash flows from investing activities				
Increase in restricted bank deposits	(15,079)	(23,318)	-	-
Decrease in current investments	-	873,774	-	-
Cash received from dissolved subsidiary	-	-	426,564	-
Cash paid for capital in subsidiary	-	-	(158,926,995)	-
Decrease (increase) in short-term loans to subsidiaries	-	-	(73,011,940)	208,644,380
Increase in long-term loans to subsidiaries	-	-	-	(83,000,000)
Cash paid for return of share subscription to non-controlling shareholders of subsidiary	(105,900)	-	-	-
Acquisition of investment properties	-	(199,878)	-	-
Acquisition of equipment	(135,911,182)	(79,788,869)	(86,455,672)	(33,349,944)
Acquisition of computer software	(816,878)	(2,833,500)	(388,878)	(155,900)
Acquisitions of stud swine and feed costs	(2,514,293)	-	-	-
Proceeds from sales of equipment	750,063	1,234,884	622,744	914,154
Proceeds from sales of investment properties	22,318	-	-	-
Proceeds from sales of stud swine	8,582,791	7,654,511	-	-
Cash received from interest income	216,808	213,999	2,580,362	8,405,225
Dividend income	-	-	228,467,485	29,888,208
Net cash flows from (used in) investing activities	(129,791,352)	(72,868,397)	(86,686,330)	131,346,123

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(93,487,091)	70,942,311	(67,046,562)	29,902,580
Cash receipt from long-term loans	81,777,587	175,675,499	42,492,996	-
Cash paid for long-term loans	(97,601,898)	(97,880,064)	(38,485,580)	(43,639,399)
Cash paid under lease agreements	(11,491,591)	(1,542,373)	(9,509,286)	(439,000)
Cash paid for interest expenses	(32,469,462)	(34,073,025)	(23,070,490)	(28,088,787)
Proceeds from increase in share capital of a subsidiary	1,073,005	-	-	-
Dividend paid	(66,222,515)	(81,051,792)	(64,680,000)	(80,850,000)
Net cash flows from (used in) financing activities	(218,421,965)	32,070,556	(160,298,922)	(123,114,606)
Net increase (decrease) in cash and cash equivalents	8,124,420	74,151,076	(49,220,298)	58,694,273
Translation adjustments	465,950	(208,227)	-	-
Cash and cash equivalents at beginning of year	152,250,713	78,307,864	108,746,660	50,052,387
Cash and cash equivalents at end of year (Note 8)	160,841,083	152,250,713	59,526,362	108,746,660

Supplemental cash flows information

Non-cash items transaction

Payable from acquisition of equipment	14,744,926	3,118,246	11,321,907	1,525,793
Offsetting between accrued commission and accrued interest income	-	-	-	344,380
Lease liabilities	(6,684,912)	2,689,925	(3,086,409)	2,183,525
Revaluation surplus on land	18,025,120	-	15,865,120	-

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 2020

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), Phrakonong 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 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”) (collectively as “the Group”):

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
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 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020.

These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

These set of standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

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

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

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which is recognised as an adjustment to the statement of financial position and the comparative information was not restated.

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 2021
- The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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

As described in Note 3, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. Therefore, the comparative information was not restated.

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

(Unit: Thousand Baht)

Consolidated financial statements			
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Property, plant and equipment	919,876	(5,942)	913,934
Right-of-use assets	-	125,272	125,272
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	1,617	9,782	11,399
Non-current liabilities			
Lease liabilities, net of current portion	2,317	109,548	111,865

(Unit: Thousand Baht)

Separate financial statements			
	31 December 2019	The impacts of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Non-current assets			
Property, plant and equipment	394,342	(2,446)	391,896
Right-of-use assets	-	106,536	106,536
Liabilities and shareholders' equity			
Current liabilities			
Current portion of lease liabilities	525	9,246	9,771
Non-current liabilities			
Lease liabilities, net of current portion	1,219	94,844	96,063

Leases

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	149,549	135,677
Less: Short-term leases and leases of low-value assets	(14,255)	(13,073)
Less: Option to terminate lease term	(710)	(710)
Less: Contracts reassessed as service agreements	(70)	(70)
Add: Others	23,471	14,815
Less: Deferred interest expenses	(38,655)	(32,549)
Increase in lease liabilities due to TFRS 16 adoption	119,330	104,090
Liabilities under finance lease agreements as at 31 December 2019	3,934	1,744
Lease liabilities as at 1 January 2020	<u>123,264</u>	<u>105,834</u>
Comprise of:		
Current lease liabilities	11,399	9,771
Non-current lease liabilities	111,865	96,063
	<u>123,264</u>	<u>105,834</u>

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Land and land improvement	104,282	89,042
Buildings and building improvement	13,550	13,550
Machinery and equipment	1,498	1,498
Motor vehicles	5,942	2,446
Total right-of-use assets	<u>125,272</u>	<u>106,536</u>

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

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.

Interest income

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

Finance cost

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

Dividends

Dividends are recognised when the right to receive the 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 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average) 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.

5.4 Investments in subsidiaries

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

5.5 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 for sales.

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

5.6 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.

5.7 Leases

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

The Group as a lessee

Accounting policies adopted since 1 January 2020

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

Right-of-use assets

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

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

Land and improvements	14 - 15 years
Buildings and improvements	3 years
Machinery and equipment	3 - 5 years
Motor vehicles	5 years

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

Lease liabilities

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

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Accounting policies adopted before 1 January 2020

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

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

The Group as a lessor

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

5.8 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 is presented under the caption "Current assets". Non-current biological assets, comprising stud swine is 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

Following the initial recognition, the 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 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.

5.13 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss. 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.

5.14 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.

5.15 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.

5.16 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.

5.17 Financial instruments

Accounting policies adopted since 1 January 2020

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

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at FVTPL

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

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

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

Offsetting of financial instruments

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

Accounting policies adopted before 1 January 2020

Trade 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 experience and analysis of debt aging.

5.18 Derivatives

The Group uses derivatives, such as interest rate swaps, to hedge its interest rate risks.

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

Derivatives are presented as current assets or current liabilities.

5.19 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:

Leases

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

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

Estimating the incremental borrowing rate - The Group as a lessee

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

Leases classification - The Group as lessor

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for expected credit losses of trade receivables

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

Investment property

The Company presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 14.

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.

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach.

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 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 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		
	2020	2019	2020	2019	
Transactions with subsidiaries company					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	17,051	26,387	Cost plus margin
Service income	-	-	6,246	6,484	As stipulated in agreements
Sales of equipment and supplies	-	-	19	72	Cost plus margin
Dividend income	-	-	228,467	29,888	As declared
Interest income	-	-	3,094	7,970	Average cost of debt 2.664% - 4.50% per annum (2019: 3.574% - 4.50% per annum)
Purchases of goods	-	-	73,454	81,827	Cost plus margin
Other expenses	-	-	576	911	Cost plus margin

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

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Trade and other receivables (Note 9)					
Subsidiaries		-	-	2,141	2,714
Trade and other payables (Note)					
Subsidiaries		-	-	1,061	4,671

Loans to the subsidiaries

As at 31 December 2020 and 2019, the balance of loans to the subsidiaries and the movements are as follows:

(Unit: Thousand Baht)							
	Separate financial statements						
	Balance as at 31 December 2019	Increase during the year	Decrease during the year	Unrealised loss on exchange	Balance as at 31 December 2020	Less: Short-term loans to subsidiaries	Long-term loans to subsidiary
Short-term loans to subsidiaries							
S. Pasusat Co., Ltd.	83,000	-	-	-	83,000	-	83,000
S. Khonkaen Foods (Netherlands) B.V.	3,445	-	(3,988)	543	-	-	-
3D Food and Beverage Co., Ltd.	3,000	80,000	(3,000)	-	80,000	(80,000)	-
Total	89,445	80,000	(6,988)	543	163,000	(80,000)	83,000

Those short-term loan bear interest at rates of 2.664% - 3.250% per annum (2019: 3.697% - 4.500% per annum).
The due date for repayment of principal and by 30 January 2024.

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	45,384	41,540	24,420	24,622
Post-employment benefits	5,139	7,996	2,680	4,323
Total	50,523	49,536	27,100	28,945

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.2 (2).

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	3,350	4,391	2,897	4,164
Bank deposits	157,491	147,860	56,629	104,583
Total	160,841	152,251	59,526	108,747

As at 31 December 2020, bank deposits in saving accounts carried interests between 0.050% and 0.375% per annum (2019: between 0.10% and 0.80% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	997	1,847
Total trade accounts receivable - related parties	-	-	997	1,847
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	400,559	443,354	308,191	349,666
Past due				
Up to 3 months	12,993	14,209	12,169	12,923
3 - 6 months	687	597	640	592
6 - 12 months	469	3,992	432	3,971
Over 12 months	590	1,563	227	1,242
Total	415,298	463,715	321,659	368,394
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(1,304)	(1,382)	(834)	(1,045)
Total trade accounts receivable - unrelated parties, net	413,994	462,333	320,825	367,349
Total trade accounts receivable, net	413,994	462,333	321,822	369,196
<u>Other receivables</u>				
Other receivables - related parties	-	-	1,144	867
Other receivables - unrelated parties	4,022	931	3,751	601
Others	-	7,023	-	6,643
Total	4,022	7,954	4,895	8,111
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(603)	(743)	(432)	(432)
Total other receivables - net	3,419	7,211	4,463	7,679
Total trade and other receivables - net	417,413	469,544	326,285	376,875

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2020	2019	2020	2019	
					2020 2019
Finished goods	39,079	42,148	(521)	(325)	38,558 41,823
Work in process	17,306	29,958	(1)	-	17,305 29,958
Raw materials	113,257	137,981	(431)	(83)	112,826 137,898
Packing materials	28,783	26,309	(2,360)	(1,582)	26,423 24,727
Spare parts and factory supplies	11,094	8,578	(74)	(119)	11,020 8,459
Animal foods and vaccine for swine	4,413	3,417	-	-	4,413 3,417
Raw materials for production of animal foods	6,789	4,638	-	-	6,789 4,638
Total	<u>220,721</u>	<u>253,029</u>	<u>(3,387)</u>	<u>(2,109)</u>	<u>217,334</u> <u>250,920</u>

(Unit: Thousand Baht)

Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net
	2020	2019	2020	2019	
					2020 2019
Finished goods	26,046	32,183	(106)	(124)	25,940 32,059
Work in process	15,648	29,003	-	-	15,648 29,003
Raw materials	54,352	94,281	(252)	(83)	54,100 94,198
Packing materials	20,350	20,650	(1,942)	(1,003)	18,408 19,647
Spare parts and factory supplies	6,825	5,132	(49)	(50)	6,776 5,082
Total	<u>123,221</u>	<u>181,249</u>	<u>(2,349)</u>	<u>(1,260)</u>	<u>120,872</u> <u>179,989</u>

During the year, the Group reduced cost of inventories by Baht 3 million (2019: Baht 1 million) (the Company only: Baht 3 million and 2019: Baht 0.5 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed reduced cost of inventories by Baht 2 million (2019: Baht 2 million) (the Company only: Baht 2 million and 2019: 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 a fuel credit card and guarantee for utility usages.

12. Loan to unrelated company

As at 31 December 2020 and 2019, the balance of loan to unrelated company and the movements are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements					
	Principal		Allowance for doubtful account		Loan to unrelated company - net	
	2020	2019	2020	2019	2020	2019
Loan to unrelated company						
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 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.

On 14 December 2020, the court ordered that company to repay the whole amount to the Company. Currently, it is in the process of execution.

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	
			2020	2019	2020	2019	2020	2019
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 245 million	99	286,919	127,992	-	-	286,919	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	-	-	3,999	-	(3,573)	-	426
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4
			461,616	306,688	(5,000)	(8,573)	456,616	298,115

Thai Home Food (Bangkok) Company Limited registered for the dissolution with the Ministry of Commerce on 14 November 2018 and registered the completeness of liquidation process on 31 March 2020. The Company had received cash returned from investment at approximately Baht 0.43 million.

During the year, the Company received dividend of Baht 228 million (2019: Baht 30 million) from Mahachai Foods Co., Ltd. In addition, in December 2020, Mahachai Foods Co., Ltd. Increased its share capital at Baht 160 million to offer to its existing shareholders in proportion to their shareholding. The Company subscribed in the shares at Baht 159 million to maintain its proportion in share capital of this Company. The Company paid for this share subscription in December 2020.

On 18 February 2021, Mahachai Foods Co., Ltd.'s Board of Directors Meeting passed a resolution to propose to annual general meeting of shareholders to appropriate a dividend payment to its shareholders from the operating results of the fourth quarter of 2020 at Baht 0.32 per share, or a totaling of Baht 15.65 million.

14. Investment properties

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land awaiting development	Land and office building for rent	Total	Land awaiting sales	Land and office building for rent	Total
31 December 2020						
Cost	342,613	313,742	656,355	74,771	313,742	388,513
Less: Accumulated depreciation	-	(17,721)	(17,721)	-	(17,721)	(17,721)
Less: Allowance for impairment	(1,898)	-	(1,898)	-	-	-
Net book value	340,715	296,471	637,186	74,771	296,471	371,242
31 December 2019						
Cost	342,644	311,482	654,126	74,771	311,482	386,253
Less: Accumulated depreciation	-	(13,488)	(13,488)	-	(13,488)	(13,488)
Less: Allowance for impairment	(332)	-	(332)	-	-	-
Net book value	342,312	297,994	640,306	74,771	297,994	372,765

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	640,306	643,830	372,765	376,489
Purchase	-	200	-	-
Transfer from property, plant and equipment	2,260	-	2,260	-
Disposals - net book value	(31)	-	-	-
Depreciation charged	(3,783)	(3,724)	(3,783)	(3,724)
Allowance for impairment	(1,566)	-	-	-
Net book value at end of year	637,186	640,306	371,242	372,765

Revenue and expenses related to land and office building for rent for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenue from rental and service	11,195	8,648	11,195	8,648
Cost of rental and service	17,718	14,912	17,718	14,912

During the current year, the Company arranged for an independent value to appraise fair values of the investment properties. The fair value as at 31 December 2020 and 2019 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Land awaiting development	976,252	910,567	170,101	140,252
Land and office building for rent	329,000	319,000	329,000	319,000

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting for sale has been determined based on market prices (Market Approach), while that of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Group have operating lease agreements in respect of the office rental. The terms of the agreements are generally between 1 month and 5 years. Future minimum rental income to be generated under these agreements are as follows.

	(Unit: Thousand Baht)	
	2020	2019
In up to 1 year	3,228	7,343
In over 1 year and up to 3 years	2,880	2,729

The Group has pledged investment properties amounting to approximately Baht 437 million (2019: Baht 439 million) (the Company only: Baht 371 million, 2019: Baht 373 million) as collateral against credit facilities received from financial institutions.

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 2019	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
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(9,108)	-	(9,108)
Additions	-	-	4,583	8,940	2,798	796	133,888	151,005
Disposals	-	-	-	(8,171)	(1,772)	(1,097)	-	(11,040)
Write-off	-	-	(18,953)	(5,942)	(3,766)	(145)	(1,160)	(29,966)
Transfers in (out)	-	56	15,812	57,749	3,987	272	(77,876)	-
Transfer from right of use assets	-	-	-	-	-	662	-	662
Transfer to investment properties	-	-	-	-	-	-	(2,260)	(2,260)
Revaluation increase	18,025	-	-	-	-	-	-	18,025
31 December 2020	289,495	27,291	671,021	564,277	65,624	42,253	74,068	1,734,029
Accumulated depreciation:								
1 January 2019	-	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
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(3,166)	-	(3,166)
Depreciation for the year	-	760	33,313	44,325	7,830	2,545	-	88,773
Depreciation on disposals	-	-	-	(7,552)	(1,671)	(1,093)	-	(10,316)
Depreciation on write-off	-	-	(15,342)	(5,664)	(2,524)	(145)	-	(23,675)
Transfer from right of use assets	-	-	-	-	-	529	-	529
31 December 2020	-	10,650	311,405	341,051	47,728	38,146	-	748,980

(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	
Allowance for impairment loss:								
1 January 2019	-	-	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-	-	-
Increase during the year	-	-	482	-	-	-	-	482
31 December 2020	-	-	482	-	-	-	-	482
Net book value:								
31 December 2019	271,470	17,345	376,145	201,759	20,284	11,397	21,476	919,876
31 December 2020	289,495	16,641	359,134	223,226	17,896	4,107	74,068	984,567
Depreciation for the year								
2019 (Baht 65 million included in manufacturing cost, and the balance in selling and administrative expenses)								87,238
2020 (Baht 67 million included in manufacturing cost, and the balance in selling and administrative expenses)								88,773

(Unit: Thousand Baht)

Separate 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 2019	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)
Transfers 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
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(2,899)	-	(2,899)
Additions	-	-	1,616	3,112	1,289	764	90,995	97,776
Disposals	-	-	-	(2,673)	(877)	(1,088)	-	(4,638)
Write-off	-	-	(13,923)	-	(2,928)	-	(1,160)	(18,011)
Transfer in (out)	-	-	990	21,832	3,987	272	(27,081)	-
Transfer to investment properties	-	-	-	-	-	-	(2,260)	(2,260)
Revaluation increase	15,865	-	-	-	-	-	-	15,865
31 December 2020	198,038	2,247	197,732	288,219	47,457	21,083	69,804	824,580

(Unit: Thousand Baht)

Separate 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	
Accumulated depreciation:								
1 January 2019	-	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
Adjustments right of use assets due to TFRS 16 adoption	-	-	-	-	-	(453)	-	(453)
Depreciation for the year	-	-	9,303	20,230	5,118	1,081	-	35,732
Depreciation on disposals	-	-	-	(2,618)	(804)	(1,088)	-	(4,510)
Depreciation on write-off	-	-	(10,657)	-	(1,768)	-	-	(12,425)
31 December 2020	-	2,247	111,774	194,473	35,582	18,673	-	362,749
Net book value:								
31 December 2019	182,173	-	95,921	89,087	12,950	4,901	9,310	394,342
31 December 2020	198,038	-	85,958	93,746	11,875	2,410	69,804	461,831

Depreciation for the year

2019 (Baht 24 million included in manufacturing cost, and the balance in selling and administrative expenses)	36,933
2020 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)	35,732

The Group arranged for an independent professional valuer to appraise the value of the land in 2020 on an asset-by-asset basis. The basis of the revaluation of land was revalued using the market approach.

Had the land been carried on a historical cost basis, their net book values as of 31 December 2020 and 2019 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Land	69,997	69,997	32,983	32,983

As at 31 December 2020, 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 375 million (2019: Baht 370 million) (the Company only: Baht 228 million, 2019: Baht 221 million).

The Group has mortgaged land and building constructed thereon and machinery with a total net book value of Baht 606 million (2019: Baht 545 million) as collaterals against credit facilities received from financial institutions (the Company only: Baht 249 million, 2019: Baht 209 million).

16. Leases

16.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 15 years.

a) Right-of-use assets

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

(Unit: Thousand Baht)

Consolidated financial statements					
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments right of use assets due to TFRS 16 adoption	104,282	13,550	1,498	5,942	125,272
Additions	2,562	1,803	1,230	3,260	8,855
Write-off	(692)	(1,239)	-	-	(1,931)
Transfer to Property, plant and equipment	-	-	-	(133)	(133)
Depreciation for the year	(7,448)	(5,764)	(1,006)	(1,831)	(16,049)
31 December 2020	98,704	8,350	1,722	7,238	116,014

(Unit: Thousand Baht)

Separate financial statements					
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2020	-	-	-	-	-
Adjustments right of use assets due to TFRS 16 adoption	89,042	13,550	1,498	2,446	106,536
Additions	1,548	1,803	-	1,713	5,064
Write-off	-	(1,239)	-	-	(1,239)
Depreciation for the year	(6,248)	(5,764)	(862)	(644)	(13,518)
31 December 2020	84,342	8,350	636	3,515	96,843

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease payments	144,685	4,209	121,100	1,889
Less: Deferred interest expenses	(32,896)	(275)	(27,372)	(145)
Total	111,789	3,934	93,728	1,744
Less: Portion due within one year	(11,258)	(1,617)	(9,219)	(525)
Lease liabilities - net of current portion	100,531	2,317	84,509	1,219

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

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	15,574	13,043
Interest expense on lease liabilities	4,662	3,851
Expense relating to short-term leases	7,865	6,683
Expense relating to leases of low-value as-sets	2,720	2,720

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 26 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

16.2 Group as a lessor

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 as follows:

(Unit: Thousand Baht)

	Consolidated /Separate financial statements
Within 1 year	3,228
Over 1 and up to 5 years	2,881
Total	6,109

17. Biological assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
Current biological assets	67,821	74,001
Non-current biological assets	9,440	9,214
Total biological assets	77,261	83,215

Biological assets comprise of fattening swine and stud swine. 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 2020 and 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
Balance at beginning of year	83,215	103,839
Increases due to feeding costs	243,715	239,294
Decreases due to sales	(236,603)	(243,268)
Depreciation for the year	(5,629)	(6,631)
Loss on change in fair value less cost to sell of biological assets	(7,437)	(10,019)
Balance at end of year	77,261	83,215

18. Intangible assets

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2020		
Cost	34,315	29,602
Less: Accumulated amortisation	(23,451)	(22,033)
Net book value	10,864	7,569
As at 31 December 2019		
Cost	33,516	29,231
Less: Accumulated amortisation	(20,302)	(19,315)
Net book value	13,214	9,916

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	13,214	13,835	9,916	12,821
Acquisitions	817	2,833	389	156
Amortisation during the year	(3,162)	(3,454)	(2,731)	(3,061)
Disposal/write-off during the year	(5)	-	(5)	-
Net book value at end of year	10,864	13,214	7,569	9,916

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

(Unit: Thousand Baht)

	Interest rates (% per annum)	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Bank overdrafts	5.84	1,007	29,494	1,007	28,054
Short-term loans from financial institutions	1.90 - 2.13	420,000	485,000	360,000	400,000
Total		<u>421,007</u>	<u>514,494</u>	<u>361,007</u>	<u>428,054</u>

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.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable - related parties	-	-	1,061	4,671
Trade accounts payable - unrelated parties	161,237	166,331	95,962	108,226
Accrued sale promotions	66,708	69,500	55,791	59,744
Accrued expenses	82,668	57,222	60,086	41,861
Payable from purchase of equipment	14,745	3,118	11,322	1,526
Others	851	795	448	492
Total trade and other payables	<u>326,209</u>	<u>296,966</u>	<u>224,670</u>	<u>261,520</u>

21. Long-term loans

As at 31 December 2020 and 2019, long-term loans are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Loans from banks	490,655	506,480	295,317	291,310
Less: Current portion of long-term loans	(112,983)	(95,168)	(64,121)	(37,201)
Net	<u>377,672</u>	<u>411,312</u>	<u>231,196</u>	<u>254,109</u>

Details of long-term loans of each company are presented below.

Company's name	Balance of long-term loans		Interest rates (% per annum)	Repayment (Monthly repayment)
	2020 (Thousand Baht)	2019 (Thousand Baht)		
S. Khonkaen Foods Pcl.	2,088	3,684	MLR less fixed rate	Final dued in April 2022
	51,570	71,610	Fixed rate	Final dued in July 2023
	43,159	11,516	Fixed rate	Final dued in December 2025
	<u>198,500</u>	<u>204,500</u>	MLR less fixed rate	Final dued in May 2025
	<u>295,317</u>	<u>291,310</u>		
Mahachai Foods Co., Ltd.	-	24,000	MLR less fixed rate	Final dued in December 2020
	-	19,400	MLR less fixed rate	Final dued in November 2020
	42,743	9,975	Fixed rate	Final dued in November 2025
	<u>151,595</u>	<u>161,795</u>	Fixed rate	Final dued in November 2024
	<u>194,338</u>	<u>215,170</u>		
S. Pasusat Co., Ltd.	1,000	-	Fixed rate	Final dued in September 2022
Total	<u>490,655</u>	<u>506,480</u>		

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	506,480	291,310
Add: Additional borrowings	81,777	42,493
Less: Repayment	(97,602)	(38,486)
Balance as at 31 December 2020	<u>490,655</u>	<u>295,317</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. Also, the Group has to maintain shareholding proportion in the parent prescribed in the agreement.

As at 31 December 2020, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 64 million (2019: Baht 64 million) (the Company only: Baht 64 million, 2019: 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	
	2020	2019	2020	2019
Provisions for long-term employee benefits at beginning of year	90,508	76,749	64,597	56,844
Included in profit or loss:				
Current service cost	4,577	6,978	2,273	4,367
Interest cost	1,858	2,031	1,341	1,431
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
Transfer in (out) from subsidiary	-	-	308	(1,656)
Benefits paid during the year	(6,117)	(11,371)	(3,865)	(8,422)
Provisions for long-term employee benefits at end of year	<u>90,826</u>	<u>90,508</u>	<u>64,654</u>	<u>64,597</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cost of sales	1,724	3,005	665	1,647
Selling and administrative expenses	4,711	17,346	2,950	13,149
Total expense recognised in profit or loss	6,435	20,351	3,615	14,796

The Group expect to pay Baht 9 million of long-term employee benefits during the next year (2019: Baht 5 million) (the Company only: Baht 6 million, 2019: Baht 4 million).

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

As at 31 December 2020, the weighted average duration of the liabilities for long service award of long-term employee benefit is 8 years (2019: 8 years) (the Company only: 8 years 2019: 8 years)

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rates for compensation on employee's retirement	1.88	1.88	1.88	1.88
Discount rates for long service award	1.83	1.83	1.83	1.83
Salary increase rates	6.14	6.14	6.14	6.14
Turnover rates	0.0 - 58.0	0.0 - 58.0	0.0 - 58.0	0.0 - 58.0

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 2020 and 2019 are summarized below:

Consolidated financial statements						
		Obligation change			Obligation change	
	Increase	2020	2019	Decrease	2020	2019
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(5,152)	(5,318)	(1.0)	5,689	5,885
Salary increase rate	1.0	6,237	5,496	(1.0)	(5,749)	(5,081)
Turnover rate	1.0	(5,473)	(4,762)	(1.0)	6,097	5,287

Separated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2020	2019		2020	2019
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(3,648)	(3,788)	(1.0)	4,028	4,188
Salary increase rate	1.0	4,431	3,916	(1.0)	(4,086)	(3,624)
Turnover rate	1.0	(3,679)	(3,185)	(1.0)	4,110	3,544

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 2020 and 2019 are summarized below:

Consolidated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2020	2019		2020	2019
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(95)	(105)	(1.0)	104	115
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(120)	(111)	(1.0)	131	121

Separated financial statements

	Increase	Obligation change		Decrease	Obligation change	
		2020	2019		2020	2019
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(62)	(70)	(1.0)	68	76
Salary increase rate	1.0	-	-	(1.0)	-	-
Turnover rate	1.0	(78)	(73)	(1.0)	85	79

23. Share capital

On 14 July 2020, the Annual General Meeting of the Company's shareholders No.26/2020 approved the Company to adjust of the par value of its ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in number of the ordinary shares from 32,340,000 ordinary shares to 323,400,000 ordinary shares. The Company registered the adjustment of the par value of the shares with the Ministry of commerce on 20 July 2020.

Reconciliation of share capital

	Par value per share (Baht)	Share capital		Paid-up registered of share capital	
		Shares (Shares)	Amount (Baht)	Shares (Shares)	Amount (Baht)
As at 1 January 2020	10	32,340,000	323,400,000	32,340,000	323,400,000
Reduction in par value during the year					
- Baht 10 to Baht 1	1	291,060,000	-	291,060,000	-
As at 31 December 2020		<u>323,400,000</u>	<u>323,400,000</u>	<u>323,400,000</u>	<u>323,400,000</u>

24. 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.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	631,559	648,314	414,928	434,477
Depreciation and amortisation	117,398	101,047	55,766	43,718
Raw materials and consumables used	1,374,951	1,408,410	733,898	890,362
Changes in inventories of finished goods and work in process	(22,316)	(6,405)	(19,492)	8,540
Sale promotion expenses	150,890	136,705	144,425	132,819

26. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	26,226	27,588	4,760	12,308
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,551)	(3,580)	517	(1,383)
Income tax expense reported in profit or loss	<u>24,675</u>	<u>24,008</u>	<u>5,277</u>	<u>10,925</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	<u>135,139</u>	<u>136,495</u>	<u>259,678</u>	<u>98,189</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	27,028	27,299	51,936	19,638
Effects of:				
Non-deductible expenses	3,091	1,952	2,217	1,585
Additional deductible expenses allowed	(4,023)	(4,814)	(3,190)	(4,428)
Exempted revenue	-	-	(45,693)	(5,978)
Others	(1,421)	(429)	7	108
Total	<u>(2,353)</u>	<u>(3,291)</u>	<u>(46,659)</u>	<u>(8,713)</u>
Income tax expense reported in the income statement	<u>24,675</u>	<u>24,008</u>	<u>5,277</u>	<u>10,925</u>

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	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	1,382	1,425	1,253	1,296
Allowance for diminution in value of inventories	677	422	470	252
Impairment on investment properties	380	-	-	-
Impairment on building	96	587	-	521
Impairment of biological assets	175	175	-	-
Depreciation of stud swine	654	597	-	-
Provision for long-term employee benefits	17,486	17,422	12,931	12,919
Deferred rental expenses	-	248	-	225
Total deferred tax assets	20,850	20,876	14,654	15,213
Deferred tax liabilities				
Interest rate swaps	(148)	-	(149)	-
Cost of fattening swine	(162)	(189)	-	-
Cost of machinery and equipment	(1,723)	(2,324)	(1,723)	(2,325)
Surplus on revaluation of assets	(43,900)	(40,295)	(33,011)	(29,837)
Gain on change in fair value less cost to sale of				
biological assets	(3,510)	(4,997)	-	-
Leases	(390)	-	(410)	-
Total deferred tax liabilities	(49,833)	(47,805)	(35,293)	(32,162)
Deferred tax liabilities - net	(28,983)	(26,929)	(20,639)	(16,949)
Deferred tax assets (liabilities) presented				
in statement of financial position				
Deferred tax assets	328	66	-	-
Deferred tax liabilities	(29,311)	(26,995)	(20,639)	(16,949)

As at 31 December 2020, three subsidiaries have deductible temporary differences and unused tax losses totaling Baht 16 million (2019: 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 will expire within 2025.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holder of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The Company adjusted the number of ordinary shares of the prior year for calculation, as presented for comparative purposes, of earnings per share as a result of the change in the par value as discussed in Note 23, as a change in par value had been issued at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(Restated)		(Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	109,931	112,106	254,401	87,264
Weighted average number of ordinary shares (Thousand Shares)	323,400	323,400	323,400	323,400
Earnings per share (Baht/share)	0.34	0.35	0.79	0.27

28. Segment information

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

For management purposes, the Group is organised into business units based on its products and services. 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 2020 and 2019 is presented below:

(Unit: Thousand Baht)

For the years ended	Processed food		Processed seafood		Restaurants		Swine farm		Total segment		Elimination entries		Total	
31 December 2020 and 2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from external customers	1,441,350	1,512,724	963,498	932,560	96,684	143,022	261,786	248,679	2,763,318	2,836,985	-	-	2,763,318	2,836,985
Inter-segment revenue	17,051	26,387	73,454	81,826	-	-	-	-	90,505	108,213	(90,505)	(108,213)	-	-
Total sales	1,458,401	1,539,111	1,036,952	1,014,386	96,684	143,022	261,786	248,679	2,853,823	2,945,198	(90,505)	(108,213)	2,763,318	2,836,985
Gross operating profit	399,732	409,089	247,007	251,940	52,125	79,028	37,030	12,130	735,894	752,187	-	-	735,894	752,187
Other income													13,078	13,064
Loss on change in fair value less cost to sale of biological assets													(7,437)	(10,019)
Selling and distribution expenses													(269,422)	(283,789)
Administrative expenses													(304,454)	(301,222)
Finance cost													(32,519)	(33,727)
Tax expense													(24,675)	(24,008)
Profit for the year													110,465	112,486
Segment total assets														
Property, plant and equipment	439,686	363,578	447,397	445,431	22,387	30,955	75,097	79,912	984,567	919,876	-	-	984,567	919,876
Intangible assets	7,389	9,569	3,295	3,292	180	353	-	-	10,864	13,214	-	-	10,864	13,214

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2020	2019
Revenue from external customers		
Thailand	2,570,214	2,677,188
Others	193,104	159,797
Total	2,763,318	2,836,985

Major customers

During the year, the Group had revenue from three major customers amounting to Baht 1,346 million arising from processed food from pork segment and processed seafood segment (2019: Baht 1,032 million derived from two major customers in the same segment).

29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividend for 2019	Board of Directors Meeting of the Company on 1 April 2020	64,680	2.00
Dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	80,850	2.50

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2020, the Group had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 73 million (2019: Baht 61 million) (the Company only: Baht 70 million, 2019: Baht 57 million).

30.2 Guarantees

- (1) As at 31 December 2020, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million (2019: Baht 1 million).
- (2) As at 31 December 2020, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 323 million (2019: Baht 347 million).
- (3) As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 8 million (2019: Baht 8 million) issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (the Company only: Baht 6 million, 2019: Baht 6 million).

31. Fair value hierarchy

As at 31 December 2020 and 2019, 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 2020							
	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	-	289	-	289	-	198	-	198
Biological assets	-	16	61	77	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	976	329	1,305	-	170	329	499

(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

32. Financial instruments

32.1 Financial risk management

The Group's financial instruments-principally comprise cash and cash equivalents, trade accounts receivable, loans and short-term, lease liabilities and long-term loans. 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, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade accounts receivable are regularly monitored, by the group's policy and procedure of the debt collection.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customers by customer type and reliability. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, The Group sets aside full allowance for doubtful accounts when a receivable meets the criteria set by the Group and will follow the procedures that are clearly stipulated in the Group's debt collection policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's management in accordance with the Group's policy. Investments are made only with counterparties approved by the Group's Board of Directors and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

The Group's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by financing long-term loans with fixed and variable rates that The Group had manages cash flow efficiently. And short-term loans with floating rates (Market rate). The Group carefully considers the sources of funds in order to ensure financing costs and consistent with the objectives of the Group.

As at 31 December 2020 and 2019, 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 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	859	-	-	7,118	152,864	160,841	0.05 - 0.375
Trade and other receivables	-	-	-	-	417,413	417,413	-
Restricted bank deposits	347	1,158	-	-	-	1,505	0.20 - 0.375
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	421,007	-	421,007	1.90 - 5.84
Trade and other payables	-	-	-	-	326,209	326,209	-
Lease liabilities	11,258	26,920	73,611	-	-	111,789	1.53 - 5.375
Long-term loans	112,983	377,672	-	-	-	490,655	Note 21

(Unit: Thousand Baht)

Consolidate financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
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	-
Lease liabilities	1,617	2,317	-	-	-	3,934	2.45 - 4.75
Long-term loans	95,167	411,313	-	-	-	506,480	Note 21

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	2,403	57,123	59,526	0.05 - 0.125
Trade and other receivables	-	-	-	-	326,285	326,285	-
Short-term loans to subsidiary	80,000	-	-	-	-	80,000	2.664
Long-term loans to subsidiary	-	-	-	83,000	-	83,000	3.25
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	361,007	-	361,007	1.90 - 5.84
Trade and other payables	-	-	-	-	224,670	224,670	-
Lease liabilities	9,219	21,143	63,366	-	-	93,728	1.53 - 4.00
Long-term loans	64,121	231,196	-	-	-	295,317	Note 21

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
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
Financial liabilities							
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	-
Lease liabilities	525	1,219	-	-	-	1,744	-
Long-term loans	37,201	254,109	-	-	-	291,310	Note 21

Liquidity risk

The Group realises the importance of effective working capital management and sets plans in advance for managing working capital and accessing sources of sufficient short-term financing to meet the needs of the Group's operations. This enables the Group to effectively mitigate risk, boost liquidity and manage costs.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	421,007	-	-	421,007
Trade and other payables	-	326,209	-	-	326,209
Lease liabilities	-	11,258	26,920	73,611	111,789
Long-term loans	-	112,983	377,672	-	490,655
Total non-derivatives	-	<u>871,457</u>	<u>404,592</u>	<u>73,611</u>	<u>1,349,660</u>

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	361,007	-	-	361,007
Trade and other payables	-	224,670	-	-	224,670
Lease liabilities	-	9,219	21,143	63,366	93,728
Long-term loans	-	64,121	231,196	-	295,317
Total non-derivatives	-	<u>659,017</u>	<u>252,339</u>	<u>63,366</u>	<u>974,722</u>

32.2 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.

33. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 1.32:1 (2019:1.36:1) and the Company's was 1.08:1 (2019: 1.31:1).

34. Event after the reporting period

The meeting of the Company's Board of Directors held on 25 February 2021 passed a resolution to propose to the Company's annual general shareholders' meeting to approve dividend payment from operating results of the year 2020 at Baht 0.20 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.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.





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